CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT
DIVISION OF FINANCIAL INSTITUTIONS
1515 K STREET, SUITE 200
SACRAMENTO, CA

FEDERAL RESERVE BANK OF SAN FRANCISCO
101 MARKET STREET
SAN FRANCISCO, CA 94105

Transmitted by Secure Email

April 13, 2020

Board of Directors
Silicon Valley Bank
3003 Tasman Drive
Santa Clara, California 95054

Members of the Board:

Enclosed is the report of examination of Silicon Valley Bank to conclude the 2019 supervisory cycle. The examination commenced on November 29, 2019, using financial information as of September 30th, and leverages findings from events throughout the cycle. Examination results were shared with executive and senior management during an exit meeting on January 17th.

The bank's overall financial condition remains satisfactory. Asset quality, capital, earnings, and sensitivity to market risk are satisfactory, and liquidity levels are strong. Management and risk management are satisfactory, but risk measurement and monitoring apart from business segments display weaknesses. Installation of an appropriate risk management framework in financial categories has been an area of focus and signs of progress are evident. Progress to strengthen governance and controls in nonfinancial risk areas has been slower and require additional attention.

More specifically, improvements are needed in the bank's nonfinancial functional areas. The January 30, 2017 Memorandum of Understanding designed to improve internal controls within the Bank Secrecy Act/Anti-Money Laundering compliance program remains in effect. Greater attention to appropriate governance and monitoring activities related to technology and operations functions is also warranted. Lastly, the enterprise risk management program has not reached a level of maturity commensurate with the bank's size and complexity, and further efforts are needed. These issues and others are further discussed in the *Matters Requiring Board Attention* and *Compliance with Enforcement Actions* pages of the report.

Federal Reserve Bank of San Francisco

Board of Directors
Silicon Valley Bank
April 13, 2020

As the report raises no new supervisory issues, a response is not requested; existing supervisory concerns will be addressed through continuous monitoring and examination events through the 2020 supervisory cycle. Upon completing your review, each director should sign the enclosed *Signature of Directors* page to acknowledge their review. This letter and the signed *Signature of Directors* page should be retained with the bank's permanent records. As a reminder, this letter and the enclosed report are the property of the Board of Governors and is furnished to directors and management for their confidential use under applicable law.[i]

We look forward to an upcoming opportunity to meet with the board; please direct any interim questions regarding this report of examination to **Redacted** at **Redacted** and Central Point of Contact **Redacted** at **Redacted**.

Sincerely,

Redacted

Redacted
Redacted
Department of Business Oversight

Redacted
Examiner-in-Charge
Federal Reserve Bank of San Francisco

By: **Redacted**
Redacted
Redacted

cc: Federal Deposit Insurance Corporation
Consumer Financial Protection Bureau

Enclosure

[i] This document has been prepared by an examiner selected or approved by the Board of Governors of the Federal Reserve System. The document is the property of the Board of Governors and is furnished to directors and management for their confidential use. The document is strictly privileged and confidential under applicable law, and the Board of Governors has forbidden its disclosure in any manner without its permission, except in limited circumstances specified in the law (12 U.S.C 1817(a) and 1831m) and in the regulations of the Board of Governors (12 C.F.R. 261.20). Under no circumstances should the directors, officers, employees, trustees or independent auditors disclose or make public this document or any portion thereof except in accordance with applicable law and the regulations of the Board of Governors. Any unauthorized disclosure of the document may subject the person or persons disclosing or receiving such information to the penalties of Section 641 of the U.S. Criminal Code (18 U.S.C. 641). Each director or trustee, in keeping with his or her responsibilities, should become fully informed regarding the contents of this document. In making this review, it should he noted that this document is not an audit, and should not be considered as such.

REPORT OF COMMERCIAL BANK EXAMINATION

California Department of Business Oversight
Federal Reserve Bank of San Francisco

Bank Name:	**SILICON VALLEY BANK**	Start Date:	**NOVEMBER 29, 2019**
Location:	**SANTA CLARA, CALIFORNIA**	Financial Statements as of:	**SEPTEMBER 30, 2019**
RSSD Number:	**802866**	Concluded on:	**DECEMBER 11, 2019**

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REPORT OF COMMERCIAL BANK EXAMINATION

Silicon Valley Bank					
Bank Name					
Physical Location			**Mailing Address**		
Street:	3003 Tasman Drive		Street/Box:	3003 Tasman Drive	
City:	Santa Clara		City:	Santa Clara	
County:	Santa Clara		State:	CA	
State:	California		ZIP Code:	95054-1191	
X	Joint		Concurrent		Independent
Redacted			Redacted		
California DBO Examiner-in-Charge			Federal Reserve Bank Examiner-in-Charge		

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Note: Except as indicated, amounts in tables are shown to the nearest thousand dollars.

Date of previous full-scope examination: October 01, 2018

SCOPE

Scope

This report of examination presents the findings and conclusions of the roll-up safety and soundness examination of Silicon Valley Bank (SVB). The examination was conducted jointly by examiners from the Federal Reserve Bank of San Francisco (FRB) and the California Department of Business Oversight (DBO) using financial and asset quality data as of September 30th.[1] Examination work was conducted from November 29th to December 11th. This examination focused on evaluating capital adequacy, asset quality, management, risk management, earnings, liquidity, and sensitivity to market risk. Examiner conclusions are leveraged from work completed during the 2019 supervisory cycle including the six target events listed below as well as ongoing continuous monitoring activities.

Supervisory Event	Rating/Conclusion	Event Start Date	Supervisory Letter
Internal Audit (IA)	Effective	12/03/18	2/22/19
Information Technology (IT)	2-3-2-2/2	2/25/19	6/05/19
Bank Secrecy Act (BSA)/ Anti-Money Laundering (AML)/ Office of Foreign Asset Control (OFAC)	Needs Improvement	4/22/19	6/27/19
Asset Quality	Satisfactory	5/06/19	7/17/19
Credit Risk Management	Satisfactory	10/07/19	1/23/20
BSA/AML/OFAC	Needs Improvement	11/04/19	2/05/20

No Consumer Compliance or Community Reinvestment Act examinations were conducted during 2019.

Asset Quality

The assessment of Asset Quality included file review of 183 relationships accounting for 13.31 percent of commercial loan commitments. The loan files selected focused on the following portfolios: Private Equity Services (PES), Leveraged Loans, Investor Dependent (ID), Wine Lending, Asset Based Lending, and Commercial & Industrial, and was representative of the bank's loan portfolio excluding consumer loans. The focus of the loan review was on newly originated credits, internally classified and criticized loans, nonaccrual and past due loans, loans internally graded watch, and large borrowing relationships. Additionally, examiners reviewed director, executive officer, and related loans to determine compliance with Regulation O. The evaluation of credit risk management practices included a review of underwriting standards, risk monitoring, and the accuracy of the internal loan rating system. Trends, level, and oversight of loan concentrations were also reviewed. The methodology and level of the allowance for loan and lease losses (ALLL) was assessed.

Peer Comparison

Throughout the report, the performance of SVB is compared to national peer group averages of other commercial banks of similar size and structure. The peer group for SVB is comprised of 91 commercial banking institutions with assets between $10 billion and $100 billion.

[1] Unless otherwise noted, all financial information and analysis is as-of (or for the nine months ending) September 30, 2019.

Matters Requiring Immediate Attention / Matters Requiring Attention[2]

No new MRIA/MRAs were identified during this examination. Listed below are open supervisory issues cited in previous examinations. As noted, SVB's remediation of some supervisory issues are significantly past-due compared to management's original remediation timelines. Management continues working on open supervisory issues, and supervisory validation will be conducted during the 2020 cycle.

SUMMARY OF OUTSTANDING FINDINGS				
Matters Requiring Immediate Attention				
Issue	**Target Area**	**Status**[3]	**Comments**	**Timeframe for Completion**[4]
Internal Controls: Customer Due Diligence (CDD) and Suspicious Activity Monitoring (SAM)	BSA/AML Issues Risk Management (Internal Controls)	Carry Forward	Cited at the 8/08/16 BSA/AML Target[5]	3/31/2017
Matters Requiring Attention				
Issue	**Target Area**	**Status**	**Comments**	**Timeframe for Completion**
Firewall Management	IT Related Issues (per 98-9)	Carry Forward	Cited at the 2/15/19 IT Target[6]	3/31/2020
Info Systems/ Cybersecurity Risk Reporting Metrics	IT Related Issues (per 98-9)	Carry Forward	Cited at the 2/15/19 IT Target[6]	1/31/2020
Systems/Technology Second Line of Defense	IT Related Issues (per 98-9)	Carry Forward	Cited at the 2/15/19 IT Target[6]	1/31/2020
Disaster Recovery Testing	IT Related Issues (per 98-9)	Carry Forward	Cited at the 2/26/18 IT Target[7]	10/31/2018
Model Risk Management (MRM)	Management-Risk Management	Carry Forward	Cited at the 10/1/18 SVB Rollup[6]	11/30/2019

[2] Matters Requiring Immediate Attention are issues that the Federal Reserve is requiring a banking organization to address immediately. Matters Requiring Attention are issues of importance that the Federal Reserve is expecting a banking organization to address over time.
[4] Management's original target date for remediation of the supervisory issues (includes IA validation where applicable).
[4] Management's original target date for remediation of the supervisory issues (includes IA validation where applicable).
[5] Last reviewed during the November 4, 2019 BSA/AML Target.
[6] Not reviewed at this examination.
[7] Last reviewed during the February 15, 2019 IT Target.

Safety and Soundness Examination Ratings			
Examination Start Date	Current Exam	Prior Exam	Prior Exam
	11/29/19	10/01/18	10/02/17
Uniform Composite Rating	**2**	2	2
Component Ratings:			
Capital	**2**	2	2
Asset Quality	**2**	2	2
Management	**2**	2	2
Earnings	**2**	2	2
Liquidity	**1**	1	1
Sensitivity to Market Risk	**2**	2	2
Risk Management Rating	**2**	2	2

SVB has been assigned a uniform composite rating of 2 based on information contained in this examination report and supporting workpapers. In accordance with the Uniform Financial Institutions Rating System, each bank is assigned a composite rating based on an evaluation of its managerial, operational, financial, and compliance performance. The composite rating is defined as follows:

Composite 2

Financial institutions with a composite 2 rating are fundamentally sound. For a financial institution to receive this rating, generally none of its component ratings should be more severe than 3. Only moderate weaknesses are present, and the board of directors and management are capable of and willing to correct them. These financial institutions are stable, can withstand business fluctuations, and are in substantial compliance with laws and regulations. Overall risk-management practices are satisfactory relative to the institution's size, complexity, and risk profile. There are no material supervisory concerns and, as a result, the supervisory response is informal and limited.

OVERALL CONDITION

SVB's overall financial condition remains satisfactory. Asset quality, capital, earnings, and sensitivity to market risk are satisfactory, and liquidity is strong. Capital levels and planning processes are satisfactory despite higher bank to parent dividends in 2019. Credit risk metrics continue to trend positively reflecting loan portfolio composition moving towards lower risk portfolios and a favorable economic environment. Earnings performance remains satisfactory and sufficient to fund operations. Liquidity levels remain strong with sufficient levels to support the volatile day to day nature of the deposit base. Market risk is adequately managed with a moderate exposure to lower interest rates.
Management is capable and effectively oversees the bank's financial performance; however, building and maintaining risk monitoring and governance processes commensurate with the bank's growth and

complexity remains a challenge. To an extent, findings related to corporate governance and internal controls have been a thematic issue presented in SVB Internal Audit (IA) reports. Initiatives to build financial risk monitoring and management functions are in motion and moving at an acceptable pace. Development of second line-of-defense (SLoD) programs aligned with nonfinancial risk functions have been slow and contribute to an ongoing enforcement actions and supervisory issues. Management is encouraged to increase efforts in nonfinancial risk management functions to ensure appropriate transparency and governance practices are in-place to ensure the board is able to provide appropriate and effective oversight of SVB's risk management program. Returning the BSA/AML program to satisfactory condition should remain a priority for 2020, ensuring customer and risk based due diligence controls are appropriate for SVB client activities. In addition, the Information Technology (IT) Management component was downgraded to less-than-satisfactory in 2019, and the overall IT function including risk management and SLoD present supervisory concern. SVB developed reasonable action plans to remediate supervisory issues, and we encourage management's to diligently improve governance practices related to technology and operations.

Redacted
DBO Examiner-in-Charge

Redacted
FRB Examiner-in-Charge

Compliance with Enforcement Action

Internal controls within SVB's BSA/AML compliance program were found to be deficient at the August 8, 2016 examination. As a result of supervisory concerns, a Memorandum of Understanding was entered into as-of January 30, 2017 (MOU). Compliance with the MOU was initially slow, and an MRIA cited in the 2016 examination remains open; however, supervisory assessment conducted during the November 4, 2019 BSA/AML target noted SVB had made substantial progress toward full compliance with the MOU.[8] At this time, the MOU remains in place as SVB has not achieved full compliance. SVB's MOU compliance will be reassessed during the 2020 examination cycle.

[8] Additional details from the fall 2019 BSA/AML examination are available in the supervisory letter dated February 5th.

MANAGEMENT / RISK MANAGEMENT

Management is evaluated against all factors necessary to operate the institution in a safe and sound manner and in accordance with acceptable practices. Consideration is given to technical competence, leadership, and administrative ability; compliance with regulations and statutes; ability to plan and respond to changing circumstances; effectiveness of management information systems; adequacy of and compliance with internal policies; responsiveness to recommendations from auditors and supervisory authorities; tendencies toward self-dealing; demonstrated willingness to serve the legitimate banking needs of the community; and management depth and succession. In addition, consideration is given to the extent that management is affected by or susceptible to dominant influence or concentration of authority and the overall performance of the institution and its risk profile. Consideration is given to the risk management rating, risk factors, and the adequacy of risk management associated with risk levels and risk trends. Consideration is also given to the impact of any information technology concerns on operational and other relevant risks, as well as the impact on legal or other risks of any findings with respect to fiduciary activities or compliance concerns.

COMPONENT RATINGS **2 / 2**

Management / Risk Management

Management and board oversight are adequate, though, could benefit from a more mature SLoD. While SVB's financial performance is satisfactory, several weaknesses in governance, risk monitoring, and reporting were cited during the supervisory cycle. Progress addressing a less than satisfactory BSA/AML/OFAC program has been a priority for several years, and significant improvement is noted during this supervisory cycle.[9] The 2019 IT examination notes risk management and governance practices need improvement, and the associated SLoD has defined weaknesses.[10] Management has developed action plans to address supervisory concerns related to technology risk, and the remediation efforts are noted as an organizational priority.

SVB's risk management framework continues to mature. The SLoD has appropriate stature in the organization but continues to place significant reliance on senior and executive management. Supervisory feedback on the risk management framework has included encouragement for the design and implementation of processes to enable SLoD resources to provide meaningful oversight of first line control effectiveness through independent risk-based monitoring and periodic testing. To improve business line risk management and further develop risk monitoring, talent depth and breadth has been augmented through external hiring strategies particularly for technology and operational areas. Efforts to strengthen SLoD for financial risk categories appear organized and are expected to contribute to a more effective global risk management program in 2020.

The IA program remains effective and provides the board and management with independent and objective assessments of internal controls, governance, and risk management processes. IA has proactively worked to ensure their capabilities are scalable, sustainable, and maintain pace with the bank's size and complexity.

[9] The February 5th supervisory letter and this report's *Other Matters* page provides additional information on the assessment of SVB's BSA/AML compliance program and progress addressing the associated MOU.
[10] IT management deficiencies were reported in the June 5th supervisory letter and resulted in a component downgrade. See the June letter for details, and this report's *Other Matters* page for a summary.

ANALYSIS OF FINANCIAL FACTORS

Asset Quality - 2

Asset quality remains satisfactory with stable asset quality metrics since the previous exam. Sound underwriting, credit structuring, and effective credit risk management contribute to manageable levels of problem assets. Board and management oversight continue to provide strategic direction, a sound policy framework, and comprehensive monitoring of credit conditions.

Classified assets decreased $32 million from the prior full scope examination and the Adversely Classified items ratio declined to 20 percent from 23 percent. The weighted adversely classified ratio is 4.62 percent. Classified Items are mostly contained in the higher risk ID and leveraged portfolios that comprise 19 percent of commitments but account for 75 percent of adverse classifications. Conversely the PES portfolio consisting mostly of capital call lines comprise 56 percent of commitments and only 1 percent of adverse classifications. Concentration risk within the PES portfolio is increasing as a result of continued high growth rates. Nonetheless, risk appears manageable given the portfolio's favorable credit metrics including lower rates of adverse classifications and losses PES and residential mortgage lending have comprised 83 percent of loan growth since the previous exam.

The ALLL level is appropriate and directionally consistent relative to portfolio growth, quality, and mix. Management's implementation of the Current Expected Credit Loss (CECL) methodology is proceeding according to plan. While results of parallel testing are on-going, the expected increase in reserve requirements for higher loss ID credits will be largely offset by reductions in reserves required for the PES portfolio's history of low losses. Overall impacts of CECL adoption are expected to be modest and not affect credit strategy.

Board and management oversight and underwriting policies and practices are appropriate and consistent with SVB's risk appetite and strategy. During 2019, executive management began an initiative to establish processes to measure, monitor, and control credit risk from lending activities independent of loan approval. To study and provide recommendations regarding the credit risk administrative structure, SVB engaged consultants to review risk taking, risk acceptance, and risk management processes. The board's Credit Committee approved a plan to reorganize the Credit Department to more clearly separate first line-of-defense (FLoD) functions of loan underwriting and approval from SLoD functions of risk monitoring and reporting.

Execution of the transition plan is scheduled through Q1 2021 to ensure that credit approval processes continue to work effectively and FLoD and SLoD staffing levels are appropriate. The transition begins in Q1 2020 with Chief Credit Officer (CCO) reporting changing from the President to the Chief Risk Officer. Through 2020, loan committees will be eliminated and the FLoD and SLoD will operate with new credit approval authorities and accountabilities. The extended transition period continues through Q1 2021 and provides time for IA and Internal Loan Review (ILR) to identify emergent gaps in underwriting and internal controls.

Policies, procedures, underwriting standards, and loan grading guidelines continue to be satisfactory with periodic review and updates to ensure prescriptive standards for specific borrower and underwriting methods. Management continues to be receptive to feedback and made several changes to risk rating guidelines based on examiner recommendations to calibrate investor dependent credit risk grading with investor incentives. Examiners continue to work with management to increase the knowledge base in recurring revenue lending. Recurring revenue lending amounts to approximately $1.1 billion or 22 percent of capital, and is a portfolio segment likely to see growth as SVB continues providing working capital loans to clients in the software services sector.

Credit risk management information systems continue to provide comprehensive and timely reporting that allows the board and management to monitor credit risk and make effective decisions. Credit administration relies on a Redacted based system that provides management the ability to create custom reports with extensive drill down capabilities that enable the identification of trend and source information. Establishing a fully independent SLoD under the CCO will help ensure that development of future MIS is not unduly influenced by areas primarily engaged in extending credit.

ILR remains an effective source of validating credit risk ratings, compliance with policies and procedures, and measurement and monitoring lending unit quality control. ILR is proactively evaluating functional staffing levels, process efficiency, and improving the skills of personnel to maintain effectiveness in alignment with SVB’s continued growth in loan volume, complexity of products, and geographic expansion.

Investment Securities Portfolio

The quality of the investment portfolio remains satisfactory, and is significant at $27 billion, or40 percent of total assets. The portfolio is minimally pledged and provides a high level of cash flows, and contingent liquidity. Composition is generally unchanged across exams with only minor changes. The portfolio is evenly distributed by book value across HTM and AFS classifications, with HTM securities representing 53 percent of security holdings.

Credit risk in SVB's investment portfolio is low. The US government and its agencies back the majority of the portfolio, with credit-sensitive securities limited to municipals, which remain low at 6.42 percent of total investment book value.

<u>Earnings</u> - 2

Earnings are satisfactory and remain sufficient to support operations. Year-to-date net income of $783 million resulted in a return on average assets of 1.75 percent, a slight increase from the previous exam. Higher loan yields and modest loan growth were the primary drivers of income gains, which were partially offset by an increase in the cost of funds and higher level of interest-bearing deposits. Despite an increase in earnings, asset growth outpaced capital growth. The annualized growth rate of Tier One Capital, at 9.42 percent, was materially outpaced by total asset growth of 17 percent.

Earnings have been sustainable in recent history but are projected to flatten going forward as the impact of recent rate cuts are reflected in asset yields. Interest and noninterest income has improved from sources such as loan growth and foreign exchange commission volumes, while the bank has been able to keep interest expense low relative to peer levels.

Budgeting processes are adequate and assumptions are reasonable. Senior management has sufficient oversight of earnings, and on a quarterly basis, the executive committee monitors budget performance. Budget and profit planning practices are driven and reported on a consolidated basis by business line, rather than by entity such as SVB. As operations at the holding company or non-bank activity increases, management may want to consider developing and tracking performance to a bank-only budget.

ANALYSIS OF FINANCIAL FACTORS

Capital - 2

Capital remains satisfactory. Capital levels and ratios are appropriate given the risk profile of the bank with cash and low risk investments totaling almost half of total assets. Nonetheless, capital ratios declined year-over-year and remain well below peer group averages, due in part to strong asset growth and increased dividends paid to the parent company. The bank to parent dividend payout ratio policy limit increased from 30 percent of previous quarter's net income in 2018 to 50 percent in 2019. In addition, two special dividends were paid out in 2019 resulting in an 81 percent dividend payout ratio. The high dividend payout was due to acquisitions, stock repurchases, and liquidity build at the parent company, and is not expected to continue. In discussions with examiners, management confirmed high dividend rates resulting in capital accretion lagging asset growth is not sustainable or proposed.

Capital planning and oversight is acceptable, including robust discussion and detailed reporting of capital matters at the board and managerial level. The capital plan and stress testing are conducted annually. Capital targets and triggers for 2019 were slightly changed, indicating active management of capital planning processes. In addition, the capital stack now specifically allocates capital buffers to the risk categories of credit risk, reputational risk, interest rate risk, and operational risk. This process is acceptable for the current size and complexity of SVB, although it would benefit from more transparency around major assumptions and identification of and rational for management overrides.

Liquidity - 1

Liquidity levels are strong. SVB's fed funds and interest bearing bank balances totaled $6.3 billion or 9.72 percent of total assets, well above the peer average of 2.76 percent. Additionally, unencumbered securities of $24 billion are available to meet current and projected cash flow needs, bringing total on balance sheet liquidity to $30 billion, or 45 percent of total assets. The bank has sufficient levels of secondary funding sources to support the sometimes volatile, funding flows. The bank maintains diverse contingent sources of liquidity including available capacity of $8 billion in secured lines and $2 billion in unsecured federal funds borrowing lines with correspondent banks.

Core deposits totaled $55 billion or 83 percent of total assets and 92 percent of total deposits. Total deposits stood at $60 billion, growing 23 percent over the prior year. The bank is experiencing pricing pressure in deposits, with total interest-bearing funding costs increasing 29 basis points over prior year to 0.35 percent (peer 0.95 percent). This is due to the bank having to raise rates to retain and grow on balance sheet deposits, primarily in money market accounts. The bank is now working on initiatives to reduce its funding costs.

SVB continues to experience intermittent large and volatile fund flows. The deposit base is generally well diversified however there are some very large depositors with large volatile movements of funds. Based on prior year MRA requirements, the bank analyzed its volatile fund flows and has now implemented a $6 billion liquidity buffer requirement. Funds management practices and board oversight is adequate. Policies ensure sufficient funding for both anticipated and unanticipated events, including establishing a liquidity buffer for unexpected liquidity stress events. The Contingency Funding Plan and liquidity stress testing, which has been updated and improved since the last examination, are satisfactory and in line with interagency guidance.

Sensitivity to Market Risk - 2

Sensitivity to market risk remains satisfactory. The balance sheet is asset sensitive having exposure to earnings and capital pressure in a falling rate environment. The asset sensitive balance sheet is primarily based on a majority of assets being variable rate, and a prime loan interest rate swap program has begun to reduce interest rate risk exposure. Although the bank has increased its buying of longer dated securities, lower rates have offset the increase in duration due to prepayment and call features. The securities portfolio average duration is 3.4 years, down from 3.9 years at the previous examination. Derivative activity continues to increase with a notional amount of $13 billion, a 93 percent increase from prior year. The growth in derivatives is primarily driven by the large increase in IRR swap hedging and increased foreign exchange derivative activities for clients.

The bank's asset liability management (ALM) model reports that net interest income (NII) would decrease 9.7 percent and 18 percent for negative 100 and 200 basis point rate shocks, respectively. A rate shock of negative 200 basis points would decrease NII by $447 million and decrease economic value of equity by $303 million from the base scenario. The bank is within the policy limit of 10 percent for the 12-month negative 100 and 200 rate shocks for earnings at risk, an improvement from the previous exam. However the shocks still result in the more conservative inner limits being exceeded.

Overall, board and management oversight are adequate. Policies are generally reviewed and approved with appropriate frequency and include approved scenarios and limits. However, due to the second line working on a master policy to take ownership of Treasury policies and limits in early 2020, the IRR policy has not been reviewed and approved since April 2018. Internal controls, model risk management, and IA's oversight over the market risk function remain adequate. The ALM model, Redacted, was successfully implemented in 2018. Model inputs and assumptions are independently validated with minimal issues, and are in line with internal policy as well as regulatory guidance. A second line market risk manager hired in 2018 has made good progress in 2019 staffing his team and implanting an adequate market risk oversight program.

SUMMARY OF ITEMS SUBJECT TO ADVERSE CLASSIFICATION / SUMMARY OF ITEMS LISTED AS SPECIAL MENTION

SUMMARY OF ITEMS SUBJECT TO ADVERSE CLASSIFICATION

CATEGORY	Substandard	Doubtful	Loss	Total
Loans and Leases	934,211	93,710	0	1,027,921
Securities	0	0	0	0
OREO	0	0	0	0
Other Assets	0	0	0	0
Other Transfer Risk	0	0	0	0
Subtotal	0	0	0	0
Contingent Liabilities	0	0	0	0
Totals at Current Exam [9/30/19]	934,211	93,710	0	1,027,921
Totals at Prior Exam [2/28/19]	1,000,942	96,322	2,247	1,099,511

SUMMARY OF LISTED FOR SPECIAL MENTION

	Current Exam 9/30/19	Prior Exam 2/28/19
Loans / Leases	171,591	235,869

Bank Secrecy Act / Anti-Money Laundering

The BSA/AML program is less than satisfactory. As detailed in the Supervisory Letter dated February 5th, considerable progress was made during the 2019 exam cycle; however, further improvement is required in the internal controls pillar to fully remediate the MRIA and reach full compliance with the MOU. Management has decreased residual BSA/AML and OFAC risk in the past year by implementing and validating effective OFAC screening systems and strengthening internal controls over the CDD process. Aside from stabilization of recently implemented CDD procedures, improvement needs to occur in the tracking of workflow to complete CDD reviews in a timelier manner. Internal controls over suspicious activity monitoring and reporting are now adequate. The Financial Crimes Risk Management unit has been stabilized, CDD leadership and data analytics are noted improvements. The BSA training program is adequate. IA continues to effective and accurately conduct independent testing of SVB's BSA/AML and OFAC programs. The next supervisory assessment of the MRIA and MOU compliance is planned for the 2020 cycle.

Information Technology

Overall performance of the IT function is satisfactory; however, functional management is less than satisfactory. Conclusions from a comprehensive examination of SVB's IT function were communicated through a report of examination issued on June 5, 2019. IT Audit, Development and Acquisition, and Support and Delivery components remain satisfactory; however, board and senior management oversight of IT risk is less than satisfactory, and multiple weaknesses in governance and risk management processes were identified and require attention. Examiners noted operational and security metrics relied on by board and management committees were not sufficiently meaningful, and firewall administration requires improvement. IA has identified several functional areas needing improvement including patch management, identity and access management, and governance over change management. Additionally, while IA noted the data governance program has made significant progress, a large amount of critical work remains to define a data strategy that will bring the program to a state of maturity necessary to meet the bank's needs. Management is focused on improving controls, transparency, and reporting regarding systems and information security risk. A change in Chief Operating Officer resulted in a complete administrative evaluation, and led to a significant redesign of functional governance. Roles and responsibilities for several functional managers were changed, and SVB is seeking a Chief Information Officer (CIO) capable of overseeing all of IT apart from risk and security. A national search has brought in additional talent to the IT function, and management expects to fill the CIO role in Q1 2020. Filling the CIO position and remediating multiple MRA are reported as priorities for the IT function in 2020. The Enterprise Risk Management function reports significant progress addressing an MRA requiring improvement to the SLoD for IT, and all MRA will be evaluated in a February 18th examination.

SIGNATURE OF DIRECTORS

We, the undersigned directors of Silicon Valley Bank, have personally reviewed the contents of the report of examination as of September 30, 2019.

Signature of Directors	Date

NOTE: This form should remain attached to the report of examination and be retained in the bank's file for review during subsequent examinations. The signature of committee members will suffice only if the committee includes outside directors and a resolution has been passed by the full board delegating the review to such committee.

CONFIDENTIAL

CONFIDENTIAL SECTION
DIRECTORS

Name	*	*Year of Birth*	*Year Elected to Board*	*Occupation or Principal Business Affiliation*
Dunbar, Roger F.[1,4,5,6]	0	Redacted	2004	Chairman of SVB and SVBFG. Retired E&Y executive
Becker, Greg W.	0	Redacted	2011	President and CEO of SVBFG, CEO of SVB
Benhamou, Eric A.[4,5,6]	0	Redacted	2005	Chairman and CEO of Benhamou Global Ventures
Clendening, John S.[2,3]	0	Redacted	2017	President and CEO of an online financial services company. Previously an executive at Charles Schwab
Friedman, Joel P.[4,5,6]	1	Redacted	2004	Retired E&Y executive
Jabal, Kimberly A.[1]	0	Redacted	2018	CFO of a 3D software development company.
Maggioncalda, Jeffrey N.[2,3]	1	Redacted	2012	CEO of Coursera and online education company and founding CEO of Financial Engines
Miller, Mary J.[1,4]	1	Redacted	2015	Former Under Secretary for Domestic Finance US Department of the Treasury
Mitchell, Kate D.[3,5,6]	1	Redacted	2010	Managing Partner and co-founder of Scale Venture Partners
Robinson, John F.[1,2,3,6]	0	Redacted	2010	Former Deputy Comptroller of the Currency, EVP of Washington Mutual Bank
Staglin, Garen K.[2,5,6]	0	Redacted	2011	Founder of Staglin Family Vineyards
Mathews, Kay[1]	0	Redacted	2019	Retired E&Y executive[1]

[1] Kay Mathews was appointed as a director during the September 2019 board meeting

CONFIDENTIAL SECTION
DIRECTORS

*Number of meetings missed of a total of 8 held during 2019.

Regular schedule of directors' meetings: **Quarterly**

Fee paid each director: Equity award value $125M ($200M for Chairman), cash retainer $70M, Chairperson Fees Board $90M, Audit $20M, Compensation, Finance, and Risk $15M, Credit and Governance $12M. Committee fees Audit $25M, Compensation and Finance $12M, Credit, Governance, and Risk $8M.

<u>Committees:</u>
1. Audit
2. Compensation
3. Credit
4. Finance
5. Governance
6. Risk

CONFIDENTIAL SECTION
EXECUTIVE OFFICERS

Name and Title	*Area of Responsibility*	*Year of Birth*	*Years with Bank*	*Years in Present Position*	*Compensation (Bonus)*
Becker, Greg W.	CEO	Redacted	26	11	$953,654 ($1,745,000)
Beck, Dan	CFO	Redacted	2	2	$600,000 ($340,286)
Cadieux, Marc C.	CCO	Redacted	27	6	$625,000 ($465,000)
China, John D.	SVB Capital	Redacted	23	1	$600,000 ($650,000)
Cox, Phil	COO	Redacted	11	1	$600,000 ($175,000GBP)
Descheneaux, Michael R.	President SVB	Redacted	2	2	$750,000 ($965,000)
Draper, Michelle	Chief Marketing Officer	Redacted	6	6	$450,000 ($500,000)
Edmonds-Waters, Christopher D.	Chief Human Resources Officer	Redacted	15	11	$435,000 ($425,000)
Izurieta, Laura H.	CRO	Redacted	3	3	$550,000 ($500,000)
Peters, John	Head of Internal Audit	Redacted	13	5	$400,000 ($413,718)
Zuckert, Michael S.	General Counsel	Redacted	5	5	$550,000 ($490,145)

CONFIDENTIAL SECTION
MANAGEMENT AND CONTROL

1. Discuss any other relevant matters regarding the bank's management not previously addressed.

All relevant matters have been discussed within the open section of the report

2. If the bank is in a weakened or extended condition, what aid may be expected from shareholders or others?

N/A the bank is not in a weakened condition

3. (a) List each major shareholder (5% or more) of the bank and the respective percentage of ownership. When the major shareholder is a bank holding company, list its major shareholders and the percent controlled.

SVBFG is the primary owner of the bank. The largest controlling interests of the holding Co. are listed below.

Shareholder	*Number of Shares*	*Percentage Owned*
The Vanguard Group	*5,624,165*	*10.91%*
Blackrock Inc.	*3,650,683*	*7.08%*
State Street Corp.	*2,717,793*	*5.27%*

(b) Comment on the extent to which a particular director(s), shareholder(s), or executive officer(s) controls or dominates the bank's policies and operations.

CEO Becker is the most dominate figure at the institution, but not to an extent that raises any concerns.

(c) Comment on any adverse effects of insiders on operating policies, procedures, or the overall financial condition of the bank.

N/A

(d) Provide the aggregate amount of borrowings by directors, executive officers, principal shareholders, and their related interests (as defined in Regulation O). Describe any material l or other transactions between the bank and its executive officers, directors, or its direct or indirect principal shareholder(s) and their interest(s), and assess the impact of the transactio the bank. (An interest would include any holding company affiliate or outside business intere a bank or holding company insider in which 25 percent or more is controlled.)

$37,218M

4. Has any director, officer, or employee allegedly embezzled, abstracted, or otherwise criminally misused the funds of the bank since the previous examination? No. **If so, have proper authorities been notified?** N/A. **If proper authorities have not been notified, explain why.**

N/A

CONFIDENTIAL SECTION
RATINGS AND GENERAL INFORMATION

1. State the bank's rating at this examination and the date and rating at the last examination. Briefly discuss the rationale for the rating and reasons for any departures from Federal Reserve guidelines with respect to the CAMELS component ratings and the composite rating.

	CAMELS	*Risk Management*	*Agency*	*Date*
Current	*222212/2*	*2*	*FRB*	*11/29/19*
Prior	*222212/2*	*NA*	*FRB*	*10/01/18*

Composite

Rationale for ratings are discussed in the open section of the report and are in alignment with federal reserve guidelines.

Risk Management

Rationale for risk management rating is discussed in the open section of the report and are in alignment with federal reserve guidelines.

2. Discuss the prospects of the bank.

Prospects for the bank are favorable. SVB has worked to create and maintain a dominant market position in the venture capital community. Competition from more nimble fintech competitors (some of which SVB had provided credit or facilitated market capital investments) is acknowledged by bank management as the most serious long term concern; however, significantly larger, systemically important financial institutions and other regional banking organizations continue to target the innovation economy as a strategically important segment. Even if SVB loses some market share the growing venture economy should enable them to remain a relevant financial institution.

3. Was a meeting held with the full board of directors to discuss matters subject to criticism? Not yet**. If not, give the names of directors and officers with whom the bank's condition was discussed.**

A meeting was held with executive management on January 17th, in attendance were CEO Becker, President Descheneaux, CFO Beck, CRO Izurieta, COO Cox, CCO Cadieux, CAE Peters, and several senior managers. All findings and conclusions were discussed during the meeting; emphasis was placed on capital planning specific to the organization's unique risk profile (particularly given the volume of dividends paid in 2019), and risk management (FLoD governance practices, SLoD challenge role) as SVB continues to grow and add complexities associated with global operations. FRB and DBO officials, FRB CPC Redacted *and DBO Dedicated EIC* Redacted *are scheduled to meet with the bank's directors during the board's April 23rd meeting.*

4. Provide the composite ratings and dates of the most recent bank specialty examinations (EDP, trust, consumer, CRA) and bank holding company inspection, if applicable. If any specialty examination or inspection resulted in a problem rating, discuss any adverse impact of those particular weaknesses on the overall safety and soundness of the bank.

Examination Type (if applicable)	Examination Start Date	Composite Rating
Bank Holding Company (top tier)	12/31/18	222/22
Trust	NA	NA
IT	02/25/19	2322/2
Consumer Compliance	10/22/18	2
CRA	10/22/18	Satisfactory

5. Loan Sampling

Summary of Loan Coverage ($,000)

Number of Lines Worked	183
Number of Loans Worked (excluding Insiders)	377
Number of Loans Worked (Insiders only)	5
Dollar Volume Worked (including Off Balance Sheet)	$5.73 billion
Dollar Volume Worked (Insiders only)	$37,218
Total Loans (including OBS and Insiders)	382
Total Loans Coverage Percent	13.3%
Dollar Volume Commercial Worked (including OBS)	$5.73 billion
Total Commercial (including OBS)	382
Commercial Loans Coverage Percent	13.3%

Number of Relation ships Worked	Number of Lines Worked	Dollar Volume Worked (incl. OBS)	Total Loans (incl. OBS)	Total Loans Coverage Percent	Dollar Volume Com'l Worked (incl. OBS)	Total Com'l (incl. OBS)	Com'l Loans Coverage Percent
183	382	$5.73 billion	382	13.3%	$5.73 billion	382	13.3%

6. Suggestions for next examination:

Two weeks with only one week onsite, and FRB meetings for a portion of that week, is not enough time allocated for a roll up exam of an institution of this size and complexity. This resulted in an extended write up period for the OM and EIC.

DBO Confidential – Examination Information

DBO EXAMINATION INFORMATION	S&S	IT	TRUST
Examination Entry Date	12/09/2019		
Field Completion Date	12/11/2019		
Exit Meeting Date	1/17/20		
Submitted for Review Date	3/16/20		
Quarter-end Call Report Date	09/30/2019	XXXXXXX	
Trial Balance Date	09/30/2019	XXXXXXX	
Entry Date of Last Federal Exam	10/01/2018		
Entry Date of Last DBO Exam	10/01/2018		
Type of Examination (I, C, J)	J		
Processor (DBO, Federal, Other State)	FRB		
IT Complexity (C, B, A)	XXXXXXX		XXXXXXX
Billable (Yes, No) (S&S FC 501, Trust FC 408)	NO		

EXAMINER	ASSIGNMENT	S&S		IT		TRUST	
		Training	Net Hrs.	Training	Net Hrs.	Training	Net Hrs.
Redacted	DLBE EIC		160				
Redacted	DLBE AM		120				
Redacted	DLBE OM		120				
Total Training / Net Hours		0	400	0	0	0	0
Budgeted Hours			0		0		0
Variance			0		0		0
Federal Hours			716		0		0

BANK AND HOLDING COMPANY

BANK

1. Name of individual or group with a controlling interest:	SVB Financial Group
a. Number and percentage owned in own name(s):	475,000 shares / 100%
b. Number and percentage controlled:	NA
c. Date control acquired:	04/23/1982
d. Was approval or exemption obtained pursuant to F.C. Section 1250 et seq.?	Yes
2. Were proxies solicited by anyone other than the management group?	No
3. Are there any formal shareholder's agreements or voting trust agreements for the purpose of voting shares of the bank?	No
4. Date of annual shareholders' meeting:	April
5. Date of most recent annual shareholders' meeting:	04/25/2019
6. Is the number of directors in conformance with FC 1171 and the bylaws or articles of incorporation?	Yes

HOLDING COMPANY

1. Name of individual or group with a controlling interest:	None
a. Number and percentage owned in own name(s):	NA
b. Number and percentage controlled:	NA
c. Date control acquired:	NA
d. Was approval or exemption obtained pursuant to F.C. Section 1250 et seq.?	NA
2. Were proxies solicited by anyone other than the management group?	No
3. Are there any formal shareholder's agreements or voting trust agreements for the purpose of voting shares of the bank?	No
4. Date of annual shareholders' meeting:	April
5. Date of most recent annual shareholders' meeting:	04/25/2019
6. Is the number of directors in conformance with FC 1171 and the bylaws or articles of incorporation?	Yes

1. What is the date of the most recent examination of holding company by the Federal Reserve Bank (FRB) and their rating of the holding company?

The most recent FRB full scope safety and soundness inspection of SVB Financial Group (SVBFG) was completed on January 17, 2019, with results communicated in a Report dated April 11, 2019. Financial information used in the report was as of September 30, 2018.

SVBFG remains in satisfactory condition and is rated a composite “2” according to the Federal Reserve System’s Uniform Bank Holding Company rating system. The organization has designed a broad risk-management framework, though design and build-out of credible second lines of defense for defined risk areas has been slow. Risk monitoring and reporting remain fair; Silicon Valley Bank (SVB) continues to operate under an enforcement action for compliance with Bank Secrecy Act/Anti Money Laundering (BSA/AML) and Office of Foreign Assets Control (OFAC). The company’s consolidated financial condition remains satisfactory, with noted strength in liquidity. Prior regulatory findings have been or are being addressed in an acceptable manner and the parent company and nonbanking activities do not pose a material financial risk to SVB.

2. Comment on actions taken to correct any significant deficiencies noted in the most recent FRB examination report.

The Report dated April 11, 2019 contained two carry forward MRA’s and zero new MRA or MRIA’s. One of the two, *Rationale & Support of DFAST Framework*, was closed during the 2019 cycle as communicated in a Supervisory Letter on November 19, 2019. The other MRA, regarding the *Investment Tracking Framework* of the company, has been addressed and is pending closure as of this writing.

During the 2019 cycle, two new MRA were opened, both are noted in a SL dated November 19, 2019 communicating the conclusions of a Global Risk Management / Corporate Governance target examination that began on July 29.

The *Enterprise Risk Management (ERM) Controls Monitoring* MRA requires the completion of a control identification, self-testing, and monitoring program for implementation in the first line of defense. The second line of defense is required to oversee the first line in this effort and perform periodic risk-based monitoring. Management has developed an action plan with completion targeted for December 31, 2020 and Internal Audit testing by March 31, 2021.

The *Model Overlay and Assumption Governance* MRA requires management to ensure all significant assumptions, model adjustments, and overlays are clearly identified and discussed when disclosing stress-testing results. Management has developed an action plan with completion targeted for June 30, 2020 and Internal Audit testing by September 30, 2020.

3. List principal affiliated companies and their principal activity. (Attach most recent consolidated FS and FS of holding company only.)

SVB Financial Group is the financial holding company which owns 100% of Silicon Valley Bank, and provides diversified financial services to corporate clients in the technology, life sciences, venture capital/private equity and premium wine industries. SVBFG offers these services through three principal reportable segments: Global Commercial Bank, SVB Capital, and SVB Private Bank. Global Commercial Bank houses Silicon Valley Bank, SVB Global, and Sponsored Debt Funds and Strategic Investments (SVBFG-owned funds). SVB Capital, which is the venture capital (VC) investment arm of SVBFG, focuses primarily on funds management. SVB Private Bank is the private client services division. Bank subsidiaries formed to provide off-balance sheet investment products for bank clients include SVB Securities, a broker/dealer; SVB Asset Management, a registered investment advisor; and SVB Wealth Advisory, a registered investment advisor that provides investment advisory services for private bank clients. SVB Global houses the company’s international expansion initiatives, manages the international VC client portfolio, and oversees the operations of international offices in the United Kingdom, Israel, and China. These operating entities work together to meet the needs of clients at all stages of their business life cycles, and support each other through a vigorous circle of referrals and interlocking relationships.

CONFIDENTIAL SECTION
COMPARATIVE BALANCE SHEET STRUCTURE

Assets	09/30/19	12/31/18
Total Loans and Leases	31,048,577	28,338,280
Less: ALLL	304,283	280,903
Loans and Leases (net)	30,744,294	28,057,377
Interest-Bearing Balances	5,772,549	2,890,855
Federal Funds Sold and Securities Purchased Under Agreements to Resell	0	0
Trading Account Assets	184,560	104,134
Securities: HTM (at amortized cost)	14,407,078	15,487,443
AFS (at fair value)	12,736,927	7,587,347
Total Earning Assets	**64,211,707**	**54,245,384**
Cash and Noninterest-Bearing Balances	547,040	517,613
Premises and Fixed Assets	142,811	59,296
OREO	0	0
Intangible Assets	0	0
Other Assets	2,084,138	1,240,938
TOTAL ASSETS	**67,059,614**	**56,139,644**
Liabilities		
Deposits	55,400,780	45,256,654
Federal Funds Purchased & Securities Sold Under Agreement to Repurchase	0	319,414
Other Borrowed Money	104,976	312,380
Other Liabilities	1,455,080	864,142
Subordinated Notes and Debentures	0	0
Total Liabilities	**62,140,847**	**51,584,831**
Equity Capital		
Perpetual Preferred Stock	0	0
Common Equity Capital (includes net unrealized holding gains or losses on AFS securities)	4,918,767	4,554,813
Other Equity Capital	0	0
Total Equity Capital	**4,918,767**	**4,554,813**
TOTAL LIABILITIES AND EQUITY CAPITAL	**67,059,614**	**56,139,644**

Off-Balance Sheet Items

Unused Loan Commitments	19,606,629	16,734,357
Letters of Credit	2,840,901	2,236,747
Interest Rate Contracts	5,230,808	1,232,688

Amounts are shown to the nearest thousand dollars.

CONFIDENTIAL SECTION
COMPARATIVE STATEMENT OF INCOME

Bank Income Statement and Change in Equity Capital	Interim Period 09/30/19	Year Ended 12/31/18	Year Ended 12/31/17
Interest Income			
Interest and Fee Income on Loans and Leases	1,201,171	1,358,480	1,025,709
Interest on Securities	441,543	572,916	415,875
Other Interest Income	75,049	37,964	23,625
Total Interest Income	**1,717,763**	**1,969,360**	**1,465,209**
Interest Expense			
Interest on Deposits	111,827	28,130	7,633
Interest on Federal Funds Purchased and Other Borrowings	3,519	14,579	541
Interest on Subordinated Notes and Debentures	0	0	467
Total Interest Expense	**133,682**	**43,884**	**9,685**
Net Interest Income	**1,584,081**	**1,925,476**	**1,455,524**
Noninterest Income			
Service Charges on Deposit Accounts	61,690	71,775	55,528
Other Fee Income	161,374	144,700	157,115
Other Noninterest Income	263,207	325,013	185,241
Total Noninterest Income	**486,271**	**541,488**	**397,884**
Noninterest Expense			
Salaries and Employee Benefits	557,326	689,880	570,838
Premises and Fixed Assets Expense (net)	50,590	63,640	59,638
Other Noninterest Expense	297,588	358,066	316,301
Total Noninterest Expense	**905,504**	**1,111,586**	**946,777**
Provision for Loan and Lease Losses	80,828	84,291	86,058
Securities Gains or Losses	(3,905)	(740)	(8,783)
Net Operating Income (before tax)	**1,080,152**	**1,270,395**	**811,790**
Applicable Income Taxes	297,053	336,754	365,021
Net Operating Income (after tax)	**783,099**	**933,641**	**446,769**
Extraordinary Credits and Charges (net of income tax)	0	0	0
Net Income	**783,099**	**933,641**	**446,769**
Dividends Declared	633,000	140,000	0
Sale or Purchase of Capital	24,995	21,469	28,384
Other Increases/Decreases (includes changes in net Unrealized gains or losses on AFS securities)	189,442	(29,746)	(46,038)
Net Change in Equity Accounts	**364,536**	**792,272**	**339,115**

Amounts are shown to the nearest thousand dollars.

CONFIDENTIAL SECTION
CAPITAL CALCULATIONS

	09/30/19	12/31/18
Common Equity Tier 1 Capital		
Common stock + related surplus	1,433,588	1,408,593
Retained earnings	3,348,264	3,198,747
Accum Other Comprehensive Inc (AOCI)	136,915	(52,527)
Common equity tier 1 minority interest	0	0
Common equity tier 1 capital elements	4,918,767	4,554,813
Less:		
Goodwill	0	0
Intangible assets	0	0
Deferred tax assets	0	0
Other adjustments	143,367	(49,876)
Common Equity Tier 1 Capital	4,775,400	4,604,689
Additional Tier 1 Capital		
Additional tier 1 instruments + related surplus	0	0
Non-qualifying instruments subject to phase-out	0	0
Minority interests not incl. in common equity	0	0
Less: Additional tier 1 capital deductions	0	0
Additional tier 1 capital	0	0
Tier 1 Capital	4,775,400	4,604,689
Tier 2 Capital		
Tier 2 capital instruments + related surplus	0	0
Non-qualifying instruments subject to phase-out	0	0
Total minority interest not included in tier 1	0	0
Allowance for loan losses includable in tier 2	367,319	336,086
Unrealized gains on AFS includable in tier 2	0	0
Less: Tier 2 capital deductions	0	0
Tier 2 Capital	367,319	336,086
Total Capital	5,142,719	4,940,775
Risk-Weighted Asset Calculation		
Risk-weighted balance sheet assets	34,102,429	30,716,676
Risk-weighted off-balance sheet items	7,495,530	6,387,405
Market risk equivalent assets	0	0
Gross Risk-Weighted Assets	41,597,959	37,104,081
Less: Excess ALLL and ATRR	0	0
Total Risk-Weighted Assets	41,597,959	37,104,081
Adjusted Average Total Assets	63,854,825	56,822,789

HOLDING COMPANY NAME: SVB FINANCIAL GROUP
PARENT ONLY AND CONSOLIDATED BALANCE SHEETS
AS OF 9/30/2019 (In Thousands)

	Parent Only	Consolidated
Assets		
Cash and due from banks	631,518	6,440,258
Federal funds sold		
Investment in securities	184,721	27,719,128
Loans and leases, net	15,290	30,759,584
Trading Assets		214,029
Investments in subsidiaries	5.363,314	
Premises and equipment, net	73,095	262,655
Investment in unconsolidated subsidiaries and associated companies	-13,089	73,918
Other assets	499,379	2,997,187
Total Assets	6,754,228	68,466,759
Liabilities		
Deposits		59,783,351
Other borrowed money	64,233	211,735
Trading Liabilities		148,535
Subordinated notes and debentures	697,227	697,227
Balance due to bank subsidiaries	2,200	
Balance due to non-bank subsidiaries	8,810	
Other Liabilities	91,078	1,577,442
Total Liabilities	863,548	62,418,290
Stockholders' Equity		
Perpetual preferred stock		
Common stock	52	52
Surplus	1,441,730	1,441,730
Retained earnings	4,312,745	4,312,745
Accumulated other comprehensive income	136,153	136,153
Noncontrolling (minority) interest in consolidated subsidiaries		157,789
Total Stockholders' Equity	5,890,680	6,048,469
Total Liabilities and Stockholders' Equity	6,754,228	68,466,759

HOLDING COMPANY NAME: SVB FINANCIAL GROUP
PARENT ONLY AND CONSOLIDATED BALANCE SHEETS
AS OF 9/30/2019 (In Thousands)

	Parent Only	Consolidated
Interest Income		
Interest and fees on loans		1,202,467
Interest income on balances due from depository institutions		70,769
Interest and dividend income on securities		444,744
Interest on federal funds sold		1,635
Interest and dividends from bank subsidiaries	633,000	
Interest and dividends from nonbank subsidiaries	19,092	
Other interest income		1,687
Total Interest Income	652,092	1,721,302
Interest Expense		
Interest on deposits		130,163
Interest on borrowed funds		3,226
Other interest Expense	24,059	293
Interest on subordinated notes and debentures and on mandatory convertible securities		24,059
Total Interest Expense	24,059	157,741
Net Interest Income		
Provision (negative) for loan and lease losses	127	80,954
Net Interest Income After Provision	627,906	1,482,607
Non-Interest Income		
Service charges and fees on deposits		61,690
Trading revenue		24,009
Fees and commissions from securities brokerage		314,702
Venture capital revenue		116,201
Other Income	102,593	407,145
Gain / (loss) on sale of assets	56,683	-3,905
Total non-interest income	159,276	919,842
Non-Interest Expense		
Salaries and employee benefits	20,866	712,293
Furniture, fixtures, and equipment		63,675

Other Operating Expenses	44,499	372,620
Total non-interest expense	65,365	1,148,588
Income before income taxes		
Income tax (expense) benefit	-34,334	-331,624
Unrealized gains (losses)	-10,558	-12,336
Income (loss) attributable to noncontrolling (minority interests		-35,901
Equity in undistributed income of bank and non bank	197,075	
Net Income (Loss)	874,000	874,000