UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .
Commission File Number: 001-39154

SVB FINANCIAL GROUP
(Exact name of registrant as specified in its charter)

Delaware	**91-1962278**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3003 Tasman Drive, Santa Clara, California 95054-1191
(Address of principal executive offices) (Zip Code)

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.001 per share	SIVB	The Nasdaq Stock Market LLC
Depositary shares, each representing a 1/40th ownership interest in a share of 5.250% Fixed-Rate Non-Cumulative Perpetual Preferred Stock, Series A	SIVBP	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity securities held by non-affiliates of the registrant as of June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter, based upon the closing price of its common stock on such date, on the NASDAQ Global Select Market was $30,340,662,815.

At January 31, 2022, 58,802,627 shares of the registrant's common stock ($0.001 par value) were outstanding.

Documents Incorporated by Reference	Parts of Form 10-K Into Which Incorporated
Definitive proxy statement for the Company's 2022 Annual Meeting of Stockholders to be filed within 120 days of the end of the fiscal year ended December 31, 2021	Part III

TABLE OF CONTENTS

			Page
PART I.	Item 1.	Business	6
	Item 1A.	Risk Factors	17
	Item 1B.	Unresolved Staff Comments	37
	Item 2.	Properties	37
	Item 3.	Legal Proceedings	37
	Item 4.	Mine Safety Disclosures	37
PART II.	Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	38
	Item 6.	[Reserved]	39
	Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	40
	Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	91
	Item 8.	Consolidated Financial Statements and Supplementary Data	94
		Consolidated Balance Sheets	98
		Consolidated Statements of Income	99
		Consolidated Statements of Comprehensive Income	100
		Consolidated Statements of Stockholders’ Equity	101
		Consolidated Statements of Cash Flows	102
		Notes to the Consolidated Financial Statements	103
	Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	180
	Item 9A.	Controls and Procedures	180
	Item 9B.	Other Information	181
	Item 9C.	Disclosure Regarding Foreign Jurisdictions That Prevent Inspections	181
PART III.	Item 10.	Directors, Executive Officers and Corporate Governance	182
	Item 11.	Executive Compensation	182
	Item 12.	Security Ownership of Certain Beneficial Owners and Management, and Related Stockholder Matters	182
	Item 13.	Certain Relationships and Related Transactions, and Director Independence	182
	Item 14.	Principal Accounting Fees and Services	182
PART IV.	Item 15.	Exhibits, Financial Statement Schedules	183
	Item 16.	Form 10-K Summary	184
SIGNATURES			187

Glossary of acronyms and abbreviations that may be used in this Report

ACL — Allowance for Credit Losses
AFS — Available-for-Sale
AICPA— American Institute of Certified Public Accountants
AIR — Accrued Interest Receivable
ALCO — Asset Liability Management Committee
AOCI — Accumulated Other Comprehensive Income
ARRC — Alternative Reference Rates Committee
ASC — Accounting Standards Codification
ASU — Accounting Standards Update
AUM — Assets Under Management
Boston Private or BPFH — Boston Private Financial Holdings, Inc.
BPS — Basis Points
C&I — Commercial and Industrial
CECL — Current Expected Credit Losses
CET1 — Common Equity Tier 1
CMBS — Commercial Mortgage-Backed Securities
CMO — Collateralized Mortgage Obligations
COSO — Committee of Sponsoring Organizations of the Treadway Commission
CRA — Community Reinvestment Act
CRE — Commercial Real Estate
DFPI— California Department of Financial Protection and Innovation
EAD — Exposure at Default
ECL— Expected Credit Losses
EHOP — Employee Home Ownership Program of the Company
EPS — Earnings Per Share
ESOP — Employee Stock Ownership Plan of the Company
ESPP — 1999 Employee Stock Purchase Plan of the Company
EVE — Economic Value of Equity
FASB — Financial Accounting Standards Board
FDIC — Federal Deposit Insurance Corporation
FHLB — Federal Home Loan Bank
FINRA— Financial Industry Regulatory Authority
FRB — Federal Reserve Bank
FTE — Full-Time Equivalent Employee
FTP — Funds Transfer Pricing
GAAP — U.S. generally accepted accounting principles
GCB — Global Commercial Bank
HTM — Held-to-Maturity
IASB — International Accounting Standards Board
ICP — Incentive Compensation Plan
IFRS— International Financial Reporting Standards
IOSCO — International Organization of Securities Commissions
IPO — Initial Public Offering
IRS — Internal Revenue Service
ISDA — International Swaps and Derivatives Association, Inc.
IT — Information Technology
LCR — Liquidity Coverage Ratio
LGD — Loss Given Default
LIBOR — London Interbank Offered Rate
M&A — Merger and Acquisition
MBS — Mortgage-Backed Securities
NFSR — Net Stable Funding Ratio
NII — Net Interest Income
NM — Not meaningful
OREO — Other Real Estate Owned
PCD — Purchased Credit-Deteriorated
PD — Probability of Default
PPP — Paycheck Protection Program
PPPLF — Paycheck Protection Program Lending Facility
ROU — Right of Use
RP — Retention Program
SBA — U.S. Small Business Association
SEC — Securities and Exchange Commission
SLBO — Sponsor-Led Buy-Out
SOFR — Secured Overnight Financing Rate
SPAC — Special Purpose Acquisition Company
SPD-SVB — SPD Silicon Valley Bank Co., Ltd. (the Bank's joint venture bank in China)
SVB Securities — SVB Securities Holdings LLC (formerly known as SVB Leerink Holdings LLC)
TDR — Troubled Debt Restructuring
U.K. — United Kingdom
VIE — Variable Interest Entity

Forward-Looking Statements

This Annual Report on Form 10-K, including in particular "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Part II, Item 7 of this report, contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In addition, management has in the past and may in the future make forward-looking statements to analysts, investors, representatives of the media and others. Forward-looking statements are statements that are not historical facts and represent only our beliefs regarding future events. Broadly speaking, forward-looking statements include, but are not limited to, the following:

- Financial projections, including with respect to our NII, noninterest income, EPS, noninterest expenses (including professional services, compliance, compensation and other costs), cash flows, balance sheet positions, capital expenditures, deposit growth, liquidity and capitalization or other financial items;
- Descriptions of our strategic initiatives, plans or objectives for future operations, including pending sales or acquisitions;
- Forecasts of private equity and venture capital funding and investment levels;
- Forecasts of future interest rates, economic performance, and income from investments;
- Forecasts of expected levels of provisions for loan losses, loan growth, loan mix, loan yields and client funds;
- The outlook on our clients' performance;
- The potential effects of the COVID-19 pandemic; and
- Descriptions of assumptions underlying or relating to any of the foregoing.

You can identify these and other forward-looking statements by the use of words such as "becoming," "may," "will," "should," "could," "would," "predict," "potential," "continue," "anticipate," "believe," "estimate," "assume," "seek," "expect," "plan," "intend," and the negative of such words or comparable terminology. Forward-looking statements are neither historical facts nor assurances of future performance.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, we have based these expectations on our current beliefs as well as our assumptions, and such expectations may not prove to be correct. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside our control. Our actual results of operations and financial performance could differ significantly from those expressed in or implied by our management's forward-looking statements. Important factors that could cause our actual results and financial condition to differ from the expectations stated in the forward-looking statements include, among others:

- Market and economic conditions (including inflation trends, interest rate volatility, the general condition of the capital and equity markets, and IPO, secondary offering, SPAC fundraising, M&A and financing activity levels) and the associated impact on us (including effects on client demand for our commercial and investment banking and other financial services, as well as on the valuations of our investments);
- Disruptions to the financial markets as a result of the current or anticipated impact of military conflict, including escalating military tension between Russia and Ukraine, terrorism or other geopolitical events;
- The COVID-19 pandemic and its effects on the economic and business environments in which we operate, and its effect on our operations;
- The impact of changes from the Biden-Harris Administration and the U.S. Congress on the economic environment, capital markets and regulatory landscape, including monetary, tax and other trade policies, as well as changes in personnel at the bank regulatory agencies;
- Changes in the volume and credit quality of our loans as well as volatility of our levels of nonperforming assets and charge-offs;
- The impact of changes in interest rates or market levels or factors affecting or affected by them, especially on our loan and investment portfolios;
- The adequacy of our ACL and the need to make provisions for credit losses for any period;
- The sufficiency of our capital and liquidity provisions;
- Changes in the levels of our loans, deposits and client investment fund balances;
- Changes in the performance or equity valuations of funds or companies in which we have invested or hold derivative instruments or equity warrant assets;
- Variations from our expectations as to factors impacting our cost structure;
- Changes in our assessment of the creditworthiness or liquidity of our clients or unanticipated effects of credit concentration risks which create or exacerbate deterioration of such creditworthiness or liquidity;
- Variations from our expectations as to factors impacting the timing and level of employee share-based transactions;
- The occurrence of fraudulent activity, including breaches of our information security or cyber security-related incidents;

- Business disruptions and interruptions due to natural disasters and other external events;
- The impact on our reputation and business from our interactions with business partners, counterparties, service providers and other third parties;
- The expansion of our business internationally, and the impact of international market and economic events on us;
- The effectiveness of our risk management framework and quantitative models;
- The impact of governmental policy, legal requirements and regulations including regulations promulgated by the Board of Governors of the Federal Reserve System (the "Federal Reserve"), and other regulatory requirements;
- Our ability to maintain or increase our market share, including through successfully implementing our business strategy and undertaking new business initiatives, including through the integration of Boston Private and expansion of our private banking business and the growth and expansion of SVB Securities, including entry into the technology investment banking sector;
- Greater than expected costs or other difficulties related to the integration of our business and that of Boston Private;
- Variations from our expectations as to the amount and timing of business opportunities, growth prospects and cost savings associated with completing the acquisition of Boston Private;
- The inability to retain existing Boston Private clients and employees following the closing of the Boston Private acquisition;
- Unfavorable resolution of legal proceedings or claims, as well as legal or regulatory proceedings or governmental actions;
- Variations from our expectations as to factors impacting our estimate of our full-year effective tax rate;
- Changes in applicable accounting standards and tax laws;
- Regulatory or legal changes or their impact on us; and
- Other factors as discussed in “Risk Factors” under Part I, Item 1A of this report.

The operating and economic environment has continued to be impacted by the COVID-19 pandemic, which has created major economic and financial disruptions that have adversely affected, and may continue to adversely affect, certain of our business, operations, financial performance and prospects. Even after the COVID-19 pandemic subsides, it is possible that the U.S. and other major economies will experience a prolonged recession, which could materially and adversely affect our business, operations, financial performance and prospects. Statements about the effects of the COVID-19 pandemic on our business, operations, financial performance and prospects may constitute forward-looking statements and are subject to the risk that the actual impacts may differ, possibly materially, from what is reflected in those forward-looking statements due to factors and future developments that are uncertain, unpredictable and in many cases beyond our control, including the scope and duration of the pandemic, potential variants of the virus (including the emergence of the Omicron variant), vaccination rates, the need for vaccine booster shots, actions taken by governmental authorities in response to the pandemic, and the direct and indirect impact of the pandemic on our customers, third parties and us.

Accordingly, you are cautioned not to place undue reliance on forward-looking statements. We urge investors to consider all of these factors, among others, carefully in evaluating the forward-looking statements contained in this Annual Report on Form 10-K. All subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements included in this filing are made only as of the date of this filing. We assume no obligation and do not intend to revise or update any forward-looking statements contained in this Annual Report on Form 10-K, except as required by law.

PART I.

ITEM 1. BUSINESS

General

SVB Financial Group ("SVB Financial") is a diversified financial services company, as well as a bank holding company and a financial holding company. SVB Financial was incorporated in the state of Delaware in March 1999. Through our various subsidiaries and divisions, we offer a diverse set of banking and financial products and services to clients across the United States, as well as in key international innovation markets. For nearly 40 years, we have been dedicated to helping support entrepreneurs and clients of all sizes and stages throughout their life cycles, primarily in the technology, life science/healthcare, private equity/venture capital and premium wine industries.

We offer commercial and private banking products and services through our principal subsidiary, Silicon Valley Bank (the “Bank”), which is a California state-chartered bank founded in 1983 and a member of the Federal Reserve System. The Bank and its subsidiaries also offer asset management, private wealth management and other investment services. In addition, through SVB Financial's other subsidiaries and divisions, we offer investment banking services and non-banking products and services, such as funds management and M&A advisory services. We focus on cultivating strong relationships with firms within the private equity and venture capital community worldwide, many of which are also our clients and may invest in our corporate clients.

As of December 31, 2021, on a consolidated basis, we had total assets of $211.5 billion, total investment securities of $128.0 billion, total loans, amortized cost, of $66.3 billion, total deposits of $189.2 billion and total SVB Financial stockholders' equity of $16.2 billion.

Headquartered in Santa Clara, CA, we operate in key innovation markets in the United States and around the world. Our corporate office is located at 3003 Tasman Drive, Santa Clara, California 95054, and our telephone number is (408) 654-7400.

When we refer to “SVB Financial Group,” "SVBFG," the “Company,” “we,” “our,” “us” or use similar words, we mean SVB Financial Group and all of its subsidiaries collectively, including the Bank. When we refer to “SVB Financial” or the “Parent” we are referring only to our parent company entity, SVB Financial Group (not including subsidiaries).

Business Overview

For reporting purposes, SVB Financial Group has four operating segments for which we report financial information in this report: GCB, SVB Private Bank, SVB Capital and SVB Securities.

Global Commercial Bank

Our GCB segment is comprised of results primarily from our Commercial Bank, our Global Fund Banking Division and SVB Wine, each as further described below.

Commercial Bank. Our Commercial Bank products and services are provided by the Bank and its subsidiaries to commercial clients primarily in the technology and life science/healthcare industries. The Bank provides solutions to the financial needs of commercial clients through credit, treasury management, foreign exchange, trade finance and other financial products and services. We broadly serve clients within the U.S., as well as non-U.S. clients in key international innovation markets.

The Bank offers commercial clients a full range of credit solutions including traditional term loans, equipment loans, asset-based loans, revolving lines of credit, warehouse facilities, recurring revenue facilities, mezzanine lending, acquisition finance facilities, corporate working capital facilities, and credit card programs. These loans may be secured by clients' assets or future cash flows or may be unsecured.

The Bank's treasury management products and services include a wide range of deposits and receivable services, payments and cash management solutions accessible through our expanding online and mobile banking platforms. Deposit products include business and analysis checking accounts, money market accounts, multi-currency accounts, in-country bank accounts and sweep accounts. In connection with deposit services, the Bank provides receivables services, which include merchant services, remote capture, lockbox and fraud control services. Payment and cash management products and services include wire transfer and automated clearing house payment services to enable clients to transfer funds more quickly, as well as business bill pay, business credit and debit cards, account analysis and disbursement services.

The Bank's foreign exchange and trade finance products and services help to facilitate clients' global finance and business needs. These products and services include foreign exchange services that help commercial clients to manage their foreign currency needs and risks through the purchase and sale of currencies in the spot market as well as with currency

swaps and hedges. The Bank also offers letters of credit, including export, import and standby letters of credit, to enable clients to ship and receive goods globally.

The Bank and its subsidiaries also offer a variety of investment services and solutions to its clients that enable them to more effectively manage their assets. For example, through its registered investment advisory subsidiary, SVB Asset Management, the Bank offers discretionary investment advisory services based on its clients' investment policies, strategies and objectives. The Bank also offers investment solutions through our repurchase agreement program.

Global Fund Banking Division. Our Global Fund Banking Division provides banking products and services primarily to our global private equity and venture capital clients.

SVB Wine. SVB Wine provides banking products and services to our premium wine industry clients, including vineyard development loans.

SVB Private Bank

SVB Private Bank is the private banking and wealth management division of the Bank and provides a broad array of personal financial solutions for consumers. Our clients are primarily private equity/venture capital professionals and executive leaders of the innovation economy they support as well as high net worth clients acquired from Boston Private. SVB Private Bank, which includes SVB Wealth Advisory, a registered investment advisor and broker-dealer subsidiary of the Bank, offers a customized approach to private wealth management and private banking services, including mortgages, home equity lines of credit, restricted stock purchase loans, capital call lines of credit and other secured and unsecured lending products. We also help our private banking clients meet their cash management needs by providing deposit account products and services, including checking, money market, certificates of deposit accounts, online banking, credit cards and other personalized banking services.

On July 1, 2021, SVBFG completed the acquisition of Boston Private which was merged with and into SVBFG, with SVBFG continuing as the surviving entity in the transaction. Following the transaction, Boston Private’s wholly owned subsidiary, Boston Private Bank & Trust Company, merged with and into the Bank, with Silicon Valley Bank continuing as the surviving entity in the bank merger. Boston Private provides a full spectrum of wealth, trust and private banking services dedicated to helping clients simplify and strengthen their financial positions. The acquisition was accounted for as a business combination and accordingly, the results of Boston Private's operations have been included in our consolidated financial statements for the year ended December 31, 2021, from the date of acquisition.

SVB Capital

SVB Capital is the venture capital and credit investment arm of SVB Financial Group, which focuses primarily on funds management. SVB Capital manages over $7.3 billion of funds on behalf of third party limited partner investors and, on a more limited basis, SVB Financial Group. The SVB Capital family of funds is comprised of pooled investment vehicles such as direct venture funds that invest in companies and funds of funds that invest in other venture capital funds, as well as debt funds that provide lending and other financing solutions. SVB Capital generates income for the Company primarily through investment returns (including carried interest) and management fees. See Note 2—“Summary of Significant Accounting Policies” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report for additional details.

SVB Securities

SVB Securities is an investment bank focused on the innovation economy and operates as a wholly-owned subsidiary of SVB Financial Group. SVB Securities provides investment banking services across all major sub-sectors of Healthcare and Technology. Healthcare sub-sectors include Biopharma, Digital Health and HealthTech, Healthcare Services, Medical Devices and Tools and Diagnostics. SVB Securities launched Technology investment banking in 2021 and serves numerous Technology sub-sectors including Consumer Internet, Commerce Enablement and Marketing Software, Digital Infrastructure and Tech-Enabled Services, Education Technology, Enterprise Software, Industrial Technology and FinTech. SVB also expanded equity research coverage to include Technology companies with the acquisition of MoffettNathanson LLC in 2021. SVB Securities focuses on four main product and service offerings: Capital Raising, M&A Advisory, Equity Research and Sales and Trading.

For more information about our four operating segments, including financial information and results of operations, see “Management's Discussion and Analysis of Financial Condition and Results of Operations-Operating Segment Results” under Part II, Item 7 of this report, and Note 24—“Segment Reporting” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report.

Revenue Sources

Our total revenue is comprised of NII and noninterest income. Net interest income on a fully taxable equivalent basis and noninterest income for the year ended December 31, 2021 were $3.2 billion and $2.7 billion, respectively.

NII accounts for the major portion of our earnings. It is comprised primarily of income generated from interest rate spread differences between the interest rates received on interest-earning assets, such as loans extended to clients and securities held in our fixed income securities portfolio, and the interest rates paid by us on interest-bearing liabilities, such as deposits and borrowings. Our deposits are largely obtained from commercial clients within our technology, life science/healthcare and private equity/venture capital industry sectors. We also obtain deposits from the premium wine industry commercial clients and from our SVB Private Bank clients. Other than our Private Bank clients, we do not obtain deposits from retail or consumer banking sources.

Noninterest income is primarily income generated from our fee-based services and gains on our investments and derivative securities. We offer a wide range of fee-based financial services to our clients, including global commercial banking, private banking and other business services. We generally refer to revenues generated by such fee-based services as our "core fee income," (a non-GAAP measure) which is comprised of our client investment fees, wealth management and trust fees, foreign exchange fees, credit card fees, deposit service charges, lending related fees and letters of credit and standby letters of credit fees. In addition, through SVB Securities, we offer investment banking, M&A advisory services and equity research capabilities as mentioned above. We generally refer to our core fee income plus revenues generated by these investment banking services and commissions from sales and trading activities as "core fee income plus SVB Securities revenue." We believe our ability to integrate and cross-sell our diverse financial services to our clients is a strength of our business model. Additionally, we hold AFS, HTM, non-marketable and marketable investment securities. Subject to applicable regulatory requirements, we manage and invest in private equity/venture capital funds that invest directly in privately-held companies, as well as funds that invest in other private equity/venture capital funds. Gains on these investments are reported in our consolidated statements of income and include noncontrolling interests. We also recognize gains from warrants to acquire stock in client companies, which we obtain in connection with negotiating credit facilities and certain other services. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Noninterest Income-Gains on Investment Securities, Net" and "Gains on Equity Warrant Assets, Net" under Part II, Item 7 of this report.

We derive substantially all of our revenue from U.S. clients. We derived less than 10 percent of our total revenues from foreign clients for each of 2021, 2020 and 2019.

Client Industries

We provide products and services to serve the needs of our clients in each of the industries described below. We serve our commercial company clients throughout their life cycles, beginning with the "emerging" or "early-stage" and progressing through later stages as their needs mature and expand, primarily in the technology and life science/healthcare industries. We also serve other targeted client industries --- private equity and venture capital firms, premium wine and private banking/wealth management.

Technology and Life Science/Healthcare

We serve a variety of clients in the technology and life science/healthcare industries. Our technology clients tend to be in the industries of frontier tech and hardware (such as semiconductors, communications, data, storage and electronics); enterprise and consumer software/internet (such as infrastructure software, applications, software services, digital content and advertising technology); fintech; and climate technology and sustainability. Our life science/healthcare clients primarily tend to be in the industries of biopharma, healthtech, medical devices, healthcare services and diagnostics and tools. A key component of our technology and life science/healthcare business strategy is to develop relationships with clients at an early stage and offer them banking services that will continue to meet their needs as they mature and expand. We serve these clients primarily through three practices:

- Our **SVB Accelerator** practice focuses on serving our "emerging" or "early-stage" clients. These clients are generally privately-held companies in the start-up or early stages of their life cycles and funded by friends and family, "seed" or "angel" investors or have gone through an initial round of venture capital financing. They are typically engaged primarily in research and development activities and may have brought only a few products or services to market, if any. SVB Accelerator clients tend to have annual revenues below $5 million, and many are pre-revenue companies.
- Our **SVB Growth** practice serves our "mid-stage" and "later-stage" clients. These clients are generally privately-held companies in the intermediate or later stages of their life cycles, and are often dependent on venture capital for funding. However, some of these clients are in the more advanced stages of their life cycles and may be publicly-held or poised to become publicly-held. Our SVB Growth clients generally have a more established product or service offering in the market and may be in a period of expansion. SVB Growth clients tend to have annual revenues between $5 million and $75 million.
- Our **SVB Corporate Finance** practice primarily serves our large corporate clients, which are more mature and established companies. These clients are generally publicly-held or large privately-held companies and have a more

sophisticated product or service offering in the market. SVB Corporate Finance clients tend to have annual revenues over $75 million.

In addition, our **Sponsored Finance** group provides debt financing in support of private equity sponsored company acquisitions, primarily technology and life science/healthcare companies.

Global Fund Banking

We serve clients in the private equity/venture capital community, many of whom are investors in the portfolio company clients to whom we provide banking services. In particular, we provide credit facilities to our private equity/venture capital clients, including capital call lines of credit, the repayment of which is dependent on the payment of capital calls or management fees by the underlying limited partner investors in the funds managed by the firms.

Since our founding, we have cultivated strong relationships within the venture capital community, which has over time expanded to relationships within the private equity community. We believe our network helps to facilitate deal flow opportunities between these private equity/venture capital firms and the companies within the markets we serve.

Premium Wine

We are one of the leading providers of financial services to premium wine producers across the western United States, primarily in California’s Napa Valley, Sonoma County and Central Coast regions, as well as the Pacific Northwest. We focus on vineyards and wineries that produce grapes and premium wines.

Private Bank/Wealth Management

We provide private banking and wealth management services to consumer clients, including private equity/venture capital professionals and executive leaders of the innovation companies they support. We offer private banking, cash management and wealth management services to meet their personal banking and financial needs.

Competition

The banking and financial services industry is highly competitive and continues to evolve as a result of changes in regulation, technology, product delivery systems and the general market and economic climate. Our competitors include other banks, debt funds, specialty and diversified financial services intermediaries and other “Fintech” disruptors that offer lending, leasing, payments, investment, foreign currency exchange, advisory and other financial products and services to our target client base. For example, we compete with alternative lenders, such as “marketplace” lenders, peer-to-peer lenders and other non-traditional lenders that have emerged in recent years. We also compete with non-financial service providers, particularly payment facilitators and processors, as well as other nonbanking technology providers in the payments industry which may offer specialized services to our client base. In addition, we compete with hedge funds and private equity funds, as well as investment banks. The principal competitive factors in our markets include product offerings, service, pricing and transaction size and structure. Given our established market position within the client segments that we serve, our continued efforts to develop products and services, and our ability to integrate and cross-sell our diverse financial services to extend the length of our relationships with our clients, we believe we compete favorably in the markets in our core business areas.

Human Capital

SVB Financial Group’s success is dependent on our ability to retain, attract and motivate qualified employees. We rely on our personnel, which includes a substantial number of employees who have technical or other expertise and/or a strong network of relationships with individuals and institutions in the markets we serve. Competition for skilled and qualified personnel in financial services, technology and innovation is significant in the markets in which we operate. As part of our effort to retain, attract and motivate employees, we strive to offer competitive compensation and benefits, promote diversity, equity and inclusion, support the safety and well-being of our employees, encourage our employees to give back to their communities and lead with our corporate values. Through these efforts, we strive to foster a workplace and environment that empower our employees to be successful.

As of December 31, 2021, we employed 6,567 FTEs. Approximately 80 percent of our employees are in the United states and approximately 20 percent are in international locations, including the U.K., Denmark, Germany, Ireland, Israel, China, Hong Kong, India and Canada. Our overall employee count increased by approximately 47 percent in 2021, including growth from acquisitions, increases in our investment banking business, as well as additions across all three lines of defense.

During 2021, we continued to focus on the response to the ongoing and evolving COVID-19 pandemic. As described further under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Management’s Overview of 2021 Financial Performance – Recent Developments – COVID-19”, we continued to focus on the safety, well-being and stability of our people, and providing support for our employees, including expanded support to those directly impacted by COVID-19, mental health and wellness support, and other work-from-home support such as utility stipends and technology and equipment. We encourage you to visit our website under “*About US – Living Our Values*,” for more detailed

information regarding our environmental, social and governance related programs and initiatives, as well as additional details regarding our human capital management. The contents of our website are not incorporated herein by reference and the website address provided is intended to be an inactive textual reference only.

Compensation and Benefits. In order to retain and attract talent, we provide employees with competitive compensation and benefits packages. Our compensation and benefits program provides both short-term and long-term awards, incentivizing performance and aligning employee and shareholder interests. Employee compensation packages include a competitive base salary and, subject to Company and individual performance, may include an annual incentive cash bonus. Employees at certain levels are eligible to receive equity awards tied to the value of the Company's stock. Other employee benefits include health insurance (medical, dental and vision), parental bonding leave, a 401(k) plan with matching employee contributions, an employee stock purchase plan, an EHOP that offers mortgages on primary homes, paid time off, life insurance, disability insurance, wellness programs (including webinars as well as individual wellness counseling) and learning opportunities.

Diversity, Equity and Inclusion ("DEI"). We believe that advancing diversity, equity and inclusion produces better results for our clients and is crucial to attracting and retaining skilled personnel. We embrace pathways to increase diversity and achieve gender parity in our senior leadership. Our multi-pronged approach to promoting a diverse and inclusive workplace includes employee awareness programs and Employee Resource Groups, internal DEI-focused "town hall" meetings, regular training and educational opportunities, fair pay analysis, leadership development, hiring outreach programs and strategic partnerships to advance diversity objectives.

Safety and Well-Being. The safety and well-being of our employees is of paramount importance. We have developed and maintain company procedures and practices to ensure the safety of our employees in the different markets we operate. During 2021, we focused on providing employee support to address work, life, financial and health-related issues. This included new programs and benefits to ease work-from-home challenges and address the medical and other support needs of those directly impacted by COVID-19. We are also committed to maintaining a work environment that is free of harassment or discriminatory practices. We have processes and escalation channels for employees to report harassment, discrimination or other concerns. In addition, we regularly seek feedback from employees through engagement surveys to help evaluate whether employees are satisfied and engaged in their job positions, as well as understand and are aligned with our business objectives and values.

Community. We are committed to giving back to the communities in which our employees live and work and believe these efforts help us retain and attract talent. We match certain employee charitable donations to eligible non-profits. We also encourage employee volunteering. Our non-profit charitable SVB Foundation also contributes to community organizations and other causes. We also invest in affordable housing projects in the communities in which we live and work as well as provide financial support to low- and moderate-income communities in California and Massachusetts. In addition, we have a university scholarship program that funds certain scholarships and internships.

Company Values. Our Company values guide our actions and empower our employees to be successful. Our core values are: start with empathy for others; take responsibility; embrace diverse perspectives; speak and act with integrity; and keep learning and improving. We believe that our values are key to attracting, retaining, and inspiring our employees and contribute to the success of both our business and the innovation economy more generally.

Supervision and Regulation

Our bank and bank holding company operations are subject to extensive regulation by federal and state regulatory agencies. This regulation is intended primarily for the stability of the U.S. banking system as well as the protection of depositors and the Deposit Insurance Fund (the "DIF"). This regulation is not intended for the benefit of our security holders.

As a bank holding company that has elected financial holding company ("FHC") status, SVB Financial is subject to primary regulation, supervision, and examination by the Federal Reserve under the Bank Holding Company Act of 1956, as amended (the "BHC Act"). The Bank, as a California state-chartered bank and a member of the Federal Reserve System, is subject to primary supervision and examination by the Federal Reserve as well as the DFPI. In addition, the Bank must comply with certain requirements of the FDIC as, to the extent provided by law, the Bank's deposits are insured by the FDIC. Our consumer banking activities also are subject to regulation and supervision by the Consumer Financial Protection Bureau (the "CFPB").

SVB Financial and certain of its non-bank subsidiaries are also subject to regulation by the SEC and FINRA as well as certain other federal and state regulatory agencies. In addition, we are subject to regulation by certain foreign regulatory agencies in international jurisdictions where we conduct, or may in the future wish to conduct, business, including the U.K., Germany, Israel, China, Hong Kong and Canada. (See "International Regulation" below.)

The following discussion of statutes and regulations is a summary and does not purport to be complete. This discussion is qualified in its entirety by reference to the statutes and regulations referred to in this discussion. Regulators, the U.S. Congress, state legislatures and international consultative and standard-setting bodies continue to enact rules, laws and

policies to regulate the financial services industry and public companies in an effort to protect consumers and investors, and may have differing interpretations in the implementation of such rules. Actions by the U.S. Congress and the Biden-Harris Administration, as well as related changes in key personnel at regulatory agencies, could result in changes in regulations applicable to us and how they are interpreted. As a result, the precise nature of laws and regulations relevant to our activities and the effect of government policies on the Company's business cannot be predicted and, in some cases, may have a material and adverse effect on our business, financial condition, and/or results of operations. For more information, see "Risk Factors-Legal and Regulatory Risks" under Part I, Item IA of this report.

Regulation and Supervision of SVB Financial and Silicon Valley Bank

As a financial holding company, SVB Financial generally may engage in certain otherwise prohibited non-banking activities and activities that the Federal Reserve has determined to be "financial in nature" or incidental or complementary to activities that are financial in nature, including certain securities, merchant banking and insurance activities.

In order to retain FHC status, a financial holding company and all of its depository institution subsidiaries must be well-capitalized and well-managed, pursuant to the Federal Reserve's Regulation Y. Otherwise, SVB Financial could face material restrictions on its activities and its ability to enter into certain transactions. In addition, if the Bank has not received at least a satisfactory rating on its most recent examination under the CRA, we would not be able to commence any new financial activities or acquire a company that engages in such activities. In that case, we would still be allowed to engage in activities closely related to banking and make investments in the ordinary course of conducting banking activities. The Bank continues to be in at least satisfactory compliance with the CRA and in 2021 it received its first "outstanding" rating on its CRA strategic plan.

Pursuant to applicable California and federal law, state-chartered commercial banks are permitted to engage in any activity permissible for national banks, which includes the many so-called "closely related to banking" or "non-banking" activities commonly conducted by national banks. In addition, the Bank may conduct, through a subsidiary, certain "financial" activities that would be impermissible for the Bank itself to conduct, provided the Bank remains "well-capitalized," "well-managed" and in satisfactory compliance with the CRA.

Bank holding companies and insured banks are subject to potential enforcement actions of varying levels of severity by federal and state regulators and law enforcement authorities for unsafe or unsound practices in conducting their business or for violations of law, regulation or condition imposed in writing by any applicable agency or term of a written agreement with that agency.

Enhanced Prudential Standards

In October 2019, the federal banking agencies issued rules that tailor the application of enhanced prudential standards to large bank holding companies and the capital and liquidity rules to large bank holding companies and depository institutions (the "Tailoring Rules") to implement amendments to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") under the Economic Growth, Regulatory Relief, and Consumer Protection Act (the "EGRRCPA"). Under the EGRRCPA, the threshold above which the Federal Reserve is required to apply enhanced prudential standards to bank holding companies increased from $50 billion in average total consolidated assets to $250 billion. The Federal Reserve may also impose enhanced prudential standards on bank holding companies with between $100 billion and $250 billion in average total consolidated assets.

Under the Tailoring Rules, banking organizations are grouped into four categories based on their U.S. G-SIB status, size and four other risk-based indicators. The most stringent standards apply to U.S. G-SIBs, which represent Category I, and the least stringent standards apply to Category IV organizations, which have between $100 billion and $250 billion in average total consolidated assets and less than $75 billion in certain other risk-based indicators. Category IV firms are, among other things, subject to (1) certain liquidity risk management and risk committee requirements, including liquidity buffer and liquidity stress testing requirements; (2) requirements to develop and maintain a capital plan on an annual basis; and (3) supervisory capital stress testing on a biennial basis. As of June 30, 2021, SVB Financial passed the threshold to be considered a Category IV institution, and accordingly, is subject to requirements applicable to Category IV institutions.

If a Category IV organization exceeds either (i) $250 billion in average total consolidated assets or (ii) $100 billion or more in average total consolidated assets and at least $75 billion in nonbank assets, weighted short-term wholesale funding (as defined by the Federal Reserve) ("WSTWF") or off-balance sheet exposures, it will become a Category III organization, and will, subject to a transition period, be subject to additional heightened requirements.

Several of the enhanced prudential standards for Category IV and Category III firms are summarized below:

- *Risk Management*. Category IV and Category III organizations are subject to risk committee and risk management requirements, as well as liquidity risk management, liquidity buffer and liquidity stress testing requirements.

- *Comprehensive Capital Analysis and Review ("CCAR")*. Category IV and Category III organizations are required to submit an annual capital plan to the Federal Reserve. The Federal Reserve's capital plan rule provides firms subject to Category IV standards additional flexibility to develop their capital plans. For firms subject to CCAR, failure to submit a satisfactory plan can result in restrictions on capital distributions, including dividends and common stock repurchases. The CCAR process is intended to help ensure that BHCs have robust, forward-looking capital planning processes that account for each company's unique risks and that permit continued operations during times of economic and financial stress.
- *Stress Testing*. Category IV organizations, like SVBFG, are subject to supervisory stress tests conducted by the Federal Reserve every other year. Category III organizations are subject to annual supervisory stress tests and must conduct company-run stress tests every other year (commonly referred to as Dodd-Frank Stress Tests or "DFAST"). These stress tests are used to determine whether the firms have sufficient capital on a consolidated basis necessary to absorb losses in baseline and severely adverse economic conditions.
- *Resolution Planning*. Category III firms, but not Category IV firms, are required to submit to the Federal Reserve and the FDIC a plan for rapid and orderly resolution in the event of material financial distress or failure. Separately, FDIC regulations require insured depository institutions ("IDIs") with average total consolidated assets of $50 billion or more, such as the Bank, to submit a resolution plan with respect to the bank. In June 2021, the FDIC issued a Statement of Resolution Plans for Insured Depository Institutions, which, among other things, provided further details surrounding streamlined content requirements for IDI plan submissions, and established a three-year filing cycle for banks with $100 billion or more in assets. As a result, the Bank will submit a resolution plan on a three-year cycle beginning in 2022. Prior to each IDI plan submission, the FDIC will send a written communication to the Bank specifying the timing of its submission, which will be required no earlier than 12 months after the date of the communication, and which the FDIC expects will be required by the first business day in December of an applicable year. The Bank expects to submit its resolution plan by December 2022.
- *Liquidity Requirements*. Category IV institutions with greater than $50 billion in WSTWF, as well as Category I-III organizations, are subject to LCR and net stable funding ratio ("NSFR") requirements and must maintain high-quality liquid assets in accordance with specific quantitative requirements. However, the above-mentioned Category IV institutions, as well as Category III institutions with less than $75 billion in WSTWF, are subject to reduced LCR and NSFR requirements. Category III institutions with greater than $75 billion in WSTWF and all Category I-II organizations are subject to the full LCR and NSFR requirements. As of December 31, 2021, we have less than $50 billion in WSTWF, therefore, we are currently not subject to LCR and NSFR requirements.
- *Single counterparty credit limit*. In June 2018, the Federal Reserve issued a final rule regarding single-counterparty credit limits ("SCCL") for large banking organizations, excluding Category IV firms, subjecting them to a limit of 25% of Tier 1 capital for aggregate net credit exposures to any other unaffiliated counterparty. Given SVB Financial is a Category IV firm, we are not subject to the SCCL requirements.

Regulatory Capital

U.S. banking organizations are subject to a comprehensive capital framework (the "Capital Rules"), issued by the federal banking agencies, which implement the Basel III regulatory capital reforms and changes required by the Dodd-Frank Act. "Basel III" refers to the internationally agreed regulatory capital framework adopted by the Basel Committee on Banking Supervision (the "Basel Committee").

The Capital Rules establish minimum risk-weighted capital ratios for CET1 capital, Tier 1 capital and total capital as well as a minimum "leverage ratio" of Tier 1 capital to total consolidated average tangible assets (as defined for regulatory purposes). CET1 is defined as common stock, plus related surplus, and retained earnings plus minority interest in the form of common stock, subject to a limit, less certain regulatory deductions and adjustments. For most banking organizations, the most common form of Tier 1 capital (other than CET1) is noncumulative perpetual preferred stock and the most common form of Tier 2 capital is subordinated debt and a portion of the allowance for loan and lease losses, in each case, subject to certain requirements. Total capital consists of Tier 1 capital and Tier 2 capital.

Under the Capital Rules, the minimum capital ratios applicable to SVB Financial and the Bank are as follows: 4.5% CET1 capital, 6.0% Tier 1 capital, 8.0% Total capital and 4.0% Tier 1 leverage. In addition, banking organizations must meet a 2.5% CET1 risk-based capital conservation buffer requirement in order to avoid constraints on capital distributions, such as dividends and equity repurchases, and certain bonus compensation for executive officers. The severity of the constraints would depend on the amount of the shortfall and the banking organization's "eligible retained income" (that is, the greater of (i) the preceding four-quarter net income, net of distributions and tax effects not reflected in net income and (ii) the average quarterly net income from the preceding four quarters). In March 2020, for BHCs with $100 billion or more in assets, such as SVB Financial, the Federal Reserve approved a final rule replacing the static 2.5% component of the capital conservation buffer with a firm-specific stress capital buffer ("SCB") requirement, reflecting stressed losses in the supervisory severely

adverse scenario of the Federal Reserve's CCAR stress tests and including four quarters of planned common stock dividends, subject to a minimum 2.5% floor. During a year in which a Category IV firm, such as SVB Financial, does not undergo a supervisory stress test, the firm will receive an updated SCB that reflects the firm's updated planned common stock dividends. A Category IV firm may also elect to participate in the supervisory stress test in a year in which the firm would not normally be subject to the supervisory stress test to receive an updated SCB.

If SVB Financial were to become a Category III firm, it would also be subject to (i) if deployed by the Federal Reserve, up to an additional 2.5% CET1 countercyclical capital buffer and (ii) a minimum supplementary leverage ratio of 3.0% that takes into account both on-balance sheet and certain off-balance sheet exposures.

The regulatory capital ratios of SVB Financial and the Bank currently exceed these levels, as shown in the following chart:

December 31, 2021	SVB Financial	Bank	Required Ratio (1)
CET1 risk-based capital	12.09%	14.89%	7.0%
Tier 1 risk-based capital	16.08	14.89	8.5
Total risk-based capital	16.58	15.40	10.5
Tier 1 leverage	7.93	7.24	4.0

(1) Percentages represent the minimum capital ratios plus, as applicable, the 2.5% CET1 capital conservation buffer under the Capital Rules.

The regulatory capital ratios of SVB Financial and the Bank also exceed the "well-capitalized" requirements under the Capital Rules. Refer to Note 23—"Regulatory Matters" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 of this report for more information.

In December 2017, the Basel Committee published standards to revise the Basel Committee's standardized approach for credit risk (including recalibrating risk weights and introducing new capital requirements for certain "unconditionally cancellable commitments") and establish a new standardized approach for operational risk capital. Under the current Capital Rules, operational risk capital requirements do not apply to non-advanced approaches banking organizations, such as SVB Financial and the Bank. The federal banking agencies have not yet implemented these revised standards, and their impact on SVB Financial and the Bank will depend on the manner in which they are implemented.

In light of the economic disruptions and operational challenges related to the COVID-19 pandemic, in 2020 the federal banking agencies adopted a rule that provided relief to banking organizations with respect to the impact of CECL on regulatory capital (the "2020 CECL Transition Rule"). Under the 2020 CECL Transition Rule, banking organizations that adopted CECL during the 2020 calendar year, such as SVB Financial and the Bank, were permitted to delay the estimated impact of CECL on regulatory capital until January 2022, followed by a three-year period to phase out the aggregate capital benefit provided during the initial two-year delay. The rule prescribes a methodology for estimating the impact of differences in credit loss allowances reflected under CECL versus under the incurred loss methodology during the five-year transition period. We elected to use the five-year transition option under the 2020 CECL Transition Rule.

Capital Planning

Banking organizations must have appropriate capital planning processes, with proper oversight from the Board of Directors. The Federal Reserve expects bank holding companies, such as SVB Financial, to conduct and document comprehensive capital adequacy analyses prior to the declaration of any dividends (on common stock, preferred stock, or other Tier 1 capital instruments), capital redemptions or capital repurchases. Moreover, the federal banking agencies view the adequacy and effectiveness of a bank's interest rate risk management process and the level of its interest rate exposures as critical factors in the evaluation of the bank's capital adequacy. A bank with material weaknesses in its interest rate risk management process or high levels of interest rate exposure relative to its capital will be directed by the relevant federal banking agencies to take corrective actions.

As a Category IV firm, we are required to submit an annual capital plan to the Federal Reserve. A BHC's planned capital distributions in its annual capital plan submissions must be consistent with any effective distribution limitations that would apply under the firm's own baseline projections, including its SCB. SVB Financial's ability to make capital distributions would likely be impacted in the event that SVB Financial fails to maintain its SCB above its minimum CET1 risk-based, Tier-1 risk-based and total risk-based capital requirements. In addition, the Federal Reserve's capital plan rule relating to the CCAR process also provides that a BHC must receive prior approval for any dividend, stock repurchase, or other capital distribution, other than a capital distribution on a newly issued capital instrument, if the BHC is required to resubmit its capital plan. Among other circumstances, a firm may be required to resubmit its capital plan in connection with certain acquisitions or dispositions.

Proprietary Trading and Relationships with Certain Funds

The Volcker Rule, set out in section 13 of the BHC Act, restricts, among other things, bank holding companies and their affiliates from engaging in proprietary trading and from sponsoring, investing in, or having certain other relationships with certain privately offered funds, including certain hedge funds and private equity funds (“covered funds”). On June 6, 2017, we received notice that the Federal Reserve approved our application for an extension of the permitted conformance period for our investments in certain “illiquid” covered funds ("Restricted Volcker Investments"). The approval extends the deadline by which the Company must sell, divest, restructure or otherwise conform such Restricted Volcker Investments to the provisions of the Volcker Rule until the earlier of (i) July 21, 2022 and (ii) the date by which each fund matures by its terms or is otherwise conformed to the Volcker Rule. These investments are comprised of interests attributable solely to the Company in our consolidated managed funds and certain of our non-marketable securities.

In October 2019, the Volcker Rule implementing agencies, including the Federal Reserve (the “Agencies”), finalized rules amending the regulations implementing the Volcker Rule (the "2019 Volcker Amendments"). These amendments tailor compliance requirements based on the size of a firm’s trading assets and liabilities and eliminate or adjust certain requirements to clarify permitted and prohibited activities. The 2019 Volcker Amendments went into effect on January 1, 2020, and became mandatory on January 1, 2021. Additionally, on June 25, 2020, the Agencies approved further amendments (the “2020 Volcker Amendments”) effective October 1, 2020, which provide for, among other things, the adoption of new exclusions from the definition of “covered fund” for venture capital funds and credit funds that meet certain criteria. As a result of these amendments, we believe that none of the Restricted Volcker Investments will be required to be disposed of or otherwise conformed under the Volcker Rule requirements. We expect that all of our Restricted Volcker Investments will (i) qualify for these new exclusions; (ii) otherwise be excluded from the definition of "covered fund"; or (iii) will have commenced or completed a liquidation or dissolution process.

Prompt Corrective Action

State and federal banking agencies possess broad powers to take corrective and other supervisory action against an insured bank and its holding company. For example, an IDI is placed into one of five categories based on the level of its capital ratios: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. At each successive lower capital category, an IDI is subject to more restrictions and prohibitions, including restrictions on growth, restrictions on interest rates paid on deposits, restrictions or prohibitions on payment of dividends and restrictions on the acceptance of brokered deposits. Based upon its capital levels, a bank that is classified as well-capitalized, adequately capitalized or undercapitalized may be treated as though it were in the next lower capital category if the appropriate federal banking agency, after notice and opportunity for hearing, determines that an unsafe or unsound condition or practice warrants such treatment.

Restrictions on Dividends

Dividends from the Bank constitute one of the primary sources of cash for SVB Financial. The Bank is subject to various federal and state statutory and regulatory restrictions on its ability to pay dividends, including applicable provisions of the California Financial Code and the federal prompt corrective action regulations. For example, the Bank may not, without approval of the Federal Reserve, declare or pay a dividend to SVB Financial if the total of all dividends declared in a calendar year exceeds the total of (a) the Bank’s net income for that year and (b) its retained net income for the preceding two calendar years, less any required transfers to additional paid-in capital or to a fund for the retirement of preferred stock. In addition, the banking agencies have the authority to prohibit the Bank from paying dividends, depending upon the Bank’s financial condition, if such payment is deemed to constitute an unsafe or unsound practice.

It is the Federal Reserve’s policy that bank holding companies should generally pay dividends on common stock only out of income available over the past year and only if prospective earnings retention is consistent with the organization’s expected future needs and financial condition. It is also the Federal Reserve’s policy that bank holding companies should not maintain dividend levels that undermine their ability to be a source of strength to their banking subsidiaries. Under the prompt corrective action regulations, the Federal Reserve may prohibit a bank holding company from paying any dividends if the holding company’s bank subsidiary is classified as “undercapitalized.”

Transactions with Affiliates

Transactions between the Bank and its operating subsidiaries (such as SVB Asset Management or SVB Wealth Advisory), on the one hand, and the Bank’s affiliates (such as SVB Financial, SVB Securities or an entity affiliated with our SVB Capital business), on the other, are subject to statutory and regulatory restrictions designed to limit the risks to the Bank and its subsidiaries, including Sections 23A and 23B of the Federal Reserve Act and the Federal Reserve’s Regulation W. These restrictions include quantitative and qualitative limits on the amounts and types of transactions with affiliates, including extensions of credit to affiliates, investments in the stock or securities of affiliates, purchases of assets from affiliates and

certain other transactions with affiliates. In addition, credit transactions with affiliates must be collateralized, and transactions with affiliates must be on market terms or better for the Bank.

Premiums for Deposit Insurance

The FDIC insures our customer deposits through the DIF up to prescribed limits for each depositor. The FDIC has established a reserve ratio of 2% as a long-term goal, which goes beyond the statutorily mandated minimum of 1.35%, and may increase assessment rates in the future accordingly.

Consumer Regulations

The Bank is subject to many federal consumer protection statutes and regulations, such as the CRA, the Equal Credit Opportunity Act (Regulation B), the Electronic Fund Transfer Act (Regulation E), the Truth in Lending Act (Regulation Z), the National Flood Insurance Act, the Fair Credit Reporting Act (as amended by the Fair and Accurate Credit Transaction Act) and various federal and state privacy protection laws. The Bank and SVB Financial are also subject to federal and state laws prohibiting unfair, deceptive, abusive, corrupt or fraudulent business practices, untrue or misleading advertising and unfair competition. As a depository institution with more than $10 billion in total assets, the Bank is subject to examination by the CFPB. The CFPB's mandate is to promulgate consumer regulations and ensure that consumer financial practices at large banks, such as the Bank, comply with federal consumer financial protection requirements. The CFPB has broad enforcement authority, including investigations, civil actions, cease and desist proceedings and the ability to refer criminal findings to the Department of Justice. Penalties for violating these laws could include civil monetary penalties, remediation for affected consumers and reimbursements and orders to halt expansion or existing activities.

State and federal banking agencies and other such enforcement authorities have increased efforts to aggressively enforce consumer protection laws, implement regulations and take action against non-compliant parties.

Privacy and Cybersecurity

Data privacy and data protection are areas of increasing legislative focus. For example, the California Consumer Protection Act of 2018 (the "CCPA"), which became effective on January 1, 2020, applies to for-profit businesses that conduct business in California and meet certain revenue or data collection thresholds. The CCPA gives consumers the right to request disclosure of information collected about them, and whether that information has been sold or shared with others, the right to request deletion of personal information (subject to certain exceptions), the right to opt out of the sale of the consumer's personal information, and the right not to be discriminated against for exercising these rights. The CCPA contains several exemptions, including an exemption applicable to information that is collected, processed, sold or disclosed subject to the federal Gramm-Leach-Bliley Act. The CCPA's requirements will be further expanded under the California Privacy Rights Act ("CPRA") once it goes into effect on January 1, 2023. Similar laws have been and may be adopted by other states where we do business, such as Colorado and Virginia, and the federal government may also pass data privacy or data protection legislation. In addition, in the European Union, privacy law is governed by the General Data Protection Regulation (the "GDPR"). The GDPR established enhanced compliance obligations and increased penalties for non-compliance compared to the prior Data Protection Directive which governed data privacy in the European Union.

In November 2021, the federal banking agencies issued a final rule requiring banking organizations to notify their primary banking regulator as soon as possible and within 36 hours of determining that a "notification incident" has occurred. A notification incident is a "computer-security incident" that has materially disrupted or degraded, or is reasonably likely to materially disrupt or degrade, the banking organization's ability to carry out banking operations or deliver services to a material portion of its customer base, result in a material loss of revenue, profit, or franchise value, or impact the stability of the U.S. financial sector. The final rule also requires specific and immediate notifications by bank service providers that become aware of similar incidents. The final rule is effective April 1, 2022, with compliance required by May 1, 2022.

Anti-Money Laundering, Sanctions and Anti-Corruption Regulations

U.S. anti-money laundering laws and regulations, including the U.S. Bank Secrecy Act ("BSA") and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("PATRIOT Act") and their corresponding regulations, require IDIs, broker-dealers, and certain other financial institutions to have policies, procedures and controls to detect, prevent and report money laundering and terrorist financing. The PATRIOT Act and its regulations also provide for information sharing, subject to certain conditions, between federal law enforcement agencies and financial institutions, as well as among financial institutions, for counter-terrorism purposes. Additionally, federal banking regulators are required, when reviewing bank holding company acquisition and bank merger applications, to consider the effectiveness of the anti-money laundering activities of the applicants.

In January 2021, the Anti-Money Laundering Act of 2020 ("AMLA"), which amends the BSA, was enacted. The AMLA is intended to comprehensively reform and modernize U.S. anti-money laundering laws. Among other things, the AMLA codifies a risk-based approach to anti-money laundering compliance for financial institutions; requires the development of standards by the U.S. Department of the Treasury for evaluating technology and internal processes for BSA compliance; and expands

enforcement- and investigation-related authority, including a significant expansion in the available sanctions for certain BSA violations. Many of the statutory provisions in the AMLA will require additional rulemakings, reports and other measures, and the impact of the AMLA will depend on, among other things, rulemaking and implementation guidance. In June 2021, FinCEN issued the priorities for anti-money laundering and countering the financing of terrorism policy required under AMLA. The priorities include: corruption, cybercrime, terrorist financing, fraud, transnational crime, drug trafficking, human trafficking and proliferation financing. In December 2021, FinCEN issued a notice of proposed rulemaking regarding beneficial ownership information reporting, under which certain domestic and foreign reporting companies would file reports with FinCEN regarding their beneficial ownership.

In addition, we must comply with economic sanctions administered by the U.S. Treasury's Office of Foreign Assets Control and targeted against designated foreign countries, nationals and others. We are also subject to anti-corruption laws and regulations in the United States and internationally, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, which impose strict prohibitions on payments and hiring practices with regard to government officials and employees.

Material deficiencies in compliance with anti-money laundering and anti-corruption rules and sanctions regimes can result in public enforcement actions by the bank regulatory agencies and other government agencies, including civil money penalties and supervisory restrictions on growth and expansion.

Regulation of Certain Subsidiaries and Regulatory Affiliates

SVB Securities LLC (formerly known as SVB Leerink LLC), a subsidiary of SVB Securities, and SVB Wealth Advisory, Inc., a subsidiary of the Bank, are each registered as broker-dealers with the SEC and are members of FINRA, and are subject to regulation by both agencies. They are also members of the Securities Investor Protection Corporation. SVB Asset Management, SVB Wealth Advisory and funds management entities associated with SVB Securities Capital LLC, a subsidiary of SVB Securities, are registered with the SEC under the Investment Advisers Act of 1940, as amended, and are subject to its corresponding regulations.

SVB Securities LLC and SVB Wealth Advisory must comply with the financial responsibility rules governing broker-dealers, including Rule 15c3-1 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which is designed to measure the general financial condition and liquidity of a broker-dealer and seek to ensure its financial stability in light of its activities. Each of SVB Securities LLC and SVB Wealth Advisory is required to maintain minimum net capital levels, which could, in the case of either entity, limit the ability for capital to be withdrawn or require a capital infusion to support growth in the business or new or ongoing activities.

Further, the Company has oversight responsibilities with respect to the regulatory compliance of certain unconsolidated subsidiaries and affiliates that the Company may be deemed to control for purposes of the BHC Act. In 2021, the Company restructured its relationships with Vouch Inc. and Bolster Networks, Inc. such that the Company believes it is no longer deemed to control either entity for purposes of the BHC Act.

Securities Registration and Listing

SVB Financial’s common stock and Series A, B, C, D and E preferred stock are registered under the Securities Act of 1933, as amended. SVB Financial’s common stock and Series A Depositary Shares are also listed on the Nasdaq Global Select Market. As such, SVB Financial is subject to the SEC’s information, proxy solicitation, insider trading, corporate governance, and other public company requirements and restrictions as well as Nasdaq’s Marketplace Rules and other requirements.

As a public company, SVB Financial is also subject to the accounting oversight and corporate governance requirements of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), including, among other things, required executive certification of financial presentations, increased requirements for board audit committees and their members, and enhanced requirements relating to disclosure controls and procedures and internal controls over financial reporting.

International Regulation

Our international-based subsidiaries and offices and global activities, including our banking branches in the U.K., Germany, Canada and the Cayman Islands as well as our joint venture bank in China, are subject to the respective laws and regulations of those countries and the regions in which they operate. This includes laws and regulations promulgated by, but not limited to, the Financial Conduct Authority and the Prudential Regulation Authority in the U.K., the Office of the Superintendent of Financial Institutions in Canada, the German Federal Financial Supervisory Authority (BaFin), the China Banking and Insurance Regulatory Commission, the Cayman Islands Monetary Authority and the Hong Kong Monetary Authority. Pursuant to UK regulatory requirements, Silicon Valley Bank will need to restructure its UK branch into a full-service bank subsidiary when the branch reaches £100 million of insured small business deposits, which we currently expect will be in mid-year 2022.

To the extent we are able to commence operations in any other international market, we will also become subject to the regulatory regimes of those jurisdictions. In jurisdictions where we do not currently have certain licenses or other regulatory

authorizations, our activities may be limited. Moreover, promulgation by standard-setting bodies that are charged with the development of international regulatory frameworks, such as the Basel Committee, can affect the Bank and SVB Financial globally as national regulators implement the frameworks in local jurisdictions.

Available Information

We make available free of charge through our Internet website, http://www.svb.com, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The contents of our website are not incorporated herein by reference and the website address provided is intended to be an inactive textual reference only.

ITEM 1A. RISK FACTORS

Our business faces material risks, including credit, market and liquidity, operational, legal and regulatory and strategic and reputational risks. The factors described below are not intended to serve as a comprehensive listing of the risks we face. Additional risks and uncertainties that we have not identified as material, or of which we currently are not aware, may also impair our business operations. If any of the events or circumstances described in the following factors occurs, our business, financial condition and/or results of operations could be materially and adversely affected.

Summary of Risk Factors

Credit Risks

- 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 credit losses in any period.
- Our ACL is determined based upon both objective and subjective factors, and may not be adequate to absorb any actual credit losses.
- The borrowing needs of our clients have been and may continue to be unpredictable, especially during a challenging economic environment. We may not be able to meet our unfunded credit commitments, or adequately reserve for losses, which could have a material adverse effect.

Market and Liquidity Risks

- Our interest rate spread may decline in the future. Any material reduction in our interest rate spread could have a material adverse effect on our business, results of operations or financial condition.
- Liquidity risk could impair our ability to fund operations and jeopardize our financial condition.
- Our equity warrant assets, venture capital and private equity fund investments and direct equity investment portfolio gains depend upon the performance of our portfolio investments and the general condition of the public and private equity and M&A markets which are uncertain and may vary materially by period.
- Changes in the market for public equity offerings, M&A or a slowdown in private equity or venture capital investment levels may affect the needs of our clients for investment banking or M&A advisory services and lending products, which could adversely affect our business, results of operations or financial condition.

Operational Risks

- The COVID-19 pandemic has created significant economic and financial disruptions that have adversely affected, and may continue to adversely affect certain aspects of our business and operations.
- The occurrence of fraudulent activity, breaches of our information security or cybersecurity-related incidents could have a material adverse effect on our business, financial condition or results of operations.
- We face risks associated with the ability of our IT systems and our people and processes to support our operations and future growth effectively.
- Business disruptions due to natural disasters and other external events beyond our control have in the past adversely affected our business, financial condition or results of operations and may do so in the future.
- We face risks from a prolonged work-from-home arrangement, as well as from our eventual implementation of a broader plan to return to the office or increase virtual working arrangements.
- We face risks from our interactions with business partners, service providers and other third parties.
- The soundness of other financial institutions could adversely affect us.

- We depend on the accuracy and completeness of information about customers and counterparties.
- We face risks associated with our current international operations and ongoing international expansion.
- Our holding company, SVB Financial, relies on equity warrant assets income, investment distributions and dividends from its subsidiaries for most of its cash revenues.
- Climate change has the potential to disrupt our business and adversely impact the operations and creditworthiness of our clients.
- We have recently experienced, and continue to experience, significant growth, including deposit growth. Our current level of growth may not be sustainable. Further, if our deposit growth continues at a similar or greater rate, we may need to raise additional equity to support our capital ratios.

Legal and Regulatory Risks

- We are subject to extensive regulation that could limit or restrict our activities, impose financial requirements or limitations on the conduct of our business, or result in higher costs to us, and the stringency of the regulatory framework applicable to us may increase if, and as, our balance sheet continues to grow.
- As we have exceeded $100 billion of average total consolidated assets (over four quarters) during 2021, we are now subject to more stringent regulations, including certain enhanced prudential standards applicable to large bank holding companies. If we exceed $250 billion of average total consolidated assets, we will be subject to even more stringent regulations.
- We face a risk of noncompliance and enforcement action with the Bank Secrecy Act, other anti-money laundering and anti-bribery statutes and regulations, and U.S. economic and trade sanctions.
- If we were to violate, or fail to comply with, international, federal or state laws or regulations governing financial institutions, we could be subject to disciplinary action or litigation that could have a material adverse effect on our business, financial condition, results of operations or reputation.
- Laws and regulations regarding the handling of personal data and information may impede our services or result in increased costs, legal claims or fines against us.
- Adverse results from litigation or governmental or regulatory investigations can impact our business practices and operating results.
- A failure to identify and address potential conflicts of interest could adversely affect our businesses.
- Anti-takeover provisions and federal laws may prevent a merger or acquisition that may be attractive to stockholders and/or have an adverse effect on our stock price.

Strategic, Reputational and Other Risks

- Concentration of risk increases the potential for significant losses, while the establishment of limits to mitigate concentration risk increases the potential for lower revenues and slower growth.
- Decreases in the amount of equity capital available to our clients could adversely affect us.
- We face competitive pressures that could adversely affect our business, financial results, or growth.
- Our ability to maintain or increase our market share depends on our ability to attract and maintain, as well as meet the needs of, existing and future clients.
- We face risks in connection with our strategic undertakings and new business initiatives.
- We may fail to realize growth prospects and benefits anticipated as a result of the Boston Private acquisition.
- Any damage to our reputation and relationships could have a material adverse effect on our business.
- An ineffective risk management framework could have a material adverse effect on our strategic planning and our ability to mitigate risks and/or losses and could have adverse regulatory consequences.
- We do not currently pay dividends on shares of our common stock and may not do so in the future.

Credit Risks

Because of the credit profile of our loan portfolio, our levels of nonperforming assets and charge-offs can be volatile. We may need to make material provisions for credit losses in any period, which could reduce net income, increase net losses or otherwise adversely affect our financial condition in that period.

Our loan portfolio has a credit profile different from that of most other banking companies. The credit profiles of our clients vary across our loan portfolio, based on the nature of our lending to different market segments.

Investor dependent loans. Many of our loans, particularly in our portfolios for early-stage and mid-stage privately held companies, are made to companies with modest or negative cash flows and/or no established record of profitable operations, primarily within the technology, life science and healthcare industries. Consequently, repayment of these loans is often dependent upon receipt by our borrowers of additional financing from venture capitalists or others, or in some cases, a successful sale to a third party, public offering or other form of liquidity or "exit" event. The effects of the COVID-19 pandemic have caused certain client valuations to drop, thereby reducing the rate of financing or other "exit" events for certain clients, which has had and may continue to have an adverse effect on certain of our clients and their ability to repay their loans to us. Although these challenges have been offset by strong financial markets performance, relief programs and decreased cash utilization, certain of these companies may experience difficulties sustaining their businesses over time. There can be no assurance that these companies will be able to continue to obtain funding at current valuation levels, if at all and valuations may drop in a meaningful manner, which may impact the financial health of our client companies. For example, volatility in financial markets may make IPOs less attractive to investors seeking an "exit" event. In such case, investors may provide financing in a more selective manner, at lower levels and/or on less favorable terms, if at all, any of which may have an adverse effect on our borrowers' ability to repay their loans to us.

Larger loans; syndicated loans. In addition, a significant portion of our loan portfolio is comprised of larger loans, which could increase the impact on us of any single borrower default. As of December 31, 2021, loans equal to or greater than $20 million to any single client (individually or in the aggregate) totaled $41.3 billion, or 62 percent of our portfolio. These larger loans have represented an increasing portion of our total loan portfolio over time. They include capital call lines of credit to our private equity and venture capital clients and SLBO loans, as well as other loans made to our later-stage and larger corporate clients, and may be made to companies with greater levels of debt relative to their equity, balance sheet liquidity or cash flow. Additionally, we have continued our efforts to grow our loan portfolio by agenting or arranging larger syndicated credit facilities and participating in larger syndicates agented by other financial institutions. In those arrangements where we do not act as the lead syndicate agent, our control or decision-making ability over the credit facility is typically limited to our participation interest.

Loans dependent on third parties. Further, the repayment of financing arrangements we enter into with our clients may be dependent on the financial condition or ability of third parties to meet their payment obligations to our clients. For example, we enter into formula-based financing arrangements that are secured by our clients' accounts receivable from third parties with whom they do business. We make loans secured by letters of credit issued by third party banks and enter into letters of credit discounting arrangements, the repayment of which may be dependent on reimbursement by third party banks. We extend recurring revenue-based lines of credit, where repayment may be dependent on borrowers' revenues from third parties. We also extend project financing to solar and other renewable energy providers, where repayment may be dependent on factors related to renewable energy generation, construction and access to take-out sources of financing, including tax credit equity. Further, in our loan portfolio of private equity and venture capital firm clients, many of our clients have lines of credit, the repayment of which is dependent on the payment of capital calls or management fees by the underlying limited partner investors in the funds managed by these firms. These capital call lines of credit are a significant portion of our loan portfolio (capital call lines of credit represent more than half of our loan portfolio as of the end of 2021, and may in future periods increase). These third parties may not be able to meet their financial obligations to our clients or to us, which, ultimately, could have an adverse impact on us.

Technology, life science and healthcare industries. In addition, because of the intense competition and rapid technological change that characterize the technology, life science and healthcare industry sectors in which most of our borrowers reside, as well as periodic volatility in the market prices for securities of companies in these industries, a borrower's financial position can deteriorate rapidly. Collateral for many of our loans often includes intellectual property and other intangible assets, which are difficult to value and may not be readily salable in the case of default. As a result, even if a loan is secured, we may not be able to fully recover the amounts owed to us, if at all.

Wineries and vineyards. In addition, we lend to premium wineries and vineyards through SVB Wine. Repayment of loans made to these clients may be dependent on overall wine demand and sales, or other sources of financing or income which may be adversely affected by a challenging economic environment, as well as the value of underlying real estate and non-real estate collateral, overall grape supply and income from tourism which may be adversely affected by climate change, poor weather, heavy rains, flooding, droughts, fires, wildfires, earthquakes or other natural or catastrophic conditions. Our premium wine industry clients have been and may continue to be impacted by the loss of restaurant and winery sales as a result of the COVID-19 pandemic.

Loans to individuals. We also lend to individual investors, executives, entrepreneurs or other influencers in the innovation economy, primarily through SVB Private Bank, a division of the Bank. Our lending to individuals has substantially increased due to our acquisition of Boston Private. These individual clients may face difficulties meeting their financial commitments, especially in a challenging economic environment, and may be unable to repay their loans, and these difficulties may be more acute if accompanied by a decline in real estate values. In certain instances, we may also relax loan

covenants and conditions or extend loan terms to individual borrowers who are experiencing financial difficulties. While such determinations are based on an assessment of various factors, including access to additional capital in the near term, there can be no assurance that such continued support will result in any individual borrower meeting his or her financial commitments. Additionally, certain clients may prepay the principal amount of their loans. If we are unable to lend those funds to other borrowers or invest the funds at the same or higher interest rates, our financial performance may be adversely impacted.

Commercial real estate loans. We acquired a portfolio of CRE loans as part of the Boston Private acquisition. CRE loans may lack standardized terms and may include a significant principal balance or “balloon” payment due on maturity. CRE loans may involve a higher risk of default compared to our other types loans as a result of several factors, including the financial condition of the borrower, prevailing economic conditions, occupancy, rental collections, interest rates and collateral value. Additionally, the adverse impacts of the COVID-19 pandemic on the commercial real estate sector, including retail stores, hotels and office buildings, creates greater risk exposure for our CRE loan portfolio.

Based on the credit profile of our overall loan portfolio, our level of nonperforming loans, loan charge-offs and ACL can be volatile and can vary materially from period to period. Increases in our level of nonperforming loans, the acquisition of PCD loans, increases in loan charge-offs or changes in economic forecasts may require us to increase our provision for credit losses in any period, which could reduce our net income or cause net losses in that period. The continued effects of COVID-19 or other unforeseen events or future economic downturns or recessions may cause our clients to be unable to pay their loans as they come due or decrease the value of collateral, such as accounts receivable, which could cause us to materially increase our ACL or incur credit losses in excess of the allowance in future periods. For instance, during the first half of 2020 in response to the onset of the COVID-19 pandemic, we significantly increased our ACL. Additionally, such increases in our level of nonperforming loans, loan charge-offs or changes in economic forecasts may also have an adverse effect on our capital ratios, credit ratings and market perceptions of us. See “Loans” under “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Consolidated Financial Condition” under Part II, Item 7 of this report.

Our ACL is determined based upon both objective and subjective factors, and may not be adequate to absorb credit losses.

As a lender, we face the risk that our borrower clients will fail to repay their loans when due. If borrower defaults cause large aggregate losses, it could have a material adverse effect on our business, results of operations or financial condition. We reserve for such losses by establishing an ACL, the increase of which results in a charge to our earnings as a provision for credit losses. Although we have established an evaluation process designed to determine the adequacy of our ACL that uses historical and other objective information reflective of the classification of loans, the establishment of credit losses are also dependent on macroeconomic forecasts as well as the subjective experience and judgment of our management. Actual losses are difficult to forecast, especially if such losses stem from factors beyond our historical experience, as has occurred during the COVID-19 pandemic, or are otherwise inconsistent with our credit quality assessments. There can be no assurance that our ACL will be sufficient to absorb future credit losses or prevent a material adverse effect on our business, financial condition or results of operations.

Our ability to accurately forecast estimated credit losses depends on whether our credit loss model and related inputs correspond to actual loss rates.

Banking regulators, as part of their supervisory function, periodically review our methodology, models and the underlying assumptions, estimates and assessments we make in determining the adequacy of our ACL. These regulators may conclude that changes are necessary, which could impact our overall credit portfolio. Such changes could result in, among other things, modifications to our methodology or models, reclassification or downgrades of our loans, increases in our ACL or other credit costs, imposition of new or more stringent concentration limits, restrictions in our lending activities and/or recognition of further losses.

The borrowing needs of our clients have been and may continue to be unpredictable, especially during a challenging economic environment. We may not be able to meet our unfunded credit commitments, or adequately reserve for losses associated with our unfunded credit commitments, which could have a material adverse effect on our business, financial condition, results of operations or reputation.

A commitment to extend credit is a formal agreement to lend funds to a client as long as the conditions established under the agreement have been satisfied. The actual borrowing needs of our clients under these credit commitments have historically been lower than the contractual amount of the commitments. As a result, we typically have a substantial amount of total unfunded credit commitments reflected off our balance sheet, and a significant portion of these commitments ultimately expire without being drawn upon. See Note 21-“Off-Balance Sheet Arrangements, Guarantees and Other Commitments” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report for additional details. However, the actual borrowing needs of our clients may exceed our expected funding requirements. For example, our client companies may be more dependent on our credit commitments in a challenging economic environment due to the lack of available credit elsewhere, the increasing costs of credit through other channels, or the limited availability of financings

from private equity or venture capital firms, such as occurred at the onset of the COVID-19 pandemic, when certain clients increased utilization of credit lines to secure liquidity. In addition, limited partner investors of our private equity and venture capital fund clients may fail to meet their underlying investment commitments due to liquidity or other financing difficulties, which may impact our clients' borrowing needs. Any failure to meet our unfunded credit commitments in accordance with the actual borrowing needs of our clients may have a material adverse effect on our business, financial condition, results of operations or reputation.

Further, although we have established a reserve for losses associated with our unfunded credit commitments, the level of the reserve is determined by a methodology that is similar to that used to establish our ACL in our funded loan portfolio and that has also been amended by CECL. The reserve is susceptible to significant changes and is primarily based on credit commitments less the amounts that have been funded, the amount of the unfunded portion that we expect to be utilized in the future, credit quality of the loan credit commitments, and management's estimates and judgment. There can be no assurance that our allowance for unfunded credit commitments will be adequate to provide for actual losses associated with our unfunded credit commitments. An increase in the allowance for unfunded credit commitments in any period may result in a charge to our earnings, which could reduce our net income or increase net losses in that period.

Market and Liquidity Risks

Our interest rate spread may decline in the future. Any material reduction in our interest rate spread could have a material adverse effect on our business, results of operations or financial condition.

A significant 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 internal borrowings, and the interest rates and fees we receive on our interest-earning assets, such as loans extended to our clients, securities held in our investment portfolio and excess cash held to manage short-term liquidity. Our interest rate spread can be affected by the mix of loans, investment securities, deposits and other liabilities on our balance sheet, as well as a variety of external factors beyond our control that affect interest rate levels, such as competition, inflation, recession, global economic disruptions, unemployment and the fiscal and monetary policies of various governmental bodies, such as the Federal Reserve. For example, changes in key variable market interest rates, such as the Federal Funds, National Prime ("Prime"), LIBOR or Treasury rates, generally impact our interest rate spread. While changes in interest rates do not generally produce equivalent changes in the revenues earned from our interest-earning assets and the expenses associated with our interest-bearing liabilities, increases in market interest rates are nevertheless likely to cause our interest rate spread to increase. Conversely, if interest rates decline, our interest rate spread will likely decline. Although it is expected that the Federal Reserve will increase the target Federal Funds rate in 2022 to combat recent inflationary trends, if interest rates do not rise, or if the Federal Reserve lowers the target Federal Funds rate to below 0%, these low rates could continue to constrain our interest rate spread and may adversely affect our business forecasts. On the other hand, increases in interest rates, to combat inflation or otherwise, may result in a change in the mix of non-interest and interest-bearing accounts, and the level of off-balance sheet market-based investment preferred by our clients, which may also impact our interest rate spread. We are unable to predict changes in interest rates, which are affected by factors beyond our control, including inflation, deflation, recession, unemployment, money supply, and other changes in financial markets.

Changes in the method of determining LIBOR or other reference rates, or uncertainty related to such potential changes, may adversely affect the value of reference rate-linked debt securities that we hold or issue, which could further impact our interest rate spread. In 2017, the U.K. Financial Conduct Authority announced that it would no longer persuade or compel submission of bank rates used for calculation of LIBOR after 2021. In 2020, the administrator of LIBOR announced that it will extend publication of the most commonly used U.S. Dollar LIBOR settings to June 30, 2023 and the administrator ceased publishing other LIBOR settings immediately after December 31, 2021. The federal banking agencies have issued guidance strongly encouraging banking organizations to cease using the U.S. Dollar LIBOR as a reference rate in new contracts as soon as practicable and in any event by December 31, 2021.

Regulators, industry groups and certain committees (for example, the ARRC) have published recommended fallback language for LIBOR-linked financial instruments, identified recommended alternatives for certain LIBOR rates (e.g., the SOFR as the recommended alternative to U.S. Dollar LIBOR), and proposed implementations of the recommended alternatives in floating rate instruments. At this time, it is not possible to predict whether these recommendations and proposals will be broadly accepted in their current form, whether they will continue to evolve, and what the ultimate effect of their implementation may be on the markets for floating-rate financial instruments.

Liquidity risk could impair our ability to fund operations and jeopardize our financial condition.

Liquidity is essential to our business, both at the SVB Financial and the Bank level. We require sufficient liquidity to meet our expected financial obligations, as well as unexpected requirements stemming from client activity and market changes, such as the unexpected cash outflows that occurred at the onset of the COVID-19 pandemic when certain clients increased utilization of their credit lines. Primary liquidity resources for SVB Financial include: cash flow from investments and interest in

financial assets held by operating subsidiaries other than the Bank; to the extent declared, dividends from the Bank; and as needed, periodic capital market transactions offering debt and equity instruments in the public and private markets. The primary source of liquidity for the Bank is client deposits. When needed, our liquidity is supplemented by wholesale borrowing capacity in the form of short- and long-term borrowings secured by our portfolio of high-quality investment securities, long-term capital market debt issuances and unsecured overnight funding channels available to us in the Federal Funds market. An inability to maintain or raise funds through these sources could have a substantial negative effect, individually or collectively, on SVB Financial and the Bank's liquidity. Our access to funding sources in amounts adequate to finance our activities, or on terms attractive to us, could be impaired by factors that affect us specifically or the financial services industry in general. For example, factors that could detrimentally impact our access to liquidity sources include a decrease in the level of our business activity due to a market downturn or adverse regulatory action against us, a downturn in asset markets such that the collateral we hold cannot be realized or is liquidated at prices not sufficient to recover the full amount of our secured obligations, a reduction in our credit rating, any damage to our reputation or any other decrease in depositor or investor confidence in our creditworthiness and business. Our access to liquidity could also be impaired by factors that are not specific to us, such as laws and regulations that limit the amount of intercompany dividends that bank subsidiaries may pay, severe volatility or disruption of the financial markets or negative views and expectations about prospects for the financial services industry as a whole. Any such event or failure to manage our liquidity effectively could affect our competitive position, increase our borrowing costs and the interest rates we pay on deposits, limit our access to the capital markets and have a material adverse effect on our financial condition.

Our equity warrant assets, venture capital and private equity fund investments and direct equity investment portfolio gains depend upon the performance of our portfolio investments and the general condition of the public and private equity and M&A markets, which are uncertain and may vary materially by period.

In connection with negotiated credit facilities and certain other services, we often obtain equity warrant assets giving us the right to acquire stock in private, venture-backed companies primarily in the technology, life science and healthcare industries subject to applicable regulatory limits and, in some cases, we retain equity interests in these companies following their initial public offering. We have also made investments through SVB Financial, SVB Securities and our SVB Capital family of funds in venture capital funds and direct investments in companies. We may enter into hedging arrangements with respect to some of the SVB Capital equity positions; many of these interests are required to be carried at fair value and may be impacted by changes in fair value. The fair values of these warrants and investments are reflected in our financial statements and are adjusted on a quarterly basis. Fair value changes are recorded as unrealized gains or losses through consolidated net income. However, the timing and amount of changes in fair value, if any, of these financial instruments depends on factors beyond our control, including the perceived and actual performance of the companies or funds in which we invest, fluctuations in the market prices of the preferred or common stock of the portfolio companies, the timing of our receipt of relevant financial information from these companies, market volatility and interest rate factors and legal and contractual restrictions. Though valuations and financial markets have rebounded since the earlier stages of the COVID-19 pandemic, the prolonged negative effects of the COVID-19 pandemic may have a further impact on the value of these assets (potentially in a significant manner). Additionally, macroeconomic factors beyond our control, including inflationary trends, financial markets volatility and geopolitical issues and events, such as the escalating military tension between Russia and Ukraine, may adversely impact the value of our investments. Moreover, the timing and amount of our realization of actual net proceeds, if any, from our disposition of these financial instruments also often depend on factors beyond our control. In addition to those mentioned above, such factors include the level of public offerings, and M&A or other exit activity, legal and contractual restrictions on our ability to sell our equity positions (including the expiration of any "lock-up" agreements) and the timing of any actual dispositions. The net proceeds we receive from these financial instruments, and our financial statements more generally, may also be affected by hedging arrangements we may enter into with respect to such instruments at SVB Capital. Because of the inherent variability of these financial instruments and the markets in which they are bought and sold, their fair market value might increase or decrease materially from period to period, and the net proceeds ultimately realized upon disposition might be materially different than the then-current recorded fair market value.

In addition, depending on the fair value of these warrants and direct equity investments, a meaningful portion of the aggregate fair value of our total warrant and direct equity investment portfolios may, from time to time, be concentrated in a limited number of warrants and direct equity investments. Valuation changes in one or more of these warrants or direct equity investments (or any potential related hedging transactions) may have a material impact on our financial statements and the valuation of our total investment portfolio. Moreover, because valuations of private companies are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value for private companies may differ materially from the values that would have been used if a ready market for these securities existed. Therefore, fair value determinations may materially understate or overstate the value that we ultimately realize upon the sale of one or more investments. We cannot predict future realized or unrealized gains or losses, and any such gains or losses are likely to vary materially from period to period. See Note 16-"Derivative Financial Instruments" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 of this report for additional details.

Changes in the market for public equity offerings, M&A or a slowdown in private equity or venture capital investment levels may affect the needs of our clients for investment banking or M&A advisory services and lending products, which could in turn adversely affect our business, results of operations or financial condition.

While an active market for public equity offerings, financings, and M&A activity 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, are acquired by or merge with another entity or otherwise receive a significant equity investment.

By contrast, a low demand for public equity or M&A transactions or an inability to complete such transactions due to events affecting market conditions generally, could result in fewer transactions overall and therefore decrease revenues of SVB Securities, our investment banking business, as such revenues stem primarily from underwriting and advisory fees associated with capital markets and M&A transactions. Although there was strong capital markets activity in the healthcare and technology sectors in 2021, a decline in this activity in the future could lead to decreased revenues of SVB Securities.

A slowdown in overall private equity or venture capital investment levels may reduce the need for our clients to borrow from our capital call lines of credit, which are typically utilized by our private equity and venture capital fund clients to make investments prior to receipt of capital called from their respective limited partners. Any significant reduction in the outstanding amounts of our loans or under our lines of credit could have a material adverse effect on our business, results of operations or financial condition.

Operational Risks

The COVID-19 pandemic has created significant economic and financial disruptions that have adversely affected, and may continue to adversely affect certain aspects of our business and operations.

The COVID-19 pandemic has caused significant impacts to global health and economic conditions that have adversely affected, and may continue to adversely affect, certain aspects of our business and operations Although financial markets have rebounded from the significant declines that occurred earlier in the pandemic, and global economic conditions showed signs of improvement in the second half of 2020 and in 2021, the COVID-19 pandemic may continue to contribute to, among other things (i) increased unemployment and decreased consumer confidence and business generally, leading to an increased risk of delinquencies, defaults and foreclosures; (ii) sudden and significant declines, and significant increases in volatility, in financial markets; (iii) ratings downgrades, credit deterioration and defaults in many industries; (iv) increased utilization of credit lines as clients seek to bolster liquidity; (v) fluctuations in the targeted federal funds rate as result of monetary policy measures in response to the effects of the COVID-19 pandemic, including inflationary pressures; (vi) the exacerbation of recent inflationary trends and (vii) heightened cybersecurity, information security and operational risks as a result of work-from-home arrangements and the current environment, including increased fraudulent activity. In addition, we also face an increased risk of client disputes, litigation and governmental and regulatory scrutiny as a result of the effects of COVID-19 on market and economic conditions, actions that governmental authorities take in response to those conditions, and our implementation of and participation in special financial relief programs, such as the SBA's PPP and U.K. Coronavirus Business Interruption Loan Scheme ("CBILS"). Moreover, we have focused resources and management attention towards managing the impacts of the COVID-19 pandemic, and we have and likely will have to continue to balance managing these impacts while also devoting resources and management attention toward certain growth initiatives and other investments in the near term.

Early-stage companies and certain industries (including the premium wine industry) where the Company has credit exposure, have experienced, and are expected to continue to experience, significant operational and financial challenges as a result of COVID-19. The effects of COVID-19 may also cause our clients to be unable to pay their loans as they come due or decrease the value of collateral, such as accounts receivable, which we expect would cause significant increases in our credit losses.

We remain unable to predict the full extent to which the COVID-19 pandemic will continue to negatively affect our business, financial condition, liquidity, capital and results of operations. The extent of any continued or future adverse effects of the COVID-19 pandemic will depend on future developments, which are highly uncertain and outside our control, including the scope and duration of the pandemic, the direct and indirect impact of the pandemic on our employees, clients, counterparties and service providers, as well as other market participants, actions taken by governmental authorities and other third parties in response to the pandemic, the scope and duration of future phases or outbreaks, or seasonal or other resurgences, of the disease (including variants thereof), and the effectiveness and implementation of vaccination efforts. For example, the omicron variant of COVID-19 has led to a spike in COVID-19 cases across the United States, which has caused travel, supply chain and other disruptions, and certain governmental authorities and other third parties have re-imposed restrictions in order to respond to the rise in cases attributable to the omicron variant.

The occurrence of fraudulent activity, breaches of our information security or cybersecurity-related incidents could have a material adverse effect on our business, financial condition or results of operations.

As a financial institution, we are susceptible to fraudulent activity, information security breaches and cybersecurity-related incidents that could be committed against us, our clients or our third-party partners, which may result in financial losses or increased costs to us or our clients, disclosure or misuse of our information or our client information, misappropriation of assets, privacy breaches against our employees or clients, litigation or damage to our reputation. Such fraudulent activity may take many forms, including credit fraud, check fraud, electronic fraud, wire fraud, phishing, social engineering, business email compromise, ransomware, malfeasance and other dishonest acts. For example, in 2021 and as disclosed in previous filings, we incurred an $80 million charge-off related to fraudulent activity. Information security breaches and cybersecurity-related incidents may include fraudulent or unauthorized access to systems used by us, our clients or third-party partners, denial or degradation of service attacks, malware or other cyber-attacks. Sources of attacks vary and may include hackers, employees, vendors, business partners, organized crime, terrorists, foreign governments, corporate espionage and activists. Breaches may also be a result of human errors or mistakes unintentionally caused by us. In recent periods, there continues to be a rise in electronic fraudulent activity, security breaches and cyber-attacks within the financial services industry, especially in the commercial banking sector due to cyber criminals targeting commercial bank accounts. During the COVID-19 pandemic, we continued to experience heightened fraud and cybersecurity risks, as well as other information security risks, particularly as a result of work-from-home arrangements, which may be more susceptible to inadvertent human errors given the change in operating environment.

Consistent with industry trends, we remain at risk for attempted electronic fraudulent activity, as well as attempts at security breaches and cybersecurity-related incidents. Cybersecurity risks may increase in the future as we increase our mobile, digital and internet-based product offerings and expand our internal use of internet-based products and applications, which we expect to remain elevated as long as the COVID-19 pandemic continues. Moreover, in recent periods, large corporations (including financial institutions and retail companies), as well as U.S. governmental agencies, have suffered significant data breaches or malware attacks, in some cases exposing not only confidential and proprietary corporate information, but also sensitive financial and other personal information of their customers and employees and subjecting them to potentially fraudulent activity. Some of our clients may have been affected by these breaches, which increase their risks of identity theft, credit card fraud and other fraudulent activity that could involve their accounts with us, which could subject us to potential liability. Additionally, state-sponsored or terrorist-sponsored efforts to hack or disable IT systems increases risks, since the motivation may be for geopolitical as much as for financial gain.

Information pertaining to us and our clients is maintained, and transactions are executed, on our networks and systems, as well as those of our clients and certain of our third-party partners, such as our online banking or reporting systems. The secure maintenance and transmission of confidential information, as well as execution of transactions over these systems, are essential to protect us and our clients against fraud and security breaches and to maintain our clients' confidence. Breaches of information security also may occur, and in infrequent cases have occurred, through intentional or unintentional acts by those having access to our systems or our clients' or counterparties' confidential information, including employees and third-party contractors. In addition, SVB provides card transaction processing services to some merchant customers under agreements we have with those merchants and/or with the payment networks. Under these agreements, we may be responsible for certain losses and penalties if one of our merchant customers suffers a data security breach. Furthermore, SVB's cardholders use their debit and credit cards to make purchases from third parties or through third-party processing services. As such, SVB is subject to risk from data breaches of such third party's information systems or its payment processors, for reasons including unauthorized card use. Such a data security breach could compromise SVB's account information, cause losses on card accounts and increase litigation costs. SVB may suffer losses associated with reimbursing our customers for such fraudulent transactions on customers' card accounts, as well as for other costs related to data security breaches, such as replacing cards associated with compromised card accounts.

We also offer certain services that allow non-accountholders to process payments through SVB's systems, as well as financial analytics services. In the course of providing those services, we may obtain sensitive data about customers who do not otherwise hold accounts with us, including information regarding accounts held at other institutions, as well as profit and loss and other proprietary financial or other information regarding our customers or the non-accountholders they service. In the event of a data breach, this sensitive information may be exposed and could subject us to claims for damages.

In addition, increases in criminal activity levels and sophistication, advances in computer capabilities, ongoing work-from-home arrangements for our employees, integrating new employees into the Company, vulnerabilities in third-party technologies and services (including cloud computing and storage, computing hardware, browsers and operating systems) or other developments could result in a compromise or breach of the technology, processes and controls that we use to prevent fraudulent transactions and to protect data about us, our clients and underlying transactions, as well as the technology used by our clients to access our systems. The forms, methods and sophistication of fraud, security breaches, cyber-attacks and other similar criminal activity continue to evolve, and as we evolve and grow our business, especially in new business lines or

geographic areas, we may be unable to foresee future risks. Although we have developed, and continue to invest in, systems and processes that are designed to detect and prevent security breaches and cyber-attacks and periodically test our security and effectiveness of our cyber incident response plans, our risk mitigation strategies and internal controls, including risk assessment policies and procedures, testing, backup and redundancy systems, incident response plans, training and authentication or encryption tools, may not be effective against defending against fraud, security breaches or cyber-attacks, and any insurance we maintain may not be sufficient to compensate us for all losses that may occur. Our inability to anticipate, or failure to adequately mitigate, fraudulent activities, breaches of security or cyber-attacks could result in: financial losses to us or our clients; our loss of business and/or clients; loss or exposure of our confidential data or information; damage to our reputation; the incurrence of additional expenses; loss of personnel; disruption to our business; force majeure claims by us or critical suppliers; our inability to grow our online services or other businesses; additional regulatory scrutiny or penalties; or our exposure to civil litigation and possible financial liability.

We face risks associated with the ability of our IT systems and our people and processes to support our operations and future growth effectively.

Our IT systems, the data stored in those systems, people and internal business processes are critical to our operations and future growth, and have been critical to our continued operations during the COVID-19 pandemic as we implemented work-from-home arrangements and onboarded new employees in an entirely remote work environment. Our systems may be subject to service outages from time to time due to various reasons, including infrastructure failures, interruptions due to system upgrades or malware removal, employee error or malfeasance, or other force majeure-related reasons (such as potential blackouts or brownouts in California), which could cause business disruption. Further, the functionality and reliability of our IT systems may be compromised if the data contained in those systems is inaccurate, outdated or corrupt. Additionally, our systems and processes need to be sufficiently scalable to operate effectively, and we need to have the appropriate talent and organizational structures to support our business. Many of our systems and processes are interdependent and interconnected, meaning that a service outage or operational inefficiency with respect to one system or process could negatively impact other systems or processes. As a result, we continue to invest in technology and more automated solutions in order to optimize the efficiency of our core operational and administrative infrastructure. In the absence of having effective automated solutions, we may rely on manual processes which may be more prone to error. Moreover, as we evolve, we may further install or implement new systems and processes or otherwise replace, upgrade or make other modifications to our existing systems and processes. These changes could be costly and require significant investment in the training of our employees and other third-party partners, as well as impose substantial demands on management time. If we do not implement new initiatives or utilize new technologies effectively or in accordance with regulatory requirements, or if our people (including outsourced business partners) are not appropriately trained or developed or do not perform their functions properly or have the appropriate resources to do so, we could experience business interruptions or other system failures which, among other things, could result in inefficiencies, revenue losses, loss of clients, employee dissatisfaction, exposure to fraudulent activities, regulatory enforcement actions or damage to our reputation, each of which could have a material adverse effect on our business.

Business disruptions and interruptions due to natural disasters and other external events beyond our control have in the past adversely affected our business, financial condition or results of operations and may do so in the future.

Our operations can be subject to natural disasters and other external events beyond our control, such as the effects of earthquakes, fires, floods, severe weather, public health issues such as the recent outbreak of the coronavirus or other pandemic diseases, power failures, telecommunication loss, major accidents, terrorist attacks, acts of war, political, economic and social unrest, and other natural and man-made events, some of which may be intensified by the effects of climate change and changing weather patterns. For example, our corporate headquarters and some of our critical business offices are located in California, which has experienced major wildfires and blackouts and is located over major earthquake fault lines. We also maintain critical business facilities in Texas, which has experienced severe weather conditions, major blackouts and water service disruptions. Additionally, we conduct certain finance, human resources and technology and loan operations in India, which has experienced severe weather conditions, floods and public health issues as a result of the COVID-19 pandemic. Furthermore, climate change, the increasing frequency or severity of weather events, an earthquake or other disaster could cause severe destruction, disruption or interruption to our operations or property and significantly impact our employees and could damage, destroy or otherwise reduce the value of collateral, which could materially increase our credit losses. More recently, the COVID-19 pandemic has had direct effects on our operations, including by limiting employee travel and increasing telecommuting arrangements. We may experience negative effects of prolonged work-from-home arrangements that continue to be in effect, such as increased risks of systems access or connectivity issues, cybersecurity or information security breaches, and challenges our employees may face in maintaining a balance between work and home life, which may lead to reduced productivity and/or significant disruptions in our business operations.

We and other financial institutions generally must resume operations promptly following any interruption. If we were to suffer a disruption or interruption and were not able to resume normal operations within a period consistent with industry standards, our business, financial condition or results of operations could be adversely affected in a material manner. In addition, depending on the nature and duration of the disruption or interruption, we might become vulnerable to fraud, additional expense or other losses, or to a loss of business and clients. Although we have implemented a business continuity management program that we continue to enhance on an ongoing basis, there can be no assurance that the program will adequately mitigate the risks of such business disruptions and interruptions.

Additionally, natural disasters and external events, including but not limited to those that have occurred and may occur in and around California, have affected, and could in the future affect, the business and operations of our clients, which could impair their ability to repay their loans or fees when due, impair the value of collateral securing their loans, cause our clients to reduce their deposits with us, or otherwise adversely affect their business dealings with us, any of which could have a material adverse effect on our business, financial condition or results of operations. A portion of our client borrowers, including our premium winery and vineyard clients, our SVB Private Bank mortgage clients and other corporate clients, are located in or have offices in California, which has historically experienced severe natural disasters resulting in disruptions to businesses and damage to property, including wildfires and earthquakes. If there is a major earthquake, flood, fire, drought or other natural or catastrophic disaster in California or elsewhere in the markets in which we operate due to climate change or otherwise, our borrowers may experience uninsured property losses or sustained disruption to business or loss that may materially impair their ability to meet the terms of their loan obligations.

We face risks from a prolonged work-from-home arrangement, as well as from our eventual implementation of a broader plan to return to the office or increase virtual working arrangements.

In response to the COVID-19 pandemic, we moved to a work-from-home plan, restricted business travel, postponed or moved to online SVB-hosted events and enabled remote access to our systems. Currently, the vast majority of our employees continue to work remotely as a result of the COVID-19 pandemic and our longer-term plan to increase virtual or remote working arrangements. Although our work-from-home plan has been effective thus far, we may experience negative effects of a prolonged work-from-home arrangement, such as increasing risks of systems access or connectivity issues, cybersecurity or information security breaches, difficulties integrating new employees, reduced team collaboration, or imbalances between work and home life, which may lead to reduced productivity and/or significant disruptions in our business operations.

Moreover, while we have begun reopening certain of our offices and welcoming back employees at those locations (in addition to allowing certain virtual or remote working arrangements), the manner and timing of fully reopening our offices is not yet finalized. Our ability to fully reopen our offices will be subject to a variety of complex considerations including, among others, the duration of the pandemic and emergence of new variants, including the omicron variant, international, federal, state and local government laws, regulations and guidance, health organization guidance, health and safety implications (including the availability of vaccinations, potential health testing requirements and vaccination mandates) and employee needs, and the practical requirements of potential office reconfigurations or a phased return. We have also expanded our work model to increase virtual or remote working arrangements once our offices reopen fully, and if implemented ineffectively, this may also result in reduced productivity and/or significant disruptions in our business operations.

We face reputation and business risks due to our interactions with business partners, service providers and other third parties.

As a financial service institution with domestic and international operations, we rely on third parties, both in the United States and internationally in countries such as the U.K., Denmark, Germany, Ireland, Israel, China, Hong Kong, India and Canada to provide services to us and our clients or otherwise act as partners in our business activities in a variety of ways, including through the provision of key components of our business infrastructure. We expect these third parties to perform services for us, fulfill their obligations to us, accurately inform us of relevant information, and conduct their activities in a manner that reflects positively on our brand and business. Although we manage exposure to such third-party risk through a variety of means, including the performance of due diligence and ongoing monitoring of vendor performance, there can be no assurance these efforts will be effective. Any failure of our business partners, service providers or other third parties to meet their commitments to us or to perform in accordance with our expectations, either due to their actions or inactions, or due to natural disasters or other external events beyond their control, could result in operational disruptions, increased expenditures, regulatory actions in which we may be held responsible for the actions of third parties, damage to our reputation and the loss of clients, which in turn could harm our business and operations, strategic growth objectives and financial performance. Because of the COVID-19 pandemic, many of our counterparties and third-party service providers have been, and may further be, affected by “stay-at-home” orders, disruptions of global supply chains, market volatility and other factors that increase their risk of business disruption or that may otherwise affect their ability to perform under the terms of any agreements with us or provide essential services.

Our third-party partners may also rely on their own business partners and service providers in the ordinary course of their business. Although we seek to diversify our exposure to third-party partners in order to increase our resiliency, we are nevertheless exposed to the risk that a disruption or other IT event at a common service provider to our vendors could impede their ability to provide products or services to us, which in turn could harm our business and operations, strategic growth objectives and financial performance.

The soundness of other financial institutions could adversely affect us.

Financial services institutions are interrelated because of trading, clearing, counterparty and other relationships. We routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, payment processors and other institutional clients, which may result in payment obligations to us or to our clients due to products we have arranged. Many of these transactions expose us to credit and market risk that may cause our counterparty or client to default. In particular, the interconnectivity of multiple financial services institutions with central agents, exchanges and clearing houses, and the increased centrality of these entities, increases the risk that an operational failure at one institution or entity may cause an industry-wide operational failure that could materially impact our ability to conduct business. Any losses arising from such occurrences could materially and adversely affect our business, results of operations or financial condition.

We depend on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other information relating to their business or financial condition. We also may rely on representations of customers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports or other certifications of their auditors or accountants. For example, under our accounts receivable financing arrangements, we rely on information, such as invoices, contracts and other supporting documentation, provided by our clients and their account debtors to determine the amount of credit to extend. Similarly, in deciding whether to extend credit, we may rely upon our customers' representations that their financial statements conform to GAAP (or other applicable accounting standards in foreign markets) and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. If we rely on materially misleading, false, inaccurate or fraudulent information in evaluating the creditworthiness or other risk profiles of our clients or counterparties, we could be subject to credit losses, regulatory action, reputational harm or experience other adverse effects on our business, results of operations or financial condition.

We face risks associated with our current international operations and ongoing international expansion.

One important component of our strategy is to expand internationally. We currently have international offices in Canada, the U.K., Israel, Germany, Denmark, Ireland, India, Hong Kong and China, including a joint-venture bank in China. We have expanded and plan to continue to expand and grow our operations and business activities in some of our current international markets. For example, we have expanded our presence in India, where we currently conduct certain technology, human resources and finance operations. Additionally, we are in the process of converting our U.K. branch to a separate U.K. banking subsidiary due to our growth. We also plan to expand our business beyond our current markets over time. Our efforts to expand our business internationally carry certain risks, including risks arising from the uncertainty regarding our ability to generate revenues from foreign operations; risks associated with leveraging and doing business with local business partners through joint ventures, strategic arrangements or other partnerships; and other general operational risks. In addition, there are certain risks inherent in doing business on an international basis, including, among others, legal, regulatory and tax requirements and restrictions; uncertainties regarding liability, tariffs and other trade barriers, such as recent trade tensions between the United States and China; uncertainties regarding international public health issues like the COVID-19 pandemic; changes in governmental policies, unfavorable political and diplomatic developments, terrorism or other geopolitical events; difficulties in staffing and managing foreign operations; the incremental requirement of management's attention and resources; differing technology standards or customer requirements; data security or transfer risks; cultural differences; political and economic risks such as uncertainty created by the withdrawal of the U.K. from the European Union and escalating military tension between Russia and Ukraine; and financial risks, including currency and payment risks such as fluctuation in the value of foreign currencies, such as the euro. These risks could hinder our ability, or the ability of our local partners, to service our clients effectively, and adversely affect the success of our international operations, which, in turn, could have a material adverse effect on our overall business, results of operations or financial condition. In addition, we face risks that our employees and affiliates may fail to comply with applicable laws and regulations governing our international operations, including the U.S. Foreign Corrupt Practices Act, U.K. Bribery Act, GDPR, anti-corruption laws, privacy laws, anti-money laundering laws, economic and trade sanctions requirements and other applicable laws and regulations. Failure to comply with such laws and regulations could, among other things, result in enforcement actions and fines against us, as well as limitations on the conduct of our business, any of which could have a material adverse effect on our business and results of operations.

Our holding company, SVB Financial, relies on equity warrant assets income, investment distributions, periodic capital market transactions and dividends from its subsidiaries for most of its cash revenues.

SVB Financial is a holding company and is a separate and distinct legal entity from its subsidiaries. It receives most of its cash revenues from a few primary funding sources: income from equity warrant assets and investment securities, from periodic capital markets transactions offering debt and equity instruments in the public and private markets, and, to the extent declared, cash dividends paid by subsidiaries, primarily the Bank. These sources generate cash which is used by SVB Financial to pay operating and borrowing costs and, to the extent authorized or declared, fund dividends to holders of its capital stock and stock repurchase programs. Any income derived from those financial instruments is subject to a variety of factors as discussed in the “Credit Risks” portion of this “Risk Factors” section. Moreover, various federal and state laws and regulations limit the amount of dividends that the Bank and certain of our nonbank subsidiaries may pay to SVB Financial. In addition, SVB Financial’s right to participate in a distribution of assets upon a liquidation or reorganization of any of its subsidiaries is subject to the prior claims of the subsidiary’s creditors.

Climate change has the potential to disrupt our business and adversely impact the operations and creditworthiness of our clients.

Climate change presents both near and long-term risks to our business and that of our customers, and these risks are expected to increase over time. Climate change has caused severe weather patterns and events that could disrupt operations at one or more of our locations, which may disrupt our ability to provide financial products and services to our clients. Longer-term changes, such as increasing average temperatures and rising sea levels, may damage, destroy or otherwise impact the value or productivity of our properties and other assets, reduce the availability of insurance, and/or lead to prolonged disruptions in our operations. Climate change could also have a negative effect on the financial status and creditworthiness of our clients, such as those in the wine industry, which may decrease revenues and business activities from those clients, increase the credit risk associated with loans and other credit exposures to such clients, and decrease the value of our warrants and direct equity investments in such clients, if any.

Climate exposes us to risks associated with the transition to a less carbon-dependent economy. Such risks may result from changes in policies, laws and regulations, technologies, or market preferences to address climate change. Such changes could materially and negatively impact our business, results of operations, financial condition and our reputation, in addition to having a similar impact on our customers. Federal and state regulatory authorities, investors and other third parties have increasingly viewed financial institutions as important in addressing the risks related to climate change, which may result in financial institutions facing increased pressure regarding the disclosure and management of climate risks and related lending and investment activities. Further, we have announced commitments related to the management of climate risks and the transition to a less carbon-dependent economy. Our inability to meet these commitments may subject us to, among other risks, increased business, operational and reputational risk.

Climate change could impose systemic risks upon the financial sector, either through operational disruptions or as a result of transitioning to a less carbon-dependent economy. While we are focused on enhancing our governance practices surrounding the management of climate change-related risks, we may face increased regulatory scrutiny related to our resilience to climate-related risks, including in the context of stress testing for various climate stress scenarios. Ongoing legislative or regulatory uncertainties and changes regarding climate risk management and practices may result in higher regulatory, compliance, credit and reputational risks and costs.

We have recently experienced, and continue to experience, significant growth, including deposit growth. Our current level of growth may not be sustainable. Further, if our deposit growth continues at a similar or greater rate, we may need to raise additional equity to support our capital ratios.

We have experienced significant balance sheet growth in recent periods, which puts a strain on our business, operations, and employees. Failure to effectively manage our growth could lead us to over-invest or under-invest in our operations, result in weaknesses in our internal controls, give rise to operational mistakes, financial losses, loss of business opportunities and loss of client satisfaction, invite increased regulatory scrutiny, and result in loss of employees and reduced productivity of remaining employees. If our management is unable to effectively manage our growth, our expenses may increase more than expected, and our revenues may not increase or may grow more slowly than expected.

In particular, we have experienced significant deposit inflows. In 2021, our average deposits increased by 97.2% to $147.9 billion and our deposits ended the year at $189.2 billion up from $102.0 billion at the end of 2020. In recent periods, deposit growth has been driven by our clients across all segments obtaining liquidity through liquidity events, such as IPOs, secondary offerings, SPAC fundraising, venture capital investments, acquisitions and other fundraising activities—which during 2021 were at notably high levels. We are unable to predict whether these liquidity events will continue at all or at the rate they have been recently occurring. In addition, our level of deposits depends on whether clients determine to keep proceeds from liquidity events and other funds in deposit products with us (as opposed to off-balance sheet products, such as

third-party money market funds). Although clients have historically retained a significant portion of their funds on our balance sheet, we are unable to predict whether they will continue to do so, and whether the recent level of deposit growth will be sustained.

The increase in on-balance sheet deposits also increases our assets and accordingly decreases our capital ratios for which assets (both total and risk-weighted) is the denominator. If there is further deposit growth we may need to raise additional capital, including common equity, as we have done in 2021. For example, to support this growth in 2021 we issued four series of preferred stock with total proceeds of $3.3 billion and issued 4,227,000 shares of common stock through two public offerings.

Legal and Regulatory Risks

We are subject to extensive regulation that could limit or restrict our activities, impose financial requirements or limitations on the conduct of our business, or result in higher costs to us, and the stringency of the regulatory framework applicable to us may increase if, and as, our balance sheet continues to grow.

SVB Financial, including the Bank, is extensively regulated under federal and state laws and regulations governing financial institutions, including those imposed by the FDIC, the Federal Reserve, the CFPB, the SEC, and the DFPI, as well as various regulatory authorities that govern our global activities. Federal and state laws and regulations govern, restrict, limit or otherwise affect the activities in which we may engage and may affect our ability to expand our business over time, result in an increase in our compliance costs, including higher FDIC insurance premiums, and may affect our ability to attract and retain qualified executive officers and employees (especially when compared to competitors not subject to similar restrictions). Further, the stringency of the regulatory framework that applies to us may increase as our asset size and international business grows.

A change in applicable statutes, regulations or regulatory policies, including the possibility of legislative, regulatory and policy changes by the U.S Congress and/or Biden-Harris Administration, could have a material adverse effect on our business, including limiting or imposing conditions on the types of financial services and products we may offer or increasing the ability of nonbanks to offer competing financial services and products. Increased regulatory requirements (and the associated compliance costs), whether due to the growth of our business, the adoption of new laws and regulations, changes in existing laws and regulations, or more expansive or aggressive enforcement of existing laws and regulations, may have a material adverse effect on our business, financial condition or results of operations. In addition, personnel part of or appointed by the Biden-Harris Administration may take new or different positions than their predecessors and that could result in additional regulatory requirements or requirements to change certain practices.

In 2021, we exceeded $100 billion of average total consolidated assets (over four quarters). We are now subject to more stringent regulations, including certain enhanced prudential standards applicable to large bank holding companies. If we exceed $250 billion of average total consolidated assets, we will be subject to even more stringent regulations.

Certain enhanced prudential standards and related requirements now apply to us, as we have exceeded $100 billion in average total consolidated assets calculated over four consecutive financial quarters. We are now a Category IV institution under the Tailoring Rules, and therefore are subject to additional requirements, such as certain enhanced prudential standards and monitoring and reporting certain risk-based indicators. Under the Tailoring Rules, Category IV firms are, among other things, subject to (1) supervisory capital stress testing on a biennial basis, (2) requirements to develop and maintain a capital plan on an annual basis and (3) certain liquidity risk management and risk committee requirements, including liquidity buffer and liquidity stress testing requirements. As a result, we now face more stringent regulatory requirements and limitations on our business, as well as increased compliance costs.

As of year-end 2021, we had total consolidated assets of $211.5 billion. If we exceed $250 billion of average total consolidated assets, or exceed $75 billion in weighted short-term wholesale funding, nonbank assets, or off-balance sheet exposures, we will be subject to even more stringent regulations as a Category III institution. Category III institutions are additionally subject to, among other requirements, biennial company-run stress testing, supervisory capital stress testing on an annual basis, and increased capital and liquidity requirements.

Depending on our levels of capital and liquidity, stress test results and other factors, we may be limited in the types of activities we may conduct and be limited as to how we utilize our capital, including with respect to common stock repurchases. Further, we may be subject to heightened expectations, which could result in additional regulatory scrutiny, higher penalties, and more severe consequences if we are unable to meet those expectations. See “Business-Supervision and Regulation-Enhanced Prudential Standards,” under this Part I, Item 1, for a more detailed description of the various requirements that are applicable to us.

We face a risk of noncompliance and enforcement action with the Bank Secrecy Act, other anti-money laundering and anti-bribery statutes and regulations, and U.S. economic and trade sanctions.

The Bank Secrecy Act, the USA PATRIOT Act of 2001, the Anti-Money Laundering Act of 2020, and other laws and regulations require financial institutions to, among other duties, institute and maintain an effective anti-money laundering program and file suspicious activity and currency transaction reports as appropriate. The federal Financial Crimes Enforcement Network is authorized to impose significant civil money penalties for violations of those requirements and has engaged in coordinated enforcement efforts with state and federal banking regulators, as well as the U.S. Department of Justice and IRS. We also must comply with U.S. economic and trade sanctions administered by the U.S. Treasury Department's Office of Foreign Assets Control and the U.S. Foreign Corrupt Practices Act, and we, like other financial institutions, are subject to increased scrutiny for compliance with these requirements. We maintain policies, procedures and systems designed to detect and deter prohibited financing activities. However, if these controls were deemed deficient or fail to prevent wrongdoing, we could be subject to liability, including civil fines and regulatory actions, which may include restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan. In addition, any failure to effectively maintain and implement adequate programs to combat money laundering and terrorist financing could have serious reputational consequences for us. Any of these results could materially and adversely affect our business, financial condition or results of operations.

If we were to violate, or fail to comply with, international, federal or state laws or regulations governing financial institutions, we could be subject to disciplinary action that could have a material adverse effect on our business, financial condition, results of operations or reputation.

International, federal and state banking regulators possess broad powers to take supervisory or enforcement action with respect to financial institutions. Other regulatory bodies, including the SEC, FINRA and state securities regulators, regulate investment advisers and broker-dealers, including our subsidiaries, SVB Asset Management, SVB Wealth Advisory, SVB Securities and Boston Private Wealth. These laws and regulations are highly complex, and if we were to violate, even if unintentionally or inadvertently, regulatory authorities could take various actions against us, such as imposing restrictions on how we conduct our business, imposing higher capital and liquidity requirements, requiring us to maintain higher insurance levels, revoking necessary licenses or authorizations, imposing censures, significant civil money penalties or fines, issuing cease and desist or other supervisory orders, and suspending or expelling us or any of our employees from certain businesses. For example, we could face material restrictions on our activities and our ability to enter into certain transactions if SVB Financial and the Bank cease to maintain their status as well-capitalized or well-managed as defined under the Federal Reserve's Regulation Y. These enforcement actions could have a material adverse effect on our business, financial condition, results of operations and reputation.

Laws and regulations regarding the handling of personal data and information may impede our services or result in increased costs, legal claims or fines against us.

We are subject to an evolving body of federal, state and non-U.S. laws, regulations, guidelines and principles regarding data privacy and security, including the protection of personal information. Legal requirements relating to the collection, storage, handling, use, disclosure, transfer and security of personal data continue to evolve, and regulatory scrutiny in this area is increasing around the world. Significant uncertainty exists as privacy and data protection laws may be interpreted and applied differently from country to country and may create inconsistent or conflicting requirements. For example, the GDPR extends the scope of the European Union data protection law to all companies processing data of EU residents, regardless of location, while the California Consumer Privacy Act ("CCPA") established new requirements regarding handling of personal data to entities serving or employing California residents, and such requirements will be expanded under the California Privacy Rights Act ("CPRA") once it goes into effect on January 1, 2023. The GDPR, CCPA and CPRA have heightened our privacy compliance obligations and require us to evaluate our current operations, IT systems and data handling practices and implement changes where necessary to comply, with associated costs. Our failure to comply with any such laws, or the failure of our current operations, IT systems and data handling practices to prevent breaches involving personal data, may result in significant liabilities and/or reputational harm. See "Business-Supervision and Regulation-Privacy and Cybersecurity," under this Part I, Item 1, for a more detailed description of the various consumer privacy laws that are applicable to us.

Adverse results from litigation or governmental or regulatory investigations can impact our business practices and operating results.

We are currently involved in certain legal proceedings, and may from time to time be involved in governmental or regulatory investigations and inquiries relating to matters that arise in connection with the conduct of our business. While we have not recognized a material accrual liability for any lawsuits and claims filed or pending against us to date, the outcome of litigation and other legal and regulatory matters is inherently uncertain and it is possible that the actual results of one or more of such matters may be substantially higher than the amounts reserved, or that judgments may be rendered, or fines or penalties assessed in matters for which we have no reserves. Further, adverse outcomes in lawsuits or investigations may result in significant monetary damages, admissions of guilt or injunctive relief that may adversely affect our operating results

or financial condition as well as our ability to conduct our businesses (or one or more business lines) as they are presently being conducted, including our ability to make certain acquisitions or otherwise expand our businesses. Any such resolution of a criminal matter involving us or our employees could lead to increased exposure to civil litigation and overlapping government investigations, could adversely affect our reputation, could result in penalties or limitations on our ability to conduct our activities generally or in certain circumstances and could have other negative effects. These matters also include responding to governmental inquiries regarding our customers. In recent years across the financial services industry, a number of investigations of customers have, based on the circumstances, led to investigations of the particular bank and its policies.

Moreover, even if we prevail in such actions, litigation and investigations can cause reputational harm and be costly and time-consuming, and often risk diverting the attention of our management and key personnel from our business operations, which could have a material adverse effect on our business, financial condition and results of operations.

A failure to appropriately identify and address potential conflicts of interest could adversely affect our businesses.

Due to the broad scope of our businesses, we regularly address potential conflicts of interest, including situations where our services to a particular client or our own investments or other interests conflict, or are perceived to conflict, with the interests of that client or another client, as well as situations where one or more of our businesses have access to material non-public information that may not be shared with our other businesses and situations where we may be a creditor of an entity with which we also have an advisory or other relationship. For example, SVB Securities provides investment banking services to clients in the healthcare and technology industry, some of which may also be clients or potential clients of the Bank. Additionally, SVB Financial from time to time may enter into hedging arrangements in respect of investments made in connection with SVB Capital's business, meaning that we may maintain some short positions on SVB Capital funds, or the positions of clients or potential clients of the Bank. In addition, we invest in and partner with entities in the innovation economy, some of which may be clients or potential clients of the Bank. These types of potential conflicts have increased with our acquisition of Boston Private and the related expansion in our private bank business as well as our investments through our SVB Capital business.

We have procedures and controls designed to identify and address these conflicts of interest, including those designed to prevent the improper sharing of information among our businesses. However, appropriately identifying and dealing with conflicts of interest is complex and difficult, and our reputation could be damaged and the willingness of clients to enter into transactions with us may be affected if we fail, or appear to fail, to identify, disclose and deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to litigation or regulatory enforcement actions.

Anti-takeover provisions and federal laws, particularly those applicable to financial institutions, may limit the ability of another party to acquire us, which could prevent a merger or acquisition that may be attractive to stockholders and/or have a material adverse effect on our stock price.

As a bank holding company, we are subject to certain laws that could delay or prevent a third party from acquiring us. The Bank Holding Company Act of 1956, as amended, and the Change in Bank Control Act of 1978, as amended, together with federal and state regulations, require that, depending on the particular circumstances, either the Federal Reserve must approve or, after receiving notice, must not object to any person or entity acquiring "control" (as determined under the Federal Reserve's standards) of a bank holding company, such as SVB Financial, or a state member bank, such as the Bank. In addition, DFPI approval may be required in connection with the acquisition of control of the Bank. Moreover, certain provisions of our certificate of incorporation and bylaws and certain other actions we may take or have taken could delay or prevent a third party from acquiring us. Any of these laws, regulations and other provisions may prevent a merger or acquisition that would be attractive to stockholders and could limit the price investors would be willing to pay in the future for our common stock.

Strategic, Reputational and Other Risks

Concentration of risk increases the potential for significant losses, while the establishment of limits to mitigate concentration risk increases the potential for lower revenues and slower growth.

Our focus on certain markets or segments, including those by client industry, life-cycle stage, size and geography, increases the potential for significant losses due to concentration of risk. It may also result in lower revenues or slower growth if we choose to limit growth in certain markets or segments to mitigate concentration risk. While there may exist a great deal of diversity within each industry, our clients are concentrated within the following general industries: technology, life science and healthcare, private equity and venture capital and premium wine. Clients of our private banking division are primarily executive leaders and senior investment professionals in the innovation economy, as well as high net worth clients acquired from Boston Private. In particular, our technology clients generally tend to be in the industries of hardware (such as semiconductors, communications, data storage and electronics), software/internet (such as infrastructure software, applications, software services, digital content and advertising technology), and climate technology and sustainability. Our life

science and healthcare clients are concentrated in the industries of biopharma, healthtech, medical devices, healthcare services and diagnostics and tools. Many of our client companies are also concentrated by certain stages within their life cycles, such as early-stage, mid-stage or later-stage and many of these companies are venture capital-backed. In addition, growth prospects and our geographic focus on key domestic and international innovation markets, as well as premium wine markets, may lead to an increase in our concentration risk. Our loan concentrations are derived from our borrowers engaging in similar activities as well as certain types of loans extended to a diverse group of borrowers that could cause those borrowers to be similarly impacted by economic or other conditions. Any adverse effect on any of our areas of concentration could have a material impact on our business, results of operations and financial condition, even when economic and market conditions are generally favorable to our competitors that are not exposed to similar concentration risk.

Decreases in the amount of equity capital available to our clients could adversely affect our business, growth and profitability.

Our core strategy is focused on providing banking and financial products and services to companies, investors, entrepreneurs and influencers in the innovation economy, including in particular to early-stage and mid-stage companies that receive financial support from sophisticated investors, including venture capital or private equity firms, “angels,” corporate investors, crowd-funding and other evolving sources of capital. We derive a meaningful share of our deposits from these companies and provide them with loans as well as other banking products and services. In some cases, our lending credit decision is based on our analysis of the likelihood that our client will receive additional rounds of equity capital from investors or other funding sources. Among the factors that have affected and could in the future affect the amount of capital available to our clients are: the receptivity of the capital markets; the prevalence of public equity offerings or M&A activity (primarily among companies within the technology and life science and healthcare industry sectors); the availability and return on alternative investments; economic conditions in the technology, life science and healthcare and private equity/venture capital industries; and overall general economic conditions. Reduced capital markets valuations could also reduce the amount of capital available to our client companies, including companies within our technology and life science and healthcare industry sectors. If the amount of capital available to such companies decreases, it is likely that the number of our new clients and investor financial support to our existing clients could decrease, which could have an adverse effect on our business, profitability and growth prospects.

We face competitive pressures that could adversely affect our business, results of operations, financial condition or growth.

We compete with other banks as well as specialty and diversified financial services companies and investment, debt, venture capital and private equity funds, some of which are larger than we are and which may offer a broader range of lending, leasing, payments, foreign currency exchange, and other financial products and advisory services to our client base. We also compete with other alternative and more specialized lenders, such as online “marketplace” lenders, peer-to-peer lenders and other non-traditional lenders that have emerged in recent years.

Moreover, we compete with fintech and non-financial services companies, many of which offer bank or bank-like products, specialized services involving the elimination of banks as intermediaries (known as “disintermediation”) and/or the unbundling of banking products and services into point solutions. The activity of fintechs and support of fintechs by venture capital firms has increased significantly in recent years and are expected to continue to increase. For example, a number of fintechs have applied for, and in some cases received, bank or industrial loan charters or have partnered with existing banks to allow them to offer deposit products to their customers. There has also been significant fintech activity in the areas of credit cards, payments, foreign exchange and lending. Regulatory changes, such as the December 2020 revisions to the FDIC’s rules on brokered deposits, may also make it easier for fintechs to partner with banks and offer deposit products. In addition, some traditional technology companies are beginning to provide financial services directly to their customers and are expected to continue to explore new ways to do so. Many of these companies have fewer regulatory constraints than we do, and some have lower cost structures. Some of these companies also have greater resources to invest in technological improvements than we currently have and may be able to better recruit technology talent.

Our competitors may focus their marketing efforts on industry sectors that we serve; for example, they may seek to increase their lending and other financial relationships with technology companies or special industries such as wineries. When new competitors seek to enter one of our markets, or when existing market participants seek to increase their market share, they sometimes undercut the pricing and/or credit terms prevalent in that market, which could adversely affect our market share or ability to exploit new market opportunities. We may have to agree to accept less attractive credit, pricing and other investment terms if we act to meet these competitive challenges, which could adversely affect our business, results of operations, financial condition and future growth. Similarly, competitive pressures and market disruption could adversely affect our access to capital and attractive investment opportunities for our funds business.

Our ability to maintain or increase our market share depends on our ability to attract and maintain, as well as meet the needs of, existing and future clients.

Our success depends, in part, upon our ability to maintain or increase our market share. In particular, much of our success depends on our ability to attract early-stage or start-up companies as clients and to retain those companies as clients as they grow and mature successfully through the various stages of their life cycles. As a result, we adapt our products and services to evolving industry standards as well as introduce new products and services beyond industry standards in order to serve our clients, who are innovators themselves. A failure to achieve market acceptance for any new products or services we introduce, a failure to introduce products or services that the market demands, or the costs associated with developing, introducing and providing new products and services could have an adverse effect on our business, results of operations, growth prospects and financial condition.

We face risks in connection with our strategic undertakings and new business initiatives.

We are engaged, and may in the future engage, in strategic activities domestically or internationally (including the acquisitions of Boston Private and MoffettNathanson LLC), joint ventures, partnerships, investments or other business growth initiatives or undertakings. There can be no assurance that we will successfully identify appropriate opportunities, that we will be able to negotiate or finance such activities or that such activities, if undertaken, will be successful.

We are focused on our long-term growth and have undertaken various strategic activities and business initiatives, many of which involve activities that are new to us or, in some cases, are experimental in nature. For example, we are expanding our global presence and may engage in activities in jurisdictions where we have limited experience from a business, legal and/or regulatory perspective. With the acquisition of Leerink Holdings LLC, now known as SVB Securities, we have also expanded into new lines of business, namely, investment banking and M&A advisory services. In support of SVB Securities continued expansion into technology investment banking, we have continued to grow the investment banking team to deepen our expertise in the technology sector and acquired MoffettNathanson LLC in December 2021 to expand our equity research coverage to include companies in the technology industry. Moreover, our acquisition of Boston Private significantly expanded our wealth management and private banking business and introduced new lines of lending and new deposit products, new types of customers and a number of bank branches. For example, the Boston Private acquisition included a portfolio of commercial real estate loans, which expose us to various risks, including potential environmental liability, if we were to acquire a property, through foreclosure or other similar proceedings, that had material environmental violations. Additionally, in February 2022 we launched our first open-ended fund sponsored by SVB Financial to hold investments in other open-ended funds. We are also enhancing and expanding our payments processing capabilities and digital platforms to better serve our clients, including developing new electronic payment processing solutions, and supporting new or evolving disruptive payments systems and services (including providing embedded payments services to enable clients to process payments on behalf of their own clients, e.g., merchant services and custodial account services). We may also serve clients that deal with new or evolving industries or business activities, such as digital currencies and cannabis. Given our evolving geographic and product diversification, and our innovative product solutions, these initiatives may subject us to, among other risks, increased business, reputational and operational risk, as well as more complex payment system rules and legal, regulatory and compliance costs and risks.

Our ability to execute strategic activities and new business initiatives successfully, as well as expand and grow our existing capabilities (such as the acquisitions of Boston Private and MoffettNathanson LLC) will depend on a variety of factors. These factors likely will vary based on the nature of the activity but may include our success in integrating an acquired company or a new internally developed growth initiative into our business, operations, services, products, personnel and systems, operating effectively with any partner with whom we elect to do business, meeting applicable regulatory requirements and obtaining applicable regulatory licenses or other approvals, hiring or retaining key employees, retaining clients, attracting new clients, achieving anticipated synergies, meeting management's expectations, realizing the anticipated benefits of the activities, and overall general market conditions. Our ability to address these matters successfully cannot be assured. Additionally, macroeconomic and geopolitical uncertainties and challenges may adversely impact our ability to execute our strategic undertakings. Moreover, our strategic efforts may divert resources or management's attention from ongoing business operations and may subject us to additional regulatory scrutiny and potential liability. If we do not successfully execute a strategic undertaking, it could adversely affect our business, financial condition, results of operations, reputation or growth prospects. In addition, if we were to conclude that the value of an acquired business had decreased and that the related goodwill had been impaired, that conclusion would result in an impairment of goodwill charge to us, which would adversely affect our results of operations. We may also be required to make unanticipated capital expenditures or investments in order to maintain, improve or sustain the acquired operations or take write-offs or impairment charges and may be subject to unanticipated or unknown liabilities relating to an acquisition.

In addition, in order to finance future strategic undertakings, we might require additional financing, which might not be available on terms favorable to us, or at all. If obtained, equity financing could be dilutive and the incurrence of debt and contingent liabilities could have a material adverse effect on our business, results of operations or financial condition.

We may fail to realize the growth prospects and other benefits anticipated as a result of the Boston Private acquisition.

The success of the Boston Private acquisition will depend, in part, on our ability to realize the anticipated business opportunities and growth prospects from the acquisition. We may not realize all of these business opportunities and growth prospects. The Boston Private acquisition required significant efforts and expenditures, as will the related integration that is currently underway. Our management might have its attention diverted while trying to integrate operations and corporate and administrative infrastructures and the cost of integration may exceed our expectations. In 2021, we incurred approximately $129 million of merger-related charges in connection with the transaction. We may also be required to make unanticipated capital expenditures or investments in order to maintain, improve or sustain the acquired operations or take write-offs or impairment charges and may be subject to unanticipated or unknown liabilities relating to the Boston Private acquisition. In addition, the success of the Boston Private acquisition will depend in part on our ability to continue to retain Boston Private's employees and clients. If we are unable, for any reason, to retain key employees or clients, we may not realize the anticipated benefits of the transaction.

If any of these factors limit our ability to complete the integration of operations successfully or on a timely basis, our expectations of future results of operations might not be met. In addition, it is possible that the integration process could result in the loss of key employees, the disruption of ongoing businesses, tax costs or inefficiencies, or inconsistencies in standards, controls, IT systems, procedures and policies, any of which could adversely affect our ability to achieve the anticipated benefits of the Boston Private acquisition and could harm our financial performance.

Our business reputation and relationships are important and any damage to them could have a material adverse effect on our business.

Our reputation is very important in sustaining our business and we rely on our relationships with our current, former and potential clients and stockholders, the venture capital and private equity communities, and other actors in the industries that we serve. Any damage to our reputation, whether arising from regulatory, supervisory or enforcement actions, matters affecting our financial reporting or compliance with SEC and exchange listing requirements, negative publicity, the way in which we conduct our business (including with respect to the administration of PPP forgiveness applications, our actions related to environmental, social and governance matters, or potential hedging arrangements) or otherwise, could strain our existing relationships and make it difficult for us to develop new relationships. Additionally, negative publicity regarding the industries that we focus on serving (for example, technology, private equity or venture capital) may also damage our reputation. Any such damage to our reputation and relationships could in turn lead to a material adverse effect on our business.

Whereas negative public opinion once was primarily driven by adverse news coverage in traditional media, the widespread use of social media platforms facilitates the rapid dissemination of information or misinformation, which magnifies the potential harm to our reputation. In addition, the behavior of our employees, including with respect to our employees' use of social media, subjects us to potential negative publicity if such behavior does not align with our high standards of integrity or fails to comply with regulations or accepted practices

An ineffective risk management framework could have a material adverse effect on our strategic planning and our ability to mitigate risks and/or losses and could have adverse regulatory consequences.

We have implemented a risk management framework to identify and manage our risk exposure. This framework is comprised of various processes, systems and strategies, and is designed to manage the types of risk to which we are subject, including, among others, credit, market, liquidity, operational, capital, compliance, strategic and reputational risks. Our framework also includes financial, analytical, forecasting or other modeling methodologies, which involve management assumptions and judgment. In addition, our Board of Directors, in consultation with management, has adopted a risk appetite statement, which sets forth certain thresholds and limits to govern our overall risk profile. However, there is no assurance that our risk management framework, including the risk metrics under our risk appetite statement, or use of related risk mitigation techniques, such as hedging arrangements, will be effective under all circumstances or that they will adequately identify, manage or mitigate any risk or loss to us. If our risk management framework is not effective, we could suffer unexpected losses and become subject to regulatory consequences, as a result of which our business, financial condition, results of operations or prospects could be materially adversely affected. As we continue to grow and expand our business, we will need to evolve our risk management framework to support the size and complexity of the Company. Failure to adequately evolve our risk management framework may have adverse consequences on our business.

We do not currently pay dividends on shares of our common stock and may not do so in the future.

Holders of shares of our capital stock are only entitled to receive such dividends as our Board of Directors may declare out of funds legally available for such payments. We do not currently pay dividends on our common stock and have no current plans to do so. Furthermore, the terms of our outstanding preferred stock prohibit us from declaring or paying any dividends on any junior series of our capital stock, including our common stock, or from repurchasing, redeeming or acquiring such

junior stock, unless we have declared and paid full dividends on our outstanding preferred stock for the most recently completed dividend period. We are also subject to statutory and regulatory limitations on our ability to pay dividends on our capital stock. If we are unable to satisfy the capital requirements applicable to us for any reason, we may be limited in our ability to declare and pay dividends on our capital stock.

General Risk Factors

If we fail to retain key employees or recruit new employees, or if we are unable to effectively manage the growth of our employee base, our growth and results of operations could be adversely affected.

We rely on key personnel, including a substantial number of employees who have technical expertise in their subject matter area and a strong network of relationships with individuals and institutions in the markets we serve. In addition, as we expand into international markets, we will need to hire local personnel within those markets. Further, competition for key personnel is substantial and may increase, particularly if new competitors seek to enter one of our markets or existing market participants seek to increase their market share. If we were to have less success in recruiting and retaining these employees than our competitors, for reasons including domestic or foreign regulatory restrictions on compensation practices, inflationary pressures on wages, inability to effectively address issues related to human capital management, or the availability of more attractive opportunities elsewhere, our growth and results of operations could be adversely affected. In addition, we have experienced meaningful growth in our employee base in recent years. Further, our performance may be adversely impacted if we are unable to effectively manage succession planning for key employees, as well as transitions and knowledge transfers related to key employee departures. The number of our FTEs increased from 4,461 at December 31, 2020 to 6,567 at December 31, 2021, and is expected to continue to increase through our organic growth. If this growth places strain on our operations, corporate culture or human capital management practices, or if we are unable to adequately integrate new employees or to maintain employee satisfaction, our growth and results of operations could be adversely impacted.

Moreover, equity awards are an important component of our compensation program, especially for our executive officers and other members of senior management. The extent of shares available for grant in connection with such equity awards pursuant to our incentive compensation plans is generally subject to stockholder approval. If we do not have sufficient shares to grant to existing or new employees, there could be an adverse effect on our recruiting and retention efforts, which could impact our growth and results of operations.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results. As a result, current and potential holders of our securities could lose confidence in our financial reporting, which would harm our business and the trading price of our securities.

Maintaining and adapting our internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act and related rules and regulations of the SEC, can be costly and require significant management attention. As we continue to grow or acquire additional businesses, our internal controls may become more complex and require additional resources to ensure they remain effective amidst dynamic regulatory and other guidance. Failure to maintain effective controls or implement required new or improved controls or difficulties encountered in the process may harm our operating results or cause us to fail to meet our reporting obligations. If we or our independent registered accounting firm identify material weaknesses in our internal controls over financial reporting or if we are otherwise required to restate our financial statements, we could be required to implement costly and time-consuming remedial measures and could lose investor confidence in the accuracy and completeness of our financial reports. We may also face regulatory enforcement or other actions, including the potential delisting of our common stock from the NASDAQ Stock Market. This could have an adverse effect on our business, financial condition or results of operations, as well as the trading price of our securities, and could potentially subject us to litigation.

Changes in accounting standards could materially impact our financial statements.

From time to time, the FASB or the SEC may change the financial accounting and reporting standards that govern the preparation of our financial statements. Also, our global initiatives, as well as continuing trends towards the convergence of international accounting standards, such as rules that may be adopted under the IFRS, may result in our Company being subject to new or changing accounting and reporting standards. In addition, the bodies that interpret the accounting standards (such as banking regulators or external auditors) may change their interpretations or positions on how these standards should be applied. These changes may be beyond our control, can be hard to predict and can materially impact how we record and report our financial condition or results of operations. In some cases, we could be required to apply a new or revised standard retrospectively, or apply an existing standard differently, also retrospectively, in each case resulting in our revising or restating prior period financial statements.

We could be adversely affected by changes in tax laws and regulations or their interpretations.

We are subject to the income tax laws of the United States, its constituent states and municipalities and those of the foreign jurisdictions in which we have business operations. These tax laws are complex and may be subject to different

interpretations. We must make judgments and interpretations about the application of these inherently complex tax laws when determining our provision for income taxes, our deferred tax assets and liabilities, and our valuation allowance. Changes to tax laws and regulations by the Biden-Harris Administration and the U.S. Congress, administrative rulings or court decisions could increase our provision for income taxes and reduce our net income.

We rely on quantitative models to measure risks and to estimate certain financial values.

Quantitative models may be used to help manage certain aspects of our business and to assist with certain business decisions, including estimating credit losses, measuring the fair value of financial instruments when reliable market prices are unavailable, estimating the effects of changing interest rates and other market measures on our financial condition and results of operations, and managing risk. However, all models have certain limitations. For example, our measurement methodologies rely on many assumptions, historical analyses and correlations. These assumptions may not capture or fully incorporate conditions leading to losses, particularly in times of market distress, and the historical correlations on which we rely may no longer be relevant. Additionally, as businesses and markets evolve, our measurements may not accurately reflect the changing environment. Further, even if the underlying assumptions and historical correlations used in our models are adequate, our models may be deficient due to errors in computer code, bad data, misuse of data, or the use of a model for a purpose outside the scope of the model's design. Although we employ strategies to manage and govern the risks associated with our use of models, they may not be effective or fully reliable. As a result, our models may not capture or fully express the risks we face, suggest that we have sufficient capitalization when we do not, lead us to misjudge the business and economic environment in which we operate and ultimately cause planning failures or the reporting of incorrect information to our regulators. Any such occurrence or the perception of such occurrence by our regulators, investors or clients could in turn have a material adverse effect on our business, financial condition, results of operations or reputation.

The price of our capital stock may be volatile or may decline.

The trading price of our capital stock may fluctuate or be adversely affected as a result of a number of factors, many of which are outside our control, including trading volumes that affect the market prices of the shares of many companies. Factors that could affect the trading price of our capital stock include:

- actual or anticipated quarterly fluctuations in our operating results and financial condition;
- changes in revenue or earnings estimates or publication of research reports and recommendations by financial analysts;
- failure to meet analysts' revenue or earnings estimates;
- speculation in the press or investment community;
- strategic actions by us or our competitors;
- actions by institutional stockholders;
- fluctuations in the stock price and operating results of our competitors;
- general market conditions and, in particular, developments related to market conditions for the financial services industry including as a result of current or anticipated military conflict, terrorism or other geopolitical events;
- actual or anticipated changes in interest rates;
- market perceptions about the innovation economy, including levels of funding or "exit" activities of companies in the industries we serve;
- proposed or adopted regulatory changes or developments;
- anticipated or pending investigations, proceedings or litigation that involve or affect us; and
- domestic and international economic factors, including inflation, unrelated to our performance.

The trading price of the shares of our common stock and depositary shares representing fractional interests in our preferred stock and the value of our other securities will further depend on many factors, which may change from time to time, including, without limitation, our financial condition, performance, creditworthiness and prospects, and future sales of our equity or equity-related securities. In some cases, the markets have produced downward pressure on trading prices of capital stock and credit availability for certain issuers without regard to those issuers' underlying financial strength. A significant decline in the trading price of our capital stock could result in substantial losses for individual stockholders and could lead to costly and disruptive securities litigation, as well as the loss of key employees.

Our capital stock is subordinate to our existing and future indebtedness.

Our capital stock, including our common stock and depositary shares representing fractional interests in our preferred stock, ranks junior to all of SVB Financial's existing and future indebtedness and other non-equity claims with respect to assets available to satisfy claims against us, including claims in the event of our liquidation. We may incur additional indebtedness in

the future to increase our capital resources or if our total capital ratio or the total capital ratio of the Bank falls below the required minimums. Furthermore, our common stock is subordinate to our outstanding preferred stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters facility consists of two buildings and is located at 3003 Tasman Drive, Santa Clara, California. We currently occupy 157,177 square feet at such location. The lease will expire on September 30, 2024, unless terminated earlier or extended.

We currently operate 56 regional offices in the United States as well as offices outside the United States. All of our office properties are occupied under leases or license agreements, which expire at various dates through 2057, and in most instances include options to renew or extend at market rates and terms.

Our GCB operations are principally conducted out of our corporate headquarters in Santa Clara, California and our office in Tempe, Arizona, and our lending teams operate out of the various regional and international offices. With the acquisition of Boston Private, SVB Private Bank operates out of various regional offices. SVB Capital principally operates out of our Menlo Park, California offices. SVB Securities principally operates out of our Boston, Massachusetts and New York, New York offices.

We believe that our properties are in good condition and suitable for the conduct of our business.

ITEM 3. LEGAL PROCEEDINGS

The information set forth under Note 26—“Legal Matters” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II.

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on the NASDAQ Global Select Market under the symbol "SIVB".

Holders

As of January 31, 2022, there were 729 registered holders of our common stock. We believe there were approximately 318,874 beneficial holders of common stock whose shares were held in the name of brokerage firms or other financial institutions. We are not provided with the number or identities of all of these stockholders, but we have estimated the number of such stockholders from the number of stockholder documents requested by these brokerage firms for distribution to their customers.

Dividends

SVB Financial does not currently pay cash dividends on our common stock. We have not paid any cash dividends since 1992.

Our Board of Directors evaluates whether to pay cash dividends, taking into consideration such factors as it considers relevant, including our current and projected financial performance, our projected sources and uses of capital, general economic conditions, considerations relating to our current and potential stockholder base, applicable regulatory requirements, and relevant tax laws. Our ability to pay cash dividends is also limited by generally applicable corporate and banking laws and regulations. See “Business-Supervision and Regulation-Restrictions on Dividends” under Part I, Item 1 of this report.

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this Item regarding equity compensation plans is incorporated by reference to the information set forth in Part III, Item 12 of this report.

Repurchases of Equity Securities by the Issuer and Affiliated Purchasers

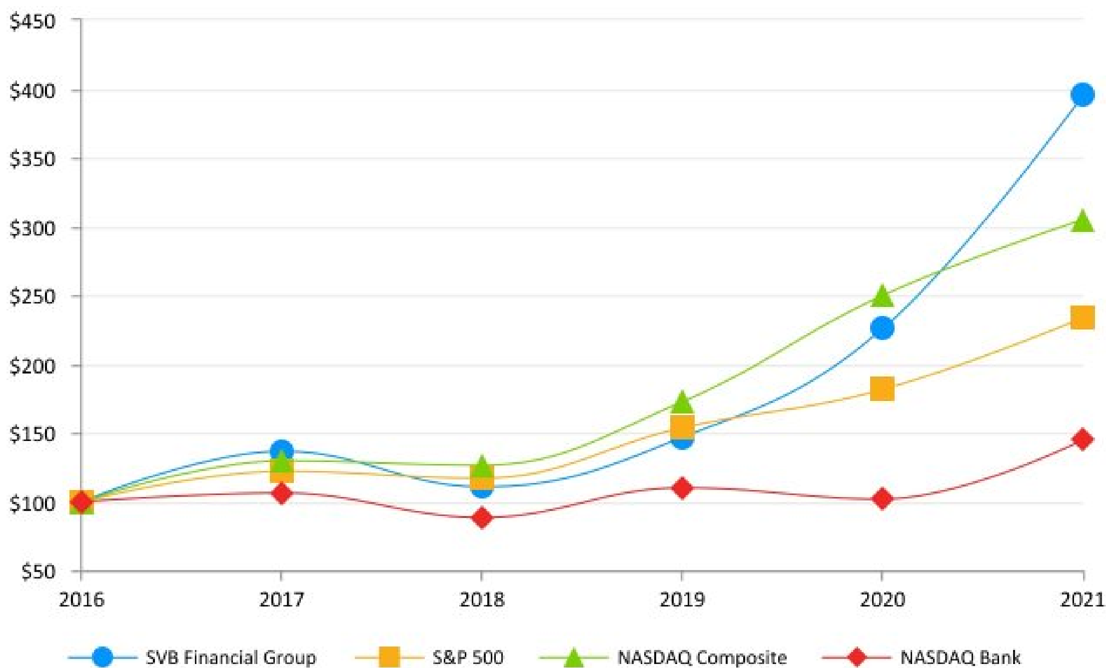
We did not make any repurchases of shares of our equity securities during the three months ended December 31, 2021.

Performance Graph

The following information is not deemed to be “soliciting material” or “filed” with the SEC or subject to the liabilities of Section 18 of the Exchange Act, and the report shall not be deemed to be incorporated by reference into any prior or subsequent filing by the Company under the Securities Act or the Exchange Act.

The following graph compares, for the period from December 31, 2016 through December 31, 2021, the cumulative total stockholder return on the common stock of the Company with (i) the cumulative total return of the Standard and Poor's 500 (“S&P 500”) Index, (ii) the cumulative total return of the NASDAQ Composite index, and (iii) the cumulative total return of the NASDAQ Bank Index. The graph assumes an initial investment of $100 and reinvestment of dividends. The graph is not indicative of future stock price performance.

Comparison of 5 Year Cumulative Total Return*



* $100 invested on 12/31/16 in stock or index, including reinvestment of dividends.
Fiscal year ended December 31st.
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	December 31,					
	2016	2017	2018	2019	2020	2021
SVB Financial Group	$ 100.00	$ 136.18	$ 110.64	$ 146.24	$ 225.93	$ 395.11
S&P 500	100.00	121.83	116.49	153.17	181.35	233.41
NASDAQ Composite	100.00	129.64	125.96	172.17	249.51	304.85
NASDAQ Bank	100.00	106.14	88.44	109.61	101.31	144.54

ITEM 6. [Reserved]

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

	Page Number
Overview of Company Operations	41
Management's Overview of December 31, 2021 Financial Performance	41
Critical Accounting Policies and Estimates	45
Allowance for Credit Losses	45
Allowance for Loan Losses and Allowance for Unfunded Credit Commitments	46
Results of Operations	46
Net Interest Income and Margin (Fully Taxable Equivalent Basis)	46
Average Balances, Yields and Rates Paid (Fully Taxable Equivalent Basis)	48
Provision for Credit Losses	50
Noninterest Income	52
Noninterest Expense	59
Net Income Attributable to Noncontrolling Interests	61
Income Taxes	62
Operating Segment Results	62
Global Commercial Bank	62
SVB Private Bank	63
SVB Capital	64
SVB Securities	64
Consolidated Financial Condition	65
Cash and Cash Equivalents	65
Investment Securities	65
Loans	71
Accrued Interest Receivable and Other Assets	79
Derivatives	80
Deposits	81
Short-Term Borrowings	82
Long-Term Debt	83
Other Liabilities	84
Noncontrolling Interests	84
Capital Resources	85
SVBFG Stockholders' Equity	85
Common Stock	85
Preferred Stock	85
Capital Ratios	86
Off-Balance Sheet Arrangements and Aggregate Contractual Obligations	87
Liquidity	88

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and supplementary data as presented under Part II, Item 8 of this report. Certain prior period amounts have been reclassified to conform to current period presentations. For a comparison of 2020 results to 2019 results and other 2019 information not included herein, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Part II, Item 7 of our 2020 Form 10-K filed with the SEC on March 1, 2021.

The following discussion and analysis of our financial condition and results of operations contains forward-looking statements. These statements are based on current expectations and assumptions, which are subject to risks and uncertainties. See our cautionary language at the beginning of this report under "Forward-Looking Statements". Actual results could differ materially because of various factors, including but not limited to those discussed in "Risk Factors," under Part I, Item 1A of this report.

Our fiscal year ends December 31st and, unless otherwise noted, references to years or fiscal years are for fiscal years ended December 31st.

Overview of Company Operations

SVB Financial is a diversified financial services company, as well as a bank holding company and a financial holding company. SVB Financial was incorporated in the state of Delaware in March 1999. Through our various subsidiaries and divisions, we offer a variety of banking and financial products and services. For nearly 40 years, we have been dedicated to helping innovative companies and their investors succeed, especially in the technology, life science/healthcare, private equity/venture capital and premium wine industries. We provide our clients of all sizes and stages with a diverse set of products and services to support them through all stages of their life cycles, and key innovation markets around the world.

We offer commercial and private banking products and services through our principal subsidiary, the Bank, which is a California-state chartered bank founded in 1983 and a member of the Federal Reserve System. Through its subsidiaries, the Bank also offers asset management, private wealth management and other investment services. In addition, through SVB Financial's other subsidiaries and divisions, we also offer investment banking services and non-banking products and services, such as funds management, M&A advisory services and venture capital and private equity investment.

Management's Overview of 2021 Financial Performance

2021 was an exceptional year as we delivered record EPS of $31.25, net income of $1.8 billion and a return on equity of 17 percent. Continuing where we left off in 2020, our balance sheet growth offset pressure from the low rate environment which drove net interest income to a 47 percent increase from 2020. During the year, we also saw higher core fee income, strong investment banking revenue and outsized gains related to robust exit and fundraising activity which drove warrant exercises and improved valuations, all of which helped raise noninterest income by 49 percent from 2020. As a result of our strong results for 2021, compensation and benefits expense increased primarily driven by higher incentive compensation plan expense as we rewarded our historic results for the year.

During 2021, we continued to execute on our strategic vision, extending and diversifying our business and geographical footprint to support our clients as they grow to ensure we remain the partner of choice for innovators, enterprises, entrepreneurs and investors around the world. In the third quarter, we completed our acquisition of Boston Private to accelerate the growth and capabilities of our private bank and wealth management strategy. We also announced a joint venture with Nasdaq and a consortium of leading investment banks to create Nasdaq Private Market, an institutional-grade, secondary trading venue for private company stock. Throughout 2021, we hired over 100 investment bankers to expand our Healthcare Services and HealthTech investment banking practices and to launch our new Technology investment banking services. As part of this expansion, we also announced our acquisition of MoffettNathanson to add technology equity research capabilities. Lastly, we continued to make investments in our infrastructure and regulatory groups to support our tremendous growth as we became a Category IV banking organization and now prepare to potentially become a Category III banking organization. Overall, the investments in our systems, infrastructure and processes are intended to support our continued growth and increased needs of our clients and employees.

To support our continued balance sheet growth, we accessed the capital markets several times during 2021. During the year, we issued $3.4 billion of preferred stock, $2.4 billion of common stock (excluding $1.1 billion of shares issued to complete the Boston Private acquisition) and $1.7 billion of long-term debt. These issuances combined with our strong earnings for the year enabled us to further support our already strong capital ratios and maintain our growth momentum in the near term while allowing us to invest for the long-term.

Recent Developments - COVID-19

The COVID-19 pandemic has resulted in unprecedented challenges and volatility in economic, market and business conditions. It has caused significant economic and financial disruptions that have adversely affected or otherwise impacted our business, financial condition and results of operations.

During the year ended 2021, the economy continued to generally improve with increased vaccine rates and business activity. However, there still remains much uncertainty around containment of the pandemic and the trajectory of the broader economic recovery, particularly in light of the spread of variants of the COVID-19 virus, including the Omicron variant. Variants have contributed to the significant increase in the number of cases in the United States and other international locations where we operate. We cannot predict at this time the scope and duration of the pandemic, which will depend on a variety of factors, including but not limited to, the extent and spread of the Omicron variant and other variants of the virus; the availability, adoption and efficacy of vaccines and vaccine booster shots, as well as government and other actions to mitigate the spread of COVID-19, such as stay at home orders, vaccination mandates, restrictions on business activities, health and safety guidelines, economic relief for individuals and businesses, and monetary policy measures. The economic, market and business conditions impacted by COVID-19 may be slow to recover or may worsen if the pandemic continues for a prolonged period of time. Even if the pandemic subsides, there may be additional variants of the virus or a resurgence of the pandemic, as we have seen domestically and internationally. We continue to be subject to heightened business, operational (including fraud), market, credit and other risks related to the COVID-19 pandemic environment, which may have an adverse effect on our business, financial condition and results of operations. (See “Risk Factors” under Part I, Item 1A of this report).

Although the effects of the pandemic remain uncertain, for the year ending 2022, we currently expect strong growth in average on-balance sheet deposits, average loans, net interest income, core fees, SVB Securities revenue and an improved outlook for net loan charge-offs to average loans. While credit metrics have been stable to date, we continue to monitor our portfolio vigilantly, in light of continued economic uncertainty, including inflationary trends and interest rate volatility and fading government stimulus. Additionally, volatile equity markets, IPO and M&A activity may impact investment banking and market-sensitive revenues affecting our 2022 outlook. Even after the pandemic subsides, it is possible that the U.S. and other major economies may experience a prolonged recession, which could materially and adversely affect our business, financial condition, liquidity, capital and results of operations.

Reference Rate Reform

The publication of the British Pound Sterling, Euro, Swiss Franc and Japanese Yen LIBOR settings and one-week and two-month U.S. dollar LIBOR settings terminated at the end of December 2021, leaving the remaining U.S. dollar LIBOR settings (i.e., overnight, one month, three month, six month and 12 month) in place which are expected to terminate at the end of June 2023. Therefore, existing contracts referencing all other U.S. dollar LIBOR settings must be remediated no later than June 30, 2023. We hold instruments that may be impacted by the discontinuance of LIBOR, including loans, investments, and derivative products that use LIBOR as a benchmark rate.

Our LIBOR Transition Program consists of dedicated leadership and staff, and continues to engage with relevant business lines and support groups. As part of this program, we continue to identify, assess, and monitor risks associated with the discontinuation of LIBOR, including monitoring the population of loans and contracts that are impacted and how LIBOR reference rates are reflected in our measurement of sensitivity to changes in interest rates until publication of LIBOR rates are fully phased out. We ceased offering U.S. dollar LIBOR-based loans effective December 31, 2021. We completed a review across all business lines and confirmed that language to facilitate a transition to an alternative reference rate is included in our existing deals that carry LIBOR exposure. Migration of legacy LIBOR contracts has commenced based on regulatory timelines, with proactive remediation conducted for existing LIBOR facilities that contained currencies tied to LIBOR rates that ceased publication as of December 31, 2021. A communications and training plan supports the delivery of new Alternative Reference Rate (“ARR”) products and assists with the transition away from LIBOR.

We have adopted SOFR as our preferred replacement index for U.S. dollar LIBOR and received Term SOFR licensing from the Chicago Mercantile Exchange in the fourth quarter of 2021. We currently offer products based on Alternative Reference Rates across multiple currencies including the U.S. Dollar, British Pound Sterling, and Euro.

Results for the fiscal year ended, and as of, December 31, 2021 (compared to the fiscal year ended, and as of, December 31, 2020, where applicable):

BALANCE SHEET

Assets. $166.0 billion in average total assets (up 93.5%). $211.5 billion in period-end total assets (up 83.1%).

Loans. $54.5 billion in average total loan balances, amortized cost (up 46.4%). $66.3 billion in period-end total loan balances, amortized cost (up 46.7%).

Total Client Funds. (on-balance sheet deposits and off-balance sheet client investment funds). $329.1 billion in average total client fund balances (up 71.1%). $399.3 billion in period-end total client fund balances (up 64.3%).

AFS/HTM Fixed Income Investments. $83.0 billion in average fixed income investment securities (up 161.4%). $125.4 billion in period-end fixed income investment securities (up 164.0%).

EARNINGS

EPS. Earnings per diluted share of $31.25 (up 36.6%). Includes merger-related charges of $129 million, or $1.68 per diluted common share, as well as a $46 million day one provision on non-PCD loans and unfunded credit commitments acquired from Boston Private, or $0.60 per diluted common share.

Net Income. Consolidated net income available to common stockholders of $1.8 billion (up 48.6%).

- NII of $3.2 billion (up 47.4%).
- Net interest margin of 2.02% (down 65 bps).
- Noninterest income of $2.7 billion (up 48.8%), non-GAAP core fee income+ of $751 million (up 24.5%) and non-GAAP SVB Securities revenue++ of $538 million (up 11.9%).
- Noninterest expense of $3.1 billion (up 50.9%).

Return on Average Equity. Return on average equity performance of 17.1%.

Operating Efficiency Ratio. Operating efficiency ratio of 51.88%.

CAPITAL

Capital+++. Continued strong capital, with all capital ratios considered "well-capitalized" under banking regulations. SVBFG and SVB capital ratios, respectively, were:

- CET1 risk-based capital ratio of 12.09% and 14.89%.
- Tier 1 risk-based capital ratio of 16.08% and 14.89%.
- Total risk-based capital ratio of 16.58% and 15.40%. - Tier 1 leverage ratio of 7.93% and 7.24%.

CREDIT QUALITY

Credit Quality. Strong credit in an evolving credit environment.

- ACL of 0.64% as a percentage of period-end total loans.
- Allowance for unfunded credit commitments of 0.39% as a percentage of total unfunded credit commitments.
- Provision for loans of 0.10% as a percentage of period-end total loans.
- Net loan charge-offs of 0.21% as a percentage of average total loans.

+ Consists of fee income for deposit services, letters of credit and standby letters of credit, credit cards, client investments, wealth management and trust, foreign exchange and lending-related activities. This is a non-GAAP financial measure. (See the non-GAAP reconciliation under “Results of Operations—Noninterest Income”)

++ Consists of investment banking revenue and commissions. This is a non-GAAP financial measure. (See the non-GAAP reconciliation under “Results of Operations—Noninterest Income”).

+++ In March 2020, the federal banking agencies provided transitional relief to banking organizations with respect to the impact of CECL on regulatory capital. Under the 2020 CECL Transition Rule, banking organizations may delay the estimated impact of CECL on regulatory capital for two years, followed by a three-year period to phase out the aggregate capital benefit provided during the initial two-year delay. We have elected to use this five-year transition option.

A summary of our performance in 2021 compared to 2020 is as follows:

	Year ended December 31,		
(Dollars in millions, except per share amounts, employees and ratios)	2021	2020	% Change
Income Statement:			
Diluted EPS	$ 31.25	$ 22.87	36.6 %
Net income available to common stockholders	1,770	1,191	48.6
Net interest income	3,179	2,157	47.4
Net interest margin	2.02 %	2.67 %	(65) bps
Provision for credit losses (1) (2)	$ 123	$ 220	(44.1) %
Noninterest income	2,738	1,840	48.8
Noninterest expense	3,070	2,035	50.9
Non-GAAP core fee income (3)	751	603	24.5
Non-GAAP core fee income, plus SVB Securities Revenue (3)	1,289	1,084	18.9
Non-GAAP SVB Securities revenue (3)	538	481	11.9
Balance Sheet:			
Average AFS securities	$ 24,996	$ 18,653	34.0 %
Average HTM securities	58,030	13,113	NM
Average loans, amortized cost	54,547	37,266	46.4
Average noninterest-bearing demand deposits	99,461	50,193	98.2
Average interest-bearing deposits	48,486	24,823	95.3
Average total deposits	147,947	75,016	97.2
Earnings Ratios:			
Return on average assets (4)	0.84 %	1.39 %	(39.6) %
Return on average SVBFG common stockholders’ equity (5)	17.10	16.83	1.6
Asset Quality Ratios:			
ACL for loans as a percentage of total period-end total loans	0.64 %	0.99 %	(35) bps
ACL for performing loans as a percentage of total performing loans	0.58	0.87	(29)
Gross loan charge-offs as a percentage of average total loans	0.25	0.28	(3)
Net loan charge-offs as a percentage of average total loans	0.21	0.20	1
Capital Ratios:			
SVBFG CET1 risk-based capital ratio	12.09 %	11.04 %	105 bps
SVBFG total risk-based capital ratio	16.58	12.64	394
SVBFG tier 1 risk-based capital ratio	16.08	11.89	419
SVBFG tier 1 leverage ratio	7.93	7.45	48
SVBFG tangible common equity to tangible assets (6)	5.73	6.66	(93)
SVBFG tangible common equity to risk-weighted assets (6)	11.98	11.87	11
Bank CET1 risk-based capital ratio	14.89	10.70	419
Bank total risk-based capital ratio	15.40	11.49	391
Bank tier 1 risk-based capital ratio	14.89	10.70	419
Bank tier 1 leverage ratio	7.24	6.43	81
Bank tangible common equity to tangible assets (6)	7.09	6.24	85
Bank tangible common equity to risk-weighted assets (6)	15.06	11.58	348
Other Ratios:			
GAAP operating efficiency ratio (7)	51.88 %	50.92 %	1.9 %
Total costs of deposits (8)	0.04	0.08	(50.0)
Book value per common share (9)	$ 214.30	$ 151.86	41.1
Tangible book value per common share (10)	205.64	147.92	39.0
Other Statistics:			
Average FTEs	5,466	4,040	35.3 %
Period-end FTEs	6,567	4,461	47.2

(1) This metric for the year ended December 31, 2021 includes a post-combination provision of $46 million to record the ACL for non-PCD loans and unfunded credit commitments acquired from Boston Private.

(2) This metric for the year ended December 31, 2021 includes the impact of an $80 million charge-off related to fraudulent activity discussed in previous filings.

(3) See “Results of Operations–Noninterest Income” for a description and reconciliation of non-GAAP core fee income and non-GAAP core fee income plus investment banking revenue and commissions.
(4) Ratio represents consolidated net income available to common stockholders divided by average assets.
(5) Ratio represents consolidated net income available to common stockholders divided by average SVBFG stockholders’ equity.
(6) See “Capital Resources–Capital Ratios” for a reconciliation of non-GAAP tangible common equity to tangible assets and tangible common equity to risk-weighted assets.
(7) The operating efficiency ratio is calculated by dividing total noninterest expense by total NII plus noninterest income.
(8) Ratio represents total cost of deposits and is calculated by dividing interest expense from deposits by average total deposits.
(9) Book value per common share is calculated by dividing total SVBFG common stockholders’ equity by total outstanding common shares at period-end.
(10) Tangible book value per common share is calculated by dividing tangible common equity by total outstanding common shares at period-end. Tangible common equity is a non-GAAP measure defined under the section “Capital Resources-Capital Ratios.”

Critical Accounting Policies and Estimates

Our accounting policies are fundamental to understanding our financial condition and results of operations and are discussed in Note 2—“Summary of Significant Accounting Policies” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report. We have identified one policy as being critical because it requires us to make particularly difficult, subjective and/or complex judgments about matters that are inherently uncertain, and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. We evaluate our estimates and assumptions on an ongoing basis and we base these estimates on historical experiences and various other factors and assumptions that are believed to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions.

This critical accounting policy addresses the adequacy of the ACL for loans and unfunded credit commitments. Our senior management has discussed and reviewed the development, selection, application and disclosure of this critical accounting policy with the Audit Committee of our Board of Directors. The following is a brief discussion of our critical accounting estimate and related policy.

Allowance for Credit Losses

We consider this accounting policy to be critical as estimation of ECL involves material management estimates and is susceptible to significant changes in the near-term. Determining the ACL for loans and unfunded credit commitments requires us to make forecasts that are highly uncertain and require a high degree of judgment. A committee comprised of senior management evaluates the adequacy of the ACL for loans, which includes review of loan portfolio segmentation, quantitative models, internal and external data inputs, economic forecasts, credit risk ratings and qualitative adjustments.

Expected Credit Losses Estimate for Loans and Unfunded Credit Commitments

The methodology for estimating the amount of ECL reported in the ACL is the sum of two main components: (1) ECL assessed on a collective basis for pools of loans and unfunded credit commitments that share similar risk characteristics and (2) ECL assessed for individual loans and unfunded credit commitments that do not share similar risk characteristics with other loans. Estimating the amount of ECL involves significant judgment on various matters including the assessment of risk characteristics, assignment of risk ratings, development and weighting of macroeconomic forecasts, and incorporation of historical loss experience.

We derive an estimate of ECL using three predictive metrics: (1) probability of default ("PD"), (2) loss given default ("LGD") and (3) exposure at default ("EAD"), over the estimated life of the exposure. PD and LGD assumptions are developed based on quantitative models and inherent risk of credit loss, both of which involve significant judgment.

One of the most significant areas of judgment involved in estimating the ACL relates to the macroeconomic forecasts used to estimate credit losses. To the extent the remaining contractual lives of loans in the portfolio extend beyond our three-year forecast period, we revert to historical averages using primarily an autoregressive method of mean reversion that will continue to gradually trend towards the mean historical loss over the remaining contractual lives of loans, adjusted for prepayments. The macroeconomic scenarios are reviewed on a quarterly basis.

The selection of variables used in our econometric models varies by loan portfolio, but typically includes real gross domestic product ("GDP") growth, unemployment rates, Housing Price Index ("HPI") changes and BBB corporate bond spread.

Changes in management’s assumptions and macroeconomic forecasts could significantly affect the estimate of ECL. For example, macroeconomic conditions and forecasts related to the duration and severity of the economic downturn caused by the COVID-19 pandemic have been rapidly changing and continue to remain uncertain. Alternative assumptions could have significant impact on the ECL. However, changing one assumption without reassessing other assumptions used in the quantitative or qualitative process could yield results that are not reasonable or appropriate. Our ECL models were designed to capture the correlation between economic conditions and historical portfolio changes. As such, evaluating shifts in individual variables in isolation may not be indicative of past or future performance.

Given the range of the most significant macroeconomic variables in the upside, or stronger near-term growth, and downside, or moderate recession, scenarios of our forecast used to develop the ECL as of December 31, 2021, our portfolio reserve coverage ranges from 0.49 percent to 0.76 percent, with a funded reserve rate of 0.64 percent as of December 31, 2021. This range demonstrates the sensitivity of the ECL to key quantitative assumptions; however, it is not intended to estimate changes in the overall ECL as it does not reflect qualitative factor adjustments which are important considerations to ensure the allowance reflects our best estimate of current expected credit losses.

We apply certain qualitative factor adjustments to the results obtained through our quantitative ECL models to consider model imprecision, emerging risk assessments, trends and other subjective factors that may not be adequately represented in the quantitative ECL models. These adjustments to historical loss information are for asset-specific risk characteristics and also reflect our assessment of the extent that current conditions and reasonable and supportable forecasts differ from conditions that existed during the period over which historical information was evaluated. Given the current processes and risk monitoring by the Bank, management believes the combination of the quantitative model results and the qualitative factor adjustment represents a reasonable and appropriate estimate of ECL.

Allowance for Loan Losses and Allowance for Unfunded Credit Commitments

For our method and approach for our critical accounting policy related to the allowance for loan losses and allowance for unfunded credit commitments, which were superseded by accounting standards adopted in 2020, please refer to Note 2—"Summary of Significant Accounting Policies" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 of this report.

Results of Operations

Net Interest Income and Margin (Fully Taxable Equivalent Basis)

NII is defined as the difference between: (i) interest earned on loans, fixed income investments in our AFS and HTM securities portfolios and short-term investment securities and (ii) interest paid on funding sources. Net interest margin is defined as NII, on a fully taxable equivalent basis, as a percentage of average interest-earning assets. NII and net interest margin are presented on a fully taxable equivalent basis to consistently reflect income from taxable loans and securities and tax-exempt securities based on the applicable federal statutory tax rate.

Analysis of Net Interest Income Changes Due to Volume and Rate (Fully Taxable Equivalent Basis)

NII is affected by changes in the amount and mix of interest-earning assets and interest-bearing liabilities, referred to as "volume change." NII is also affected by changes in yields earned on interest-earning assets and rates paid on interest-bearing liabilities, referred to as "rate change." The following table sets forth changes in interest income for each major category of interest-earning assets and interest expense for each major category of interest-bearing liabilities. The table also reflects the amount of simultaneous changes attributable to both volume and rate changes for the years indicated. For this table, changes that are not solely due to either volume or rate are allocated in proportion to the percentage changes in average volume and average rate.

(Dollars in millions)	2021 compared to 2020			2020 compared to 2019		
	Change due to			Change due to		
	Volume	Rate	Total	Volume	Rate	Total
Interest income:						
Federal Reserve deposits, federal funds sold, securities purchased under agreements to resell and other short-term investment securities	$ 7	$ (15)	$ (8)	$ 13	$ (83)	$ (70)
Fixed income investment portfolio (taxable)	774	(210)	564	99	(33)	66
Fixed income investment portfolio (non-taxable)	71	(14)	57	24	(4)	20
Loans, amortized cost	623	(177)	446	300	(379)	(79)
Increase (decrease) in interest income, net	1,475	(416)	1,059	436	(499)	(63)
Interest expense:						
Interest-bearing checking and savings accounts	1	(3)	(2)	6	1	7
Money market deposits	28	(21)	7	14	(120)	(106)
Time deposits	2	(1)	1	1	—	1
Sweep deposits in foreign offices	—	(4)	(4)	(1)	(18)	(19)
Total increase (decrease) in deposits expense	31	(29)	2	20	(137)	(117)
Short-term borrowings	—	(3)	(3)	2	(3)	(1)
Long term debt	26	—	26	(9)	—	(9)
Total increase (decrease) in borrowings expense	26	(3)	23	(7)	(3)	(10)
Increase (decrease) in interest expense, net	57	(32)	25	13	(140)	(127)
Increase (decrease) in net interest income	$ 1,418	$ (384)	$ 1,034	$ 423	$ (359)	$ 64

Net Interest Income (Fully Taxable Equivalent Basis)

NII increased by $1.0 billion to $3.2 billion in 2021, compared to $2.2 billion in 2020. Overall, our NII increased primarily from increases in average balances of our fixed income investment securities and loans due to increases in average balances. The increase in NII was partially offset by lower yields on fixed income investment securities and loans. Upon completion of the Boston Private acquisition, a $104 million fair market value adjustment was made on the acquired loans that will be amortized into loan interest income over the contractual terms of the underlying loans using the constant effective yield method. The adjustment will be approximately 90 percent amortized by the end of fiscal year 2023. For the year ended December 31, 2021, $39 million of this premium amortization partially offset the overall increase in NII.

The main factors affecting interest income and interest expense for 2021, compared to 2020, are discussed below:

- Interest income for 2021 increased by $1.0 billion primarily due to:
    - A $621 million increase in interest income from our fixed income investment securities due primarily to an increase of $51.3 billion in average fixed income investment securities driven by exceptional average deposit growth. The increase in interest income from growth of our average fixed income investment securities was partially offset by declines in yields earned on these investments reflective of the lower interest rate market environment, and
    - A $446 million increase in interest income on loans to $2.0 billion in 2021, compared to $1.5 billion for the comparable 2020 period. The increase was reflective of an increase in average loan balances of $17.3 billion, partially offset by a decrease in overall loan yields of 48 bps to 3.60 percent from 4.08 percent. Gross loan yields, excluding loan interest recoveries and loan fees, decreased 36 bps to 3.21 percent from 3.57 percent, driven by growth in our lower yielding Global Fund Banking portfolio, decreases in Federal Funds rates in the first quarter of 2020 and the addition of lower yielding Boston Private loans.
- *Interest expense* for 2021 increased by $25 million primarily due to:
    - A $23 million increase in interest expense on borrowings due primarily to interest expense on our 3.125% Senior Notes issued in June 2020, our 1.800% Senior Notes issued in February 2021, our 2.100% Senior Notes issued in May 2021 and our 1.800% Senior Notes issued in October 2021.

Net Interest Margin (Fully Taxable Equivalent Basis)

Our net interest margin decreased by 65 bps to 2.02 percent in 2021, compared to 2.67 percent in 2020.

The decrease in our net interest margin in 2021 was due primarily to higher growth in our lower-yielding cash and investment securities portfolio relative to the growth in our loan portfolio driven by significant growth in our average deposits, as well as a decrease in yields on loans, as discussed above. For the year ended December 31, 2021, our loan portfolio comprised 34 percent of our average interest-earning assets, a decrease from 46 percent for the year ended December 31, 2020.

Average Balances, Yields and Rates Paid (Fully Taxable Equivalent Basis)

The average yield earned on interest-earning assets is the amount of fully taxable equivalent interest income expressed as a percentage of average interest-earning assets. The average rate paid on funding sources is the amount of interest expense expressed as a percentage of average funding sources. The following tables set forth average assets, liabilities, noncontrolling interests, preferred stock and SVBFG common stockholders' equity, interest income, interest expense, yields and rates and the composition of our net interest margin in 2021, 2020 and 2019:

Average Balances, Yields and Rates Paid for the Years Ended December 31, 2021, 2020 and 2019

	Year ended December 31,								
	2021			2020			2019		
(Dollars in millions)	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Interest-earning assets:									
Federal Reserve deposits, federal funds sold, securities purchased under agreements to resell and other short-term investment securities (1)	$ 20,800	$ 18	0.08 %	$ 12,252	$ 26	0.21 %	$ 5,932	$ 96	1.63 %
Investment Securities: (2)									
AFS securities:									
Taxable	24,996	334	1.34	18,653	337	1.81	9,598	218	2.27
HTM securities:									
Taxable	52,937	865	1.63	10,728	298	2.78	13,041	351	2.69
Non-taxable (3)	5,093	134	2.63	2,385	77	3.24	1,631	57	3.49
Total loans, amortized cost (4) (5)	54,547	1,966	3.60	37,266	1,520	4.08	29,916	1,599	5.35
Total interest-earning assets	158,373	3,317	2.09	81,284	2,258	2.77	60,118	2,321	3.86
Cash and due from banks	2,241			1,021			592		
ACL: loans	(441)			(509)			(306)		
Other assets (6)	5,838			3,996			2,808		
Total assets	$ 166,011			$ 85,792			$ 63,212		
Funding sources:									
Interest-bearing liabilities:									
Interest-bearing checking and savings accounts	$ 3,924	$ 5	0.12 %	$ 2,874	$ 7	0.24 %	$ 499	$ —	0.09 %
Money market deposits	41,481	54	0.13	19,741	47	0.24	13,721	153	1.11
Money market deposits in foreign offices	918	—	0.02	330	—	0.09	165	—	0.04
Time deposits	994	3	0.31	336	2	0.56	112	1	1.14
Sweep deposits in foreign offices	1,169	—	0.01	1,542	4	0.27	1,777	23	1.29
Total interest-bearing deposits	48,486	62	0.13	24,823	60	0.24	16,274	177	1.09
Short-term borrowings	74	—	0.16	401	3	0.83	145	4	2.49
Long term debt	1,775	48	2.70	632	22	3.45	685	31	4.60
Total interest-bearing liabilities	50,335	110	0.22	25,856	85	0.33	17,104	212	1.24
Portion of noninterest-bearing funding sources	108,038			55,428			43,014		
Total funding sources	158,373	110	0.07	81,284	85	0.10	60,118	212	0.35
Noninterest-bearing funding sources:									
Demand deposits	99,461			50,193			38,783		
Other liabilities	3,660			2,168			1,484		
Preferred stock	1,925			340			18		
SVBFG common stockholders' equity	10,353			7,080			5,675		
Noncontrolling interests	277			155			149		
Portion used to fund interest-earning assets	(108,038)			(55,428)			(43,014)		
Total liabilities, noncontrolling interest, and SVBFG stockholders' equity	$ 166,011			$ 85,792			$ 63,212		
Net interest income and margin		$ 3,207	2.02 %		$ 2,173	2.67 %		$ 2,109	3.51 %
Total deposits	$ 147,947			$ 75,016			$ 55,057		
Average SVBFG common stockholders' equity as a percentage of average assets			6.24 %			8.25 %			8.98 %
Reconciliation to reported net interest income:									
Adjustments for taxable equivalent basis		(28)			(16)			(13)	
Net interest income, as reported		$ 3,179			$ 2,157			$ 2,096	

(1) Includes average interest-earning deposits in other financial institutions of $4.6 billion, $1.1 billion and $929 million in the years ended December 31, 2021, December 31, 2020 and December 31, 2019, respectively. For December 31, 2021, December 31, 2020 and December 31, 2019, balances also include $15.9 billion, $9.9 billion and $4.1 billion, respectively, deposited at the FRB, earning interest at the Federal Funds target rate.
(2) Yields on interest-earning investment securities do not give effect to changes in fair value that are reflected in other comprehensive income.
(3) Interest income on non-taxable investment securities is presented on a fully taxable equivalent basis using the federal statutory income tax rate of 21.0 percent for all periods presented.
(4) Nonaccrual loans are reflected in the average balances of loans.
(5) Interest income includes loan fees of $217 million, $191 million and $168 million in the years ended December 31, 2021, December 31, 2020 and December 31, 2019, respectively.
(6) Average investment securities of $3.2 billion, $2.0 billion, and $1.1 billion in the years ended December 31, 2021, December 31, 2020 and December 31, 2019, respectively, were classified as other assets as they were noninterest-earning assets. These investments primarily consisted of non-marketable and other equity securities.

Provision for Credit Losses

The provision for credit losses is the combination of (i) the provision for loans, (ii) the provision for unfunded credit commitments and (iii) the provision for HTM securities. Our allowance for credit losses reflects our best estimate of probable credit losses that are inherent in the portfolios at the balance sheet date.

The following table summarizes our ACL and provision for credit losses for loans, unfunded credit commitments and HTM securities for 2021, 2020 and 2019, respectively:

	Year ended December 31,		
(Dollars in millions)	**2021**	**2020**	**2019**
ACL, beginning balance	$ 448	$ 305	$ 282
Day one impact of adopting ASC 326	—	25	—
Initial allowance on PCD loans	22	—	—
Provision for loans (1) (2)	66	190	94
Gross loan charge-offs (2)	(138)	(103)	(93)
Loan recoveries	24	29	21
Foreign currency translation adjustments	—	2	1
ACL, ending balance	$ 422	$ 448	$ 305
ACL for unfunded credit commitments, beginning balance	121	68	55
Day one impact of adopting ASC 326	—	23	—
Provision for unfunded credit commitments (1)	50	30	13
ACL for unfunded credit commitments, ending balance (3)	$ 171	$ 121	$ 68
ACL for HTM securities, beginning balance	—	—	—
Provision for HTM securities	7	—	—
ACL for HTM securities, ending balance (4)	$ 7	$ —	$ —
Ratios and other information:			
Provision for loans as a percentage of period-end total loans (5)	0.10 %	0.42 %	0.28 %
Gross loan charge-offs as a percentage of average total loans (2) (5)	0.25	0.28	0.31
Net loan charge-offs as a percentage of average total loans (2) (5)	0.21	0.20	0.24
ACL for loans as a percentage of period-end total loans (5)	0.64	0.99	0.91
Provision for credit losses (1)	$ 123	$ 220	$ 107
Period-end total loans (5)	66,276	45,181	33,328
Average total loans (5)	54,547	37,266	30,077
Allowance for credit losses for nonaccrual loans	35	54	45
Nonaccrual loans (5)	84	104	103

(1) The provision for credit losses for the year ended December 31, 2021 includes $46 million recognized as a result of the Boston Private acquisition, which consists of a $44 million initial provision for loans related to non-PCD loans and a $2 million initial provision for unfunded commitments.
(2) Metrics for the year ended December 31, 2021 includes the impact of an $80 million charge-off related to fraudulent activity on one loan as disclosed in previous filings.
(3) The "ACL for unfunded credit commitments" is included as a component of "Other liabilities."

(4) The "ACL for HTM securities" is included as a component of "HTM securities" and presented net in our consolidated financial statements.
(5) For the years ended December 31, 2021 and December 31, 2020, loan amounts are disclosed using the amortized cost basis as a result of the adoption of CECL. Loan amounts for the year ended December 31, 2019, are disclosed using the gross basis in accordance with the previous methodology.

For a more detailed discussion of credit quality and the ACL, see “Critical Accounting Policies and Estimates” above, “Consolidated Financial Condition-Credit Quality and the Allowance for Credit Losses for Loans and for Unfunded Credit Commitments” below and Note 10—“Loans and Allowance for Credit Losses: Loans and Unfunded Credit Commitments” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report for further details on our ACL.

Provision for Loans

We had a provision for loans of $66 million in 2021, compared to a provision of $190 million in 2020. The provision for loans of $66 million in 2021 was driven primarily by a $64 million increase for organic growth in our loan portfolio, the $44 million initial provision for Boston Private non-PCD loans, and $113 million of charge-offs not specifically reserved for at December 31, 2020, of which $80 million was related to a single instance of fraudulent activity on one loan as disclosed in previous filings. These increases in the provision were partially offset by $24 million of recoveries, a $62 million reduction in performing reserves as a result of the ongoing improvement of economic scenarios in our forecast models, and a $69 million reduction in provision due to model enhancements.

The enhancements to our standard reserving model consisted primarily of (i) more granular prepayment modeling, (ii) the addition of two years of incremental data and (iii) re-selection of certain macroeconomic variables. We refined our prepayment assumptions to be more granular and product-specific, with the largest impact being a lower weighted average life in our SVB Private Bank portfolio reflective of higher prepayment rates in that segment. The additional two years of portfolio data reflected generally strong credit performance, despite the recently stressed economic environment. The re-selection of variables applied across the entirety of the standard SVB CECL model, though the resulting impact was most relevant to our SVB Private Bank portfolio. Our model for estimating the probability of default on SVB Private Bank loans previously referenced GDP as a key macroeconomic variable. The COVID-19 pandemic introduced unprecedented volatility in GDP forecasts and modelling outcomes, some of which did not fully align with our expectation of credit losses in the Private Bank, given the majority of this portfolio consists of mortgage loans, and credit quality indicators remained strong. Based on our additional historical experience, we now believe the Housing Price Index is a more appropriate macroeconomic variable for this segment, particularly in terms of its performance during the COVID pandemic and our expectation for Private Bank losses.

We had a provision for loans of $190 million in 2020, compared to a provision of $94 million in 2019. The provision for loans of $190 million in 2020 was driven primarily by $57 million in additional reserves for our performing loans based on our forecast models of the current economic environment under the CECL methodology adopted January 1, 2020, including the impact of the COVID-19 pandemic, as well as changes in loan composition within our portfolio segments, $60 million in net new nonaccrual loans, $49 million for charge-offs not specifically reserved for at December 31, 2019 and $55 million in additional reserves for period-end loan growth, partially offset by $29 million of recoveries.

Provision for Unfunded Credit Commitments

We recorded a provision for unfunded credit commitments of $50 million in 2021, compared to a provision of $30 million in 2020. Our provision for unfunded credit commitments in 2021 was driven primarily by growth in our outstanding commitments and changes in the unfunded portfolio composition, as well as an increase in the expected future commitments for milestone tranches of Investor Dependent loans, which are tied to company performance or additional funding rounds, resulting in a longer weighted average life of these higher risk segments. These increases were partially offset by improved economic scenarios in our forecast models.

We recorded a provision for unfunded credit commitments of $30 million in 2020, compared to a provision of $13 million in 2019. Our provision for unfunded credit commitments in 2020 was driven primarily by the forecast models of the current economic environment under the CECL methodology adopted January 1, 2020, including the impact of the COVID-19 pandemic, as well as growth in unfunded credit commitments.

Provision for HTM Securities

We recorded a provision for HTM securities of $7 million in 2021. Our provision for HTM securities was driven primarily by the creation of our corporate bond portfolio, which had a balance of $712 million at December 31, 2021. Our HTM portfolio as of December 31, 2021 was entirely made up of A3 or better rated bonds, all considered investment grade.

We recorded a provision for credit losses for HTM securities of less than $1 million in 2020 under the CECL methodology adopted January 1, 2020, compared to a provision of zero under the previous incurred loss methodology. Our provision for

HTM securities was driven primarily by the forecast models of the current economic environment, including the impact of the COVID-19 pandemic. Our HTM portfolio as of December 31, 2020 was entirely made up of Aa2 or better rated bonds, all considered high quality.

See Note 10 — “Loans and Allowance for Credit Losses: Loans and Unfunded Credit Commitments” of the “Notes to Consolidated Financial Statements” under Part II, Item 8 of this report for further details on our gross loan charge-offs and our ACL for loans and unfunded credit commitments.

Noninterest Income

For the year ended December 31, 2021, noninterest income was $2.7 billion, compared to $1.8 billion for comparable 2020 period. For the year ended December 31, 2021, non-GAAP core fee income was $751 million, compared to $603 million for the comparable 2020 period. For the year ended December 31, 2021, non-GAAP SVB Securities revenue was $538 million, compared to $481 million for the comparable 2020 period. (See reconciliations of non-GAAP measures used below under "Use of Non-GAAP Financial Measures".)

Use of Non-GAAP Financial Measures

To supplement our audited consolidated financial statements presented in accordance with GAAP, we use certain non-GAAP measures of financial performance (including, but not limited to, non-GAAP core fee income, non-GAAP SVB Securities revenue, non-GAAP core fee income plus SVB Securities revenue, non-GAAP net gains on investment securities and non-GAAP financial ratios). These supplemental performance measures may vary from, and may not be comparable to, similarly titled measures by other companies in our industry. Non-GAAP financial measures are not in accordance with, or an alternative for, GAAP. Generally, a non-GAAP financial measure is a numerical measure of a company’s performance that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. A non-GAAP financial measure may also be a financial metric that is not required by GAAP or other applicable requirement.

We believe these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by (i) excluding items that represent income attributable to investors other than us and our subsidiaries and (ii) providing additional information used by management that is not otherwise required by GAAP or other applicable requirements. Our management uses, and believes that investors benefit from referring to, these non-GAAP financial measures in assessing our operating results and when planning, forecasting and analyzing future periods. However, these non-GAAP financial measures should be considered in addition to, and not as a substitute for or preferable to, financial measures prepared in accordance with GAAP.

Included in net income is income and expense attributable to noncontrolling interests. We recognize, as part of our investment funds management business through SVB Capital and SVB Securities, the entire income or loss from funds consolidated in accordance with ASC Topic 810 as discussed in Note 2—“Summary of Significant Accounting Policies” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report. We are required under GAAP to consolidate 100% of the results of these entities, even though we may own less than 100% of such entities. The relevant amounts attributable to investors other than us are reflected under “Net Income Attributable to Noncontrolling Interests” on our statements of income. Where applicable, the tables below for noninterest income and net gains on investment securities exclude noncontrolling interests.

Core fee income is a non-GAAP financial measure, which represents GAAP noninterest income, but excludes (i) SVB Securities revenue, (ii) certain line items where performance is typically subject to market or other conditions beyond our control, primarily our net gains (losses) on investment securities and equity warrant assets, and (iii) other noninterest income. Core fee income represents client investment fees, wealth management and trust fees, foreign exchange fees, credit card fees, deposit service charges, lending related fees and letters of credit and standby letters of credit fees.

SVB Securities revenue is a non-GAAP financial measure, which represents noninterest income but excludes (i) Core fee income, and (ii) certain line items where performance is typically subject to market or other conditions beyond our control, primarily our net gains (losses) on investment securities and equity warrant assets, and other noninterest income. SVB Securities revenue represents investment banking revenue and commissions.

Core fee income plus SVB Securities revenue is a non-GAAP measure, which represents GAAP noninterest income, but excludes certain line items where performance is typically subject to market or other conditions beyond our control, primarily our net gains (losses) on investment securities and equity warrant assets, and other noninterest income. Core fee income plus SVB Securities revenue represents core fee income plus investment banking revenue and commissions.

The following table provides a reconciliation of GAAP noninterest income to non-GAAP core fee income for 2021, 2020 and 2019, respectively:

	Year ended December 31,				
(Dollars in millions)	2021	2020	% Change 2021/2020	2019	% Change 2020/2019
GAAP noninterest income	$ 2,738	$ 1,840	48.8 %	$ 1,221	50.7 %
Less: gains on investment securities, net	761	421	80.8	135	NM
Less: gains on equity warrant assets, net	560	237	136.3	138	71.7
Less: other noninterest income	128	98	30.6	55	78.2
Non-GAAP core fee income plus SVB Securities revenue (1)	$ 1,289	$ 1,084	18.9	$ 893	21.4
Investment banking revenue	459	414	10.9	195	112.3
Commissions	79	67	17.9	56	19.6
Non-GAAP SVB Securities revenue (2)	$ 538	$ 481	11.9	$ 251	91.6
Non-GAAP core fee income (3)	$ 751	$ 603	24.5	$ 642	(6.1)

(1) Non-GAAP core fee income plus SVB Securities revenue represents noninterest income, but excludes certain line items where performance is typically subject to market or other conditions beyond our control and other noninterest income. Core fee income plus SVB Securities revenue is non-GAAP core fee income (as defined in footnote (3) below) with the addition of investment banking revenue and commissions.

(2) Non-GAAP SVB Securities revenue represents investment banking revenue and commissions, but excludes certain line items where performance is typically subject to market or other conditions beyond our control and other noninterest income.

(3) Non-GAAP core fee income represents noninterest income, but excludes (i) certain line items where performance is typically subject to market or other conditions beyond our control, (ii) our investment banking revenue and commissions and (iii) other noninterest income. Non-GAAP core fee income includes client investment fees, wealth management and trust fees, foreign exchange fees, credit card fees, deposit service charges, lending related fees and letters of credit and standby letters of credit fees.

Gains on Investment Securities, Net

Net gains on investment securities include gains and losses from our non-marketable and other equity securities, which include public equity securities held as a result of exercised equity warrant assets, as well as gains and losses from sales of our AFS debt securities portfolio, when applicable.

Our non-marketable and other equity securities portfolio primarily represents investments in venture capital and private equity funds, SPD-SVB, debt and credit funds, private and public portfolio companies and qualified affordable housing projects. We experience variability in the performance of our non-marketable and other equity securities from period to period, which results in net gains or losses on investment securities (both realized and unrealized). This variability is due to a number of factors, including unrealized changes in the values of our investments, changes in the amount of realized gains and losses from distributions and sales of public equity securities, changes in liquidity events and general economic and market conditions. Unrealized gains or losses from non-marketable and other equity securities for any single period are typically driven by valuation changes, and are therefore subject to potential increases or decreases in future periods. Such variability may lead to volatility in the gains or losses from investment securities. As such, our results for a particular period are not necessarily indicative of our expected performance in a future period.

The extent to which any unrealized gains or losses will become realized is subject to a variety of factors, including, among other things, the expiration of certain sales restrictions to which these equity securities may be subject to (e.g. lock-up agreements), changes in prevailing market prices, market conditions, the actual sales or distributions of securities and the timing of such actual sales or distributions, which, to the extent such securities are managed by our managed funds, are subject to our funds' separate discretionary sales/distributions and governance processes.

Our AFS securities portfolio is a fixed income investment portfolio that is managed with the objective of earning an appropriate portfolio yield over the long-term while maintaining sufficient liquidity and credit diversification as well as addressing our asset/liability management objectives. Though infrequent, sales of debt securities in our AFS securities portfolio may result in net gains or losses and are conducted pursuant to the guidelines of our investment policy related to the management of our liquidity position and interest rate risk.

The following table provides a reconciliation of GAAP total gains (losses) on investment securities, net, to non-GAAP net gains (losses) on investment securities, net of noncontrolling interests, for 2021, 2020 and 2019:

(Dollars in millions)	Managed Funds of Funds	Managed Direct Venture Funds	Managed Credit Funds	Public Equity Securities	Sales of AFS Debt Securities	Debt Funds	Strategic and Other Investments	SVB Securities	Total
Year ended December 31, 2021									
GAAP gains on investment securities, net	$ 353	$ 44	$ 22	$ 17	$ 31	$ 2	$ 170	$ 122	$ 761
Less: gains attributable to noncontrolling interests, including carried interest allocation	158	17	4	—	—	—	—	61	240
Non-GAAP net gains on investment securities, net of noncontrolling interests	$ 195	$ 27	$ 18	$ 17	$ 31	$ 2	$ 170	$ 61	$ 521
Year ended December 31, 2020									
GAAP gains on investment securities, net	$ 116	$ 56	$ 19	$ 95	$ 61	$ —	$ 66	$ 8	$ 421
Less: gains attributable to noncontrolling interests, including carried interest allocation	55	27	3	—	—	—	—	1	86
Non-GAAP net gains on investment securities, net of noncontrolling interests	$ 61	$ 29	$ 16	$ 95	$ 61	$ —	$ 66	$ 7	$ 335
Year ended December 31, 2019									
GAAP gains (losses) on investment securities, net	$ 75	$ 18	$ —	$ 5	$ (4)	$ 2	$ 33	$ 6	$ 135
Less: gains attributable to noncontrolling interests, including carried interest allocation	37	10	—	—	—	—	—	1	48
Non-GAAP net gains (losses) on investment securities, net of noncontrolling interests	$ 38	$ 8	$ —	$ 5	$ (4)	$ 2	$ 33	$ 5	$ 87

In 2021, we had net gains on investment securities of $761 million, compared to $421 million in 2020. Non-GAAP net gains on investment securities, net of noncontrolling interests were $521 million in 2021, compared to $335 million in 2020, respectively. Net gains on investment securities, net of noncontrolling interests of $521 million in 2021 were driven by the following:

- Gains of $195 million from our managed fund of funds portfolio driven by unrealized valuations increases of private and public positions as well as fund distributions driven primarily by realized gains from one public company position,
- Gains of $170 million from our strategic and other investments driven primarily by net unrealized valuation increases,
- Gains of $61 million from SVB Securities driven primarily by unrealized valuation gains from the SVB Securities funds, and
- Gains of $31 million from our AFS debt securities portfolio, resulting from the sale of $1.6 billion of mortgage-backed securities.

In 2020, we had net gains on investment securities of $421 million, compared to $135 million in 2019. Non-GAAP net gains on investment securities, net of noncontrolling interests were $334 million in 2020, compared to $87 million in 2019, respectively. Net gains on investment securities, net of noncontrolling interests of $334 million in 2020 were driven by the following:

- Gains of $90 million from our managed funds of funds portfolio and managed direct venture funds, related primarily to net unrealized valuation increases in investments held by the funds in the portfolio,
- Gains of $66 million from our strategic and other investments portfolio, primarily driven by net unrealized valuation increases in both private and public company investments held in our strategic venture capital funds, and
- Gains of $95 million from our public equity securities, primarily driven by $72 million from unrealized gains for the 2.4 million common shares held as of December 31, 2020 in BigCommerce Holdings, Inc ("BigCommerce") and $15 million realized gains for the sale of BigCommerce equity shares,
- Gains of $61 million from our AFS debt securities portfolio, resulting from the sale of $2.6 billion of U.S. Treasury securities during the quarter, and

- Gains of $16 million from carried interest on our managed credit funds, acquired from WRG which closed on December 23, 2020. Performance fees earned from the arrangement existing prior to the acquisition of the debt fund business from WRG were previously recorded in other noninterest income and exchanged for carried interest as part of the acquisition. As a result, we recorded unrealized gains of $16 million net of noncontrolling interest related to carried interest on the managed credit funds. These gains were primarily driven by the IPO of BigCommerce.

Gains on Equity Warrant Assets, Net

A summary of gains on equity warrant assets, net, for 2021, 2020 and 2019 is as follows:

	Year ended December 31,				
(Dollars in millions)	**2021**	**2020**	**% Change 2021/2020**	**2019**	**% Change 2020/2019**
Equity warrant assets (1):					
Gains on exercises, net	$ 446	$ 179	149.2 %	$ 107	67.3 %
Terminations	(2)	(2)	—	(4)	(50.0)
Changes in fair value, net	116	60	93.3	35	71.4
Total gains on equity warrant assets, net	$ 560	$ 237	136.3	$ 138	71.7

(1) At December 31, 2021, we held warrants in 2,831 companies, compared to 2,602 companies at December 31, 2020. The total value of our warrant portfolio was $277 million at December 31, 2021 and $203 million at December 31, 2020. Warrants in 47 companies each had fair values greater than $1 million and collectively represented $140.0 million, or 50.5 percent, of the fair value of the total warrant portfolio at December 31, 2021.

Gains on equity warrant assets, net, were $560 million in 2021, compared to $237 million in 2020. Net gains on equity warrant assets of $560 million in 2021 were primarily due to the following:

- Net gains on warrant exercises of $446 million reflective of $116 million in gains related to Coinbase's direct listing, with the remaining gains driven primarily by IPO activity, and
- Net gains of $116 million from warrant valuations increases, driven by our private company portfolio reflective of pricing updates and pending exit activity.

Gains on equity warrant assets, net, of $237 million in 2020 were primarily due to the following:

- Net gains of $180 million from the exercises of equity warrant assets in 2020 driven by robust IPO, SPAC and M&A activity during 2020, including $11 million from our exercised warrant position in BigCommerce, and
- Net gains of $60 million from changes in warrant valuations in 2020 driven by valuation increases in our private company warrant portfolio.

Overall, net gains on investment securities and net gains on equity warrant assets were exceptionally strong for 2021. Combined, they totaled $1.3 billion ($1.1 billion net of noncontrolling interest) for the year ended December 31, 2021.

Gains (or losses) related to our equity securities in public companies are based on valuation changes or the sale of any securities, and are subject to such companies' stock price, which are subject to market conditions and various other factors. Additionally, the public equity investment expected gains and losses, and the extent to which such gains (or losses) will become realized is subject to a variety of factors, including among other factors, changes in prevailing market prices and the timing of any sales of securities, which are subject to our securities sales and governance process as well as certain sales restrictions (e.g. lock-up agreements).

Non-GAAP Core Fee Income and Non-GAAP SVB Securities Revenue

	Year ended December 31,				
(Dollars in millions)	2021	2020	% Change 2021/2020	2019	% Change 2020/2019
Non-GAAP core fee income (1):					
Client investment fees	$ 75	$ 132	(43.2) %	$ 182	(27.5) %
Wealth management and trust fees	44	—	—	—	—
Foreign exchange fees	262	179	46.4	159	12.6
Credit card fees	131	98	33.7	119	(17.6)
Deposit service charges	112	90	24.4	89	1.1
Lending related fees	76	57	33.3	50	14.0
Letters of credit and standby letters of credit fees	51	47	8.5	43	9.3
Total non-GAAP core fee income (1)	$ 751	$ 603	24.5	$ 642	(6.1)
Investment banking revenue	459	414	10.9	195	112.3
Commissions	79	67	17.9	56	19.6
Total non-GAAP SVB Securities revenue (2)	$ 538	$ 481	11.9	$ 251	91.6
Total non-GAAP core fee income plus SVB Securities revenue (3)	$ 1,289	$ 1,084	18.9	$ 893	21.4

(1) This non-GAAP measure represents noninterest income, but excludes (i) certain line items where performance is typically subject to market or other conditions beyond our control, (ii) our investment banking revenue and commissions and (iii) other noninterest income. See “Use of Non-GAAP Measures” above.
(2) Non-GAAP SVB Securities revenue represents noninterest income, but excludes (i) certain line items where performance is typically subject to market or other conditions beyond our control, (ii) non-GAAP core fee income, and (iii) other noninterest income. See “Use of Non-GAAP Measures” above.
(3) Non-GAAP core fee income plus SVB Securities revenue represents noninterest income, but excludes (i) certain line items where performance is typically subject to market or other conditions beyond our control, and (ii) other noninterest income. See “Use of Non-GAAP Measures” above.

Client Investment Fees

We offer a variety of investment products on which we earn fees. These products include money market mutual funds, overnight repurchase agreements and sweep money market funds available through the Bank, client-directed accounts offered through our broker-dealer, SVB Wealth Advisory, and fixed income management services offered through SVB Asset Management, our investment advisory subsidiary.

Client investment fees were $75 million in 2021, compared to $132 million in 2020. The decrease in client investment fees is reflective of a reduction in fee margin resulting from lower short-term market rates, partially offset by large increases in average off-balance sheet client investment funds.

	Year ended December 31,				
(Dollars in millions)	2021	2020	% Change 2021/2020	2019	% Change 2020/2019
Client investment fees by type:					
Sweep money market fees	$ 43	$ 74	(41.9) %	$ 104	(28.8) %
Asset management fees	31	43	(27.9)	29	48.3
Repurchase agreement fees	1	15	(93.3)	49	(69.4)
Total client investment fees	$ 75	$ 132	(43.2)	$ 182	(27.5)

The following table summarizes average client investment funds for 2021, 2020 and 2019:

	Year ended December 31,				
(Dollars in millions)	2021	2020	% Change 2021/2020	2019	% Change 2020/2019
Sweep money market funds	$ 88,913	$ 50,828	74.9 %	$ 40,667	25.0 %
Managed client investment funds (1)(2)	78,450	56,473	38.9	41,887	34.8
Repurchase agreements	13,830	10,079	37.2	9,079	11.0
Total average client investment funds (3)	$ 181,193	$ 117,380	54.4	$ 91,633	28.1

(1) These funds represent investments in third-party money market mutual funds and fixed-income securities managed by SVB Asset Management.
(2) As of the third quarter of 2021, these funds exclude Private Bank.
(3) Client investment funds are maintained at third-party financial institutions and are not recorded on our balance sheet.

The following table summarizes period-end client investment funds at December 31, 2021, 2020 and 2019:

	December 31,				
(Dollars in millions)	2021	2020	% Change 2021/2020	2019	% Change 2020/2019
Sweep money market funds	$ 109,241	$ 59,844	82.5 %	$ 43,226	38.4 %
Managed client investment funds (1)(2)	85,475	70,671	20.9	46,904	50.7
Repurchase agreements	15,370	10,538	45.9	9,062	16.3
Total period-end client investment funds (3)	$ 210,086	$ 141,053	48.9	$ 99,192	42.2

(1) These funds represent investments in third-party money market mutual funds and fixed-income securities managed by SVB Asset Management.
(2) As of the third quarter of 2021, these funds exclude Private Bank AUM.
(3) Client investment funds are maintained at third-party financial institutions and are not recorded on our balance sheet.

Wealth Management and Trust Fees

Wealth management and trust fees was a new core fee income line item for the year ended 2021 reflective of the acquisition of Boston Private. Wealth management and trust fees were $44 million for the year ended December 31, 2021. A summary of wealth management and trust fees for the year ended December 31, 2021 and 2020 is as follows:

	Year ended December 31,				
(Dollars in millions)	2021	2020	% Change 2021/2020	2019	% Change 2020/2019
Wealth management and trust fees by type:					
Wealth management fees	$ 40	$ —	— %	$ —	— %
Trust fees	4	—	—	—	—
Total wealth management and trust fees	$ 44	$ —	—	$ —	—

The following table summarizes the activity relating to Private Bank AUM for the year ended December 31, 2021:

(Dollars in millions)	Year ended December 31, 2021
Beginning balance (1)	$ 1,667
Assets acquired (2)	17,980
Net flows	(922)
Market returns	921
Ending balance	$ 19,646

(1) Represents Private Bank AUM previously reported in off-balance sheet managed client investment funds above.
(2) Represents Private Bank AUM acquired from the acquisition of Boston Private on July 1, 2021.

Foreign Exchange Fees

Foreign exchange fees were $262 million in 2021, compared to $179 million in 2020. The increases in foreign exchange fees were driven primarily by increases in spot contract commissions reflective of increased private equity/venture capital deal activity for the year ended December 31, 2021 compared to 2020.

	Year ended December 31,				
(Dollars in millions)	**2021**	**2020**	**% Change 2021/2020**	**2019**	**% Change 2020/2019**
Foreign exchange fees by instrument type:					
Spot contract commissions	$ 240	$ 158	51.9 %	$ 146	8.2 %
Forward contract commissions	20	20	—	13	53.8
Option premium fees	2	1	100.0	—	—
Total foreign exchange fees	$ 262	$ 179	46.4	$ 159	12.6

Credit Card Fees

Credit card fees were $131 million in 2021, compared to $98 million in 2020. Credit card fees increased in the year ended December 31, 2021, due to higher transaction volumes reflective of increased spending, new client growth and relationship expansion compared to the comparable 2020 periods, which were reflective of the slowdown in spending during 2020 due to the height of the COVID-19 pandemic. A summary of credit card fees by instrument type for 2021, 2020 and 2019 is as follows:

	Year ended December 31,				
(Dollars in millions)	**2021**	**2020**	**% Change 2021/2020**	**2019**	**% Change 2020/2019**
Credit card fees by instrument type:					
Card interchange fees, net	$ 108	$ 76	42.1 %	$ 94	(19.1) %
Merchant service fees	18	18	—	18	—
Card service fees	5	4	25.0	7	(42.9)
Total credit card fees	$ 131	$ 98	33.7	$ 119	(17.6)

Deposit Service Charges

Deposit service charges were $112 million in 2021, compared to $90 million in 2020. Deposit service charges increased due to the increases in product revenues from strong deposit growth and higher transaction volumes.

Lending Related Fees

Lending related fees were $76 million in 2021, compared to $57 million in 2020. The increase was primarily due to increases in fees earned from unused lines of credit due to strong client liquidity. A summary of lending related fees by type for 2021, 2020 and 2019 is as follows:

	Year ended December 31,				
(Dollars in millions)	**2021**	**2020**	**% Change 2021/2020**	**2019**	**% Change 2020/2019**
Lending related fees by instrument type:					
Unused commitment fees	$ 59	$ 42	40.5 %	$ 35	20.0 %
Other	17	15	13.3	15	—
Total lending related fees	$ 76	$ 57	33.3	$ 50	14.0

Letters of Credit and Standby Letters of Credit Fees

Letters of credit and standby letters of credit fees were $51 million in 2021, compared to $47 million in 2020. The increase was primarily driven by increases in deferred fee income reflective of larger letter of credit issuances.

Investment Banking Revenue

Investment banking revenue was $459 million in 2021, compared to $414 million in 2020. The increase was due to an increase in the amount of total closed deals during 2021. A summary of investment banking revenue by type for 2021, 2020 and 2019 is as follows:

	Year ended December 31,				
(Dollars in millions)	**2021**	**2020**	**% Change 2021/2020**	**2019**	**% Change 2020/2019**
Investment banking revenue:					
Underwriting fees	$ 304	$ 353	(13.9) %	$ 153	130.7 %
Advisory fees	90	40	125.0	38	5.3
Private placements and other	65	21	NM	4	NM
Total investment banking revenue	$ 459	$ 414	10.9	$ 195	112.3

Commissions

Commissions were $79 million in 2021, compared to $67 million in 2020. Commissions include commissions received from clients for the execution of agency-based brokerage transactions in listed and over-the-counter equities. The increase was driven by higher trading volumes. The Company also earns subscription fees for market intelligence services that are recognized over the period in which they are delivered. Fees received before the subscription period ends is initially recorded as deferred revenue (a contract liability) in other liabilities in our consolidated balance sheet.

Other Noninterest Income

Other noninterest income in 2021 was $128 million, compared to $98 million in 2020. The increase in 2021 compared to the 2020 period, was primarily due to higher fund management fees due to additional funds managed.

Noninterest Expense

A summary of noninterest expense for 2021, 2020 and 2019 is as follows:

	Year ended December 31,				
(Dollars in millions)	**2021**	**2020**	**% Change 2021/2020**	**2019**	**% Change 2020/2019**
Compensation and benefits	$ 2,015	$ 1,318	52.9 %	$ 990	33.1 %
Professional services	392	247	58.7	205	20.5
Premises and equipment	178	127	40.2	97	30.9
Net occupancy	83	101	(17.8)	69	46.4
Business development and travel	24	24	—	69	(65.2)
FDIC and state assessments	48	28	71.4	18	55.6
Merger-related charges	129	—	—	—	—
Other	201	190	5.8	153	24.2
Total noninterest expense	$ 3,070	$ 2,035	50.9	$ 1,601	27.1

Compensation and Benefits Expense

The following table provides a summary of our compensation and benefits expense:

	Year ended December 31,				
(Dollars in millions, except employees)	**2021**	**2020**	**% Change 2021/2020**	**2019**	**% Change 2020/2019**
Compensation and benefits:					
Salaries and wages	$ 721	$ 516	39.7 %	$ 437	18.1 %
Incentive compensation plans	784	464	69.0	288	61.1
Other employee incentives and benefits (1)	510	338	50.9	265	27.5
Total compensation and benefits	$ 2,015	$ 1,318	52.9	$ 990	33.1
Period-end FTEs	6,567	4,461	47.2	3,564	25.2
Average FTEs	5,466	4,040	35.3	3,362	20.2

(1) Other employee incentives and benefits includes employer payroll taxes, group health and life insurance, share-based compensation, 401(k), ESOP, warrant and other incentive plans, retention plans, agency fees and other employee-related expenses.

Compensation and benefits expense was $2.0 billion in 2021, compared to $1.3 billion in 2020. The key factors driving the increase in compensation and benefits expense in 2021 were as follows:

- An increase of $205 million in salaries and wages expense, reflective primarily of an increase in the number of average FTEs by 1,426 to 5,466 in 2021, compared to 4,040 in 2020, driven by strong hiring for in-sourcing, product development and revenue growth, the Boston Private acquisition and strategic hires made during 2021 to support the expansion of SVB Securities' Technology, Healthcare Services and HealthTech investment banking activities,
- An increase of $320 million in incentive compensation plans expense related primarily to higher incentive compensation plan accruals as a result of stronger than expected performance during throughout 2021 and an increase in the number of average FTEs, and
- An increase of $172 million in other employee incentives and benefits expense attributable primarily to increases in share-based compensation expense due to the increased restricted stock awards granted during 2021, the warrant incentive plan driven by a significant increase in gains on equity warrant assets, payroll taxes due to an increase in incentive compensation and group insurance expenses reflective of the increase in FTEs from 2020.

Our variable compensation plans include our Incentive Compensation Plan, Direct Drive Incentive Compensation Plan, Retention Program, Warrant Incentive Plan, Deferred Compensation Plan, 401(k) and ESOP Plan, SVB Securities Incentive Compensation Plan, SVB Securities Retention Award, EHOP, 2006 Incentive Plan and ESPP. Total costs incurred under these plans were $917 million in 2021, compared to $547 million in 2020. These amounts are included in total compensation and benefits expense discussed above.

Professional Services

Professional services expense was $392 million in 2021, compared to $247 million in 2020. The increase in December 31, 2021 was driven primarily by higher consulting fees associated with our initiatives related to our regulatory programs as well as continued investments in our infrastructure and operating projects to support our presence both domestically and internationally.

Premises and Equipment

Premises and equipment expense was $178 million in 2021, compared to $127 million in 2020. The increase was driven primarily by an increase in computer maintenance expenses related to new vendor and project depreciation that began in 2021 and increased software support and maintenance service fees.

Net Occupancy

Net occupancy expense was $83 million in 2021, compared to $101 million in 2020. The decrease was primarily driven by $29 million of impairment and accelerated depreciation of right to use assets and other fixed assets recorded in 2020 related to vacating leased office space in several locations.

Business Development and Travel

Business development and travel expense was $24 million in 2021, compared to $24 million in 2020. Business development and travel expense was flat compared to 2020 due primarily to the impact of the COVID-19 pandemic on domestic and international travel restrictions during 2020 and early 2021 which started to ease during the latter half of 2021 resulting in continued business development and travel.

FDIC and State Assessments

FDIC and state assessments expense was $48 million in 2021, compared to $28 million in 2020. The increase was due primarily to the increase in our organic average deposits as well as the acquisition of Boston Private deposits.

Merger-related Charges

Merger-related charges was a new noninterest expense line item for 2021 as a result of the Boston Private acquisition. A summary of merger-related charges, which includes direct acquisition costs for the year ended 2021 is as follows:

	Year ended December 31,
(Dollars in millions)	**2021**
Personnel-related	$ 17
Occupancy and facilities	39
Professional services	56
Systems integration and related charges	17
Total merger-related charges	$ 129

Operating Efficiency Ratio

Our operating efficiency ratio increased to 51.88 percent for the year ended December 31, 2021 compared to 50.92 percent for the year ended December 31, 2020. This increase was due to growth in noninterest expense slightly outpacing revenue growth. The increase in noninterest expense was driven by increased compensation and benefits expense, professional services expense, merger-related charges and premises and equipment expense. These increases were partially offset by higher revenue driven by interest income on our loan and investment security portfolios and net gains on investment securities and equity warrant assets.

Net Income Attributable to Noncontrolling Interests

Included in net income is income and expense attributable to noncontrolling interests. The relevant amounts allocated to investors in our consolidated subsidiaries, other than us, are reflected under "net income attributable to noncontrolling interests" on our consolidated statements of income.

In the table below, noninterest income consists primarily of net investment gains and losses from our consolidated funds. Noninterest expense is primarily related to management fees paid by our managed funds to SVB Financial's subsidiaries as the managed funds' general partners. A summary of net income attributable to noncontrolling interests for 2021, 2020 and 2019 is as follows:

	Year ended December 31,				
(Dollars in millions)	**2021**	**2020**	**% Change 2021/2020**	**2019**	**% Change 2020/2019**
Noninterest income (1)	$ (124)	$ (29)	NM	$ (20)	45.0 %
Noninterest expense (1)	1	—	—	1	(100.0)
Carried interest allocation (2)	(117)	(57)	105.3	(29)	96.6
Net income attributable to noncontrolling interests	$ (240)	$ (86)	179.1	$ (48)	79.2

(1) Represents noncontrolling interests' share in noninterest income or loss.
(2) Represents the preferred allocation of income (or change in income) earned by us as the general partner of certain consolidated funds.

Net income attributable to noncontrolling interests was $240 million in 2021, compared to $86 million in 2020. Net income attributable to noncontrolling interests of $240 million for the year ended December 31, 2021 was driven primarily by net gains on investment securities (including carried interest allocation) from unrealized valuation of our managed funds of funds and our SVB Securities funds.

Net income attributable to noncontrolling interests was $86 million in 2020. Net income attributable to noncontrolling interests of $86 million for 2020 was primarily a result of the following:

- Net gains on investment securities (including carried interest allocation) attributable to noncontrolling interests of $86 million ($29 million excluding carried interest allocation) primarily from our managed funds of funds and our managed direct venture funds portfolios, related primarily to net unrealized valuation increases in both private and public company investments held by the funds in the portfolios, and
- Noninterest expense was less than $1 million, primarily related to management fees paid by the noncontrolling interests to our subsidiaries that serve as the general partner.

Income Taxes

Our effective income tax expense rate was 26.2 percent in 2021, compared to 27.0 percent in 2020. Our effective tax rate is calculated by dividing income tax expense by the sum of income before income tax expense and the net income attributable to noncontrolling interests. The components of our effective tax rates for 2021 and 2020 are discussed in Note 18—“Income Taxes” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report.

The decrease in our effective tax rate for 2021 was driven primarily by an increase in the recognition of excess tax benefits from share-based compensation, which is reflective of an increase in our stock price.

Operating Segment Results

We have four segments for which we report our financial information: GCB, SVB Private Bank, SVB Capital and SVB Securities.

We report segment information based on the “management” approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of our reporting segments. Refer to Note 24—“Segment Reporting” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report for additional details.

The following is our reportable segment information for 2021, 2020 and 2019:

Global Commercial Bank

	Year ended December 31,				
(Dollars in millions)	2021	2020	% Change 2021/2020	2019	% Change 2020/2019
Net interest income	$ 2,946	$ 2,025	45.5 %	$ 1,850	9.5 %
Provision for credit losses	(55)	(166)	(66.9)	(92)	80.4
Noninterest income	708	606	16.8	638	(5.0)
Noninterest expense	(1,277)	(1,020)	25.2	(875)	16.6
Income before income tax expense	$ 2,322	$ 1,445	60.7	$ 1,521	(5.0)
Total average loans, amortized cost	$ 44,173	$ 31,218	41.5	$ 26,031	19.9
Total average assets	141,393	75,034	88.4	56,043	33.9
Total average deposits	138,336	72,127	91.8	53,054	36.0

Income before income tax expense from our GCB increased to $2.3 billion in 2021, compared to $1.4 billion in 2020. The key components of GCB's performance are discussed below.

NII from GCB increased by $921 million in 2021, due primarily to an increase in loan interest income resulting from higher average loan balances, partially offset by lower loan yields on loans as a result of growth in our higher credit quality Global Fund Banking portfolio as well as interest rate decreases. In addition, strong deposit growth provided a higher earnings credit and a low-rate environment produced a lower earnings charge for funded loans, creating a benefit of a higher net FTP earnings credit.

GCB had a provision for credit losses of $55 million for 2021, compared to a provision of $166 million for 2020. The provision of $55 million for 2021 was driven primarily by an increase of organic growth in our loan portfolio and charge-offs not specifically reserved for at December 31, 2020, of which $80 million was related to the single instance of fraudulent

activity on one loan discussed in prior filings, partially offset by a reduction in provision due to model enhancements and a decrease in net new nonaccrual loans and recoveries.

The provision for credit losses of $166 million for 2020, compared to a provision of $92 million for the comparable 2019 period. The $74 million increase is primarily due to the $59 million in additional reserves for our performing loans based on our forecast models of the current economic environment under the CECL methodology adopted January 1, 2020, including the impact of the COVID-19 pandemic, as well as changes in loan composition within our portfolio segments. The provision of $166 million also consisted of $30 million in additional reserves for period-end loan growth, $49 million for charge-offs not specifically reserved for at December 31, 2019 and $60 million in net new nonaccrual loans, partially offset by $29 million of recoveries.

Noninterest income increased by $102 million in 2021, related primarily to an overall increase in our non-GAAP core fee income, due primarily to higher foreign exchange fees, credit card fees, lending related fees and deposit service charges, partially offset by lower client investment fees. The overall increase was due primarily to higher foreign exchange fees driven by increases in spot contract commissions, credit card fees reflective of increased spending as we attracted new customers and expanded on current relationships and deposit service charges due to increased product revenues from strong deposit growth and higher transaction volumes, partially offset by the impact of the federal funds rate decreases on client investment fee yields.

Noninterest expense increased by $257 million in 2021, due primarily to compensation and benefits expense as a result of higher incentive compensation expense and higher salaries and wages expenses. Incentive compensation expense increased due primarily as a result of a strong performance during 2021. The increase in GCB salaries and wages was due primarily to an increase in the average number of FTEs at GCB, which increased to 3,489 FTEs in 2021, from 2,874 FTEs for the 2020 period.

SVB Private Bank

	Year ended December 31,				
(Dollars in millions)	**2021**	**2020**	**% Change 2021/2020**	**2019**	**% Change 2020/2019**
Net interest income	$ 194	$ 77	151.9 %	$ 51	51.0 %
Provision for credit losses	(14)	(21)	(33.3)	(2)	NM
Noninterest income	56	3	NM	4	(25.0)
Noninterest expense	(212)	(46)	NM	(40)	15.0
Income before income tax expense	$ 24	$ 13	84.6	$ 13	—
Total average loans, amortized cost	$ 8,958	$ 4,196	113.5	$ 3,341	25.6
Total average assets	10,140	4,230	139.7	3,371	25.5
Total average deposits	8,645	2,172	NM	1,524	42.5

Income before income tax expense from SVB Private Bank increased to $24 million in 2021, compared to $13 million in 2020. The key drivers of SVB Private Bank's performance are discussed below:

NII increased by $117 million in 2021, due primarily to an increase in average loans primarily due to the acquisition of Boston Private and strong organic loan growth for the year ended December 31, 2021, as compared to the year ended December 31, 2020. This increase was partially offset by decreases in loan yields as a result of overall market rate decreases and purchase accounting amortizations of fair value mark ups on the acquired Boston Private loans.

The provision for credit losses decreased by $7 million primarily due to a reduction in provision due to previously discussed model enhancements, partially offset by a day one provision for loans on non-PCD loans and unfunded commitments of $46 million as a result of the Boston Private acquisition.

Noninterest expense increased $166 million to $212 million in 2021 related primarily to compensation and benefits expense. Compensation and benefits expense increased as a result of an increase in average number of FTEs due primarily to the acquisition of Boston Private and higher incentive compensation and salaries and wages expenses primarily as a result of strong performance during 2021.

SVB Capital

(Dollars in millions)	Year ended December 31, 2021	2020	% Change 2021/2020	2019	% Change 2020/2019
Noninterest income	$ 487	$ 226	115.5 %	$ 122	85.2 %
Noninterest expense	(71)	(51)	39.2	(31)	64.5
Income before income tax expense	$ 416	$ 175	137.7	$ 91	92.3
Total average assets	$ 700	$ 437	60.2	$ 405	7.9

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

We experience variability in the performance of SVB Capital from period to period due to a number of factors, including changes in the values of our funds’ underlying investments, changes in the amount of distributions and general economic and market conditions. Such variability may lead to volatility in the gains and losses from investment securities and cause our results to differ from period to period. The performance of these securities may be impacted by the effects of the COVID-19 pandemic.

Income before income tax expense from SVB Capital was $416 million in 2021, compared to $175 million in 2020. The key drivers of SVB Capital's performance are discussed below.

Noninterest income was $487 million in 2021, compared to $226 million in 2020. SVB Capital’s components of noninterest income primarily included the following:

- Net gains on investment securities of $398 million, were driven primarily by unrealized net valuation increases of private and public positions as well as fund distributions driven primarily by realized gains from one public company position.
- Fund management fees of $77 million, included in other noninterest income, and
- Gains on equity warrant assets of $6 million reflective of net valuation increases in equity warrant assets associated with our joint venture bank in China, included in other noninterest income.

Noninterest expense increased to $71 million in 2021 from 2020 due to a $20 million increase in compensation and benefits as a result of higher incentive compensation expense and higher salaries and wages expenses. Incentive compensation expense increased as a result of a strong performance during 2021. The increase in salaries and wages was due to an increase in the average number of FTEs at SVB Capital, which increased to 77 FTEs at year end December 31, 2021, from 47 for 2020.

SVB Securities

(Dollars in millions)	Year ended December 31, 2021	2020	% Change 2021/2020	2019	% Change 2020/2019
Net interest income	$ 1	$ 1	— %	$ 1	— %
Noninterest income	608	497	22.3	264	88.3
Noninterest expense	(561)	(379)	48.0	(253)	49.8
Income before income tax expense	$ 48	$ 119	(59.7)	$ 12	NM
Total average assets	$ 830	$ 557	49.0	$ 398	39.9

On December 10, 2021 we completed the acquisition of MoffettNathanson LLC. Upon the closing of the acquisition, MoffettNathanson LLC's operations and results were included within the SVB Securities reportable segment. The acquisition enables SVB Securities to expand its equity research coverage to include companies in both the healthcare and technology industries.

SVB Securities' components of noninterest income primarily include investment banking revenue, commissions and net gains and losses on non-marketable and other equity securities, carried interest and fund management fees. All components of income before income tax expense discussed below are net of noncontrolling interests.

Noninterest income increased $111 million to $608 million in 2021, due primarily to an increase in investment banking revenue attributable to a higher number of total closed deals during 2021 and an increase in investment gains driven by a net valuation increase on equity fund investments.

Noninterest expense increased $182 million to $561 million in 2021. The $182 million increase was primarily driven by an increase in compensation and benefit expense driven primarily by an increase in incentive compensation expense as a result of a strong performance during 2021, as compared to 2020 and an increase in salaries and wages expense due to strategic hires made during 2021 to support the expansion of SVB Securities' Technology, Healthcare Services and HealthTech investment banking activities.

Consolidated Financial Condition

Our total assets, and total liabilities and stockholders' equity were $211.5 billion at December 31, 2021 and $115.5 billion at December 31, 2020. Refer below to a summary of the individual components driving the changes in total assets, total liabilities and stockholders' equity.

Cash and Cash Equivalents

Cash and cash equivalents totaled $14.6 billion at December 31, 2021, a decrease of $3.1 billion, or 17.3 percent, compared to $17.7 billion at December 31, 2020. The decrease was driven primarily by investing activities of $90.3 billion consisting primarily of purchases of investment securities, net of maturities and paydowns, and funding of loans, partially offset by financing activities of $85.5 billion consisting primarily of a net increase in deposits. As of December 31, 2021, $5.7 billion of our cash and due from banks was deposited at the FRB and was earning interest at the Federal Funds target rate, and interest-earning deposits in other financial institutions were $5.8 billion. As of December 31, 2020, $13.7 billion, of our cash and due from banks was deposited at the FRB and was earning interest at the Federal Funds target rate and interest-earning deposits in other financial institutions were $3.0 billion.

Investment Securities

Investment securities totaled $128.0 billion at December 31, 2021, an increase of $78.7 billion, or 159.5 percent, compared to $49.3 billion at December 31, 2020. Our investment securities portfolio is comprised of: (i) an AFS securities portfolio and a HTM securities portfolio, both of which represents interest-earning fixed income investment securities; and (ii) a non-marketable and other equity securities portfolio, which represents primarily investments managed as part of our funds management business, investments in qualified affordable housing projects, as well as public equity securities held as a result of equity warrant assets exercised. The major components of the change in investment securities are explained below.

The following table presents a profile of our investment securities portfolio at December 31, 2021 and 2020:

(Dollars in millions)	December 31, 2021	December 31, 2020
AFS securities, at fair value:		
U.S. Treasury securities	$ 15,850	$ 4,470
U.S. agency debentures	196	237
Foreign government debt securities	61	24
Residential MBS:		
Agency-issued MBS	8,589	13,503
Agency-issued CMO—fixed rate	982	8,107
Agency-issued CMBS	1,543	4,572
Total AFS securities	27,221	30,913
HTM securities, at amortized cost:		
U.S. agency debentures	609	402
Residential MBS:		
Agency-issued MBS	64,439	7,740
Agency-issued CMO—fixed rate	10,226	1,735
Agency-issued CMO—variable rate	100	137
Agency-issued CMBS	14,959	2,943
Municipal bonds and notes (1)	7,157	3,635
Corporate bonds (1)	712	—
Total HTM securities	98,202	16,592
Non-marketable and other equity securities:		
Non-marketable securities (fair value accounting):		
Consolidated venture capital and private equity fund investments	130	89
Unconsolidated venture capital and private equity fund investments	208	185
Other investments without a readily determinable fair value	164	61
Other equity securities in public companies (fair value accounting)	117	281
Non-marketable securities (equity method accounting):		
Venture capital and private equity fund investments	671	362
Debt funds	5	5
Other investments	294	203
Investments in qualified affordable housing projects, net	954	616
Total non-marketable and other equity securities	2,543	1,802
Total investment securities	$ 127,966	$ 49,307

(1) ACL balance is $7 million for HTM securities for December 31, 2021 and less than $1 million for December 31, 2020.

Available-for-Sale Securities

Period-end AFS securities were $27.2 billion at December 31, 2021, a decrease of $3.7 billion, or 11.9 percent, compared to $30.9 billion at December 31, 2020. The $3.7 billion decrease in period-end AFS securities balances from December 31, 2020 to December 31, 2021 was driven primarily by a $8.8 billion re-designation of AFS securities to HTM securities, paydowns and maturities of $4.8 billion, sale of investments of $1.6 billion and a decrease in fair value of $818 million due to the increase in interest rates, partially offset by purchases of $12.1 billion. Securities classified as AFS are carried at fair value with changes in fair value recorded as unrealized gains or losses in a separate component of stockholders' equity.

The following table summarizes the remaining contractual principal maturities and fully taxable equivalent yields on fixed income securities, carried at fair value, classified as AFS as of December 31, 2021. The weighted average yield is computed using the amortized cost of fixed income investment securities, which are reported at fair value. For U.S. Treasury securities, U.S. agency debentures and foreign government debt securities, the expected maturity is the actual contractual maturity of the notes. Expected remaining maturities for certain U.S. agency debentures may occur earlier than their contractual maturities because the note issuers have the right to call outstanding amounts ahead of their contractual

maturity. Expected maturities for MBS may differ significantly from their contractual maturities because mortgage borrowers have the right to prepay outstanding loan obligations with or without penalties. MBS classified as AFS typically have original contractual maturities from 10 to 30 years whereas expected average lives of these securities tend to be significantly shorter and vary based upon structure and prepayments in lower interest rate environments. The expected yield on MBS is based on prepayment assumptions at the purchase date. Actual yields earned may differ significantly based upon actual prepayments.

	December 31, 2021									
	Total		One Year or Less		After One Year to Five Years		After Five Years to Ten Years		After Ten Years	
(Dollars in millions)	Carrying Value	Weighted Average Yield	Carrying Value	Weighted Average Yield	Carrying Value	Weighted Average Yield	Carrying Value	Weighted Average Yield	Carrying Value	Weighted Average Yield
U.S. Treasury securities	$ 15,850	1.05 %	$ 247	0.49 %	$ 15,091	1.05 %	$ 512	1.21 %	$ —	— %
U.S. agency debentures	196	0.96	80	0.27	36	1.04	80	1.58	—	—
Foreign government debt securities	61	(0.81)	61	(0.81)	—	—	—	—	—	—
Residential MBS:										
Agency-issued MBS	8,589	1.28	—	—	—	—	—	—	8,589	1.28
Agency-issued CMO - fixed rate	982	1.41	—	—	—	—	—	—	982	1.41
Agency-issued CMBS	1,543	1.76	—	—	67	1.13	1,476	1.79	—	—
Total	$ 27,221	1.17	$ 388	0.24	$ 15,194	1.05	$ 2,068	1.64	$ 9,571	1.29

Held-to-Maturity Securities

Period-end HTM securities were $98.2 billion at December 31, 2021, an increase of $81.6 billion, or 491.8 percent, compared to $16.6 billion at December 31, 2020. The $81.6 billion increase in period-end HTM security balances from December 31, 2020 to December 31, 2021 was driven by purchases of $85.6 billion, with an additional $982 million of securities assumed with the Boston Private acquisition, and the re-designation of $8.8 billion of AFS securities to HTM securities, partially offset by $13.8 billion in paydowns and maturities. The securities were re-designated for capital management purposes and consisted primarily of agency-issued CMO, CMBS, MBS and US agency debentures with unrealized losses totaling $132 million, which are recorded in AOCI

Securities classified as HTM are accounted for at cost with no adjustments for changes in fair value. For securities re-designated as HTM from AFS, the net unrealized gains or losses at the date of transfer will continue to be reported as a separate component of shareholders' equity and amortized over the life of the securities in a manner consistent with the amortization of a premium or discount.

The following table summarizes the remaining contractual principal maturities net of ACL and fully taxable equivalent yields on fixed income investment securities classified as HTM as of December 31, 2021. Interest income on certain municipal bonds and notes (non-taxable investments) are presented on a fully taxable equivalent basis using the federal statutory tax rate of 21.0 percent. The weighted average yield is computed using the amortized cost of fixed income investment securities. For U.S. agency debentures, the expected maturity is the actual contractual maturity of the notes. Expected maturities for MBS may differ significantly from their contractual maturities because mortgage borrowers have the right to prepay outstanding loan obligations with or without penalties. MBS classified as HTM typically have original contractual maturities from 10 to 30 years whereas expected average lives of these securities tend to be significantly shorter and vary based upon structure and prepayments in lower interest rate environments. The expected yield on MBS is based on prepayment assumptions at the purchase date. Actual yields earned may differ significantly based upon actual prepayments.

	December 31, 2021									
	Total		One Year or Less		After One Year to Five Years		After Five Years to Ten Years		After Ten Years	
(Dollars in millions)	Net Carry Value	Weighted Average Yield	Net Carry Value	Weighted Average Yield	Net Carry Value	Weighted Average Yield	Net Carry Value	Weighted Average Yield	Net Carry Value	Weighted Average Yield
U.S. agency debentures	$ 609	2.05 %	$ 1	2.26 %	$ 133	2.43 %	$ 475	1.94 %	$ —	— %
Residential MBS:										
Agency-issued MBS	64,439	1.55	—	—	7	2.28	806	2.17	63,626	1.54
Agency-issued CMO - fixed rate	10,226	1.35	—	—	14	1.72	316	1.61	9,896	1.35
Agency-issued CMO - variable rate	100	0.74	—	—	—	—	—	—	100	0.74
Agency-issued CMBS	14,959	1.63	—	—	211	0.75	971	1.93	13,777	1.63
Municipal bonds and notes	7,156	2.82	48	2.82	176	2.43	1,152	2.76	5,780	2.85
Corporate bonds	706	1.86	—	—	33	1.70	673	1.87	—	—
Total	$ 98,195	1.64	$ 49	2.80	$ 574	1.75	$ 4,393	2.32	$ 93,179	1.61

Portfolio duration is a standard measure used to approximate changes in the market value of fixed income instruments due to a change in market interest rates. The measure is an estimate based on the level of current market interest rates, expectations for changes in the path of forward rates and the effect of forward rates on mortgage prepayment speed assumptions. As such, portfolio duration will fluctuate with changes in market interest rates. Changes in portfolio duration are also impacted by changes in the mix of longer versus shorter term-to-maturity securities. The estimated weighted-average duration of our fixed income investment securities portfolio was 4.0 and 3.7 years at December 31, 2021 and December 31, 2020, respectively. The weighted-average duration of our total fixed income securities portfolio including the impact of our fair value swaps was 3.7 years at December 31, 2021. We are focused on maintaining AFS portfolio duration to approximately two years to mitigate OCI risk while buying three- to five-year duration HTM securities to support portfolio yields. The weighted-average duration of our AFS securities portfolio was 3.5 years at December 31, 2021 and 3.7 years at December 31, 2020. The weighted-average duration of our AFS securities portfolio including the impact of our fair value swaps was 2.4 years at December 31, 2021. The weighted-average duration of our HTM securities portfolio was 4.1 years at December 31, 2021 and 3.7 years at December 31, 2020. We continue to invest excess on-balance sheet liquidity in high-quality securities (agency MBS/CMOs/CMBS, municipal and corporate securities), primarily classified as HTM.

Non-Marketable and Other Equity Securities

Our non-marketable and other equity securities portfolio primarily represents investments in venture capital and private equity funds, SPD-SVB, debt funds, private and public portfolio companies, including public equity securities held as a result of equity warrant assets exercised, and qualified affordable housing projects. Included in our non-marketable and other equity securities carried under fair value accounting are amounts that are attributable to noncontrolling interests. We are required under GAAP to consolidate 100% of these investments that we are deemed to control, even though we may own less than 100% of such entities. See below for a summary of the carrying value (as reported) of non-marketable and other equity securities compared to the amounts attributable to SVBFG.

Non-marketable and other equity securities were $2.5 billion ($2.2 billion net of noncontrolling interest) at December 31, 2021, an increase of $741 million, or 41.1 percent, compared to $1.8 billion ($1.6 billion net of noncontrolling interest) at December 31, 2020. We are required under GAAP to consolidate certain SVB Capital funds, even though we may own less than 100 percent of such entities.

The following table summarizes the carrying value (as reported) of non-marketable and other equity securities compared to the amounts attributable to SVBFG (which generally represents the carrying value times our ownership percentage) at December 31, 2021 and December 31, 2020:

	December 31,			
	2021		2020	
(Dollars in millions)	**Carrying value (as reported)**	**Amount attributable to SVBFG**	**Carrying value (as reported)**	**Amount attributable to SVBFG**
Non-marketable and other equity securities:				
Non-marketable securities (fair value accounting):				
Consolidated venture capital and private equity fund investments (1)	$ 130	$ 36	$ 89	$ 23
Unconsolidated venture capital and private equity fund investments (2)	208	208	185	185
Other investments without a readily determinable fair value (3)	164	164	61	61
Other equity securities in public companies (fair value accounting) (4)	117	117	281	281
Non-marketable securities (equity method accounting) (5):				
Venture capital and private equity fund investments	671	397	362	215
Debt funds	5	5	5	5
Other investments	294	294	203	203
Investments in qualified affordable housing projects, net	954	954	616	616
Total non-marketable and other equity securities	$ 2,543	$ 2,175	$ 1,802	$ 1,589

(1) The following table shows the amounts of venture capital and private equity fund investments held by the following consolidated funds and amounts attributable to SVBFG for each fund at December 31, 2021 and December 31, 2020:

Table of Contents

(Dollars in millions)	December 31, 2021 Carrying value (as reported)	2021 Amount attributable to SVBFG	2020 Carrying value (as reported)	2020 Amount attributable to SVBFG
Strategic Investors Fund, LP	$ 2	$ —	$ 5	$ 1
Capital Preferred Return Fund, LP	61	13	50	11
Growth Partners, LP	67	23	34	11
Total consolidated venture capital and private equity fund investments	$ 130	$ 36	$ 89	$ 23

(2) The carrying value represents investments in 150 and 162 funds (primarily venture capital funds) at December 31, 2021 and December 31, 2020, respectively, where our ownership interest is typically less than 5% of the voting interests of each such fund and in which we do not have the ability to exercise significant influence over the partnerships' operating activities and financial policies. Our unconsolidated venture capital and private equity fund investments are carried at fair value based on the fund investments' net asset values per share as obtained from the general partners of the funds. For each fund investment, we adjust the net asset value per share for differences between our measurement date and the date of the fund investment's net asset value by using the most recently available financial information from the investee general partner, for example September 30th, for our December 31st consolidated financial statements, adjusted for any contributions paid, distributions received from the investment and significant fund transactions or market events during the reporting period.

(3) Investments classified as "Other investments without a readily determinable fair value" include direct equity investments in private companies. The carrying value is based on the price at which the investment was acquired plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments. We consider a range of factors when adjusting the fair value of these investments, including, but not limited to, the term and nature of the investment, local market conditions, values for comparable securities, current and projected operating performance, exit strategies, financing transactions subsequent to the acquisition of the investment and a discount for certain investments that have lock-up restrictions or other features that indicate a discount to fair value is warranted. For further details on the carrying value of these investments refer to Note 9—"Investment Securities" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 of this report.

(4) Investments classified as other equity securities (fair value accounting) represent shares held in public companies as a result of exercising public equity warrant assets and direct equity investments in public companies held by our consolidated funds. Changes in the fair value recognized through net income.

(5) The following table shows the carrying value and our ownership percentage of each investment at December 31, 2021 and 2020 (equity method accounting):

(Dollars in millions)	December 31, 2021 Carrying value (as reported)	December 31, 2021 Amount attributable to SVBFG	December 31, 2020 Carrying value (as reported)	December 31, 2020 Amount attributable to SVBFG
Venture capital and private equity fund investments:				
Strategic Investors Fund II, LP	$ 3	$ 3	$ 4	$ 3
Strategic Investors Fund III, LP	25	21	16	13
Strategic Investors Fund IV, LP	36	30	25	21
Strategic Investors Fund V funds	87	45	67	35
CP II, LP (i)	2	1	8	5
Other venture capital and private equity fund investments	518	298	242	138
Total venture capital and private equity fund investments	$ 671	$ 398	$ 362	$ 215
Debt funds:				
Gold Hill Capital 2008, LP (ii)	$ 4	$ 4	$ 4	$ 4
Other debt funds	1	1	1	1
Total debt funds	$ 5	$ 5	$ 5	$ 5
Other investments:				
SPD Silicon Valley Bank Co., Ltd.	$ 154	$ 154	$ 115	$ 115
Other investments	140	140	88	88
Total other investments	$ 294	$ 294	$ 203	$ 203

(i) Our ownership includes direct ownership interest of 1.3 percent and indirect ownership interest of 3.8 percent through our investments in Strategic Investors Fund II, LP.

(ii) Our ownership includes direct ownership interest of 11.5 percent in the fund and an indirect interest in the fund through our investment in Gold Hill Capital 2008, LLC of 4.0 percent.

Volcker Rule

The Volcker Rule prohibits, subject to certain exceptions, a banking entity, such as the Company, from sponsoring, investing in, or having certain relationships with covered funds. Under the currently effective regulations implementing the Volcker Rule, covered funds are defined to include many venture capital and private equity funds.

In June 2017, we received notice that the Federal Reserve approved the Company's application for an extension of the permitted conformance period for the Company's investments in "illiquid" covered funds ("Restricted Volcker Investments"). The approval extends the deadline by which the Company must sell, divest, restructure or otherwise conform such investments to the provisions of the Volcker Rule by the earlier of (i) July 21, 2022, or (ii) the date by which each fund matures by its terms or is otherwise conformed to the Volcker Rule.

There have been various amendments to the Volcker Rule in recent years. In particular, certain amendments that became effective October 1, 2020, provide for, among other things, the adoption of new exclusions from the definition of "covered fund" for venture capital funds and credit funds that meet certain criteria. As a result of these amendments, we believe that none of the Restricted Volcker Investments will be required to be disposed of or will otherwise conform to the Volcker Rule requirements. We expect that all of our Restricted Volcker Investments will (i) qualify for these new exclusions; (ii) otherwise be excluded from the definition of "covered fund"; or (iii) be subject to a liquidation or dissolution process (For more information about the Volcker Rule, see "Business—Supervision and Regulation" under Part 1, Item 1 of this report).

Loans

Upon the completion of the acquisition of Boston Private on July 1, 2021, we have modified our portfolio segments and classes of financing receivables to accommodate Boston Private loans. Refer to Note 2—"Summary of Significant Accounting Policies" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 of this report for additional information on our current portfolio segments and classes of financing receivables.

Loans at amortized cost basis increased by $21.1 billion to $66.3 billion at December 31, 2021, compared to $45.2 billion at December 31, 2020. Unearned income was $250 million at December 31, 2021 and $226 million at December 31, 2020. The increase in period-end loans was driven primarily by the continued growth in our Global Fund Banking segment as well as the addition of Boston Private's loan portfolio. This growth was partially offset by a decrease in our PPP loans driven by forgiveness of these loans during 2021.

Loan Concentration

Loan concentrations may exist when there are borrowers engaged in similar activities or types of loans extended to a diverse group of borrowers that could cause those borrowers or portfolios to be similarly impacted by economic or other conditions. A substantial percentage of our loans are commercial in nature. The breakdown of total loans and loans as a percentage of total loans by class of financing receivables is as follows:

	December 31,			
	2021		2020	
(Dollars in millions)	**Amount**	**Percentage**	**Amount**	**Percentage**
Global fund banking	$ 37,958	57.3 %	$ 25,543	56.5 %
Investor dependent:				
Early stage	1,593	2.4	1,486	3.3
Growth stage	3,951	5.9	3,486	7.7
Total investor dependent	5,544	8.3	4,972	11.0
Cash flow dependent - SLBO	1,798	2.7	1,989	4.4
Innovation C&I	6,673	10.1	5,136	11.3
Private bank	8,743	13.2	4,901	10.9
CRE	2,670	4.0	—	—
Premium wine	985	1.5	1,053	2.3
Other C&I	1,257	1.9	—	—
Other	317	0.5	28	0.1
PPP	331	0.5	1,559	3.5
Total loans	$ 66,276	100.0	$ 45,181	100.0

Our four main market segments include (i) Global Fund Banking, (ii) technology and life science/healthcare, (iii) SVB Private Bank and, with the acquisition of Boston Private, we now have (iv) new loans in the commercial real estate sector.

(i) Global Fund Banking

Our Global Fund Banking loan portfolio includes loans to clients in the private equity/venture capital community. Our lending to private equity/venture capital firms and funds represented 57 percent of total loans at both December 31, 2021 and December 31, 2020. The vast majority of this portfolio consists of capital call lines of credit, the repayment of which is dependent on the payment of capital calls by the underlying limited partner investors in the funds managed by these firms. These facilities are generally governed by meaningful financial covenants oriented towards ensuring that the funds' remaining callable capital is sufficient to repay the loan, and larger commitments (typically provided to larger private equity funds) are typically secured by an assignment of the general partner's right to call capital from the fund's limited partner investors.

(ii) Technology and Life Science/Healthcare

Our technology and life science/healthcare loan portfolios include loans to clients at the various stages of their life cycles. The classes of financing receivables for our technology and life science/healthcare market segments are classified as Investor Dependent, Cash Flow Dependent - SLBO or Innovation C&I for reporting purposes.

Investor dependent loans represented 8 percent of total loans at December 31, 2021 and 11 percent at December 31, 2020. These loans are made to companies in both our Early Stage and Growth Stage practices.

Cash flow dependent loans for SLBO lending represented 3 percent of total loans at December 31, 2021, compared to 4 percent at December 31, 2020.

Innovation C&I loans, which include asset-based loans, represented 10 percent of total loans at December 31, 2021 and 11 percent at December 31, 2020. Working capital lines and accounts receivable financing, both part of our asset-based lending, each represented approximately one percent and less than one percent of total loans, respectively, at both December 31, 2021 and December 31, 2020.

(iii) SVB Private Bank

Our SVB Private Bank clients are primarily executive leaders and senior investment professionals in the innovation economy, as well as high net worth clients acquired from Boston Private. Our lending to Private Bank clients represented 13 percent of total loans at December 31, 2021 and 11 percent at December 31, 2020. Many of our Private Bank products are secured by real estate, which represented 88 percent of this portfolio at December 31, 2021; these products include mortgage loans, owner-occupied commercial mortgage loans, home equity lines of credit and other secured lending products such as real estate secured loans to eligible employees through our EHOP. The remaining balance of our Private Bank portfolio consists of restricted and private stock loans, personal capital call lines of credit, lines of credit against liquid assets and other secured and unsecured lending products.

(iv) Commercial Real Estate

The CRE loan portfolio acquired from Boston Private is made up of acquisition financing for commercial properties, such as office buildings, retail properties, apartment buildings and industrial/warehouse space. As such, all of these products are secured by real estate. Our lending to commercial real estate clients represented 4 percent of total loans at December 31, 2021.

The following table provides a summary of total loans by size and class of financing receivables. The breakout below is based on total client balances (individually or in the aggregate) as of December 31, 2021:

	December 31, 2021					
(Dollars in millions)	**Less than Five Million**	**Five to Ten Million**	**Ten to Twenty Million**	**Twenty to Thirty Million**	**Thirty Million or More**	**Total**
Global fund banking	$ 996	$ 1,494	$ 2,905	$ 3,163	$ 29,405	$ 37,963
Investor dependent:						
Early stage	1,392	219	124	—	—	1,735
Growth stage	855	1,068	1,122	374	551	3,970
Total investor dependent	2,247	1,287	1,246	374	551	5,705
Cash flow dependent - SLBO	7	31	287	508	965	1,798
Innovation C&I	462	432	920	912	4,018	6,744
Private bank	6,674	950	735	217	167	8,743
CRE	823	652	869	246	80	2,670
Premium wine	215	267	269	124	120	995
Other C&I	444	169	262	217	249	1,341
Other	93	123	101	—	—	317
Total Loans (1)	$ 11,961	$ 5,405	$ 7,594	$ 5,761	$ 35,555	$ 66,276

(1) Included in total loans at amortized cost is approximately $331 million in PPP loans. The PPP loans consist of loans from all classes of financing receivables.

At December 31, 2021, loans equal to or greater than $20 million to any single client (individually or in the aggregate) totaled $41.3 billion, or 62 percent of our total loan portfolio. These loans represented 768 clients, and of these loans, $21 million were on nonaccrual status as of December 31, 2021.

The following table provides a summary of loans by size and class of financing receivables. The breakout below is based on total client balances (individually or in the aggregate) as of December 31, 2020:

(Dollars in millions)	December 31, 2020					
	Less than Five Million	Five to Ten Million	Ten to Twenty Million	Twenty to Thirty Million	Thirty Million or More	Total
Global fund banking	$ 1,052	$ 1,360	$ 2,637	$ 2,777	$ 17,723	$ 25,549
Investor dependent						
Early stage	1,896	221	101	28	—	2,246
Growth stage	1,096	1,090	971	365	307	3,829
Total investor dependent	2,992	1,311	1,072	393	307	6,075
Cash flow dependent - SLBO	18	67	546	654	714	1,999
Innovation C&I	632	561	997	939	2,412	5,541
Private bank	3,505	597	319	95	385	4,901
Premium wine	242	273	300	121	145	1,081
Other	—	19	16	—	—	35
Total loans (1)	$ 8,441	$ 4,188	$ 5,887	$ 4,979	$ 21,686	$ 45,181

(1) Included in total loans at amortized cost is approximately $1.6 billion in PPP loans. The PPP loans consist of loans from all classes of financing receivables.

At December 31, 2020, loans equal to or greater than $20 million to any single client (individually or in the aggregate) totaled $26.7 billion, or 59 percent of our total loan portfolio. These loans represented 544 clients, and of these loans, $65 million were on nonaccrual status as of December 31, 2020.

State Concentrations

Approximately 30 percent of our outstanding total loan balances as of December 31, 2021 were to borrowers based in California, compared to 26 percent as of December 31, 2020. Additionally, borrowers in Massachusetts increased to 12 percent at December 31, 2021, compared to 10 percent as of December 31, 2020. Borrowers in New York represented approximately 10 percent of total loan balances at both December 31, 2021 and December 31, 2020. Other than California, Massachusetts and New York, there are no additional states with loan balances greater than or equal to 10 percent of total loans as of December 31, 2021.

See generally "Risk Factors—Credit Risks" set forth under Part I, Item 1A of this report.

As of December 31, 2021, 91 percent, or $60.4 billion, of our outstanding total loans were variable-rate loans that adjust at a prescribed measurement date upon a change in our prime-lending rate or other variable indices, compared to 92 percent, or $41.4 billion, as of December 31, 2020. The following table sets forth the remaining contractual maturity distribution of our total loans by class of financing receivables at December 31, 2021, for fixed and variable rate loans:

	Remaining Contractual Maturity of Loans				
(Dollars in millions)	**One Year or Less**	**After One Year and Through Five Years**	**After Five Years Through Fifteen Years**	**After Fifteen Years**	**Total**
Fixed-rate loans:					
Global fund banking	$ 496	$ 2	$ 4	$ —	$ 502
Investor dependent:					
Early stage	143	38	—	—	181
Growth stage	56	60	—	—	116
Total investor dependent	199	98	—	—	297
Cash flow dependent - SLBO	3	46	—	—	49
Innovation C&I	263	220	—	—	483
Private bank	11	89	177	1,308	1,585
CRE	157	522	449	34	1,162
Premium wine	5	174	446	57	682
Other C&I	8	100	149	310	567
Other	86	39	4	67	196
PPP	74	257	—	—	331
Total fixed-rate loans	$ 1,302	$ 1,547	$ 1,229	$ 1,776	$ 5,854
Variable-rate loans:					
Global fund banking	$ 36,218	$ 1,067	$ 171	$ —	$ 37,456
Investor dependent:					
Early stage	94	1,318	—	—	1,412
Growth stage	425	3,161	249	—	3,835
Total investor dependent	519	4,479	249	—	5,247
Cash flow dependent - SLBO	207	1,463	79	—	1,749
Innovation C&I	1,090	4,694	406	—	6,190
Private bank	264	375	596	5,923	7,158
CRE	207	714	552	35	1,508
Premium wine	92	157	54	—	303
Other C&I	304	131	89	166	690
Other	16	51	27	27	121
PPP	—	—	—	—	—
Total variable-rate loans	$ 38,917	$ 13,131	$ 2,223	$ 6,151	$ 60,422
Total loans	$ 40,219	$ 14,678	$ 3,452	$ 7,927	$ 66,276

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

Paycheck Protection Program

We accepted applications under the PPP administered by the SBA under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), as amended by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the "Economic Aid Act"), and originated loans to qualified small businesses until the loan origination phase of the PPP ended on June 30, 2021. Under the terms of the program, loans funded through the PPP are eligible to be forgiven if certain requirements are met, including using the funds for certain costs relating to payroll, healthcare and qualifying mortgage

interest, rent and utility payments. Eligible expenses also include covered operations expenditures, covered property damage costs, covered supplier costs and covered worker protection expenditures. To the extent not forgiven, loans are subject to certain terms including, among others, the following: maximum two-year term for loans issued before June 5, 2020 (unless borrower and lender agree otherwise); a maximum five-year term for loans issued on or after June 5, 2020; an interest rate of 1.0%; deferral of loan payments until a loan forgiveness decision is rendered or until 10 months after the end of a borrower's forgiveness covered period; and no requirement for any collateral or personal guarantees. PPP borrowers are not required to pay any fees to the government or the lender, and the loans may be repaid by the borrower at any time. The SBA, however, will pay lenders a processing fee based on the size of the PPP loan, ranging from 1% to 5% of the loan for loans made before the enactment of the Economic Aid Act, and thereafter, a processing fee of (1) the lesser of 50% of the loan or $2,500 for loans of not more than $50,000, (2) 5% of the loan for loans above $50,000 but not more than $350,000, and (3) 3% of the loan for loans above $350,000 (and, in case of the first draw PPP loans only, a fee of 1% for the loans at or above $2,000,000). Additional loans were issuable up until June 30, 2021, pursuant to the PPP Extension Act of 2021, and qualifying PPP borrowers were able to apply for second draw loans in an amount of up to $2 million. We continued to participate in the forgiveness stage of the PPP through the fourth quarter of 2021.

As of December 31, 2021, we have outstanding PPP loans in the amount of $331 million, as approved by the SBA, compared to $1.6 billion at December 31, 2020. This funded amount reflects repayments received as of such date.

Loan Deferral Programs

In April 2020, we implemented three loan payment deferral programs targeted to assist borrowers who were the most impacted by the COVID-19 pandemic. These programs included relief for venture-backed, private bank and wine borrowers who met certain criteria. The three-month private bank and wine deferral programs ended, and payments resumed, in the third quarter of 2020. The six-month venture debt and private bank deferral programs ended, and payments resumed, in the fourth quarter of 2020 for a majority of participants. As of December 31, 2021, a single loan remained modified under these programs, with an outstanding balance of $10 million. The borrower lengthened their existing interest-only payment period under the deferral program and is currently making interest-only payments. As of December 31, 2020, loans modified under these programs had outstanding balances of $769 million, $13 million and $2 million for venture-backed, private bank and wine borrowers, respectively. These amounts reflect repayments received as of December 31, 2020.

For loans modified under these programs, in accordance with the provisions of Section 4013 of the CARES Act, we elected to not apply TDR classification to borrowers who were current as of December 31, 2019. In addition, for loans modified under these programs that did not meet the CARES Act criteria, we applied the guidance in an interagency statement issued by bank regulatory agencies. Using this guidance, we may find that borrowers are not experiencing financial difficulty that may otherwise result in a TDR classification, in accordance with ASC Subtopic 310-40, if loan modifications are performed in response to the COVID-19 pandemic, provide short-term loan payment deferrals (e.g. six months in duration) and are granted to borrowers who were current as of the implementation date of the loan modification program. We evaluated all loans modified under these programs against the CARES Act and interagency guidance, as applicable, and determined the loan modifications would not be considered TDRs. We did not defer interest income recognition during periods of payment deferral, nor did any qualifying modification trigger nonaccrual status.

Loan Administration

The Credit Committee of our Board of Directors oversees our credit risks and strategies, as well as our key credit policies and lending practices.

Subject to the oversight of the Credit Committee, lending authority is delegated to our Chief Credit Officer and other senior members of our lending management based on certain size and underwriting criteria.

Credit Quality Indicators

As of both December 31, 2021 and December 31, 2020, our total criticized loans and nonaccrual loans collectively represented three percent of our total loans. Criticized loans and nonaccrual loans to early-stage clients represented 13 percent and 15 percent of our total criticized loans and nonaccrual loan balances at December 31, 2021 and December 31, 2020, respectively. Loans to early-stage clients represent a relatively small percentage of our overall portfolio at 2 percent and 3 percent of total loans at December 31, 2021 and December 31, 2020, respectively. It is common for an early-stage client's remaining liquidity to fall temporarily below the threshold for a pass-rated credit during its capital-raising period for a new round of funding. Based on our experience, for most early-stage clients, this situation typically lasts one to two quarters and generally resolves itself with a subsequent round of venture funding, though there are exceptions, from time to time. As a result, we expect that each of our early-stage clients will reside in our criticized portfolio during a portion of their life cycle.

As of December 31, 2021 we have identified the following risks to credit quality: (i) increased COVID-19 exposure from acquired Boston Private loans, (ii) larger Growth Stage and Innovation C&I loan sizes, (iii) company valuation volatility and (iv) macroeconomic risks, particularly supply chain constraints and inflation.

(i) Increased COVID-19 exposure from acquired Boston Private loans - We acquired CRE loans from Boston Private that have a balance of $2.7 billion at December 31, 2021. CRE is generally more impacted by restrictions to reduce the spread of COVID-19 and transitions to hybrid work environments. This risk is mitigated by the reserves held for this loan class and our limited overall exposure, with CRE representing only 4 percent of total loans at December 31, 2021.

(ii) Larger Growth Stage and Innovation C&I loan sizes - The size of individual loans to our Investor Dependent - Growth Stage and Innovation C&I clients has increased, which may introduce greater volatility to those portfolios' credit quality.

(iii) Company valuation volatility - Given the very choppy markets which are generally a precursor to private company valuations, we could see a pullback from the very high valuations that exist today.

(iv) Macroeconomic risks, particularly supply chain constraints and inflation - We see limited impact to each of these across the portfolio though the risk exists that one, or the combination of these, could post an issue for different segments.

Additionally, we have identified the following factors that could have a positive impact on credit quality: (i) recovering business activity, (ii) continued investor support and (iii) improved risk profile of loan portfolio.

(i) Recovering business activity - We continue to monitor our loan portfolio for the impact of the COVID-19 pandemic, especially the emergence of COVID-19 variants and continued spread. Our portfolio has limited direct exposure to the industries most severely impacted by the pandemic.

(ii) Continued investor support - We continue to see robust venture capital investment activity and dry powder available in the market.

(iii) Improved risk profile of loan portfolio - As described above, our Investor Dependent - Early Stage class, which historically has been the most vulnerable loan class with the most losses, is now only 2 percent of total loans. Furthermore, over 70 percent of total loans are now in our Global Fund Banking and Private Bank classes, which have low credit loss experience.

We continue to monitor the current environment to evaluate the impact of the above on our portfolio's credit quality and to identify the emergence of additional factors.

ACL for Loans and for Unfunded Credit Commitments

The following table summarizes the allocation of the ACL for loans for our portfolio segments:

	December 31,			
	2021		2020	
(Dollars in millions)	**ACL Amount**	**Percent of Total Loans (1)**	**ACL Amount**	**Percent of Total Loans (1)**
Global fund banking	$ 67	57.3 %	$ 46	56.5 %
Investor dependent	146	8.3	213	11.0
Cash flow dependent and innovation C&I	118	12.8	125	15.7
Private bank	33	13.2	53	10.9
CRE	36	4.0	—	—
Other C&I	14	1.9	—	—
Premium wine and other	8	2.0	9	2.4
PPP	—	0.5	2	3.5
Total	$ 422	100.0 %	$ 448	100.0 %

(1) Represents loan balances as a percentage of total loans at each respective year-end.

To determine the ACL for performing loans as of December 31, 2021 and 2020, we utilized three scenarios, on a weighted basis, from Moody's Analytics December 2021 and 2020 forecasts, respectively, in our expected lifetime loss estimate. The baseline scenario, which carries the highest weighting of 40 percent in both periods, reflected an unemployment rate of 4.3 percent as of December 31, 2021, as a result of the ongoing economic stabilization seen in 2021, compared to 6.7 percent as of December 31, 2020. The baseline scenario also included a GDP growth rate of 6.8 percent and 4.0 percent as of December 31, 2021 and 2020, respectively, reflecting ongoing expected economic recovery as the impact of the COVID-19 pandemic continues to subside. As part of the 2021 model enhancement we added the housing price index as an input, which the baseline scenario reflected as 5.9 percent as of December 31, 2021, consistent with the imbalance between supply and demand in the housing market. In addition to the baseline, we also utilized a more favorable (Moody's

S1, Upside) and less favorable (Moody's S3, Downside) economic forecast scenario, each weighted at 30 percent at both December 31, 2021 and December 31, 2020. To the extent we identified credit risk considerations that were not captured by the Moody's Analytics scenarios, we addressed the risk through management's qualitative adjustments to our ACL for performing loans.

Gross Loan Charge-Offs

Gross loan charge-offs were $138 million for the year ended December 31, 2021, of which $113 million was not specifically reserved for in prior quarters. Gross loan charge-offs not previously reserved for were primarily driven by $80 million related to a single instance of fraudulent activity on one loan disclosed in previous filings. The remaining $33 million of gross loan charge-offs not previously reserved for came primarily from our Investor Dependent and Innovation C&I loan portfolios.

Gross loan charge-offs were $103 million for the year ended December 31, 2020, primarily driven by $89 million charge-offs for our Investor Dependent clients and $11 million charge-offs from our Cash Flow Dependent - SLBO portfolio. The remaining charge-offs came primarily from our Private bank and Premium Wine and Other portfolios.

Net Charge-offs to Average Loans Outstanding

The following table summarizes our net charge-offs to average outstanding loans by classes of financing receivables for the years ended December 31, 2021 and 2020:

	December 31, 2021			December 31, 2020		
(Dollars in millions)	**Net Charge-offs**	**Average Loan Balance**	**Percentage**	**Net Charge-offs**	**Average Loan Balance**	**Percentage**
Global fund banking (1)	$ 80	$ 30,358	0.26 %	$ —	$ 19,403	— %
Investor dependent:						
Early stage	28	2,131	1.31	25	1,570	1.59
Growth stage	—	3,546	—	39	3,293	1.18
Total investor dependent	28	5,677	0.49	64	4,863	1.32
Cash flow dependent- SLBO	5	1,685	0.30	—	2,014	—
Innovation C&I	(3)	6,600	(0.05)	8	4,200	0.19
Private bank	3	6,704	0.04	2	4,260	0.05
CRE	—	1,366	—	—	—	—
Premium wine	—	1,047	—	—	1,079	—
Other C&I	—	628	—	—	—	—
Other	1	155	0.65	—	112	—
PPP	—	327	—	—	1,335	—
Total	$ 114	$ 54,547	0.21 %	$ 74	$ 37,266	0.20 %

(1) Global fund banking net charge-offs for the year ended December 31, 2021 includes the impact of an $80 million charge-off related to fraudulent activity on one loan as disclosed in previous filings.

Nonperforming Assets

Nonperforming assets consist of loans on nonaccrual status, loans past due 90 days or more still accruing interest, and OREO and other foreclosed assets. We measure all loans placed on nonaccrual status for impairment based on the fair value of the underlying collateral or the net present value of the expected cash flows. The table below sets forth certain data and ratios between nonperforming loans, nonperforming assets and the ACL for loans and unfunded credit commitments:

	December 31,	
(Dollars in millions)	**2021**	**2020**
Nonperforming, past due, and restructured loans:		
Nonaccrual loans	$ 84	$ 104
Loans past due 90 days or more still accruing interest	7	—
Total nonperforming loans	91	104
OREO and other foreclosed assets	1	1
Total nonperforming assets	$ 92	$ 105
Performing TDRs	$ 40	$ 5
Nonaccrual loans as a percentage of total loans	0.13 %	0.23 %
Nonperforming loans as a percentage of total loans	0.14	0.23
Nonperforming assets as a percentage of total assets	0.04	0.09
ACL for loans (1)	$ 422	$ 448
As a percentage of total loans	0.64 %	0.99 %
As a percentage of total nonperforming loans	463.74	429.54
ACL for nonaccrual loans (1)	$ 35	$ 54
As a percentage of total loans	0.05 %	0.12 %
As a percentage of total nonperforming loans	38.46	51.83
ACL for total performing loans (1)	$ 387	$ 394
As a percentage of total loans	0.58 %	0.87 %
As a percentage of total performing loans	0.58	0.87
Total loans	$ 66,276	$ 45,181
Total performing loans	66,185	45,077
ACL for unfunded credit commitments (2)	171	121
As a percentage of total unfunded credit commitments	0.39 %	0.38 %
Total unfunded credit commitments (3)	$ 44,016	$ 31,982

(1) The "ACL for loans" at December 31, 2021 includes an initial allowance of $66 million related to Boston Private loans, of which $2 million is related to nonaccrual loans. See “Provision for Credit Losses” for a detailed discussion of the changes to the allowance.
(2) The “ACL for unfunded credit commitments” is included as a component of other liabilities and any provision is included in the “provision for credit losses” in the statement of income. At December 31, 2021, this includes an initial allowance of $2 million related to Boston Private commitments. See “Provision for Credit Losses” for a detailed discussion of the changes to the allowance.
(3) Includes unfunded loan commitments and letters of credit.

Our ACL for loans as a percentage of total loans decreased 35 bps to 0.64 percent at December 31, 2021, compared to 0.99 percent at December 31, 2020. The 35 bps decrease consists primarily of a 29 bps decrease for our performing loans reserve as a percentage of total loans and a 7 bps decrease for our nonaccrual individually assessed loans. The decreases were primarily driven by improved economic conditions and enhancements in our reserving model, which were partially offset by increases from organic loan growth and the acquisition of Boston Private. Much of our organic loan growth is driven by our Global Fund Banking portfolio, which historically has had very low loss rates. Should the growth in this lower risk portfolio persist, it will continue to reduce the ratio of ACL to total loans.

Our performing loans reserve as a percentage of total loans includes 9 bps from the inclusion of Boston Private; nonaccrual reserves as a percentage of total loans includes less than one basis point from Boston Private. For a detailed discussion of changes in the current period's provision, including the impacts of the model enhancements and the Boston Private acquisition, see "Provision for Credit Losses."

Our ACL for performing loans was $387 million at December 31, 2021, compared to $394 million at December 31, 2020. The $7 million decrease was driven primarily by the improved economic scenarios in our forecast models, reflective of the ongoing improvement of the economic outlooks as the impact of the COVID-19 pandemic begins to subside and enhancements to our reserving model, which was partially offset by growth in our loan portfolio. For a detailed discussion of changes in the current period's provision, including the impacts of the model enhancements and the Boston Private acquisition see "Provision for Credit Losses."

Nonaccrual Loans

The following table presents a summary of changes in nonaccrual loans for the years ended December 31, 2021 and 2020:

	Year ended December 31,	
(Dollars in millions)	**2021**	**2020**
Balance, beginning of period (1)	$ 104	$ 103
Additions	98	201
Paydowns and other reductions	(91)	(137)
Charge-offs	(27)	(63)
Balance, end of period	$ 84	$ 104

(1) As of December 31, 2021 and 2020, loan amounts are disclosed using the amortized cost basis as a result of the adoption of CECL. Prior period loan amounts are disclosed using the gross basis.

Our nonaccrual loan balance decreased $20 million to $84 million at December 31, 2021, compared to $104 million at December 31, 2020. The decrease was driven by $27 million in charge-offs and $91 million in paydowns and other reductions, partially offset by $98 million in new nonaccrual loans. Charge-offs of nonaccrual loans were primarily driven by clients in our Investor Dependent - Early Stage loan class. Paydowns and other reductions were primarily driven by $22 million from one Investor Dependent - Growth Stage client, $17 million from one Premium Wine client, and $14 million from one CRE client. New nonaccrual loans were driven primarily by the acquisition of $31 million nonaccrual loans from Boston Private, $17 million from one Premium Wine client, and $12 million from two Private Bank clients. The remaining new nonaccrual loans were primarily driven by our Investor Dependent portfolio. As of December 31, 2021, we have specifically reserved $35 million for our nonaccrual loans.

Average nonaccrual loans for the year ended December 31, 2021 were $105 million compared to $85 million at December 31, 2020. The increase in average nonaccrual loans was primarily driven by organic loan growth throughout the year and the acquisition of loans from Boston Private in the third quarter of 2021, while many paydowns occurred during the fourth quarter. If the nonaccrual loans for the years ended December 31, 2021 and 2020 had not been nonperforming, $3 million and $2 million, respectively, in interest income would have been recorded.

Accrued Interest Receivable and Other Assets

A summary of accrued interest receivable and other assets at December 31, 2021 and December 31, 2020 is as follows:

	December 31,		
(Dollars in millions)	**2021**	**2020**	**% Change**
Derivative assets (1)	$ 565	$ 488	15.8 %
Foreign exchange spot contract assets, gross	119	2,108	(94.4)
AIR	470	245	91.8
FHLB and FRB stock	107	61	75.4
Net deferred tax assets	24	1	NM
Accounts receivable	54	37	45.9
Other assets	589	266	121.4
Total AIR and other assets	$ 1,928	$ 3,206	(39.9)

(1) See “Derivatives” section below.

Foreign Exchange Spot Contract Assets

The decrease of $2.0 billion in foreign exchange spot contract assets was primarily due to a decrease in the number of unsettled spot trades with large notional balances at December 31, 2021 as December 31, 2020 had several large unsettled spot trades at year-end.

Accrued interest receivable

The increase of $225 million in AIR was primarily due to increases in the period-end balances of our HTM investment securities portfolio and loans at December 31, 2021 as compared to December 31, 2020.

Net deferred tax assets

Net deferred tax assets increased $23 million as our tax position changed from a payable to a receivable primarily due to the decrease in the fair value of our AFS securities and the adoption of fair value accounting on loans and debt securities for income tax purposes as a result of the Boston Private acquisition.

Other Assets

Other assets includes various asset amounts for other operational transactions. The increase of $323 million was due primarily to $122 million increase in current taxes receivable reflective of an overpayment of federal and state taxes, a $28 million increase in prepaid expenses, a $29 million increase in capitalized cloud computing costs reflective of investments in systems and technology to support our revenue growth and related initiatives and the acquisition of Boston Private which impacted several line items within other assets.

Derivatives

Derivative instruments are recorded as a component of other assets and other liabilities on the balance sheet. The following table provides a summary of derivative assets and liabilities at December 31, 2021 and 2020:

	December 31,		
(Dollars in millions)	**2021**	**2020**	**% Change**
Assets:			
Equity warrant assets	$ 277	$ 203	36.5 %
Foreign exchange forward, swap and option contracts	171	217	(21.2)
Client interest rate derivatives	99	68	45.6
Interest rate swaps	18	—	—
Total derivatives assets	$ 565	$ 488	15.8
Liabilities:			
Foreign exchange forward, swap and option contracts	$ 137	$ 210	(34.8)
Client interest rate derivatives	101	27	NM
Total derivatives liabilities	$ 238	$ 237	0.4

Equity Warrant Assets

In connection with negotiating credit facilities and certain other services, we often obtain rights to acquire stock in the form of equity warrant assets in primarily private, venture-backed companies in the technology and life science/healthcare industries. At December 31, 2021, we held warrants in 2,831 companies, compared to 2,602 companies at December 31, 2020. Warrants in 47 companies each had values greater than $1 million and collectively represented $140 million, or 50.5 percent, of the fair value of the total warrant portfolio. The change in fair value of equity warrant assets is recorded in "Gains on equity warrant assets, net", in noninterest income, a component of consolidated net income. The following table provides a summary of transactions and valuation changes for the years ended December 31, 2021 and 2020:

(Dollars in millions)	Year ended December 31, 2021	2020
Balance, beginning of period	$ 203	$ 165
New equity warrant assets	25	20
Non-cash increases in fair value	116	60
Exercised equity warrant assets	(65)	(40)
Terminated equity warrant assets	(2)	(2)
Balance, end of period	$ 277	$ 203

Foreign Exchange Forward and Foreign Currency Option Contracts

We enter into foreign exchange forward and swap contracts and foreign currency option contracts with clients involved in foreign activities, either as the purchaser or seller, depending upon the clients' needs. For each forward, swap or option contract entered into with our clients, we enter into an opposite way forward, swap or option contract with a correspondent bank, which mitigates the risk of fluctuations in currency rates. We also enter into forward contracts with correspondent banks to economically reduce our foreign exchange exposure related to certain foreign currency denominated instruments. Net gains and losses on the revaluation of foreign currency denominated instruments are recorded in the line item "Other" as part of noninterest income, a component of consolidated net income. We have not experienced nonperformance by any of our counterparties and therefore have not incurred any related losses. Further, we anticipate performance by all counterparties. Our net exposure for foreign exchange forward and swaps and foreign currency option contracts, net of cash collateral, was zero at December 31, 2021 and $31 million at December 31, 2020. For additional information on our foreign exchange forward contracts and swap and foreign currency option contracts, see Note 16—“Derivative Financial Instruments” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report.

Client Interest Rate Derivatives

We sell interest rate contracts to clients who wish to mitigate their interest rate exposure. We economically reduce the interest rate risk from this business by entering into opposite way contracts with correspondent banks. Our net exposure for client interest rate derivative contracts, net of cash collateral, was $47 million at December 31, 2021 and $67 million at December 31, 2020. For additional information on our client interest rate derivatives, refer to Note 16—“Derivative Financial Instruments” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report.

Interest Rate Swaps

To manage interest rate risk on our AFS securities portfolio, we enter into pay-fixed, receive-floating interest rate swap contracts to hedge against exposure to changes in the fair value of the securities resulting from changes in interest rates. We designate these interest rate swap contracts as fair value hedges that qualify for hedge accounting under ASC 815 and record them in other assets and other liabilities. Our net exposure for interest rate swaps was $5 million at December 31, 2021. We had zero net exposure for interest rate swaps at December 31, 2020. Refer to Note 16—“Derivative Financial Instruments” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report for additional information.

Deposits

The following table presents the composition of our deposits as of December 31, 2021 and 2020:

(Dollars in millions)	December 31, 2021	2020
Noninterest-bearing demand	$ 125,851	$ 66,519
Interest-bearing checking and savings accounts	5,106	4,801
Money market	54,842	28,406
Money market deposits in foreign offices	696	617
Sweep deposits in foreign offices	969	951
Time	1,739	688
Total deposits	$ 189,203	$ 101,982

The increase in deposits of $87.2 billion in 2021 was driven by growth across all portfolios with the primary contributor coming from our Technology and healthcare portfolio driven by exits in the first half of 2021 and strong private fundraising throughout 2021 . The Boston Private acquisition contributed $8.9 billion of deposit growth. No material portion of our deposits has been obtained from a single depositor and the loss of any one depositor would not materially affect our

business. Approximately 9 percent and 12 percent of our total deposits at December 31, 2021 and 2020, respectively, were from our clients in Asia.

At December 31, 2021, 33 percent of our total deposits were interest-bearing deposits, compared to 35 percent at December 31, 2020.

Uninsured Deposits in U.S. Offices

At December 31, 2021 and 2020, the amount of estimated uninsured deposits in U.S. offices that exceed the FDIC insurance limit were $166.0 billion and $88.6 billion, respectively. At December 31, 2021 and 2020, foreign deposits of $16.1 billion and $8.4 billion, respectively, were not subject to any U.S. federal or state deposit insurance regime. The amounts disclosed above are derived using the same methodologies and assumptions used for regulatory reporting requirements.

Time Deposits

The maturity profile of our time deposits as of December 31, 2021 is as follows:

	December 31, 2021				
(Dollars in millions)	**Three months or less**	**More than three months to six months**	**More than six months to twelve months**	**More than twelve months**	**Total**
U.S. time deposits in excess of the FDIC insured amount	$ 53	$ 54	$ 85	$ 16	$ 208
Non-U.S. time deposits in excess of insured amount	1,048	286	18	—	1,352
Remaining time deposits	69	51	51	8	179
Total time deposits	$ 1,170	$ 391	$ 154	$ 24	$ 1,739

Short-Term Borrowings

The following table summarizes our short-term borrowings that mature in one month or less:

	December 31,			
	2021		**2020**	
(Dollars in millions)	**Amount**	**Rate**	**Amount**	**Rate**
Securities sold under agreement to repurchase	$ 61	0.05 %	$ —	— %
Other short-term borrowings	60	0.07	21	0.08
Total short-term borrowings	$ 121	0.06	$ 21	0.08

We had $121 million in short-term borrowings at December 31, 2021, compared to $21 million at December 31, 2020. For more information on our short-term debt, see Note 15—“Short-Term Borrowings and Long-Term Debt” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report.

Average daily balances for our short-term borrowings in 2021, 2020 and 2019 were as follows:

(Dollars in millions)	Year ended December 31, 2021	2020	2019
Average daily balances:			
Short-term FHLB advances	$ —	$ 296	$ 64
Federal Funds purchased (1)	1	13	25
Securities sold under agreements to repurchase	41	65	37
Other short-term borrowings (2)	32	27	19
Total average short-term borrowings	$ 74	$ 401	$ 145
Weighted average interest rate during the year:			
Short-term FHLB advances	— %	0.62 %	2.57 %
Federal Funds purchased	0.13	0.73	2.45
Securities sold under agreements to repurchase	0.05	1.74	2.65
Other short-term borrowings	0.30	0.28	1.92

(1) As part of our liquidity risk management practices, we periodically test availability and access to overnight borrowings in the Federal Funds market. These balances represent short-term borrowings.
(2) Represents cash collateral received from certain counterparties in relation to market value exposures of derivative contracts in our favor.

Long-Term Debt

The following table represents outstanding long-term debt at December 31, 2021 and 2020:

(Dollars in millions)	Principal value at December 31, 2021	December 31, 2021	December 31, 2020
3.50% Senior Notes due 2025	$ 350	$ 349	$ 349
3.125% Senior Notes due 2030	500	496	495
1.800% Senior Notes due 2031	500	494	—
2.100% Senior Notes due 2028	500	496	—
1.800% Senior Notes due 2026	650	645	—
Junior subordinated debentures	100	90	—
Total long-term debt	$ 2,600	$ 2,570	$ 844

As of December 31, 2021, long-term debt was comprised of our 3.50% Senior Notes due 2025, 3.125% Senior Notes due 2030, 1.800% Senior Notes due 2031, 2.100% Senior Notes due 2028, 1.800% Senior Notes due 2026 and junior subordinated debentures. The increase was driven by issuances of senior notes during the first, second and fourth quarters of 2021 and the assumption of junior subordinated debentures as part of the Boston Private acquisition. For more information on our long-term debt outstanding at December 31, 2021, refer to Note 15—"Short-Term Borrowings and Long-Term Debt" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 of this report.

Other Liabilities

A summary of other liabilities at December 31, 2021 and 2020 is as follows:

	December 31,		
(Dollars in millions)	**2021**	**2020**	**% Change**
Foreign exchange spot contract liabilities, gross	$ 160	$ 2,165	(92.6) %
Accrued compensation	896	545	64.4
Derivative liabilities (1)	238	237	0.4
Allowance for unfunded credit commitments	171	121	41.3
Net deferred tax liabilities	—	173	(100.0)
Other liabilities	1,122	731	53.5
Total other liabilities	$ 2,587	$ 3,972	(34.9)

(1) See “Derivatives” section above.

Foreign Exchange Spot Contract Liabilities

Foreign exchange spot contract liabilities represent unsettled client trades at the end of the period. The decrease of $2.0 billion in foreign exchange spot contract liabilities was primarily due to a decrease in the number of unsettled spot trades with large notional balances at December 31, 2021 as December 31, 2020 had several large unsettled spot trades at year-end.

Accrued Compensation

Accrued compensation includes amounts for our Incentive Compensation Plan, Direct Drive Incentive Compensation Plan, Retention Program, Warrant Incentive Plan, ESOP, SVB Securities Incentive Compensation Plan, SVB Securities Retention Award and other compensation arrangements. The increase of $351 million was driven primarily by an increase in accrued incentive pay as a result of our strong 2021 full-year financial performance and an increase in the number of average FTEs in 2021. For a description of our variable compensation plans, refer to Note 19—“Employee Compensation and Benefit Plans” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report.

Allowance for Unfunded Credit Commitments

Allowance for unfunded credit commitments includes an allowance for both our unfunded loan commitments and our letters of credit. The increase of $50 million was attributable to commitment growth and changes in portfolio composition and an increase in the expected future commitments for milestone tranches of Investor Dependent loans, which are tied to company performance or additional funding rounds, resulting in a longer weighted average life of these higher risk segments. Additionally, we recorded an initial provision of $2 million related to Boston Private unfunded commitments in the third quarter of 2021.

Net Deferred Tax Liabilities

Net deferred tax liabilities decreased $173 million as our tax position changed to a net deferred tax asset position of $24 million due primarily to the decrease in the fair value of our AFS securities and the adoption of fair value accounting on loans and debt securities for income tax purposes as a result of the Boston Private acquisition.

Other Liabilities

Other liabilities includes various accrued liability amounts for other operational transactions. The increase of $391 million was driven primarily by $60 million of unsettled fixed income investment securities purchases and a $112 million increase in investments payable related to investments in qualified affordable housing projects.

Noncontrolling Interests

Noncontrolling interests totaled $373 million and $213 million at December 31, 2021 and December 31, 2020, respectively. The increase was due to net income attributable to noncontrolling interests of $240 million, partially offset by net capital distributions of $80 million for the year ended December 31, 2021. For more information, refer to Note 2—“Summary of Significant Accounting Policies” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report.

Capital Resources

We maintain an adequate capital base to support anticipated asset growth, operating needs, and credit and other business risks, and to provide for SVB Financial and the Bank to be in compliance with applicable regulatory capital guidelines, including the joint agency rules implementing the "Basel III" capital rules (the "Capital Rules"). Our primary sources of new capital include retained earnings and proceeds from the sale and issuance of our capital stock or other securities. Under the oversight of the Finance Committee of our Board of Directors, management engages in regular capital planning processes in an effort to optimize the use of the capital available to us and to appropriately plan for our future capital needs. The capital plan considers capital needs for the foreseeable future and allocates capital to both existing and future business activities. Expected future use or activities for which capital may be set aside include balance sheet growth and associated relative increases in market or credit exposure, investment activity, potential product and business expansions, acquisitions and strategic or infrastructure investments. In addition, we conduct capital stress tests as part of our annual capital planning process. The capital stress tests allow us to assess the impact of adverse changes in the economy and interest rates on our capital adequacy position.

SVBFG Stockholders' Equity

SVBFG stockholders' equity totaled $16.2 billion at December 31, 2021, an increase of $8.0 billion, or 97.5 percent, compared to $8.2 billion at December 31, 2020. The increase was driven primarily by a $3.4 billion issuance of common stock, of which $1.1 billion was issued to complete the acquisition of Boston Private, $3.3 billion issuance of preferred stock and $1.8 billion of net income, offset partially by the decrease in AOCI of $632 million. The decrease in AOCI was driven primarily by a $644 million (or $465 million net of tax) decrease in the fair value of our AFS securities portfolio reflective of increases in market interest rates.

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

Common Stock

On March 22, 2021, to support the continued growth of our balance sheet, we issued and sold 2,000,000 shares of common stock at a price of $500.00 per share. We received net proceeds of $972 million after deducting underwriting discounts and commissions. On April 14, 2021, we issued and sold an additional 300,000 shares of common stock under the full exercise of the underwriter's over-allotment option resulting in additional net proceeds of approximately $146 million after deducting discounts and commissions. On July 1, 2021, we issued 1,887,981 shares of common stock for the acquisition of Boston Private at an exchange ratio of 0.0228 SIVB shares per Boston Private share totaling $1.1 billion. On August 12, 2021, we issued and sold an additional 2,227,000 shares of common stock at an offering price of $564.00 per share, which resulted in net proceeds of $1.2 billion.

Preferred Stock

On February 2, 2021, SVB Financial Group issued 750,000 depositary shares each representing a 1/100th ownership interest in a share of 4.10% Non-Cumulative Perpetual Series B Preferred Stock (''Series B Preferred Stock'') with a $0.001 par value and a liquidation preference of $100,000 per share, or $1,000 per depositary share. The Series B Preferred Stock is perpetual and has no stated maturity. Dividends are approved by the Board of Directors and, if declared, are payable quarterly, in arrears, at a rate per annum equal to (i) 4.10 percent from the original issue date to, but excluding, February 15, 2031 and (ii) for the February 15, 2031 dividend date and during each subsequent ten year period, the ten-year treasury rate (calculated three business days prior to each reset date as the five day average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for ten-year maturities) plus 3.064 percent. As of December 31, 2021, our Series B Preferred Stock had a carrying value of $739 million and a liquidation preference of $750 million.

On May 13, 2021, SVB Financial Group issued 1,000,000 depositary shares each representing a 1/100th ownership interest in a share of 4.00% Non-Cumulative Perpetual Series C Preferred Stock (''Series C Preferred Stock'') with a $0.001 par value and a liquidation preference of $100,000 per share, or $1,000 per depositary share. The Series C Preferred Stock is perpetual and has no stated maturity. Dividends, if approved and declared by the Board of Directors, are payable quarterly, in arrears, at a rate per annum equal to (i) 4.000 percent from the original issue date to, but excluding, May 15, 2026, and (ii) for the May 15, 2026 dividend date and during each subsequent five year period, the five-year treasury rate (calculated three business days prior to each reset date as the five day average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities) plus 3.202 percent. As of December 31, 2021, our Series C Preferred Stock had a carrying value of $985 million and a liquidation preference of $1.0 billion.

On October 28, 2021, SVB Financial Group issued 1,000,000 depositary shares each representing a 1/100th ownership interest in a share of 4.25% Non-Cumulative Perpetual Series D Preferred Stock (''Series D Preferred Stock'') with a $0.001 par value and a liquidation preference of $100,000 per share, or $1,000 per depositary share. The Series D Preferred Stock is perpetual and has no stated maturity. Dividends, if approved and declared by the Board of Directors, are payable quarterly, in

arrears, at a rate per annum equal to (i) 4.250 percent from the original issue date to, but excluding, November 15, 2026, and (ii) for the November 15, 2026 dividend date and during each subsequent five year period, the five-year treasury rate (calculated three business days prior to each reset date as the five day average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities) plus 3.074 percent. As of December 31, 2021, our Series D Preferred Stock had a carrying value of $989 million and a liquidation preference of $1.0 billion.

On October 28, 2021, SVB Financial Group also issued 600,000 depositary shares each representing a 1/100th ownership interest in a share of 4.70% Series E Preferred Stock ("Series E Preferred Stock") with a $0.001 par value and a liquidation preference of $100,000 per share, or $1,000 per depositary share. The Series E Preferred Stock is perpetual and has no stated maturity. Dividends, if approved and declared by the Board of Directors, are payable quarterly, in arrears, at a rate per annum equal to (i) 4.700 percent from the original issue date to, but excluding, November 15, 2031, and (ii) for the November 15, 2031 dividend date and during each subsequent ten years period, the ten-year treasury rate (calculated three business days prior to each reset date as the five day average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities) plus 3.064 percent. As of December 31, 2021, our Series E Preferred Stock had a carrying value of $593 million and a liquidation preference of $600 million.

Capital Ratios

Regulatory capital ratios for SVB Financial and the Bank exceeded minimum federal regulatory guidelines under the current Capital Rules as well as for a well-capitalized bank holding company and insured depository institution as defined under the Federal Reserve's Regulation Y, respectively, as of December 31, 2021, and 2020. See Note 23—"Regulatory Matters" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 of this report for further information. Capital ratios for SVB Financial and the Bank, compared to the minimum capital ratios are set forth below:

	December 31,			Required Minimum + Capital Conservation Buffer (1)	Well Capitalized Minimum
	2021	2020	Required Minimum		
SVB Financial:					
CET1 risk-based capital ratio (2) (3)	12.09 %	11.04 %	4.5 %	7.0 %	N/A
Tier 1 risk-based capital ratio (3)	16.08	11.89	6.0	8.5	6.0
Total risk-based capital ratio (3)	16.58	12.64	8.0	10.5	10.0
Tier 1 leverage ratio (2) (3)	7.93	7.45	4.0	N/A	N/A
Tangible common equity to tangible assets ratio (4)(5)	5.73	6.66	N/A	N/A	N/A
Tangible common equity to risk-weighted assets ratio (4)(5)	11.98	11.87	N/A	N/A	N/A
Bank:					
CET1 risk-based capital ratio (3)	14.89 %	10.70 %	4.5 %	7.0 %	6.5 %
Tier 1 risk-based capital ratio (3)	14.89	10.70	6.0	8.5	8.0
Total risk-based capital ratio (3)	15.40	11.49	8.0	10.5	10.0
Tier 1 leverage ratio (3)	7.24	6.43	4.0	N/A	5.0
Tangible common equity to tangible assets ratio (4)(5)	7.09	6.24	N/A	N/A	N/A
Tangible common equity to risk-weighted assets ratio (4)(5)	15.06	11.58	N/A	N/A	N/A

(1) Percentages represent the minimum capital ratios plus, as applicable, the fully phased-in 2.5% CET1 capital conservation buffer under the Capital Rules.
(2) "Well-Capitalized Minimum" CET1 risk-based capital and Tier 1 leverage ratios are not formally defined under applicable banking regulations for bank holding companies.
(3) Capital ratios include regulatory capital phase-in of the ACL under the 2020 CECL Transition Rule for periods beginning December 31, 2020.
(4) See below for a reconciliation of non-GAAP tangible common equity to tangible assets and tangible common equity to risk-weighted assets.
(5) The FRB has not issued any minimum guidelines for the tangible common equity to tangible assets ratio or the tangible common equity to risk-weighted assets ratio, however, we believe these ratios provide meaningful supplemental information regarding our capital levels and are therefore provided above.

Our risk-based capital ratios, tier 1 capital ratios and leverage ratios increased for both SVB Financial and Silicon Valley Bank as of December 31, 2021, compared to December 31, 2020. The increase in capital ratios was driven primarily by increases in our capital, partially offset by increases in our risk-weighted and average assets. The increase in capital for SVB Financial was driven by the issuance of common and preferred stock and net income. The increase in capital for Silicon Valley Bank was driven by a $5.8 billion downstream capital infusion from our bank holding company during the year ended

December 31, 2021. The increase in average assets was driven by increases in our fixed income investments and loan portfolios. All of our reported capital ratios remain above the levels considered to be "well capitalized" under applicable banking regulations.

Non-GAAP Tangible Common Equity to Tangible Assets and Non-GAAP Tangible Common Equity to Risk-weighted Assets

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

Non-GAAP tangible common equity and tangible assets (Dollars in millions, except ratios)	SVB Financial				
	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
GAAP SVBFG stockholders' equity	$ 16,236	$ 8,220	$ 6,470	$ 5,116	$ 4,180
Less: preferred stock	3,646	340	340	—	—
Less: intangible assets	535	204	187	—	—
Plus: net deferred taxes on intangible assets	26	—	—	—	—
Tangible common equity	$ 12,081	$ 7,676	$ 5,943	$ 5,116	$ 4,180
GAAP total assets	$ 211,478	$ 115,511	$ 71,005	$ 56,928	$ 51,214
Less: intangible assets	535	204	187	—	—
Plus: net deferred taxes on intangible assets	26	—	—	—	—
Tangible assets	$ 210,969	$ 115,307	$ 70,818	$ 56,928	$ 51,214
Risk-weighted assets	$ 100,812	$ 64,681	$ 46,577	$ 38,528	$ 32,737
Non-GAAP tangible common equity to tangible assets	5.73 %	6.66 %	8.39 %	8.99 %	8.16 %
Non-GAAP tangible common equity to risk-weighted assets	11.98	11.87	12.76	13.28	12.77

Non-GAAP tangible common equity and tangible assets (Dollars in millions, except ratios)	Bank				
	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Tangible common equity	$ 14,795	$ 7,069	$ 5,034	$ 4,555	$ 3,763
Tangible assets	$ 208,576	$ 113,303	$ 69,564	$ 56,047	$ 50,384
Risk-weighted assets	$ 98,214	$ 61,023	$ 44,502	$ 37,104	$ 31,403
Non-GAAP tangible common equity to tangible assets	7.09 %	6.24 %	7.24 %	8.13 %	7.47 %
Non-GAAP tangible common equity to risk-weighted assets	15.06	11.58	11.31	12.28	11.98

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

In the normal course of business, we use financial instruments with off-balance sheet risk to meet the financing needs of our customers. These financial instruments include commitments to extend credit, standby letters of credit and commitments to invest in venture capital and private equity fund investments. These instruments involve, to varying degrees, elements of credit risk. Credit risk is defined as the possibility of sustaining a loss because other parties to the financial instrument fail to perform in accordance with the terms of the contract. The actual liquidity needs and the credit risk that we have experienced have historically been lower than the contractual amount of these commitments because a significant portion of these commitments expire without being drawn upon. Refer to the discussion of our off-balance sheet arrangements in Note 21—"Off-Balance Sheet Arrangements, Guarantees and Other Commitments" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 of this report.

The following table summarizes our unfunded commercial commitments as of December 31, 2021:

(Dollars in millions)	Amount of Commitments Expiring per Period Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Commercial commitments:					
Loan commitments available for funding	$ 40,327	$ 27,302	$ 7,288	$ 3,989	$ 1,748
Standby letters of credit	3,612	3,492	89	18	13
Commercial letters of credit	77	40	37	—	—
Total unfunded credit commitments	$ 44,016	$ 30,834	$ 7,414	$ 4,007	$ 1,761

The following table summarizes our contractual obligations to make future payments as of December 31, 2021:

(Dollars in millions)	Payments Due By Period Total	Less than 1 year	1-3 years	4-5 years	After 5 years
SVBFG contractual obligations:					
Deposits (1) (2)	$ 189,203	$ 189,203	$ —	$ —	$ —
Borrowings (2)	2,691	121	349	645	1,576
Non-cancelable operating leases	416	77	139	88	112
Commitments to qualified affordable housing projects	482	173	271	14	24
Total obligations attributable to SVBFG	$ 192,792	$ 189,574	$ 759	$ 747	$ 1,712

(1) Includes time deposits and deposits with no defined maturity, such as noninterest-bearing demand, interest-bearing checking, savings, money market and sweep accounts.
(2) Amounts exclude contractual interest.

Excluded from the tables above are unfunded commitment obligations of $22 million to our managed funds of funds and other fund investments for which neither the payment, timing, nor eventual obligation is certain. Subject to applicable regulatory requirements, including the Volcker Rule (see "Business - Supervision and Regulation" under Part I, Item 1 of this report), we make commitments to invest in venture capital and private equity funds, which in turn make investments generally in, or in some cases make loans to, privately-held companies. Commitments to invest in these funds are generally made for a 10-year period from the inception of the fund. Although the limited partnership agreements governing these investments typically do not restrict the general partners from calling 100% of committed capital in one year, it is customary for these funds to generally call most of the capital commitments over 5 to 7 years; however in certain cases, the funds may not call 100% of committed capital over the life of the fund. The actual timing of future cash requirements to fund these commitments is generally dependent upon the investment cycle, overall market conditions, and the nature and type of industry in which the privately held companies operate. Additionally, our consolidated managed funds of funds have $3.0 million of remaining unfunded commitments to venture capital and private equity funds. See Note 9—“Investment Securities" of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report for further disclosure related to non-marketable and other equity securities. Additional discussion of our off-balance sheet arrangements for these fund investments is included in Note 21—“Off-Balance Sheet Arrangements, Guarantees and Other Commitments” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 of this report.

Liquidity

The objective of liquidity management is to ensure that funds are available in a timely manner to meet our financial obligations, including, as necessary, paying creditors, meeting depositors’ needs, accommodating loan demand and growth, funding investments, repurchasing securities and other operating or capital needs, without incurring undue cost or risk, or causing a disruption to normal operating conditions.

We regularly assess the amount and likelihood of projected funding requirements through a review of factors such as historical deposit volatility and funding patterns, present and forecasted market and economic conditions, individual client funding needs, and existing and planned business activities. Our Asset/Liability Committee (“ALCO”), which is a management committee, provides oversight to the liquidity management process and recommends policy guidelines for the approval of the Finance Committee of our Board of Directors, and courses of action to address our actual and projected liquidity needs. Additionally, we routinely conduct liquidity stress testing as part of our liquidity management practices.

Historically, client deposits have been our primary source of liquidity. Our deposit levels and cost of deposits may fluctuate from time to time due to a variety of factors, including market conditions, prevailing interest rates, changes in client deposit behaviors, availability of insurance protection, and our offering of deposit products. We may also offer more investment alternatives for our off-balance sheet products which may impact deposit levels. At December 31, 2021, our period-end total deposit balances increased to $189.2 billion, compared to $102.0 billion at December 31, 2020.

Our liquidity requirements can also be met through the use of our portfolio of liquid assets. Our definition of liquid assets includes cash and cash equivalents in excess of the minimum levels necessary to carry out normal business operations, short-term investment securities maturing within one year, AFS securities eligible and available for financing or pledging purposes with a maturity in excess of one year and anticipated near-term cash flows from investments.

We have certain facilities in place to enable us to access short-term borrowings on a secured and unsecured basis. Our secured facilities include collateral pledged to the FHLB of San Francisco and the discount window at the FRB (using both fixed income securities and loans as collateral). Our unsecured facility consists of our uncommitted federal funds lines. As of December 31, 2021, collateral pledged to the FHLB of San Francisco was comprised primarily of fixed income investment securities and loans and had a carrying value of $7.3 billion, of which $6.3 billion was available to support additional borrowings. As of December 31, 2021, collateral pledged to the discount window at the FRB was comprised of fixed income investment securities and had a carrying value of $0.8 billion, all of which was unused and available to support additional borrowings. Our total unused and available borrowing capacity for our uncommitted federal funds lines totaled $2.1 billion at December 31, 2021. Our total unused and available borrowing capacity under our master repurchase agreements with various financial institutions totaled $5.5 billion at December 31, 2021.

Additionally, interim final capital rules issued by federal bank regulatory agencies have neutralized the regulatory capital effects of participating in the PPP, in that loans outstanding are assessed a zero percent risk weight for regulatory capital purposes.

On a stand-alone basis, SVB Financial's primary liquidity channels include dividends from the Bank, its portfolio of liquid assets, and its ability to raise debt and capital. The ability of the Bank to pay dividends is subject to certain regulations described in "Business—Supervision and Regulation—Restrictions on Dividends" under Part I, Item 1 of this report.

Consolidated Summary of Cash Flows

Below is a summary of our average cash position and statement of cash flows for 2021 and 2020, respectively: (For further details, see our Consolidated Statements of Cash Flows under "Consolidated Financial Statements and Supplementary Data" under Part II, Item 8 of this report.)

	Year ended December 31,	
(Dollars in millions)	**2021**	**2020**
Average cash and cash equivalents	$ 23,041	$ 13,273
Percentage of total average assets	13.9 %	15.5 %
Net cash provided by operating activities	$ 1,812	$ 1,446
Net cash used for investing activities	(90,336)	(31,206)
Net cash provided by financing activities	85,468	40,653
Net (decrease) increase in cash and cash equivalents	$ (3,056)	$ 10,893

Average cash and cash equivalents increased to $23.0 billion in 2021, compared to $13.3 billion for 2020. Average deposits increased $72.9 billion which enabled us to grow our average loan portfolio by $17.3 billion in 2021.

December 31, 2021

Cash provided by operating activities of $1.8 billion in 2021 included net income before noncontrolling interests of $2.1 billion partially offset by $254 million from changes in other assets and liabilities and $7 million from changes from adjustments to reconcile to net income to net cash.

Cash used for investing activities of $90.3 billion in 2021 was driven by $97.7 billion in purchases of fixed income investment securities and a $13.7 billion increase in loan balances, partially offset by $19.8 billion in proceeds from sales, maturities and principal pay downs from our fixed income investment securities portfolio and $1.1 billion in proceeds from the acquisition of Boston Private.

Cash provided by financing activities of $85.5 billion in 2021 reflective primarily of a $78.2 billion increase in deposits, $5.7 billion in capital raised by our preferred and common stock issuances, and $1.6 billion increase from the issuance of long-term debt.

Cash and cash equivalents at December 31, 2021 were $14.6 billion, compared to $17.7 billion at December 31, 2020.

December 31, 2020

Cash provided by operating activities of $1.4 billion in 2020 included net income before noncontrolling interests of $1.3 billion and $200 million from changes in other assets and liabilities, offset by $49 million from changes from adjustments to reconcile to net income to net cash.

Cash used for investing activities of $31.2 billion in 2020 included $19.1 billion of net outflows from our fixed income securities portfolio due to $30.0 billion of purchases, offset by fixed income inflows of $10.9 billion in portfolio cash flows from sales, maturities and paydowns, and $11.9 billion of net outflows from funded loans.

Cash provided by financing activities of $40.7 billion in 2020 was driven primarily by the net increase in deposits of $40.2 billion and $495 million from the issuance of our 3.125% Senior Notes. Cash and cash equivalents at December 31, 2020 were $17.7 billion, compared to $6.8 billion at December 31, 2019.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk Management

Market risk is defined as the risk of adverse fluctuations in the market value of financial instruments due to changes in market interest rates. Interest rate risk is our primary market risk and can result from timing and volume differences in the repricing of our rate-sensitive assets and liabilities, widening or tightening of credit spreads, changes in the general level of market interest rates and changes in the shape and level of the benchmark interest rates. Additionally, changes in interest rates can influence the rate of principal prepayments on mortgage securities, which affects the rate of amortization of purchase premiums and discounts. Other market risks include foreign currency exchange risk and equity price risk (including the effect of competition on product pricing). These risks and related impacts are important market considerations but are inherently difficult to assess through simulation results. Consequently, simulations used to analyze the sensitivity of net interest income to changes in interest rates will differ from actual results due to differences in the timing and frequency of rate resets, the magnitude of changes in market rates, the impact of competition, fluctuating business conditions and the impact of strategies taken by management to mitigate these risks.

Interest rate risk is managed by our ALCO. ALCO reviews the sensitivity of the market valuation on earning assets and funding liabilities and modeled 12-month projections of net interest income from changes in interest rates, structural changes in investment and funding portfolios, loan and deposit activity and market conditions. Relevant metrics and guidelines, which are approved by the Finance Committee of our Board of Directors and are included in our Interest Rate Risk Policy, are monitored on an ongoing basis.

Interest rate risk is managed primarily through strategies involving our fixed income securities portfolio, available funding channels and capital market activities. In addition, our policies permit the use of off-balance sheet derivatives, such as interest rate swaps, to assist with managing interest rate risk.

We utilize a simulation model to perform sensitivity analysis on the EVE and net interest income under a variety of interest rate scenarios, balance sheet forecasts and business strategies. The simulation model provides a dynamic assessment of interest rate sensitivity which is embedded within our balance sheet. Rate sensitivity measures the potential variability in economic value and net interest income relating solely to changes in market interest rates over time. We review our interest rate risk position and sensitivity to market interest rates regularly.

Model Simulation and Sensitivity Analysis

A specific application of our simulation model involves measurement of the impact of changes in market interest rates on the economic value of equity EVE. EVE is defined as the market value of assets, less the market value of liabilities. Another application of the simulation model measures the impact of changes in market interest rates on NII assuming a static balance sheet, in both size and composition, as of the period-end reporting date. In the NII simulation, the level of market interest rates and the size and composition of the balance sheet are held constant over the simulation horizon. Simulated cash flows during the scenario horizon are assumed to be replaced as they occur, which maintains the balance sheet at its current size and composition. Yield and spread assumptions on cash and investment balances reflect current market rates and the shape of the yield curve. Yield and spread assumptions on loans reflect recent market impacts on product pricing. Similarly, we make certain deposit balance decay rate assumptions on demand deposits and interest-bearing deposits, which are replenished to hold the level and mix of funding liabilities constant. Changes in market interest rates that affect net interest income are principally short-term interest rates and include the following benchmark indexes: (i) the National Prime Rate, (ii) 1-month and 3-month LIBOR and (iii) the Federal Funds target rate. Although we ceased offering LIBOR-based loans as of December 31, 2021, our simulation results will reflect changes in LIBOR rates until publication rates are fully phased out. Changes in these short-term rates impact interest earned on our variable rate loans and balances held as cash and cash equivalents. Additionally, simulated changes in deposit pricing relative to changes in market rates, commonly referred to as deposit beta, generally follow overall changes in short-term interest rates, although actual changes may lag in terms of timing and magnitude.

Both EVE and NII measures rely upon the use of models to simulate cash flow behavior for loans and deposits. These models were developed internally and are based on historical balance and rate observations. Investment portfolio cash flow is based on a combination of third-party prepayment models and internally managed prepayment vectors depending on security type. As part of our ongoing governance structure, each of these models and assumptions are periodically reviewed and recalibrated as needed to ensure that they are representative of our understanding of existing behaviors.

Simulation results presented include a beta assumption that is applied in the NII and EVE simulation models for interest-bearing deposits. This reflects management expectations about deposit repricing behavior. This model assumes the overall beta for interest-bearing deposits is approximately 60 percent. That is, overall changes in interest-bearing deposit rates would be approximately 60 percent of the change in short-term market rates. These repricing assumptions are reflected as changes in interest expense on interest-bearing deposit balances.

The acquisition of Boston Private was completed in July 2021. The acquisition added approximately $10 billion of total assets and $9 billion of deposits to the balance sheet. Most of the assets added were fixed and variable rate residential mortgages and commercial loans. Both the EVE and NII sensitivity measures described here are inclusive of the impact of the Boston Private acquisition.

The following table presents our EVE and NII sensitivity exposure related to an instantaneous and sustained parallel shift in market interest rates of 100 and 200 bps at December 31, 2021 and December 31, 2020.

Change in interest rates (bps) (Dollars in millions)	Estimated EVE	Estimated Increase/(Decrease) In EVE		Estimated NII	Estimated Increase/ (Decrease) In NII	
		Amount	Percent		Amount	Percent
December 31, 2021:						
+200	$ 14,950	$ (5,722)	(27.7) %	$ 5,258	$ 981	22.9 %
+100	17,799	(2,873)	(13.9)	4,745	468	10.9
—	20,672	—	—	4,277	—	—
-100	21,904	1,232	6.0	4,002	(275)	(6.4)
-200	21,308	636	3.1	3,911	(366)	(8.6)
December 31, 2020:						
+200	$ 9,500	$ (1,724)	(15.4) %	$ 3,063	$ 691	29.1 %
+100	10,558	(666)	(5.9)	2,729	357	15.1
—	11,224	—	—	2,372	—	—
-100	11,582	358	3.2	2,310	(62)	(2.6)
-200	11,534	310	2.8	2,306	(66)	(2.8)

Economic Value of Equity

The estimated EVE in the preceding table is based on a combination of valuation methodologies including a discounted cash flow analysis and a multi-path lattice-based valuation. Both methodologies use publicly available market interest rates to determine discounting factors on projected cash flows. The model simulations and calculations are highly assumption-dependent and will change regularly as the composition of earning assets and funding liabilities change (including the impact of changes in the value of interest rate derivatives, if any), as interest rate environments evolve, and as we change our assumptions in response to relevant market conditions, competition or business circumstances. These calculations do not reflect forecast changes in our balance sheet or changes we may make to reduce our EVE exposure as a part of our overall interest rate risk management strategy.

As with any method of measuring interest rate risk, certain limitations are inherent in the method of analysis presented in the preceding table. We are exposed to yield curve risk, prepayment risk, basis risk and yield spread compression, which cannot be fully modeled and expressed using the above methodology. Accordingly, the results in the preceding table should not be relied upon as a precise indicator of actual results in the event of changing market interest rates. Additionally, the resulting EVE and NII estimates are not intended to represent and should not be construed to represent our estimate of the underlying EVE or forecast of NII.

Our base EVE as of December 31, 2021 increased $9.5 billion from December 31, 2020, driven by overall balance sheet growth as well as yield curve steepening during the first half of 2021. For the period ended December 31, 2021, compared to December 31, 2020, cash balances decreased by $3.1 billion, fixed income investments in our AFS portfolio decreased by $3.7 billion, while HTM portfolio balances increased by $81.6 billion and loan balances increased by $21.1 billion. Funding for these assets came primarily from growth of $87.2 billion in total deposits, which consisted of a $59.3 billion and $27.9 billion increase in non-interest bearing and interest bearing accounts, respectively. The mix of non-interest bearing to total deposits increased slightly by 2 percent from 65 at December 31, 2020, to 67 percent at December 31, 2021.

Rapid deposit growth has exceeded the pace of our loan growth, and as a result, a significant amount of excess deposits not used to fund loan growth have contributed to the growth of investment balances. Much of the investment portfolio is held in fixed rate MBS and CMOs which generally have a higher market value sensitivity than variable rate loans or cash. Thus, under an upward rate shock scenario, the market value of investments changes more than the market value of deposits resulting in a negative EVE sensitivity in those scenarios.

In March 2021 we purchased interest rate swaps to offset some of the additional EVE sensitivity that has resulted from rapid balance sheet growth. As of December 31, 2021, the estimated change in EVE in an up to 100 bps rate shock would be

-15.4 percent without any hedging applied. The addition of pay fixed swaps reduces this exposure to -13.9 percent in the same scenario. The EVE exposures shown in the table above include the impact of our hedging activity.

12-Month Net Interest Income Simulation

NII sensitivity is measured as the percentage change in projected 12-month net interest income earned in +/-100 and +/-200 basis point interest rate shock scenarios compared to a base scenario where balances and interest rates are held constant over the forecast horizon. At December 31,2021, NII sensitivity was 10.9 percent in the +100 bps interest rate scenario, compared to 15.1 percent at December 31, 2020. Our NII sensitivity in the +200 bps interest rate shock scenario was 22.9 percent compared to 29.2 percent at December 31, 2020. NII sensitivity in the -100 bps scenario of negative 6.4 percent was higher at December 31, 2021, compared to a negative 2.6 percent at December 31, 2020. The -200 bps scenario currently indicates a higher percentage change in NII of negative 8.6 percent at December 31, 2021, compared to negative 2.8 percent at December 31, 2020. However, as noted above, the -100 and -200 bps scenarios are not complete rate shocks in this rate environment, since rates are assumed to be floored at zero. The December 31, 2021 NII sensitivity percentages are inclusive of the realized income or expense associated with interest rate swaps that were unwound reflective of the macro hedging process initiated in 2019 to reduce the impact of decreasing rates on NII as well as unrealized income associated with more recent hedging activity that has been undertaken to reduce EVE exposure. The changes in NII sensitivity are primarily the result of the changes in balance sheet composition described previously, combined with the impact of hedges in the respective parallel rate shock scenarios.

Our base case static 12-month NII forecast at December 31, 2021 increased compared to December 31, 2020 by $1.9 billion, driven primarily by the growth in the balance sheet that has taken place year-to-date. Specifically, a large portion of asset growth has been deployed in the fixed income investment securities portfolio as noted above. As of December 31, 2021, we also held a relatively high cash position which is expected to decrease as excess funds are invested.

A majority of our loans are indexed to Prime and LIBOR. Despite no longer offering LIBOR-based loans as of December 31, 2021, we have begun offering loans based on SOFR and other recognized alternative reference rates. Additionally, despite no longer offering new LIBOR-based loans, our simulation result will reflect changes in LIBOR until the published rates are phased out. In the upward parallel simulated rate shock scenarios, interest income on assets that are tied to variable rate indexes, primarily our variable rate loans, are expected to benefit our base 12-month NII projections. The opposite is true for downward rate shock scenarios.

The 12-month NII simulations include repricing assumptions on our interest-bearing deposit products which we set at our discretion based on client needs and our overall funding mix. Repricing of interest-bearing deposits impacts estimated interest expense.

For the interest rate scenarios, the simulation model incorporates embedded rate floors on loans, where present, which prevents model benchmark rates from moving below zero percent in the down rate scenarios. The embedded rate floors are also a factor in the up-rate scenarios to the extent a simulated increase in rates is needed before floored rates are cleared. In addition, we assume deposit balance decay rates based on a historical deposit study of our clients. These assumptions may change in future periods based on changes in client behavior and at management's discretion. Actual changes in our deposit pricing strategies may differ from our current model assumptions and may have an impact on our actual sensitivity overall.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

	Page Number
Report of Independent Registered Public Accounting Firm (Auditor Firm ID: 185)	95
Consolidated Balance Sheets	98
Consolidated Statements of Income	99
Consolidated Statements of Comprehensive Income	100
Consolidated Statements of Stockholders' Equity	101
Consolidated Statements of Cash Flows	102
Note 1. Nature of Business	103
Note 2. Summary of Significant Accounting Policies	103
Note 3. Business Combinations	117
Note 4. Stockholders' Equity and EPS	119
Note 5. Share-Based Compensation	122
Note 6. Variable Interest Entities	124
Note 7. Reserves on Deposit with the Federal Reserve Bank and Federal Bank Stock	126
Note 8. Cash and Cash Equivalents	126
Note 9. Investment Securities	127
Note 10. Loans and Allowance for Credit Losses: Loans and Unfunded Commitments	134
Note 11. Premises and Equipment	144
Note 12. Leases	144
Note 13. Goodwill and Other Intangible Assets	146
Note 14. Deposits	147
Note 15. Short-Term Borrowings and Long-Term Debt	147
Note 16. Derivative Financial Instruments	149
Note 17. Noninterest Income	154
Note 18. Income Taxes	161
Note 19. Employee Compensation and Benefit Plans	163
Note 20. Related Parties	165
Note 21. Off-Balance Sheet Arrangements, Guarantees and Other Commitments	165
Note 22. Fair Value of Financial Instruments	168
Note 23. Regulatory Matters	172
Note 24. Segment Reporting	174
Note 25. Parent Company Only Condensed Financial Information	176
Note 26. Legal Matters	179

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
SVB Financial Group:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of SVB Financial Group and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company acquired Boston Private Financial Holdings, Inc. during 2021, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2021, Boston Private Financial Holdings, Inc's internal control over financial reporting associated with approximately 2% of total consolidated revenue and approximately 4% of total consolidated assets included in the consolidated financial statements of the Company as of and for the year ended December 31, 2021. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Boston Private Financial Holdings, Inc.

Change in Accounting Principle

As discussed in Notes 2 and 10 to the consolidated financial statements, the Company has changed its method of accounting for the recognition and measurement of credit losses as of January 1, 2020 due to the adoption of ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL).

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures

that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for credit losses for loans and unfunded loan commitments for certain portfolio segments evaluated on a collective basis

As discussed in Notes 2 and 10 of the consolidated financial statements, the Company's allowance for credit losses for loans (ALL) and unfunded credit commitments (AUCC) were $422 million and $171 million as of December 31, 2021, respectively. The allowance principally relates to the Company's loans and unfunded loan commitments evaluated on a collective basis (the collective ALL and the collective AULC, respectively). The collective ALL and the collective AULC include the measure of expected credit losses on a collective (pooled) basis for those loans and unfunded loan commitments that share similar risk characteristics. The Company estimated the collective ALL using a current expected credit losses methodology based on relevant information about historical experience, the current macroeconomic environment, and reasonable and supportable economic forecasts that affect the collectability of the loan balances. The quantitative expected credit losses are the product of multiplying the Company's estimates of probability of default (PD), loss given default (LGD), and individual loan level exposure at default (EAD) on an undiscounted basis. The Company derives the PD, LGD, and EAD from internal historical default and loss experience adjusted for multiple probability-weighted economic forecast scenarios of macroeconomic assumptions over a reasonable and supportable forecast period of three years. After the reasonable and supportable forecast period, the Company reverts to historical averages using an autoregressive method of mean reversion that trends towards the mean historical loss over the remaining contractual lives, adjusted for prepayments. The Company also applies certain qualitative adjustments to the results of its quantitative model for asset-specific risk characteristics, and current conditions and reasonable and supportable forecasts based on its expectation of the risks that may lead to future loan loss experience different from its historical loan loss experience. These adjustments are based on qualitative factors not reflected in the quantitative model but are expected to impact the estimate of credit losses. In order to capture the unique risks of the loan portfolio within the PD, LGD, EAD model, the Company segments the portfolio into pools and by credit risk rating. The Company estimated the collective AULC using a similar methodology as the collective ALL adjusted by the probability of an unfunded loan commitment being funded. Certain qualitative adjustments to historical loss information are also applied to the collective AULC.

We identified the assessment of the December 31, 2021 collective ALL and collective AULC for the Global Funds Banking, Investor Dependent, Cash Flow Dependent & Innovation C&I, Premium Wine, and legacy Private Bank portfolio segments as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment due to measurement uncertainty. Specifically, the assessment encompassed the evaluation of the methodology, including the methods and model used to estimate (1) the PD, LGD, and EAD and their significant assumptions and inputs, and (2) certain qualitative adjustments. Significant assumptions and inputs include the economic forecast scenarios of macroeconomic assumptions and their weightings, the historical observation period, portfolio segmentation, and credit risk ratings. The assessment also included an evaluation of the conceptual soundness and performance of the PD, LGD, and EAD model. Auditor judgment was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's measurement of the December 31, 2021 collective ALL and collective AULC estimates, including controls over the:

- periodic review and monitoring of the collective ALL and the collective AULC methodology

- identification and determination of significant assumptions used in the PD, LGD, and EAD model
- evaluation of the qualitative adjustments, including significant assumptions used in the measurement of the qualitative adjustments
- determination of credit risk ratings
- analysis of the collective ALL and collective AULC results, trends, and ratios.

We evaluated the Company’s process to develop the December 31, 2021 collective ALL and collective AULC estimates by testing certain sources of data, qualitative factors and assumptions that the Company used, and considered the relevance and reliability of such data, qualitative factors, and assumptions. In addition, we involved credit risk professionals with specialized skills and knowledge who assisted in:

- evaluating the Company’s collective ALL and collective AULC methodology and key assumptions for compliance with U.S. generally accepted accounting principles
- assessing the conceptual soundness and performance of the PD, LGD, and EAD model by inspecting the model documentation to determine whether the model is suitable for the intended use
- evaluating the methodology used to develop the qualitative factors and the effect of those factors on the collective ALL and the collective AULC compared with relevant credit risk factors and consistency with credit trends associated with the Company’s portfolio
- evaluating the historical observation period, focusing on the relevance of the full economic cycle relative to the Company’s current portfolio
- evaluating the approach to incorporate macroeconomic forecast assumptions in the PD, LGD, EAD model with respect to the Company’s business environment and the loan products used across the industry
- evaluating model validation findings and assessing their possible impact, if any
- determining whether the loan portfolio is segmented by similar risk characteristics by comparing to the Company’s business and environment and relevant industry practices
- testing individual credit risk ratings for a selection of loan and unfunded loan commitment borrower relationships by evaluating the financial performance of the borrower, sources of repayment, and any relevant guarantees or underlying collateral, as applicable.

We also assessed the sufficiency of the audit evidence obtained related to the December 31, 2021 collective ALL and collective AULC estimates by evaluating the:

- cumulative results of the audit procedures
- qualitative aspects of the Company’s accounting practices
- potential bias in the accounting estimates.

/s/ KPMG LLP

We have served as the Company's auditor since 1994.
San Francisco, California
March 1, 2022

SVB FINANCIAL GROUP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
(Dollars in millions, except par value and share data)	**2021**	**2020**
Assets		
Cash and cash equivalents	$ 14,619	$ 17,675
Available-for-sale securities, at fair value (cost of $27,370 and $30,245, respectively)	27,221	30,913
Held-to-maturity securities, at amortized cost and net of allowance for credit losses of $7 and $0 (fair value of $97,227 and $17,217, respectively)	98,195	16,592
Non-marketable and other equity securities	2,543	1,802
Total investment securities	127,959	49,307
Loans, amortized cost	66,276	45,181
Allowance for credit losses: loans	(422)	(448)
Net loans	65,854	44,733
Premises and equipment, net of accumulated depreciation and amortization	270	176
Goodwill	375	143
Other intangible assets, net	160	61
Lease right-of-use assets	313	210
Accrued interest receivable and other assets	1,928	3,206
Total assets	$ 211,478	$ 115,511
Liabilities and total equity		
Liabilities:		
Noninterest-bearing demand deposits	$ 125,851	$ 66,519
Interest-bearing deposits	63,352	35,463
Total deposits	189,203	101,982
Short-term borrowings	121	21
Lease liabilities	388	259
Other liabilities	2,587	3,972
Long-term debt	2,570	844
Total liabilities	194,869	107,078
Commitments and contingencies (Note 21 and Note 26)		
SVBFG stockholders’ equity:		
Preferred stock, $0.001 par value, 20,000,000 shares authorized; 383,500 and 350,000 shares issued and outstanding, respectively	3,646	340
Common stock, $0.001 par value, 150,000,000 shares authorized; 58,748,469 and 51,888,463 shares issued and outstanding, respectively	—	—
Additional paid-in capital	5,157	1,585
Retained earnings	7,442	5,672
Accumulated other comprehensive income	(9)	623
Total SVBFG stockholders’ equity	16,236	8,220
Noncontrolling interests	373	213
Total equity	16,609	8,433
Total liabilities and total equity	$ 211,478	$ 115,511

See accompanying notes to the consolidated financial statements.

SVB FINANCIAL GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Year ended December 31,		
(Dollars in millions, except per share amounts)	**2021**	**2020**	**2019**
Interest income:			
Loans	$ 1,966	$ 1,520	$ 1,599
Investment securities:			
Taxable	1,199	635	569
Non-taxable	106	61	45
Federal funds sold, securities purchased under agreements to resell and other short-term investment securities	18	26	97
Total interest income	3,289	2,242	2,310
Interest expense:			
Deposits	62	60	178
Borrowings	48	25	35
Total interest expense	110	85	213
Net interest income	3,179	2,157	2,097
Provision for credit losses	123	220	107
Net interest income after provision for credit losses	3,056	1,937	1,990
Noninterest income:			
Gains on investment securities, net	761	421	135
Gains on equity warrant assets, net	560	237	138
Client investment fees	75	132	182
Wealth management and trust fees	44	—	—
Foreign exchange fees	262	179	159
Credit card fees	131	98	119
Deposit service charges	112	90	89
Lending related fees	76	57	50
Letters of credit and standby letters of credit fees	51	47	43
Investment banking revenue	459	414	195
Commissions	79	67	56
Other	128	98	55
Total noninterest income	2,738	1,840	1,221
Noninterest expense:			
Compensation and benefits	2,015	1,318	990
Professional services	392	247	205
Premises and equipment	178	127	97
Net occupancy	83	101	69
Business development and travel	24	24	69
FDIC and state assessments	48	28	18
Merger-related charges	129	—	—
Other	201	190	153
Total noninterest expense	3,070	2,035	1,601
Income before income tax expense	2,724	1,742	1,610
Income tax expense	651	448	425
Net income before noncontrolling interests	2,073	1,294	1,185
Net income attributable to noncontrolling interests	(240)	(86)	(48)
Preferred stock dividends	(63)	(17)	—
Net income available to common stockholders	$ 1,770	$ 1,191	$ 1,137
Earnings per common share—basic	$ 31.74	$ 23.05	$ 21.90
Earnings per common share—diluted	31.25	22.87	21.73

See accompanying notes to the consolidated financial statements.

SVB FINANCIAL GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,		
(Dollars in millions)	**2021**	**2020**	**2019**
Net income before noncontrolling interests	$ 2,073	$ 1,294	$ 1,185
Other comprehensive (loss) income, net of tax:			
Change in foreign currency cumulative translation gains and losses:			
Foreign currency translation (losses) gains	(2)	16	3
Related tax benefit (expense)	—	(5)	(1)
Change in unrealized gains and losses on available-for-sale securities:			
Unrealized holding (losses) gains	(644)	606	190
Related tax benefit (expense)	179	(168)	(53)
Reclassification adjustment for (gains) losses included in net income	(31)	(61)	4
Related tax expense (benefit)	9	17	(1)
Cumulative-effect adjustment for unrealized losses on securities transferred from AFS to HTM	(132)	—	—
Related tax benefit	37	—	—
Amortization of unrealized holding (gains) losses on securities transferred from available-for-sale to held-to-maturity	(1)	2	(2)
Related tax expense (benefit)	—	(1)	1
Change in unrealized gains and losses on cash flow hedges:			
Unrealized gains (losses)	—	232	(8)
Related tax (expense) benefit	—	(64)	2
Reclassification adjustment for (gains) losses included in net income	(63)	(50)	5
Related tax expense (benefit)	17	14	(2)
Other comprehensive (loss) income, net of tax	(632)	538	139
Comprehensive income	1,441	1,832	1,324
Comprehensive income attributable to noncontrolling interests	(240)	(86)	(48)
Comprehensive income attributable to SVBFG	$ 1,201	$ 1,746	$ 1,276

See accompanying notes to the consolidated financial statements.

SVB FINANCIAL GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Dollars in millions, except share data)	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total SVBFG Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2018	**$ —**	**52,586,498**	**$ —**	**$ 1,378**	**$ 3,792**	**$ (54)**	**$ 5,116**	**$ 149**	**$ 5,265**
Cumulative adjustment for the adoption of premium amortization on purchased callable debt securities (ASU 2017-08)	—	—	—	—	(1)	—	(1)	—	(1)
Acquisition of SVB Securities	—	—	—	—	—	—	—	5	5
Common stock issued under employee benefit plans and ESOP, net of restricted stock cancellations	—	601,319	—	25	—	—	25	—	25
Issuance of Preferred Stock	340	—	—	—	—	—	340	—	340
Net income	—	—	—	—	1,137	—	1,137	48	1,185
Capital calls and distributions, net	—	—	—	—	—	—	—	(51)	(51)
Other comprehensive income, net of tax	—	—	—	—	—	139	139	—	139
Share-based compensation, net	—	—	—	67	—	—	67	—	67
Common stock repurchases	—	(1,532,210)	—	—	(352)	—	(352)	—	(352)
Balance at December 31, 2019	**$ 340**	**51,655,607**	**$ —**	**$ 1,470**	**$ 4,576**	**$ 85**	**$ 6,471**	**$ 151**	**$ 6,622**
Cumulative adjustment for the day one adoption of ASC 326, net of tax	—	—	—	—	(35)	—	(35)	—	(35)
Common stock issued under employee benefit plans and ESOP, net of restricted stock cancellations	—	477,079	—	31	—	—	31	—	31
Net income	—	—	—	—	1,208	—	1,208	86	1,294
Capital calls and distributions, net	—	—	—	—	—	—	—	(24)	(24)
Other comprehensive income, net of tax	—	—	—	—	—	538	538	—	538
Share-based compensation, net	—	—	—	84	—	—	84	—	84
Common stock repurchases	—	(244,223)	—	—	(60)	—	(60)	—	(60)
Dividends on preferred stock	—	—	—	—	(17)	—	(17)	—	(17)
Balance at December 31, 2020	**$ 340**	**51,888,463**	**$ —**	**$ 1,585**	**$ 5,672**	**$ 623**	**$ 8,220**	**$ 213**	**$ 8,433**
Common stock issued under employee benefit plans and ESOP, net of restricted stock cancellations	—	445,025	—	11	—	—	11	—	11
Issuance of Common Stock	—	4,527,000	—	2,363	—	—	2,363	—	2,363
Issuance of common stock for the acquisition of Boston Private	—	1,887,981	—	1,060	—	—	1,060	—	1,060
Issuance of Preferred Stock	3,306	—	—	—	—	—	3,306	—	3,306
Net income	—	—	—	—	1,833	—	1,833	240	2,073
Capital calls and distributions, net	—	—	—	—	—	—	—	(80)	(80)
Other comprehensive income, net of tax	—	—	—	—	—	(632)	(632)	—	(632)
Share-based compensation, net	—	—	—	138	—	—	138	—	138
Dividends on preferred stock	—	—	—	—	(63)	—	(63)	—	(63)
Balance at December 31, 2021	**$ 3,646**	**58,748,469**	**$ —**	**$ 5,157**	**$ 7,442**	**$ (9)**	**$ 16,236**	**$ 373**	**$ 16,609**

See accompanying notes to the consolidated financial statements.

SVB FINANCIAL GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
(Dollars in millions)	**2021**	**2020**	**2019**
Cash flows from operating activities:			
Net income before noncontrolling interests	$ 2,073	$ 1,294	$ 1,185
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	123	220	107
Changes in fair value of equity warrant assets, net of proceeds from exercises	(26)	(2)	2
Changes in fair values of derivatives, net	(4)	(48)	(19)
Gains on investment securities, net	(761)	(421)	(135)
Distributions of earnings from non-marketable and other equity securities	201	86	95
Depreciation and amortization	151	101	83
Amortization of premiums and discounts on investment securities, net	451	75	16
Amortization of share-based compensation	136	84	67
Amortization of deferred loan fees	(269)	(174)	(155)
Deferred income tax (benefit) expense	(8)	7	(3)
Excess tax benefit from exercise of stock options and vesting of restricted shares	(40)	(6)	(10)
Losses from the write-off of premises and equipment and right-of-use assets	39	30	5
Other losses	—	—	9
Changes in other assets and liabilities:			
Accrued interest receivable and payable, net	(185)	(26)	(24)
Accounts receivable and payable, net	17	19	(17)
Income tax receivable and payable, net	(122)	98	(12)
Accrued compensation	332	191	(15)
Foreign exchange spot contracts, net	(16)	(21)	60
Proceeds from termination of interest rate swaps	—	228	—
Other, net	(280)	(289)	(75)
Net cash provided by operating activities	1,812	1,446	1,164
Cash flows from investing activities:			
Purchases of available-for-sale securities	(12,147)	(23,208)	(9,872)
Proceeds from sales of available-for-sale securities	1,591	2,654	2,189
Proceeds from maturities and paydowns of available-for-sale securities	4,768	4,184	1,643
Purchases of held-to-maturity securities	(85,519)	(6,778)	(493)
Proceeds from maturities and paydowns of held-to-maturity securities	13,428	4,036	2,125
Purchases of non-marketable and other equity securities	(365)	(201)	(136)
Proceeds from sales and distributions of capital of non-marketable and other equity securities	666	148	114
Net increase in loans	(13,726)	(11,927)	(4,775)
Purchases of premises and equipment	(113)	(87)	(65)
Business acquisitions, net	1,081	(27)	(102)
Net cash used for investing activities	(90,336)	(31,206)	(9,372)
Cash flows from financing activities:			
Net increase in deposits	78,238	40,224	12,429
Net increase (decrease) in short-term borrowings	57	3	(614)
Principal payments of long-term debt	—	—	(359)
Proceeds from issuance of long-term debt	1,636	495	—
(Distributions to noncontrolling interests), net of contributions from noncontrolling interests	(80)	(23)	(51)
Net proceeds from the issuance of preferred stock	3,306	—	340
Payment of preferred stock dividends	(63)	(17)	—
Common stock repurchase	—	(60)	(352)
Proceeds from issuance of common stock, ESPP and ESOP	2,374	31	25
Net cash provided by financing activities	85,468	40,653	11,418
Net (decrease) increase in cash and cash equivalents	(3,056)	10,893	3,210
Cash and cash equivalents at beginning of period	17,675	6,782	3,572
Cash and cash equivalents at end of period	**$ 14,619**	**$ 17,675**	**$ 6,782**
Supplemental disclosures:			
Cash paid during the period for:			
Interest	$ 93	$ 84	$ 218
Income taxes	739	299	422
Noncash items during the period:			
Changes in unrealized gains and losses on available-for-sale securities, net of tax	$ (488)	$ 394	$ 140
Distributions of stock from investments	72	12	9
Transfers from AFS securities to HTM	8,953	—	—

See accompanying notes to the consolidated financial statements.

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business

SVB Financial Group is a diversified financial services company, as well as a bank holding company and a financial holding company. SVB Financial was incorporated in the state of Delaware in March 1999. Through our various subsidiaries and divisions, we offer a diverse set of banking and financial products and services to support our clients of all sizes and stages throughout their life cycles. In these notes to our consolidated financial statements, when we refer to “SVB Financial Group,” “SVBFG”, the “Company,” “we,” “our,” “us” or use similar words, we mean SVB Financial Group and all of its subsidiaries collectively, including Silicon Valley Bank (the “Bank”), unless the context requires otherwise. When we refer to “SVB Financial” or the “Parent” we are referring only to the parent company entity, SVB Financial Group (not including subsidiaries).

We offer commercial banking products and services through our principal subsidiary, the Bank, which is a California-chartered bank founded in 1983 and a member of the Federal Reserve System. Through its subsidiaries, the Bank also offers asset management, private wealth management and other investment services. In addition, through SVB Financial's other subsidiaries and divisions, we offer investment banking and non-banking products and services, such as funds management and M&A advisory services. We primarily focus on serving corporate clients in the following industries: technology, life science/healthcare, private equity/venture capital and premium wine. Our corporate clients range widely in terms of size and stage of maturity. Additionally, we focus on cultivating strong relationships with firms within the venture capital and private equity community worldwide, many of which are also our clients and may invest in our corporate clients.

Headquartered in Santa Clara, California, we operate in centers of innovation in the United States and around the world.

For reporting purposes, SVB Financial Group has four operating segments for which we report financial information in this report: GCB, SVB Private Bank, SVB Capital and SVB Securities.

2. Summary of Significant Accounting Policies

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates may change as new information is obtained. Among the more significant estimates are those that relate to: 1) ACL for loans and for unfunded credit commitments, 2) valuation of non-marketable and other equity securities, 3) valuation of equity warrant assets, 4) goodwill, intangible assets and other purchase accounting related adjustments and 5) income taxes.

Principles of Consolidation and Presentation

Our consolidated financial statements include the accounts of SVB Financial Group and consolidated entities. We consolidate entities in which we have a controlling financial interest. Before we determine whether we have a controlling financial interest, we must evaluate whether the entity is a voting interest entity or a variable interest entity ("VIE").

VIEs are entities where investors lack sufficient equity at risk for the entity to finance its activities without additional subordinated financial support and, as a group, lack one of the following characteristics: (a) the power to direct the activities that most significantly impact the entity’s economic performance, (b) the obligation to absorb the expected losses of the entity or (c) the right to receive the expected returns of the entity.

We are considered to hold a controlling financial interest in a VIE when we are the primary beneficiary. A primary beneficiary is the party that has both: (a) the power to direct the activities that most significantly impact the VIE’s economic performance, and (b) the obligation to absorb losses or receive benefits of a VIE that could potentially be significant to a VIE. Generally, the parties that make management and investment decisions, or parties that can unilaterally remove such decision-makers are deemed to have the power to direct the activities of a VIE. When assessing whether we have the obligation to absorb losses or the right to receive benefits from the VIE, we consider all of our economic interests in the VIE, including any fees and other compensation received for providing investment and management services if that compensation is not customary and commensurate with the services provided.

Voting interest entities are entities that (a) have sufficient equity to finance their activities and (b) provide the equity investors power to make significant decisions relating to the entity’s operations. For such entities, we have a controlling financial interest if we hold a majority of voting rights.

All significant intercompany accounts and transactions with consolidated entities have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash balances due from banks, interest-earning deposits, Federal Reserve deposits, federal funds sold, securities purchased under agreements to resell and other short-term investment securities. For the consolidated statements of cash flows, we consider cash equivalents to be investments that are readily convertible to known amounts of cash, so near to their maturity that they present an insignificant risk of change in fair value due to changes in market interest rates, and purchased in conjunction with our cash management activities.

Investment Securities

Available-for-Sale Securities and the Allowance for Credit Losses on Available-for-Sale Securities

Our AFS securities portfolio is a fixed income investment portfolio that is managed to earn an appropriate portfolio yield over the long-term while maintaining sufficient liquidity and credit diversification and meeting our asset and liability management objectives. The accretion of discounts and amortization of premiums over the contractual terms of the underlying securities are included in interest income. We use estimates of future principal prepayments when applying the effective interest method to prepayable securities.

Unrealized gains and losses on AFS securities, net of applicable taxes, are reported in AOCI, a separate component of SVBFG's stockholders' equity. Impairment losses on AFS securities are recognized through earnings when we intend to sell an AFS security, or it is more likely than not that we will be required to sell the security before recovery of its amortized cost. Additionally, we evaluate whether a credit loss exists for securities that we intend to hold. We consider all factors in determining whether a credit loss exists, including the period over which the debt security is expected to recover. A credit impairment is recognized through a valuation allowance against the security with an offset through earnings. The allowance is limited to the amount that fair value is less than the amortized cost basis.

Held-to-Maturity Securities and the Allowance for Credit Losses on Held-to-Maturity Securities

Debt securities purchased with the positive intent and ability to hold to its maturity are classified as HTM securities and are recorded at amortized cost, net of any ACL.

Effective January 1, 2020, we measure ECL on HTM securities on a collective basis by major security type and standard credit rating. Certain securities in our HTM securities portfolio are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses. With respect to these securities, we consider the risk of credit loss to be zero and, therefore, we do not record an ECL.

The estimate of ECL on our HTM securities that are not guaranteed by the U.S. government considers historical credit loss information and severity of loss in the event of default and leverages external data adjusted for current conditions. A reasonable and supportable forecast period of one year is applied, with immediate reversion to long-term average historical loss rates when remaining contractual lives of securities exceed one year. We do not estimate ECL on AIR from HTM securities as AIR is reversed or written off when the full collection of the AIR related to a security becomes doubtful. AIR from HTM securities totaled $225 million at December 31, 2021 and $55 million at December 31, 2020 and is excluded from the amortized cost disclosures within our HTM security disclosures in Note 9—"Investment Securities" as it is included and reported separately within "Accrued interest receivable and other assets" in our consolidated balance sheets.

ECL on bonds that do not share common risk characteristics with our collective portfolio are individually measured based on net realizable value, or the difference between the discounted value of the expected future cash flows and the recorded amortized cost basis of the security.

Transfers of investment securities into the HTM category from the AFS category are made at fair value at the date of transfer. The net unrealized gains, net of tax, are retained in other comprehensive income, and the carrying value of the HTM securities are amortized over the life of the securities in a manner consistent with the amortization of a premium or discount.

Non-Marketable and Other Equity Securities

Non-marketable and other equity securities include investments in venture capital and private equity funds, SPD-SVB, debt funds, private and public portfolio companies, including public equity securities held as a result of equity warrant assets exercised, and investments in qualified affordable housing projects. A majority of these investments are managed through our SVB Capital funds business in funds of funds and direct venture funds. Our accounting for investments in non-marketable and other equity securities depends on several factors, including the level of ownership, power to control and the legal structure of the subsidiary making the investment. As further described below, we base our accounting for such securities on: (i) fair value accounting, (ii) measurement alternative for other investments without a readily determinable fair value, (iii) equity

method accounting and (iv) the proportional amortization method which is used only for qualified affordable housing projects.

Fair Value Accounting

Our consolidated managed funds qualify as investment companies and therefore report their investments at estimated fair value, with unrealized gains and losses reflected as gains on investment securities, net, a component of noninterest income. The portion of any investment gains or losses attributable to other limited partners is reflected as net income attributable to noncontrolling interests and adjusts our net income to reflect its percentage ownership. Our consolidated managed funds of funds make investments in venture capital and private equity funds. A summary of our ownership interests in such funds as of December 31, 2021 is presented in the following table:

Limited partnership	Company Direct and Indirect Ownership in Limited Partnership
Managed funds of funds	
Strategic Investors Fund, LP	12.6 %
Capital Preferred Return Fund, LP	20.0
Growth Partners, LP	33.0

Our direct investments in public portfolio companies are valued based on quoted market prices less a discount if the securities are subject to certain security specific sale restrictions. Gains or losses resulting from changes in the net asset value are recorded as gains on investment securities, net, a component of noninterest income.

Other Investments without a Readily Determinable Fair Value

Our direct investments in private companies do not have a readily determinable fair value. We measure these investments at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments from the same issuer. Such changes are recognized through earnings. We consider a range of factors when adjusting the fair value of these investments, including, but not limited to, the term and nature of the investment, local market conditions, values for comparable securities, current and projected operating performance, financing transactions subsequent to the acquisition of the investment and a discount for certain investments that have lock-up restrictions or other features that indicate a discount to fair value is warranted.

Our investments in unconsolidated funds where we do not have the ability to exercise significant influence over their operating and financial policies are valued using the net asset value as obtained from the general partners of the fund investments because the funds do not have a readily determinable fair value. The general partners of these funds prepare their financial statements using guidance consistent with fair value accounting. We account for differences between our measurement date and the date of the fund investment's net asset value by using the most recent available financial information from the investee general partner, for example September 30th, for our December 31st consolidated financial statements. We adjust the value of our investments for any contributions paid, distributions received from the investment and known significant fund transactions or market events about which we are aware through information provided by the fund managers or from publicly available transaction data during the reporting period. Gains or losses resulting from changes in the net asset value are recorded as gains on investment securities, net, a component of noninterest income.

Equity Method

Our equity method non-marketable securities consist of investments in venture capital and private equity funds, privately-held companies, debt funds, and joint ventures. Our equity method non-marketable securities and related accounting policies are described as follows:

- Equity securities and investments in limited partnerships, such as preferred or common stock in privately-held companies in which we have the ability to exercise significant influence over the investees' operating and financial policies through voting interests, board involvement or other influence are accounted for under the equity method, and
- The Bank's joint venture bank in China (SPD-SVB), for which we have 50 percent ownership, is accounted for under the equity method.

We recognize our proportionate share of the results of operations of these equity method investees in our results of operations, based on the most current financial information available from the investee. We review our investments accounted for under the equity method at least quarterly for possible other-than-temporary impairment. Our review typically includes an analysis of facts and circumstances for each investment, the expectations of the investment's future cash flows and capital needs, variability of its business and the company's exit strategy. For our fund investments, we use the net asset

value per share as provided by the general partners of the fund investments. We account for differences between our measurement date and the date of the fund investment's net asset value by using the most recent available financial information from the investee general partner, for example September 30th, for our December 31st consolidated financial statements. We adjust the value of our investments for any contributions paid, distributions received from the investment, and known significant fund transactions or market events about which we are aware through information provided by the fund managers or from publicly available transaction data during the reporting period.

We reduce our investment value when we consider declines in value to be other-than-temporary and recognize the estimated loss as a loss on investment securities, a component of noninterest income.

Proportional Amortization Method

In order to fulfill our responsibilities under the CRA, we invest as a limited partner in low income housing partnerships that operate qualified affordable housing projects and generate tax benefits, including federal low income housing tax credits, for investors. The partnerships are deemed to be VIEs because they do not have sufficient equity investment at risk and are structured with non-substantive voting rights. We are not the primary beneficiary of the VIEs and do not consolidate them. Our investments in low income housing partnerships are recorded in non-marketable and other equity securities within our investment securities portfolio on the consolidated balance sheet. As a practical expedient, we amortize the investment in proportion to the allocated tax benefits under the proportional amortization method of accounting and present such benefits net of investment amortization in income tax expense.

Loans

Loans are reported at amortized cost which consists of the principal amount outstanding, net of unearned loan fees. Unearned loan fees reflect unamortized deferred loan origination and commitment fees net of unamortized deferred loan origination costs. In addition to cash loan fees, we often obtain equity warrant assets that give us an option to purchase a position in a client company's stock in consideration for providing credit facilities. The grant date fair values of these equity warrant assets are deemed to be loan fees and are deferred as unearned income and recognized as an adjustment of loan yield through loan interest income. The net amount of unearned loan fees is amortized into loan interest income over the contractual terms of the underlying loans and commitments using the constant effective yield method, adjusted for actual loan prepayment experience, or the straight-line method, as applicable.

Allowance for Credit Losses

The allowance for credit losses for loans considers credit risk and is adjusted by a provision for ECL charged to expense and reduced by the charge-off of loan amounts, net of recoveries. Our allowance for credit losses is an estimate of expected losses inherent with the Company's existing loans at the balance sheet date. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain.

Loan Portfolio Segments and Classes of Financing Receivables

The process to estimate the ECL on loans involves procedures to appropriately consider the unique characteristics of our loan portfolio. Our eight portfolio segments are determined by using the following risk dimensions: (i) underwriting methodology, (ii) industry niche and (iii) life stage. The eight portfolio segments are further disaggregated into eleven classes of financing receivable, or risk-based segments, and represents the level at which credit risk is monitored. Credit quality is assessed and monitored by evaluating various attributes and the results of those evaluations are utilized in underwriting new loans and in our process to estimate ECL. For further information refer to Note 9—"Loans and Allowance for Credit Losses: Loans and Unfunded Credit Commitments." Upon completing the acquisition of Boston Private, we evaluated the impact of the acquired loan portfolio on our existing portfolio segments and classes of financing receivables. We have modified both levels of disaggregation to accommodate Boston Private loans. The following provides additional information regarding our portfolio segments and classes of financing receivables:

- Global Fund Banking (segment and class) – The vast majority of our GFB portfolio segment consists of capital call lines of credit, the repayment of which is dependent on the payment of capital calls by the underlying limited partner investors in funds managed by certain private equity and venture capital firms.
- Investor Dependent (segment) – Loans are made primarily to technology and life science/healthcare companies. These borrowers typically have modest or negative cash flows and rarely have an established record of profitable operations. Repayment of these loans may be dependent upon receipt by borrowers of additional equity financing from venture capital firms or other investors, or in some cases, a successful sale to a third party or an IPO. This portfolio segment is further disaggregated into two classes of financing receivables:
    - Early-Stage (class) – Loans to pre-revenue, development-stage companies and companies that are in the early phases of commercialization, with revenues of up to $5 million.

    - Growth Stage (class) – Loans to growth-stage enterprises. We consider companies with revenues between $5 million and $15 million, or pre-revenue clinical-stage biotechnology companies, to be Mid-Stage, and companies with revenues in excess of $15 million to be Later Stage.

- Cash Flow Dependent and Innovation C&I (segment) – Loans are made primarily to technology and life science/healthcare companies that are not Investor Dependent, i.e. repayment is not dependent on additional equity financing, a successful sale or an IPO. This portfolio segment consists of two classes of financing receivables:
    - Cash Flow Dependent – SLBO (class) – Loans are typically used to assist a select group of private equity sponsors with the acquisition of businesses, are larger in size, and repayment is generally dependent upon the cash flows of the combined entities. Acquired companies are typically established, later-stage businesses of scale and characterized by reasonable levels of leverage with loan structures that include meaningful financial covenants. The sponsor's equity contribution is often 50 percent or more of the acquisition price.
    - Innovation C&I (class) – Other C&I loans in innovation sectors such as technology and life science/healthcare industries. These loans are dependent on either the borrower's cash flows or balance sheet for repayment. Cash flow dependent loans require the borrower to maintain cash flow from operations that is sufficient to service all debt. Borrowers must demonstrate normalized cash flow in excess of all fixed charges associated with operating the business. Balance sheet dependent loans include asset-based loans and are structured to require constant current asset coverage (i.e. cash, cash equivalents, accounts receivable, and, to a much lesser extent, inventory) in an amount that exceeds the outstanding debt. The repayment of these arrangements is dependent on the financial condition, and payment ability, of third parties with whom our clients do business.
- Private Bank (segment and class) – Loans to our Private Bank clients who are primarily private equity/venture capital professionals and executives in the innovation companies as well as high net worth clients acquired from Boston Private. We offer a customized suite of private banking services, including mortgages, home equity lines of credit, restricted and private stock loans, personal capital call lines of credit, lines of credit against liquid assets and other secured and unsecured lending products. In addition, we provide owner occupied commercial mortgages to Private Bank clients and real estate secured loans to eligible employees through our EHOP.
- CRE (segment and class) – Generally acquisition financing loans for commercial properties such as office buildings, retail properties, apartment buildings, and industrial/warehouse space.
- Other C&I (segment and class) – Loans that include working capital and revolving lines of credit, as well as term loans for equipment and fixed assets. These loans are primarily to clients that are not in the technology and life sciences/healthcare industries. Additionally, this portfolio segment contains commercial tax-exempt loans to not-for-profit private schools, colleges, public charter schools and other not-for-profit organizations.
- Premium Wine and Other (segment) – This portfolio segment consists of two classes of financing receivables:
    - Premium Wine (class) – Loans to wine producers, vineyards and wine industry or hospitality businesses across the Western United States. A large portion of these loans are secured by real estate collateral such as vineyards and wineries.
    - Other (class) – Primarily construction and land loans for financing new developments as well as financing for improvements to existing buildings. These also include our community development loans made as part of our responsibilities under the CRA.
- PPP (segment and class) – Combined loans issued through the PPP. These loans represent clients across all portfolio segments and are guaranteed by the SBA.

We maintain a systematic process for the evaluation of individual loans and portfolio segments for inherent risk of estimated credit losses for loans. At the time of approval, each loan in our portfolio is assigned a credit risk rating. Credit risk ratings are assigned on a scale of 1 to 10, with 1 representing loans with a low risk of nonpayment, 9 representing loans with the highest risk of nonpayment and 10 representing loans which have been charged-off. The credit risk ratings for each loan are monitored and updated on an ongoing basis. This credit risk rating process includes, but is not limited to, consideration of such factors as payment status, the financial condition and operating performance of the borrower, borrower compliance with loan covenants, underlying collateral values and performance trends, the degree of access to additional capital, the presence of credit enhancements such as third party guarantees (where applicable), the degree to which the borrower is sensitive to external factors and the depth and experience of the borrower's management team. Our policies require a committee of senior management to review, at least quarterly, credit relationships with a credit risk rating of 5 through 9 that exceed specific dollar values.

Expected Credit Loss Measurement

The methodology for estimating the amount of ECL reported in the ACL is the sum of two main components: (1) ECL assessed on a collective basis for pools of loans that share similar risk characteristics which includes a qualitative adjustment based on management's assessment of the risks that may lead to a future loan loss experience different from our historical loan loss experience and (2) ECL assessed for individual loans that do not share similar risk characteristics with other loans. We do not estimate ECL on AIR on loans as AIR is reversed or written off when the full collection of the AIR related to a loan becomes doubtful, which is when loans are placed on nonaccrual status. AIR on loans totaled $171 million at December 31, 2021 and $126 million at December 31, 2020 and is excluded from the amortized cost disclosures in Note 10—"Loans and Allowance for Credit Losses: Loans and Unfunded Credit Commitments", as it is included and reported separately within "Accrued interest receivable and other assets" in our consolidated balance sheets.

While the evaluation process of our ACL on loans uses historical and other objective information, the classification of loans and the estimate of the ACL for loans rely on the judgment and experience of our management. A committee comprised of senior management evaluates the appropriateness of the ACL for loans, which includes review of loan portfolio segmentation, quantitative models, internal and external data inputs, economic forecasts, credit risk ratings and qualitative adjustments.

Loans That Share Similar Risk Characteristics with Other Loans

We derive an estimated ECL assumption from a non-discounted cash flow approach based on our portfolio segments discussed above. This approach incorporates a calculation of three predictive metrics: (1) PD, (2) LGD and (3) EAD, over the estimated life of the exposure. PD and LGD assumptions are developed based on quantitative models and inherent risk of credit loss, both of which involve significant judgment. Renewals and extensions within our control are not considered in the estimated contractual term of a loan. However, we include potential extensions if management has a reasonable expectation that we will execute a TDR with the borrower. The quantitative models are based on historical credit loss experience, adjusted for probability-weighted economic scenarios. These scenarios are used to support a reasonable and supportable forecast period of three years for all portfolio segments. To the extent the remaining contractual lives of loans in the portfolio extend beyond this three-year period, we revert to historical averages using an autoregressive method of mean reversion that will continue to gradually trend towards the mean historical loss over the remaining contractual lives of loans, adjusted for prepayments. The macroeconomic scenarios are reviewed on a quarterly basis.

We also apply a qualitative factor adjustment to the results obtained through our quantitative ECL models to consider model imprecision, emerging risk assessments, trends and other subjective factors that may not be adequately represented in quantitative ECL models. These adjustments to historical loss information are for asset specific risk characteristics, and also reflect our assessment of the extent that current conditions and reasonable and supportable forecasts differ from conditions that existed during the period over which historical information was evaluated. These adjustments are aggregated to become our qualitative allocation. Based on our qualitative assessment estimate of changing risks in the lending environment, the qualitative allocation may vary significantly from period to period and may include, but is not limited to, consideration of the following factors:

- Changes in lending policies and procedures, including changes in underwriting standards and collection, charge-off, and recovery practices not considered elsewhere in estimating credit losses;
- Changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of the portfolio, including the condition of various market segments;
- Changes in the nature and volume of the portfolio and in the terms of loans;
- Changes in the experience, ability and depth of lending management and other relevant staff;
- Changes in the volume and severity of past due loans, the volume of nonaccrual loans and the volume and severity of adversely classified or graded loans;

- Changes in the quality of our loan review system;
- Changes in the value of underlying collateral for collateral-dependent loans;
- The existence and effect of any concentrations of credit, and changes in the level of such concentrations;
- The effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in our existing portfolio; and
- The effect of limitations of available data, model imprecision and recent macro-economic factors that may not be reflected in the forecast information.

Loans That Do Not Share Similar Risk Characteristics

We monitor our loan pools to ensure all assets therein continue to share similar risk characteristics with other financial assets inside the pool. Changes in credit risk, borrower circumstances or the recognition of write-offs may indicate that a loan's risk profile has changed, and the asset should be removed from its current pool. For a loan that does not share risk characteristics with other loans, ECL is measured based on the net realizable value, that is, the difference between the discounted value of the expected future cash flows and the amortized cost basis of the loan. When a loan is collateral-dependent and the repayment is expected to be provided substantially through the operation or sale of the collateral, the ECL is measured as the difference between the amortized cost basis of the loan and the fair value of the collateral. The fair value of the collateral will be determined by the most recent appraisal, as adjusted to reflect a reasonable marketing period for the sale of the asset(s) and an estimate of reasonable selling expenses. Collateral-dependent loans will have independent appraisals completed and accepted at least annually.

Allowance for Credit Losses: Unfunded Credit Commitments

We maintain a separate ACL for unfunded credit commitments which is included in other liabilities and the related ECL in our provision for credit losses. We estimate the amount of expected losses by using historical trends to calculate a probability of an unfunded credit commitment being funded and derive historical lifetime expected loss factors for each portfolio segment similar to our funded loan ECL. The collectively assessed ECL for unfunded credit commitments also includes the same qualitative allocations applied for our funded loan ECL. For unfunded credit commitments related to loans that do not share similar risk characteristics with other loans, where applicable, a separate estimate of ECL will be included in our total ACL on unfunded credit commitments. Loan commitments that are determined to be unconditionally cancellable by the Company do not require an ACL on unfunded credit commitments.

Uncollectible Loans and Write-offs

Our charge-off policy applies to all loans, regardless of portfolio segment. Commercial loans are considered for a full or partial charge-off in the event that principal or interest is over 180 days past due and the loan lacks sufficient collateral and it is not in the process of collection. Consumer loans are considered for a full or partial charge-off in the event that principal or interest is over 120 days past due and the loan lacks sufficient collateral and it is not in the process of collection. We also consider writing off loans in the event of any of the following circumstances: 1) the loan, or a portion of the loan is deemed uncollectible due to: a) the borrower's inability to make recurring payments, b) material changes in the borrower's financial condition, or c) the expected sale of all or a portion of the borrower's business is insufficient to repay the loan in full, or 2) the loan has been identified for charge-off by regulatory authorities.

Troubled Debt Restructurings

A TDR arises from the modification of a loan where we have granted a concession to the borrower related to the borrower's financial difficulties that we would not have otherwise considered for economic or legal reasons. These concessions may include: (1) deferral of payment for more than an insignificant period of time that does not include sufficient offsetting borrower concessions; (2) interest rate reductions; (3) extension of the maturity date outside of ordinary course extension; (4) principal forgiveness; or (5) reduction of accrued interest.

We use the factors in ASC 310-40, *Receivables, Troubled Debt Restructurings by Creditors,* in analyzing when a borrower is experiencing financial difficulty, and when we have granted a concession, both of which must be present for a restructuring to meet the criteria of a TDR. If we determine that a TDR exists, we measure impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate, except that as a practical expedient, we may also measure impairment based on a loan's observable market price, or the fair value of the collateral less selling costs if the loan is a collateral-dependent loan.

In April 2020, we implemented three loan payment deferral programs targeted to assist borrowers who were the most impacted by the COVID-19 pandemic. These programs included relief for venture-backed, private bank and wine borrowers who met certain criteria. For loans modified under these programs, in accordance with the provisions of Section 4013 of the CARES Act, we elected to not apply TDR classifications to borrowers who were current as of December 31, 2019. In addition, for loans that did not meet the CARES Act criteria, we applied the guidance in an interagency statement issued by bank

regulatory agencies. Using this guidance, we may find that borrowers are not experiencing financial difficulty that may otherwise result in a TDR classification, in accordance with ASC Subtopic 310-40, if loan modifications are performed in response to the COVID-19 pandemic, provide short-term loan payment deferrals (e.g. six months in duration) and are granted to borrowers who were current as of the implementation date of the loan modification program. We evaluated all loans modified under these programs against the CARES Act and interagency guidance, as applicable, and determined the loan modifications would not be considered TDRs. We did not defer interest income recognition during periods of payment deferral, nor did any qualifying modification trigger nonaccrual status.

Nonaccrual Loans

Loans are generally placed on nonaccrual status when they become 90 days past due as to principal or interest payments (unless the principal and interest are well secured and in the process of collection); or when we have determined, based upon currently known information, that the timely collection of principal or interest is not probable.

When a loan is placed on nonaccrual status, the accrued interest and fees are reversed against interest income and the loan is accounted for using the cost recovery method thereafter until qualifying for return to accrual status. For a loan to be returned to accrual status, all delinquent principal and interest must become current in accordance with the terms of the loan agreement and future collection of remaining principal and interest must be deemed probable. We apply a cost recovery method in which all cash received is applied to the loan principal until it has been collected. Under this approach, interest income is recognized after total cash flows received exceed the recorded investment at the date of initial nonaccrual. All of our nonaccrual loans have credit risk ratings of 8 or 9 and are classified under the nonperforming category.

Purchased Credit-Deteriorated Loans

Loans acquired where there is evidence of more than insignificant credit deterioration since origination are classified as PCD. We consider various factors in connection with this determination, including past due or nonaccrual status, credit risk rating declines, and any write downs recorded based on the collectability of the asset, among other factors. PCD loans are recorded at their purchase price plus an ECL estimated at the time of acquisition, which represents the amortized cost basis of the asset. The difference between this amortized cost basis and the par value of the loan is the non-credit discount or premium, which is amortized into interest income over the life of the loan. Subsequent increases and decreases in the allowance for credit losses related to purchased loans is recorded as provision expense.

Premises and Equipment

Premises and equipment are reported at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets or the terms of the related leases, whichever is shorter. The maximum estimated useful lives by asset classification are as follows:

Leasehold improvements	Lesser of lease term or asset life
Furniture and equipment	3-7 years
Computer software	3-7 years
Computer hardware	3-5 years

We capitalize the costs of computer software developed or obtained for internal use, including costs related to developed software, purchased software licenses and certain implementation costs.

For property and equipment that is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in noninterest expense in consolidated net income.

Lease Obligations

We have entered into leases for real estate and equipment. At the inception of the lease, each lease is evaluated to determine whether the lease will be accounted for as an operating or finance lease. We had no finance lease obligations at December 31, 2021 and December 31, 2020. We have made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from short-term leases for any class of underlying asset. In addition to excluding short-term leases, we have implemented an accounting policy in which non-lease components are not separated from lease components in the measurement of ROU asset and lease liabilities for all lease contracts.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. We use the implicit rate when readily determinable. The operating lease

ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company reviews ROU assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. ROU assets are reviewed for recoverability at the lowest level in which there are identifiable cash flows (“asset group”). The carrying amount of an asset group is not considered recoverable if it exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. If the asset group is determined not to be recoverable, then an impairment charge is recognized in the amount by which the carrying amount of the store asset group exceeds its fair value. The resulting impairment charge, if any, is allocated to the underlying assets on a pro rata basis using their relative carrying amounts.

Business Combinations

Business combinations are accounted for under the acquisition method of accounting. Acquired assets, including separately identifiable intangible assets, and assumed liabilities are recorded at their acquisition-date estimated fair values. The excess of the cost of acquisition over these fair values is recognized as goodwill. During the measurement period, which cannot exceed one year from the acquisition date, changes to estimated fair values are recognized as an adjustment to goodwill. Certain transaction costs are expensed as incurred.

Goodwill and Other Intangible Assets

Goodwill is not amortized and is subject, at a minimum, to an annual impairment assessment. A quantitative assessment will be completed if we have not recently completed a fair value assessment of the associated reporting unit and compared the assessed fair value of that reporting unit with its carrying amount, including goodwill. Should we be required to calculate the fair value of the reporting unit, we would generally apply a discounted cash flow analysis that uses forecasted performance estimates, and a discount rate leveraging a reporting unit specific capital asset pricing model, which in turn uses assumptions related to market performance and various macroeconomic and reporting unit specific risks. If this quantitative assessment was recently completed and if we deem the estimate to be current and reliable, we will not perform a full quantitative assessment of the reporting unit’s fair value for that reporting period. Instead, we will qualitatively determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount, including goodwill. As part of this qualitative analysis we consider macroeconomic factors that might impact the entity’s performance, entity-specific financial performance of the reporting unit, changes in management or strategy and other factors. We will evaluate goodwill for impairment more frequently if circumstances indicate that the fair value of our reporting units is less than their carrying value, including goodwill.

Intangible assets with finite lives are amortized over their estimated useful lives and all intangible assets are subject to impairment if events or circumstances indicate that the fair value is less than the carrying amount.

Fair Value Measurements

Our AFS securities, derivative instruments and certain equity securities are financial instruments recorded at fair value on a recurring basis. We make estimates regarding valuation of assets and liabilities measured at fair value in preparing our consolidated financial statements.

Fair Value Measurement-Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (the “exit price”) in an orderly transaction between market participants at the measurement date. There is a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable and on the significance of those inputs in the fair value measurement. Observable inputs reflect market-derived or market-based information obtained from independent sources, while unobservable inputs reflect our estimates about market data and views of market participants. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1

Fair value measurements based on quoted prices in active markets for identical assets or liabilities that we have the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment. Assets utilizing Level 1 inputs include U.S. Treasury securities, foreign government debt securities, exchange-traded equity securities and certain marketable securities accounted for under fair value accounting.

Level 2

Fair value measurements based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. Valuations for the AFS securities are provided by independent pricing service providers who have experience in valuing these securities and are compared to the average of quoted market prices obtained from independent brokers. We perform a monthly analysis on the values received from third parties so that the prices represent a reasonable estimate of the fair value. The procedures include, but are not limited to, initial and ongoing review of third-party pricing methodologies, review of pricing trends and monitoring of trading volumes. Additional corroboration, such as obtaining a non-binding price from a broker, may be obtained depending on the frequency of trades of the security and the level of liquidity or depth of the market. Prices received from independent brokers represent a reasonable estimate of the fair value and are validated through the use of observable market inputs including comparable trades, yield curve, spreads and, when available, market indices. If we determine that there is a more appropriate fair value based upon the available market data, the price received from the third party is adjusted accordingly. Below is a summary of the significant inputs used for each class of Level 2 assets and liabilities:

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

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

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

Agency-issued CMBS: Fair value measurements of these securities are based on spreads to benchmark market interest rates (usually U.S. Treasury rates or rates observable in the swaps market), prepayment speeds, loan default rate assumptions and loan loss severity assumptions on underlying loans.

Foreign exchange forward and option contract assets and liabilities: Fair value measurements of these assets and liabilities are priced based on spot and forward foreign currency rates and option volatility assumptions.

Interest rate derivative and interest rate swap assets and liabilities: Fair value measurements of interest rate derivatives and interest rate swaps are priced considering the coupon rate of the fixed leg of the contract and the variable coupon rate on the floating leg of the contract. Valuation is based on both spot and forward rates on the swap yield curve and the credit worthiness of the contract counterparty.

Other equity securities: Fair value measurements of equity securities of public companies are priced based on quoted market prices less a discount if the securities are subject to certain sales restrictions. Certain sales restriction discounts generally range from 10 percent to 20 percent depending on the duration of the sale restrictions which typically range from three to six months.

Equity warrant assets (public portfolio): Fair value measurements of equity warrant assets of publicly-traded portfolio companies are valued based on the Black-Scholes option pricing model. The model uses the price of publicly-traded companies (underlying stock price), stated strike prices, warrant expiration dates, the risk-free interest rate and market-observable option volatility assumptions.

Level 3

The fair value measurement is derived from valuation techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions we believe market participants would use in pricing the asset. The valuation techniques are consistent with the market approach, income approach or the cost approach used to measure fair value. Below is a summary of the valuation techniques used for each class of Level 3 assets:

Venture capital and private equity fund investments not measured at net asset value: Fair value measurements are based on consideration of a range of factors including, but not limited to, the price at which the investment was acquired, the term and nature of the investment, local market conditions, values for comparable securities, and as it

relates to the private company, the current and projected operating performance, exit strategies and financing transactions subsequent to the acquisition of the investment. The significant unobservable inputs used in the fair value measurement include the information about each portfolio company, including actual and forecasted results, cash position, recent or planned transactions and market comparable companies.

Equity warrant assets (public portfolio): Fair value measurements of equity warrant assets of publicly-traded portfolio companies are valued based on the Black-Scholes option pricing model. The model uses the price of publicly-traded companies (underlying stock price), stated strike prices, warrant expiration dates, the risk-free interest rate and market-observable option volatility assumptions. Modeled asset values are further adjusted by applying a discount of up to 20 percent for certain warrants that have certain sales restrictions or other features that indicate a discount to fair value is warranted.

Equity warrant assets (private portfolio): Fair value measurements of equity warrant assets of private portfolio companies are priced based on a Black-Scholes option pricing model to estimate the asset value by using stated strike prices, option expiration dates, risk-free interest rates and option volatility assumptions. Option volatility assumptions used in the Black-Scholes model are based on public market indices whose members operate in similar industries as companies in our private company portfolio. Option expiration dates are modified to account for estimates to actual life relative to stated expiration. Overall model asset values are further adjusted for a general lack of liquidity due to the private nature of the associated underlying company. There is a direct correlation between changes in the volatility and remaining life assumptions in isolation and the fair value measurement while there is an inverse correlation between changes in the liquidity discount assumption and the fair value measurement.

Fee-based Services Revenue Recognition

Refer to Note 17—“Noninterest Income” for our fee-based services revenue recognition policies for our contracts with customers.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Our federal, state and foreign income tax provisions are based upon taxes payable for the current year, current year changes in deferred taxes related to temporary differences between the tax basis and financial statement balances of assets and liabilities, and a reserve for uncertain tax positions. Deferred tax assets and liabilities are included in the consolidated financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. A valuation allowance is provided, when it is determined based upon available evidence, that it is more likely than not that some portion of the deferred tax asset will not be realized. We file a consolidated federal income tax return, and consolidated, combined, or separate state income tax returns as appropriate. Our foreign incorporated subsidiaries file tax returns in the applicable foreign jurisdictions. We record interest and penalties related to unrecognized tax benefits in other noninterest expense, a component of consolidated net income.

Share-Based Compensation

Generally, for our stock-based awards granted, stock-based compensation expense is amortized on a straight-line basis over the requisite service period, including consideration of vesting conditions and anticipated forfeitures. The service period is reduced for a select number of awards that provide for continued vesting upon retirement if any of the grantees are retirement eligible at the date of grant (or will become retirement eligible during the vesting period). The fair value of stock options is measured using the Black-Scholes option-pricing model and the fair value for restricted stock awards and restricted stock units are based on the quoted price of our common stock on the date of grant.

Earnings Per Share

Basic earnings per common share is computed using the weighted average number of common stock shares outstanding during the period. Diluted earnings per common share is computed using the weighted average number of common stock shares and potential common shares outstanding during the period. Potential common shares consist of stock options, ESPP shares and restricted stock units. Common stock equivalent shares are excluded from the computation if the effect is antidilutive.

Derivative Financial Instruments

All derivative instruments are recorded on the balance sheet at fair value. The accounting for changes in fair value of a derivative financial instrument depends on whether the derivative financial instrument is designated and qualifies as part of a

hedging relationship and, if so, the nature of the hedging activity. Changes in fair value are recognized through earnings for derivatives that do not qualify for hedge accounting treatment, or that have not been designated in a hedging relationship.

Cash Flow Hedges

For derivative instruments that are designated and qualify as a cash flow hedge, changes in the fair value of the derivative are recorded in AOCI and recognized in earnings as the hedged item affects earnings. To qualify for hedge accounting, a derivative must be highly effective at reducing exposure to the hedged risk. Derivative amounts affecting earnings are recognized consistent with the classification of the hedged item in the line item "loans" as part of interest income, a component of consolidated net income. We assess hedge effectiveness on a quarterly basis to ensure all hedges remain highly effective to ensure hedge accounting can be applied. If the hedging relationship no longer exists or no longer qualifies as a hedge, any amounts remaining as gain or loss in AOCI are reclassified into earnings in the line item "loans" as part of interest income, a component of consolidated net income.

Fair value hedges

For derivative instruments that are designated and qualify as a fair value hedge, both the changes in the fair value of the derivative and the portion of the fair value adjustments associated with the portfolio attributable to the hedged risk will be recognized into earnings as they occur. To qualify for hedge accounting, a derivative must be highly effective at reducing the hedged risk exposure. Derivative amounts affecting earnings are recognized consistent with the classification of the hedged item in the line item "investment securities" as part of interest income, a component of consolidated net income. We assess hedge effectiveness on a quarterly basis to ensure all hedges remain highly effective and hedge accounting can be applied. If the hedging relationship no longer exists or no longer qualifies as a hedge, any remaining fair value basis adjustments are allocated to the individual assets in the portfolio and amortized into earnings over a period consistent with the amortization of other discounts and premiums associated with the respective assets.

Equity Warrant Assets

In connection with negotiated credit facilities and certain other services, we may obtain equity warrant assets giving us the right to acquire stock in primarily private, venture-backed companies in the technology and life science/healthcare industries. We hold these assets for prospective investment gains. We do not use them to hedge any economic risks nor do we use other derivative instruments to hedge economic risks stemming from equity warrant assets.

In general, equity warrant assets entitle us to buy a specific number of shares of stock at a specific price within a specific time period. Certain equity warrant assets contain contingent provisions, which adjust the underlying number of shares or purchase price upon the occurrence of specified future events. Substantially all our warrant agreements qualify as derivatives and are reported at fair value as a component of other assets, on our consolidated balance sheet.

The grant date fair values of equity warrant assets received in connection with the issuance of a credit facility are deemed to be loan fees and recognized as an adjustment of loan yield through loan interest income. Similar to other loan fees, the yield adjustment related to grant date fair value of warrants is recognized over the life of that credit facility. Any changes in fair value after the grant date are recognized as net gains or losses on equity warrant assets, in noninterest income, a component of consolidated net income.

We value our equity warrant assets using a Black-Scholes option pricing model, which incorporates the following significant inputs:

- An underlying asset value, which is estimated based on current information available in valuation reports, including any information regarding subsequent rounds of funding or performance of a company.
- Stated strike price, which can be adjusted for certain warrants upon the occurrence of subsequent funding rounds or other future events.
- Price volatility or risk associated with possible changes in the warrant price. The volatility assumption is based on historical price volatility of publicly traded companies within indices similar in nature to the underlying client companies issuing the warrant. The actual volatility input is based on the mean and median volatility for an individual public company within an index for the past 16 quarters, from which an average volatility was derived.
- Actual data on terminations and exercises of our warrants are used as the basis for determining the expected remaining life of the warrants in each financial reporting period. Warrants may be exercised in the event of acquisitions, mergers or IPOs, and cancelled due to events such as bankruptcies, restructuring activities or additional financings. These events cause the expected remaining life assumption to be shorter than the contractual term of the warrants.
- The risk-free interest rate is derived from the Treasury yield curve and is calculated based on a weighted average of the risk-free interest rates that correspond closest to the expected remaining life of the warrant.

- Other adjustments, including a marketability discount, are estimated based on management's judgment about the general industry environment.
- Number of shares and contingencies associated with obtaining warrant positions such as the funding of associated loans.

When a company in the portfolio completes an IPO, or is acquired, we may exercise these equity warrant assets for shares or cash. In the event of an exercise for common stock shares, the basis or value in the common stock shares is reclassified from other assets to investment securities on the balance sheet on the latter of the exercise date or corporate action date.

The common stock of public companies is classified as non-marketable and other equity securities. Changes in the fair value of the common stock is recorded as gains or losses on investments securities, in noninterest income, a component of consolidated net income. We account for these securities without a readily determinable fair value based on the price at which the investment was acquired plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments, with changes recorded as gains or losses on investment securities, in noninterest income, a component of consolidated net income.

Foreign Exchange Forwards and Foreign Currency Option Contracts

We enter into foreign exchange forward contracts and foreign currency option contracts with clients involved in international activities, either as the purchaser or seller, depending upon the clients' need. We also enter into an opposite-way forward or option contract with a correspondent bank to economically hedge client contracts to mitigate the fair value risk to us from fluctuations in currency rates. Settlement, credit and operational risks remain. We also enter into forward contracts with correspondent banks to economically hedge currency exposure risk related to certain foreign currency denominated assets and liabilities. These contracts are not designated as hedging instruments and are recorded at fair value in our consolidated balance sheets. The contracts generally have terms of one year or less, although we may have contracts extending for up to five years. Generally, we have not experienced nonperformance on these contracts, have not incurred credit losses and anticipate performance by all counterparties to such agreements. Changes in the fair value of these contracts are recognized in consolidated net income under other noninterest income, a component of noninterest income. Period-end gross positive fair values are recorded in other assets and gross negative fair values are recorded in other liabilities.

Interest Rate Contracts

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

Adoption of New Accounting Standards

Income Taxes

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (ASU 2019-12), which is part of the FASB’s initiative to reduce cost and complexity related to accounting for income taxes. ASU 2019-12 eliminates certain exceptions to the general principles of ASC 740, Income Taxes, and simplifies income tax accounting in several areas. We adopted the guidance on January 1, 2021, on a modified retrospective basis. The adoption did not have a material impact on our financial position, results of operations, cash flows or disclosures.

Summary of Allowance for Loan Losses, Allowance for Unfunded Credit Commitments and Impaired Loans Superseded by Recently Adopted Accounting Standards (Applicable to the Year Ending December 31, 2019)

Allowance for Loan Losses

The allowance for loan losses considers credit risk and is established through a provision for loan losses charged to expense. Our allowance for loan losses is established for estimated loan losses that are probable and incurred but not yet realized. Our evaluation process is designed to determine that the allowance for loan losses is appropriate at the balance sheet date. The process of estimating loan losses is inherently imprecise.

We maintain a systematic process for the evaluation of individual loans and pools of loans for inherent risk of loan losses. At the time of approval, each loan in our portfolio is assigned a Credit Risk Rating and industry niche. Credit Risk Ratings are assigned on a scale of 1 to 10, with 1 representing loans with a low risk of nonpayment, 9 representing loans with

the highest risk of nonpayment, and 10 representing loans which have been charged-off. The credit risk ratings for each loan are monitored and updated on an ongoing basis. This Credit Risk Rating process includes, but is not limited to, consideration of such factors as payment status, the financial condition and operating performance of the borrower, borrower compliance with loan covenants, underlying collateral values and performance trends, the degree of access to additional capital, the presence of credit enhancements such as third party guarantees (where applicable), the degree to which the borrower is sensitive to external factors, the depth and experience of the borrower's management team, potential loan concentrations, and general economic conditions. Our policies require a committee of senior management to review, at least quarterly, credit relationships with a credit risk rating of 5 through 9 that exceed specific dollar values. Our review process evaluates the appropriateness of the credit risk rating and allocation of the allowance for loan losses, as well as other account management functions. The allowance for loan losses is determined based on a qualitative analysis and a formula allocation for similar risk-rated loans categorized by portfolio segment, and individually for impaired loans. The formula allocation provides the average loan loss experience for each portfolio segment, which considers our quarterly historical loss experience since the year 2000, both by risk-rating category and client industry sector. The resulting loan loss factors for each risk-rating category and client industry sector are ultimately applied to the respective period-end client loan balances for each corresponding risk-rating category and client industry sector to provide an estimation of the allowance for loan losses. The probable loan loss experience for any one year period of time is reasonably expected to be greater or less than the average as determined by the loss factors. As such, management applies a qualitative allocation to the results of the aforementioned model to ascertain the total allowance for loan losses. This qualitative allocation is based on management's assessment of the risks that may lead to a loan loss experience that is different from our historical loan loss experience. Based on management's prediction or estimate of changing risks in the lending environment, the qualitative allocation may vary significantly from period to period and includes, but is not limited to, consideration of the following factors:

- Changes in lending policies and procedures, including underwriting standards and collections, and charge-off and recovery practices;
- Changes in national and local economic business conditions, including the market and economic condition of our clients' industry sectors;
- Changes in the nature of our loan portfolio;
- Changes in experience, ability, and depth of lending management and staff;
- Changes in the trend of the volume and severity of past due and classified loans;
- Changes in the trend of the volume of nonaccrual loans, troubled debt restructurings and other loan modifications;
- Reserve floor for portfolio segments that would not draw a minimum reserve based on the lack of historical loan loss experience;
- Reserve for large funded loan exposure;
- Reserve for performing impaired loan exposure; and
- Other factors as determined by management from time to time.

While the evaluation process of our allowance for loan losses uses historical and other objective information, the classification of loans and the establishment of the allowance for loan losses rely, to a great extent, on the judgment and experience of our management.

Allowance for Unfunded Credit Commitments

We record a liability for probable and estimable incurred losses associated with our unfunded credit commitments being funded and subsequently being charged off. Each quarter, every unfunded client credit commitment is allocated to a credit risk-rating in accordance with each client's credit risk rating and portfolio segment. We use the segment specific historical loan loss factors described above under "Allowance for Loan Losses" to calculate the loan loss experience if unfunded credit commitments are funded. Separately, we use historical trends to calculate a probability of an unfunded credit commitment being funded. We apply the loan funding probability factor to risk-factor adjusted unfunded credit commitments by credit risk-rating and portfolio segment to derive the allowance for unfunded credit commitments, similar to funded loans. The allowance for unfunded credit commitments also includes certain qualitative allocations as deemed appropriate by management. We include the allowance for unfunded credit commitments in other liabilities and the related provision in our provision for credit losses.

Impaired Loans

A loan is considered impaired when, based upon currently known information, it is deemed probable that we will be unable to collect all amounts due according to the contractual terms of the agreement. On a quarterly basis, we review our loan portfolio for impairment. Within each class of loans, we review individual loans for impairment based on credit risk ratings. Loans risk-rated 5 through 7 are performing loans; however, we consider them as demonstrating higher risk, which requires more frequent review of individual exposures. Such loans translate to an internal rating of "Performing (Criticized)" and could be classified as a performing impaired loan.

For each loan identified as impaired, we measure the impairment based upon the present value of expected future cash flows discounted at the loan's effective interest rate. In limited circumstances, we may measure impairment based on the loan's observable market price or the fair value of the collateral less selling costs if the loan is collateral dependent. Impaired collateral-dependent loans will have independent appraisals completed and accepted at least annually. The fair value of the collateral will be determined by the most recent appraisal, as adjusted to reflect a reasonable marketing period for the sale of the asset(s) and an estimate of reasonable selling expenses.

If it is determined that the value of an impaired loan is less than the recorded investment in the loan, net of previous charge-offs and payments collected, we recognize impairment through the allowance for loan losses as determined by our analysis.

Reclassifications

Certain prior period amounts primarily related to the adoption of the ASU 2016-13 Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments) ("ASU 2016-13" or "CECL") as mentioned above have been reclassified to conform to current period presentations.

3. Business Combination

Boston Private

On July 1, 2021, we acquired, by merger, 100 percent of the voting equity interests of Boston Private Financial Holdings, Inc., the parent company of Boston Private Bank & Trust Company. The acquisition of Boston Private accelerates SVB's private bank and wealth management offering, strengthening SVB's overall platform and ability to fully meet the financial needs of its clients. The acquisition was accounted for as a business combination and accordingly, the results of Boston Private's operations have been included in the Company's consolidated financial statements from the date of acquisition.

We acquired Boston Private for $1.2 billion comprised of $2.10 in cash and 0.0228 shares of SVB common stock for each Boston Private share. For the transaction, we issued approximately 1.9 million shares of SVB common stock and registered an additional 99,000 shares of SVB common stock issuable upon the exercise, vesting or settlement of converted legacy Boston Private equity awards.

The following table summarizes the allocation of the purchase price to the net assets of Boston Private as of July 1, 2021:

(Dollars in millions)	July 1, 2021
Cash paid	$ 174
Share-based consideration	1,050
Replacement equity awards	10
Total purchase consideration	$ 1,234
Fair value of net assets acquired	1,033
Goodwill	$ 201

The following table summarizes the estimated fair value of assets acquired and liabilities assumed upon the finalization of the purchase:

(Dollars in million)	July 1, 2021
Assets acquired:	
Cash and cash equivalents	$ 1,290
Investment securities	1,429
Loans	7,217
Premises and equipment	39
Intangible assets	104
Right-of-use assets	107
Other assets	284
Total assets acquired	10,470
Liabilities assumed:	
Deposits	8,983
Borrowings	132
Lease liabilities	103
Other liabilities	219
Total liabilities assumed	9,437
Fair value of net assets acquired	$ 1,033

The Company recognized identifiable intangible assets of $104 million and goodwill of $201 million as a result of the acquisition. Intangible assets of $104 million are subject to amortization over their estimated useful lives. The goodwill recorded includes expected revenue-generating synergies driven by the broadening of our product suite and strength of the combined platform, providing our teams with expanded capabilities, technology and scalability to meet the increasing needs of our Private Bank clients. Goodwill amounts have been allocated to the SVB Private Bank reporting segment and will not be deductible for tax purposes.

The following table summarizes the fair value and estimated useful lives of the other intangible assets at the date of acquisition:

(Dollars in millions)	Estimated Fair Value	Weighted Average Estimated Useful Life - in Years
Other intangible assets:		
Customer relationships	$ 85	20
Other	19	6
Total other intangible assets	$ 104	

Of the $7.2 billion net loans acquired, $1.4 billion exhibited credit deterioration on the date of purchase. The following table provides a summary of these PCD loans at acquisition:

(Dollars in millions)	July 1, 2021
Par value of PCD loans	$ 1,368
PCD ACL at acquisition	(22)
Non-credit premium on PCD loans	43
Purchase price of PCD loans	$ 1,389

Due to the various conversions of Boston Private systems since the date of acquisition, as well as other streamlining and continuing integration of Boston Private's operating activities into those of the Company, reporting for revenue and net income of the former Boston Private operations for the period subsequent to the acquisition is impracticable.

Supplementary pro forma financial information related to the acquisition is not included because the impact to the Company's consolidated statements of income is not material.

Direct expenses related to the acquisition of Boston Private were expensed as incurred and were $22 million for twelve months ended December 31, 2021. All expenses were included in merger-related charges, a component of noninterest expense, with the exception of $6 million attributable to the three months ended March 31, 2021, which were recorded in professional services.

MoffettNathanson LLC

On December 10, 2021, we acquired 100 percent of the voting equity interests of MoffettNathanson LLC, a New York-based independent sell-side research firm known for its coverage of high-growth, disruptive companies in the Media, Communications and Technology sectors. The acquisition enables SVB's investment banking business, SVB Securities, to expand its research coverage to include companies in both the healthcare and technology industries. The acquisition was accounted for as a business combination and accordingly, the results of MoffettNathanson LLC operations have been included in the Company's consolidated financial statements from the date of acquisition.

Supplementary pro forma financial and purchase information related to the acquisition is not included because the impact to the Company's consolidated financial statements is not material.

4. Stockholders' Equity and EPS

Accumulated Other Comprehensive Income

The following table summarizes the items reclassified out of AOCI into the Consolidated Statements of Income for 2021, 2020 and 2019:

		Year ended December 31,		
(Dollars in millions)	**Income Statement Location**	**2021**	**2020**	**2019**
Reclassification adjustment for (gains) losses on AFS securities included in net income	Gains on investment securities, net	$ (31)	$ (61)	$ 4
Related tax expense (benefit)	Income tax expense	9	17	(1)
Reclassification adjustment for (gains) losses on cash flow hedges included in net income	Net interest income	(63)	(50)	5
Related tax expense (benefit)	Income tax expense	17	14	(2)
Total reclassification adjustment for (gains) losses included in net income, net of tax		$ (68)	$ (80)	$ 6

The table below summarizes the activity relating to net gains and losses on our cash flow hedges included in AOCI for 2021, 2020 and 2019. Refer to Note 16—"Derivative Financial Instruments" for additional information regarding the termination of our cash flow hedges during the quarter ended March 31, 2020. Over the next 12 months, we expect that approximately $56 million in AOCI at December 31, 2021, related to our cash flow hedges will be reclassified out of AOCI and recognized in net income.

	Year ended December 31,		
(Dollars in millions)	**2021**	**2020**	**2019**
Balance, beginning of period, net of tax	$ 130	$ (2)	$ —
Net (decrease) increase in fair value, net of tax	(1)	168	(6)
Net realized (gain) loss reclassified to net income, net of tax	(46)	(36)	4
Balance, end of period, net of tax	$ 83	$ 130	$ (2)

EPS

Basic EPS is the amount of earnings available to each share of common stock outstanding during the reporting period. Diluted EPS is the amount of earnings available to each share of common stock outstanding during the reporting period adjusted to include the effect of potentially dilutive common shares. Potentially dilutive common shares include incremental shares issuable for stock option and restricted stock unit awards outstanding under our 2006 Equity Incentive Plan and our ESPP. Potentially dilutive common shares are excluded from the computation of dilutive EPS in periods in which the effect would be antidilutive. The following is a reconciliation of basic EPS to diluted EPS for 2021, 2020 and 2019:

	Year ended December 31,		
(Dollars in millions except per share amounts, shares in thousands)	**2021**	**2020**	**2019**
Numerator:			
Net income available to common stockholders	$ 1,770	$ 1,191	$ 1,137
Denominator:			
Weighted average common shares outstanding—basic	55,763	51,685	51,915
Weighted average effect of dilutive securities:			
Stock options and ESPP	283	151	227
Restricted stock units	592	248	169
Weighted average common shares outstanding—diluted	56,638	52,084	52,311
Earnings per common share:			
Basic	$ 31.74	$ 23.05	$ 21.90
Diluted	$ 31.25	$ 22.87	$ 21.73

The following table summarizes the weighted average common shares excluded from the diluted EPS calculation due to the antidilutive effect for 2021, 2020 and 2019:

	Year ended December 31,		
(Shares in thousands)	**2021**	**2020**	**2019**
Stock options	37	279	167
Restricted stock units	2	10	250
Total	39	289	417

Common Stock

On March 22, 2021, to support the continued growth of our balance sheet, we issued and sold 2,000,000 shares of common stock at a price of $500.00 per share. We received net proceeds of $972 million after deducting underwriting discounts and commissions.

On April 14, 2021, the Company issued and sold 300,000 additional shares of common stock under the full exercise of the underwriters' over-allotment option from our March 22, 2021 underwritten public offering. We received additional net proceeds of $146 million after deducting underwriting discounts and commissions.

On July 1, 2021, the Company issued 1,887,981 shares of common stock for the acquisition of Boston Private at an exchange ratio of 0.0228 SIVB shares per Boston Private share.

On August 12, 2021, the Company issued and sold 2,227,000 shares of common stock at a price of $564.00 per share. We received net proceeds of $1.2 billion after deducting underwriting discounts and commissions.

Preferred Stock

On December 9, 2019, the Company issued 5.25% Non-Cumulative Perpetual Series A Preferred Stock (''Series A Preferred Stock''). The public offering consisted of 14,000,000 depositary shares, each representing a 1/40th ownership interest in shares of the Series A preferred stock with $0.001 par value and liquidation preference of $1,000 per share, or $25 per depositary share. The Series A Preferred Stock is redeemable at the Company's option, subject to all applicable regulatory approvals, on or after February 15, 2025.

On February 2, 2021, the Company issued 4.10% Non-Cumulative Perpetual Series B Preferred Stock (''Series B Preferred Stock''). The public offering consisted of 750,000 depositary shares, each representing a 1/100th ownership interest in shares of Series B Preferred Stock with $0.001 par value and liquidation preferences of $100,000 per share, or $1,000 per depositary

share. Dividends, if approved and declared by the Board of Directors, are payable quarterly, in arrears, at a rate per annum equal to (i) 4.10 percent from the original issue date to, but excluding, February 15, 2031 and (ii) for the February 15, 2031 dividend date and during each subsequent ten-year period, the ten-year treasury rate (calculated three business days prior to each reset date as the five-day average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for ten-year maturities) plus 3.064 percent.

On May 13, 2021, the Company issued 4.00% Non-Cumulative Perpetual Series C Preferred Stock (''Series C Preferred Stock''). The public offering consisted of 1,000,000 depositary shares, each representing a 1/100th ownership interest in shares of Series C Preferred Stock with $0.001 par value and liquidation preferences of $100,000 per share, or $1,000 per depositary share. Dividends, if approved and declared by the Board of Directors, are payable quarterly, in arrears, at a rate per annum equal to (i) 4.000 percent from the original issue date to, but excluding, May 15, 2026, and (ii) for the May 15, 2026 dividend date and during each subsequent five-year period, the five-year treasury rate (calculated three business days prior to each reset date as the five-day average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities) plus 3.202 percent.

On October 28, 2021, the Company issued 4.25% Non-Cumulative Perpetual Series D Preferred Stock (''Series D Preferred Stock''). The public offering for Series D Preferred Stock consisted of 1,000,000 depositary shares, each representing a 1/100th ownership interest in shares of Series D Preferred Stock with $0.001 par value and liquidation preferences of $100,000 per share, or $1,000 per depositary share. Series D Preferred Stock dividends, if approved and declared by the Board of Directors, are payable quarterly, in arrears, at a rate per annum equal to (i) 4.250 percent from the original issue date of the Series D Preferred Stock to, but excluding, November 15, 2026, and (ii) for the November 15, 2026 dividend date and during each subsequent five-year period, the five-year treasury rate (calculated three business days prior to each reset date as the five-day average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities) plus 3.074 percent.

On October 28, 2021, the Company also issued 4.70% Non-Cumulative Perpetual Series E Preferred Stock (''Series E Preferred Stock''). The public offering for Series E Preferred Stock consisted of 600,000 depositary shares, each representing a 1/100th ownership interest in shares of Series E Preferred Stock with $0.001 par value and liquidation preferences of $100,000 per share, or $1,000 per depositary share. Series E Preferred Stock dividends, if approved and declared by the Board of Directors, are payable quarterly, in arrears, at a rate per annum equal to (i) 4.700 percent from the original issue date of the Series E Preferred Stock to, but excluding, November 15, 2031, and (ii) for the November 15, 2031 dividend date and during each subsequent ten-year period, the ten-year treasury rate (calculated three business days prior to each reset date as the five-day average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities) plus 3.064 percent

The following table summarizes our preferred stock at December 31, 2021:

Series	Description	Amount outstanding (in millions)	Carrying value (in millions)	Shares issued and outstanding	Par Value	Ownership interest per depositary share	Liquidation preference per depositary share	2021 dividends paid per depositary share
Series A	5.250% Fixed-Rate Non-Cumulative Perpetual Preferred Stock	$ 350	$ 340	350,000	$ 0.001	1/40th	$ 25	$ 1.31
Series B	4.100% Fixed-Rate Non-Cumulative Perpetual Preferred Stock	750	739	7,500	0.001	1/100th	1,000	32.23
Series C	4.000% Fixed-Rate Non-Cumulative Perpetual Preferred Stock	1,000	985	10,000	0.001	1/100th	1,000	20.22
Series D	4.250% Fixed-Rate Non-Cumulative Perpetual Preferred Stock	1,000	989	10,000	0.001	1/100th	1,000	—
Series E	4.700% Fixed-Rate Non-Cumulative Perpetual Preferred Stock	600	593	6,000	0.001	1/100th	1,000	—

5. Share-Based Compensation

Share-based compensation expense was recorded net of estimated forfeitures for 2021, 2020 and 2019, such that expense was recorded only for those share-based awards that are expected to vest. In 2021, 2020 and 2019, we recorded share-based compensation and related benefits as follows:

	Year ended December 31,		
(Dollars in millions)	2021	2020	2019
Share-based compensation expense	$ 136	$ 84	$ 67
Income tax benefit related to share-based compensation expense	(35)	(20)	(16)
Capitalized compensation costs	1	1	2

Equity Incentive Plans

Our 2006 Equity Incentive Plan (the “2006 Incentive Plan”) was adopted in May 2006, and is amended from time to time. The 2006 Incentive Plan provides for the grant of various types of incentive awards, of which the following have been granted: (i) stock options; (ii) restricted stock awards; (iii) restricted stock units (subject to either time-and/or performance-based vesting); and (iv) other cash or stock settled equity awards. Eligible participants in the 2006 Incentive Plan include directors, employees and consultants.

Subject to the provisions of Section 16 of the 2006 Incentive Plan, the maximum aggregate number of shares that may be awarded and sold thereunder is 12,028,505.

Restricted stock awards/units are counted against the available-for-issuance limits of the 2006 Incentive Plan as two shares for every one share awarded. Further, if shares acquired under any such award are forfeited, repurchased by SVB Financial, used to satisfy the tax withholding obligations related to an award or otherwise canceled and would otherwise return to the 2006 Incentive Plan, two times the number of such shares will return to the 2006 Incentive Plan and will again become available for issuance.

Under the terms of the 2006 Incentive Plan, and subject to certain exceptions, awards granted under the plan are subject to a minimum of at least one year of vesting. Generally in practice, restricted stock units vest annually over four years and require continued employment or other service through the vesting period. Performance-based restricted stock awards/units granted to executives generally vest upon meeting certain performance-based objectives over a three year period and, typically, additional time-based vesting follow the end of the performance period, and require continued employment or other service through the vesting date. Stock options typically vest annually over four years, from the grant date based on continued employment or other service, and expire no later than seven years after the grant date. A select number of awards granted to certain employees will continue to vest in accordance with the normal vesting schedule in the event that the employee retires (upon meeting certain age and service criteria) at least six months after the grant date and prior to the end of the vesting period, subject to certain conditions. For accounting purposes, the requisite service period for these awards is reduced on an individual basis, as necessary, to reflect the employee’s individual retirement eligibility date.

The underlying BPFH shares of the legacy Boston Private stock options and restricted stock units were converted into shares of the Company in connection with the Boston Private acquisition on July 1, 2021. Information in this footnote includes the converted legacy Boston Private awards unless otherwise indicated. Upon acquisition, 28,724 options and 67,542 restricted stock units were assumed by the Company from legacy Boston Private plans. All awards assumed from the legacy Boston Private plans will be settled under the respective legacy plans. No future awards will be made under these plans.

We maintain the 1999 ESPP under which participating employees may annually contribute up to 10 percent of their gross compensation (not to exceed $25,000) to purchase shares of our common stock at 85 percent of its fair market value at either the beginning or end of each six-month offering period, whichever price is less. To be eligible to participate in the ESPP, an employee must, among other requirements, be employed by the Company on both the date of offering and date of purchase, and be employed customarily for at least 20 hours per week and at least five months per calendar year. We issued 110,886 shares and received $41 million in cash under the ESPP in 2021. At December 31, 2021, a total of 1,059,586 shares of our common stock were still available for future issuance under the ESPP.

Unrecognized Compensation Expense

As of December 31, 2021, unrecognized share-based compensation expense was as follows:

(Dollars in millions)	Unrecognized Expense	Weighted Average Expected Recognition Period - in Years
Stock options	$ 18	2.23
Restricted stock awards/units	192	2.62
Total unrecognized share-based compensation expense	$ 210	

Valuation Assumptions

The fair values of share-based awards for employee stock options and employee stock purchases made under our ESPP were estimated using the Black-Scholes option pricing model. The fair values of restricted stock units were based on our closing stock price on the date of grant. The following weighted average assumptions and fair values were used for our employee stock options and restricted stock units:

Equity Incentive Plan Awards	2021	2020	2019
Weighted average expected term of options - in years	4.7	4.6	4.6
Weighted average expected volatility of the Company's underlying common stock	43.5 %	41.9 %	35.5 %
Risk-free interest rate	0.85	0.37	2.26
Expected dividend yield	—	—	—
Weighted average grant date fair value - stock options	$ 224.63	$ 66.44	$ 83.50
Weighted average grant date fair value - restricted stock units	554.32	199.51	243.65

The following weighted average assumptions and fair values were used for our ESPP:

ESPP	2021	2020	2019
Expected term in years	0.5	0.5	0.5
Weighted average expected volatility of the Company's underlying common stock	36.2 %	51.9 %	38.1 %
Risk-free interest rate	0.08	1.12	2.40
Expected dividend yield	—	—	—
Weighted average grant date fair value	$ 108.83	$ 69.54	$ 52.90

The expected term is based on the implied term of the stock options using factors based on historical exercise behavior. The expected volatilities are based on a blended rate consisting of our historic volatility and our expected volatility over a five-year term which is an indicator of expected volatility and future stock price trends. For 2021, 2020 and 2019, expected volatilities for the ESPP were equal to the historical volatility for the previous six-month periods. The expected risk-free interest rates were based on the yields of U.S. Treasury securities, as reported by the FRB of New York, with maturities equal to the expected terms of the employee stock options.

Share-Based Payment Award Activity

The table below provides stock option information for the year ended December 31, 2021:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life - in Years	Aggregate Intrinsic Value of In-The-Money Options
Outstanding at December 31, 2020	559,001	$ 191.29		
Assumed upon Boston Private acquisition	28,724	330.75		
Granted	59,981	569.14		
Exercised	(169,045)	152.00		
Forfeited	(3,035)	278.80		
Outstanding at December 31, 2021	475,626	260.77	4.29	$ 199,397,510
Vested and expected to vest at December 31, 2021	448,844	255.96	4.16	190,270,540
Exercisable at December 31, 2021	207,472	201.61	3.00	98,888,120

The aggregate intrinsic value of outstanding options shown in the table above represents the pre-tax intrinsic value based on our closing stock price of $678.24 as of December 31, 2021.

We expect to satisfy the exercise of stock options by issuing shares under the 2006 Incentive Plan or applicable legacy Boston Private equity plan. All future awards of stock options and restricted stock units will be issued from the 2006 Incentive Plan. At December 31, 2021, 2,329,310 shares were available for future issuance.

The table below provides information for restricted stock units for the year ended December 31, 2021:

	Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2020	995,049	$ 227.12
Assumed upon Boston Private acquisition	67,542	363.54
Granted	311,760	554.32
Vested	(291,093)	235.90
Forfeited	(67,112)	305.72
Nonvested at December 31, 2021	1,016,146	328.87

The following table summarizes information regarding stock option and restricted stock unit activity during 2021, 2020 and 2019:

	Year ended December 31,		
(Dollars in millions)	**2021**	**2020**	**2019**
Total intrinsic value of stock options exercised	$ 68	$ 25	$ 23
Total fair value of stock options vested	7	6	6
Total intrinsic value of restricted stock vested	164	56	56
Total fair value of restricted stock vested	68	47	35

6. Variable Interest Entities

Our involvement with VIEs includes our investments in venture capital and private equity funds, debt funds, private and public portfolio companies, investments in qualified affordable housing projects and subordinated debt instruments.

The following table presents the carrying amounts and classification of significant variable interests in consolidated and unconsolidated VIEs as of December 31, 2021 and December 31, 2020:

(Dollars in millions)	Consolidated VIEs	Unconsolidated VIEs	Maximum Exposure to L Unconsolidated VIE
December 31, 2021:			
Assets:			
Cash and cash equivalents	$ 13	$ —	$
Non-marketable and other equity securities (1)	768	1,233	1,
AIR and other assets (2)	31	6	
Total assets	$ 812	$ 1,239	$ 1,
Liabilities:			
Other liabilities (1)	$ 18	$ 482	$
Long term debt (2)	—	90	
Total liabilities	$ 18	$ 572	$
December 31, 2020:			
Assets:			
Cash and cash equivalents	$ 15	$ —	$
Non-marketable and other equity securities (1)	422	859	
AIR and other assets	1	—	
Total assets	$ 438	$ 859	$
Liabilities:			
Other liabilities (1)	$ 1	$ 370	$
Total liabilities	$ 1	$ 370	$

(1) Included in our unconsolidated non-marketable and other equity securities portfolio at December 31, 2021 and December 31, 2020 are investments in qualified affordable housing projects of $954 million and $616 million, respectively, and related other liabilities consisting of unfunded commitments of $482 million and $370 million, respectively.

(2) Included in our unconsolidated accrued interest receivable and other assets at December 31, 2021 are investments in statutory trusts for junior subordinated debt of $6 million and $90 million is included in long term debt previously issued by Boston Private and assumed in the acquisition.

Non-marketable and other equity securities

Our non-marketable and other equity securities portfolio primarily represents investments in venture capital and private equity funds, SPD-SVB, debt funds, private and public portfolio companies, including public equity securities held as a result of equity warrant assets exercised and investments in qualified affordable housing projects. A majority of these investments are investments held by SVB Financial in third-party funds in which we do not have controlling or significant variable interests. These investments represent our unconsolidated VIEs in the table above. Our non-marketable and other equity securities portfolio also includes investments from SVB Capital. SVB Capital is the funds management business of SVB Financial Group, which focuses primarily on venture capital investments. The SVB Capital family of funds is comprised of direct venture funds that invest in companies and funds of funds that invest in other venture capital funds. We have a controlling and significant variable interest in three of these SVB Capital funds and consolidate these funds for financial reporting purposes.

All investments are generally non-redeemable and distributions are expected to be received through the liquidation of the underlying investments throughout the life of the investment fund. Investments may only be sold or transferred subject to the notice and approval provisions of the underlying investment agreement. Subject to applicable regulatory requirements, including the Volcker Rule, we also make commitments to invest in venture capital and private equity funds. For additional details, see Note 21—“Off-Balance Sheet Arrangements, Guarantees and Other Commitments.”

The Bank also has variable interests in low income housing tax credit funds, in connection with fulfilling its responsibilities under the CRA, that are designed to generate a return primarily through the realization of federal tax credits. These investments are typically limited partnerships in which the general partner, other than the Bank, holds the power over significant activities of the VIE; therefore, these investments are not consolidated. For additional information on our investments in qualified affordable housing projects see Note 9—“Investment Securities."

As of December 31, 2021, our exposure to loss with respect to the consolidated VIEs is limited to our net assets of $794 million and our exposure to loss for our unconsolidated VIEs is equal to our investment in these assets of $1.2 billion.

Junior subordinated debentures

SVB Financial Group assumed two statutory trusts during the merger with Boston Private. These trusts were for the purpose of issuing trust preferred securities and investing the proceeds in junior subordinated debentures. These statutory trusts created by legacy Boston Private are not consolidated within the financial statements as the Company is not the primary beneficiary of the trusts; however, the total junior subordinated debentures payable to the preferred stockholders of statutory trusts are reported as long-term debt in the financial statements. For additional information see Note 15—"Short-Term Borrowings and Long-Term Debt."

7. Reserves on Deposit with the Federal Reserve Bank and Federal Bank Stock

As was announced on March 15, 2020, the Federal Reserve board reduced reserve requirement ratios to zero percent which effectively eliminated reserve requirements for all depository institutions effective March 26, 2020. Prior to March 26, 2020, the Bank was required to maintain reserves against customer deposits by keeping balances with the Federal Reserve. The cash balances at the Federal Reserve were classified as cash and cash equivalents. Additionally, as a member of the FHLB and FRB, we are required to hold shares of FHLB and FRB stock under the Bank's borrowing agreement. FHLB and FRB stock are recorded at cost as a component of other assets, and any cash dividends received are recorded as a component of other noninterest income.

The tables below provide information on the required reserve balances at the Federal Reserve, as well as shares held at the FHLB and FRB for the years ended and as of December 31, 2021 and 2020:

	Year ended December 31,	
(Dollars in millions)	2021	2020
Average required reserve balances at FRB San Francisco	$ —	$ 82

	December 31,	
(Dollars in millions)	2021	2020
FHLB stock holdings	$ 26	$ 17
FRB stock holdings	81	44

8. Cash and Cash Equivalents

The following table details our cash and cash equivalents at December 31, 2021 and December 31, 2020:

(Dollars in millions)	December 31, 2021	December 31, 2020
Cash and due from banks	$ 2,201	$ 723
Interest bearing deposits with the FRB	5,686	13,700
Interest bearing deposits with other institutions	5,773	3,025
Securities purchased under agreements to resell (1)	607	227
Other short-term investment securities	352	—
Total cash and cash equivalents	$ 14,619	$ 17,675

(1) At December 31, 2021 and December 31, 2020, securities purchased under agreements to resell were collateralized by U.S. Treasury securities and U.S. agency securities with aggregate fair values of $620 million and $232 million, respectively. None of these securities were sold or repledged as of December 31, 2021 and December 31, 2020.

Additional information regarding our securities purchased under agreements to resell for 2021 and 2020 are as follows:

	Year ended December 31,	
(Dollars in millions)	2021	2020
Average securities purchased under agreements to resell	$ 286	$ 149
Maximum amount outstanding at any month-end during the year	762	450

9. Investment Securities

Our investment securities portfolio consists of (i) an AFS securities portfolio and a HTM securities portfolio, both of which represent interest-earning investment securities; and (ii) a non-marketable and other equity securities portfolio, which primarily represents investments managed as part of our funds management business as well as public equity securities held as a result of equity warrant assets exercised.

Available-for-Sale Securities

The major components of our AFS investment securities portfolio at December 31, 2021 and 2020 are as follows:

	December 31, 2021			
(Dollars in millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Carrying Value
AFS securities, at fair value:				
U.S. Treasury securities	$ 15,799	$ 121	$ (70)	$ 15,850
U.S. agency debentures	200	—	(4)	196
Foreign government debt securities	61	—	—	61
Residential MBS:				
Agency-issued MBS	8,786	13	(210)	8,589
Agency-issued CMO—fixed rate	988	3	(9)	982
Agency-issued CMBS	1,536	27	(20)	1,543
Total AFS securities	$ 27,370	$ 164	$ (313)	$ 27,221

	December 31, 2020			
(Dollars in millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Carrying Value
AFS securities, at fair value:				
U.S. Treasury securities	$ 4,198	$ 272	$ —	$ 4,470
U.S. agency debentures	234	4	(1)	237
Foreign government debt securities	24	—	—	24
Residential MBS:				
Agency-issued MBS	13,271	233	(1)	13,503
Agency-issued CMO—fixed rate	8,077	40	(10)	8,107
Agency-issued CMBS	4,441	134	(3)	4,572
Total AFS securities	$ 30,245	$ 683	$ (15)	$ 30,913

The following table summarizes sale activity of AFS securities as recorded in the line item “Gains on investment securities, net," a component of noninterest income:

	Year ended December 31,		
(Dollars in millions)	2021	2020	2019
Sales proceeds	$ 1,591	$ 2,654	$ 2,189
Net realized gains and losses:			
Gross realized gains	31	61	1
Gross realized losses	—	—	(5)
Net realized gains (losses)	$ 31	$ 61	$ (4)

The following tables summarize our AFS securities in an unrealized loss position for which an ACL has not been recorded and summarized into categories of less than 12 months, or 12 months or longer as of December 31, 2021 and 2020:

	December 31, 2021					
	Less than 12 months		12 months or longer		Total	
(Dollars in millions)	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses
AFS securities, at fair value:						
U.S. Treasury securities	$ 7,777	$ (70)	$ —	$ —	$ 7,777	$ (70)
U.S. agency debentures	196	(4)	—	—	196	(4)
Residential MBS:						
Agency-issued MBS	8,280	(210)	—	—	8,280	(210)
Agency-issued CMO —fixed rate	740	(9)	—	—	740	(9)
Agency-issued CMBS	603	(11)	163	(9)	766	(20)
Total AFS securities (1)	$ 17,596	$ (304)	$ 163	$ (9)	$ 17,759	$ (313)

(1) As of December 31, 2021, we identified a total of 475 investments that were in unrealized loss positions with 4 investments in unrealized loss positions for a period of time greater than 12 months. Based on our analysis of the securities in an unrealized loss position as of December 31, 2021, the decline in value is unrelated to credit loss and is related to changes in market interest rates since purchase and therefore changes in value for securities are included in other comprehensive income. Market valuations and credit loss analyses on assets in the AFS securities portfolio are reviewed and monitored on a quarterly basis. As of December 31, 2021, we do not intend to sell any of our securities in an unrealized loss position prior to recovery of our amortized cost basis, and it is more likely than not that we will not be required to sell any of our securities prior to recovery of our amortized cost basis. None of the investments in our AFS securities portfolio were past due as of December 31, 2021.

	December 31, 2020					
	Less than 12 months		12 months or longer		Total	
(Dollars in millions)	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses
AFS securities, at fair value:						
U.S. Treasury securities (1)	$ 60	$ —	$ —	$ —	$ 60	$ —
U.S. agency debentures	133	(1)	—	—	133	(1)
Residential MBS:						
Agency-issued MBS	904	(1)	—	—	904	(1)
Agency-issued CMO —fixed rate	2,199	(10)	—	—	2,199	(10)
Agency-issued CMBS	989	(3)	—	—	989	(3)
Total AFS securities (2)	$ 4,285	$ (15)	$ —	$ —	$ 4,285	$ (15)

(1) At December 31, 2020, gross unrealized losses totaled less than $1 million for U.S. Treasury AFS securities with a loss duration of less than 12 months.

(2) As of December 31, 2020, we identified a total of 93 investments that were in unrealized loss positions, of which no investments are in an unrealized loss position for a period of time greater than 12 months. None of the investments in our AFS securities portfolio were past due as of December 31, 2020.

The following table summarizes the fixed income securities, carried at fair value, classified as AFS as of December 31, 2021 by the remaining contractual principal maturities. For U.S. Treasury securities, U.S. agency debentures and foreign government debt securities, the expected maturity is the actual contractual maturity of the notes. Expected maturities for MBS may differ significantly from their contractual maturities because mortgage borrowers have the right to prepay outstanding loan obligations with or without penalties. MBS classified as AFS typically have original contractual maturities from 10 to 30 years whereas expected average lives of these securities tend to be significantly shorter and vary based upon structure and prepayments in lower interest rate environments.

(Dollars in millions)	December 31, 2021 Total	One Year or Less	After One Year to Five Years	After Five Years to Ten Years	After Ten Years
U.S. Treasury securities	$ 15,850	$ 247	$ 15,091	$ 512	$ —
U.S. agency debentures	196	80	36	80	—
Foreign government debt securities	61	61	—	—	—
Residential MBS:					
Agency-issued MBS	8,589	—	—	—	8,589
Agency-issued CMO—fixed rate	982	—	—	—	982
Agency-issued CMBS	1,543	—	67	1,476	—
Total	$ 27,221	$ 388	$ 15,194	$ 2,068	$ 9,571

Held-to-Maturity Securities

During the year ended December 31, 2021, we re-designated certain securities from the classification of AFS to HTM. The securities re-designated consisted of agency-issued CMO's, CMBS', MBS' and U.S. agency debentures with a total carrying value of $8.8 billion. At the time of re-designation the securities included $132 million of pretax net unrealized losses in other comprehensive income and are being amortized over the life of the securities in a manner consistent with the amortization of a premium or discount. Our decision to re-designate the securities was based on our ability and intent to hold these securities to maturity. Factors used in assessing the ability to hold these securities to maturity were future liquidity needs and sources of funding. HTM securities are carried on the balance sheet at amortized cost and the changes in the value of these securities, other than an ACL, are not reported on the financial statements.

The components of our HTM investment securities portfolio at December 31, 2021 and 2020 are as follows:

(Dollars in millions)	December 31, 2021 Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	ACL (2)
HTM securities, at cost:					
U.S. agency debentures (1)	$ 609	$ 8	$ (2)	$ 615	$ —
Residential MBS:					
Agency-issued MBS	64,439	124	(887)	63,676	—
Agency-issued CMO—fixed rate	10,226	9	(145)	10,090	—
Agency-issued CMO—variable rate	100	1	—	101	—
Agency-issued CMBS	14,959	39	(277)	14,721	—
Municipal bonds and notes	7,157	185	(27)	7,315	1
Corporate bonds	712	2	(5)	709	6
Total HTM securities	$ 98,202	$ 368	$ (1,343)	$ 97,227	$ 7

(1) Consists of pools of Small Business Investment Company debentures issued and guaranteed by the SBA, an independent agency of the United States.
(2) Refer to Note 2—“Summary of Significant Accounting Policies” for more information on our credit loss methodology.

	December 31, 2020				
(Dollars in millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	ACL
HTM securities, at amortized cost:					
U.S. agency debentures (1)	$ 402	$ 19	$ —	$ 421	$ —
Residential MBS:					
Agency-issued MBS	7,740	240	(2)	7,978	—
Agency-issued CMO—fixed rate	1,735	23	—	1,758	—
Agency-issued CMO—variable rate	137	1	—	138	—
Agency-issued CMBS	2,943	124	—	3,067	—
Municipal bonds and notes	3,635	221	(1)	3,855	—
Total HTM securities	$ 16,592	$ 628	$ (3)	$ 17,217	$ —

(1) Consists of pools of Small Business Investment Company debentures issued and guaranteed by the SBA, an independent agency of the United States.

Allowance for Credit Losses for HTM Securities

For HTM securities, the year ended December 31, 2021 had a beginning ACL balance of less than $1 million, a provision for credit losses of $7 million and an ending ACL balance of $7 million.

For the year ended December 31, 2020, the beginning ACL balance, the day one impact of adopting ASC 326, the provision for credit losses and the ending balance of ACL for HTM securities, in each case, were all less than $1 million.

Credit Quality Indicators

On a quarterly basis, management monitors the credit quality for HTM securities through the use of standard credit ratings. The following table summarizes our amortized cost of HTM securities aggregated by credit quality indicator at December 31, 2021 and December 31, 2020:

(Dollars in millions)	December 31, 2021	December 31, 2020
Municipal bonds and notes:		
Aaa	$ 3,774	$ 2,070
Aa1	2,031	1,145
Aa2	1,154	420
Aa3	172	—
A1	26	—
Total municipal bonds and notes	$ 7,157	$ 3,635
Corporate bonds:		
Aaa	$ 39	$ —
Aa1	—	—
Aa2	42	—
Aa3	105	—
A1	251	—
A2	264	—
A3	11	—
Total corporate bonds	$ 712	$ —

The following table summarizes the remaining contractual principal maturities on fixed income investment securities classified as HTM as of December 31, 2021. For U.S. agency debentures, the expected maturity is the actual contractual maturity of the notes. Expected remaining maturities for certain U.S. agency debentures may occur earlier than their contractual maturities because the note issuers have the right to call outstanding amounts ahead of their contractual maturity. Expected maturities for MBS may differ significantly from their contractual maturities because mortgage borrowers have the right to prepay outstanding loan obligations with or without penalties. MBS classified as HTM typically have original contractual maturities from 10 to 30 years whereas expected average lives of these securities tend to be significantly shorter and vary based upon structure and prepayments in lower interest rate environments; however, we expect to collect substantially all of the recorded investment on these securities.

	December 31, 2021									
	Total		One Year or Less		After One Year to Five Years		After Five Years to Ten Years		After Ten Years	
(Dollars in millions)	Net Carry Value	Fair Value	Net Carry Value	Fair Value	Net Carry Value	Fair Value	Net Carry Value	Fair Value	Net Carry Value	Fair Value
U.S. agency debentures	$ 609	$ 615	$ 1	$ 1	$ 133	$ 135	$ 475	$ 479	$ —	$ —
Residential MBS:										
Agency-issued MBS	64,439	63,676	—	—	7	7	806	828	63,626	62,841
Agency-issued CMO—fixed rate	10,226	10,090	—	—	14	14	316	319	9,896	9,757
Agency-issued CMO—variable rate	100	101	—	—	—	—	—	—	100	101
Agency-issued CMBS	14,959	14,721	—	—	211	209	971	982	13,777	13,530
Municipal bonds and notes	7,156	7,315	48	48	176	182	1,152	1,195	5,780	5,890
Corporate bonds	706	709	—	—	33	33	673	676	—	—
Total	$ 98,195	$ 97,227	$ 49	$ 49	$ 574	$ 580	$ 4,393	$ 4,479	$ 93,179	$ 92,119

Non-marketable and Other Equity Securities

The major components of our non-marketable and other equity securities portfolio at December 31, 2021 and 2020 are as follows:

(Dollars in millions)	December 31, 2021	December 31, 2020
Non-marketable and other equity securities:		
Non-marketable securities (fair value accounting):		
Consolidated venture capital and private equity fund investments (1)	$ 130	$ 89
Unconsolidated venture capital and private equity fund investments (2)	208	185
Other investments without a readily determinable fair value (3)	164	61
Other equity securities in public companies (fair value accounting) (4)	117	281
Non-marketable securities (equity method accounting) (5):		
Venture capital and private equity fund investments	671	362
Debt funds	5	5
Other investments	294	203
Investments in qualified affordable housing projects, net (6)	954	616
Total non-marketable and other equity securities	$ 2,543	$ 1,802

(1) The following table shows the amounts of venture capital and private equity fund investments held by the following consolidated funds and our ownership percentage of each fund at December 31, 2021 and 2020 (fair value accounting):

	December 31, 2021		December 31, 2020	
(Dollars in millions)	Amount	Ownership %	Amount	Ownership %
Strategic Investors Fund, LP	$ 2	12.6 %	$ 5	12.6 %
Capital Preferred Return Fund, LP	61	20.0	50	20.0
Growth Partners, LP	67	33.0	34	33.0
Total consolidated venture capital and private equity fund investments	$ 130		$ 89	

(2) The carrying value represents investments in 150 and 162 funds (primarily venture capital funds) at December 31, 2021 and December 31, 2020, respectively, where our ownership interest is typically less than 5% of the voting interests of each such fund and in which we do not have the ability to exercise significant influence over the partnerships operating activities and financial policies. We carry our unconsolidated venture capital and private equity fund investments at fair value based on the fund investments' net asset values per share as obtained from the general partners of the investments. For each fund investment, we adjust the net asset value per share for differences between our measurement date and the date of the fund investment's net asset value by using the most recently available financial information from the investee general partner, for example September 30th for our December 31st consolidated financial statements, adjusted for any contributions paid, distributions received from the investment, and significant fund transactions or market events during the reporting period.

(3) These investments include direct equity investments in private companies. The carrying value is based on the price at which the investment was acquired plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments. We consider a range of factors when adjusting the fair value of these investments, including, but not limited to, the term and nature of the investment, local market conditions, values for comparable securities, current and projected operating performance, exit strategies, financing transactions subsequent to the acquisition of the investment and a discount for certain investments that have lock-up restrictions or other features that indicate a discount to fair value is warranted.

The following table shows the carrying amount of other investments without a readily determinable fair value at December 31, 2021, and the amounts recognized in earnings for the year ended December 31, 2021 and on a cumulative basis:

(Dollars in millions)	Year ended December 31, 2021	Cumulative Adjustments
Measurement alternative:		
Carrying value at December 31, 2021	$ 164	
Carrying value adjustments:		
Impairment	$ —	$ (1)
Upward changes for observable prices	69	72
Downward changes for observable prices	(7)	(11)

(4) Investments classified as other equity securities (fair value accounting) represent shares held in public companies as a result of exercising public equity warrant assets, direct equity investments in public companies held by our consolidated funds, and exchange traded funds held by SVB Securities. Changes in equity securities measured at fair value are recognized through net income.

(5) The following table shows the carrying value and our ownership percentage of each investment at December 31, 2021 and 2020 (equity method accounting):

(Dollars in millions)	December 31, 2021 Amount	December 31, 2021 Ownership %	December 31, 2020 Amount	December 31, 2020 Ownership %
Venture capital and private equity fund investments:				
Strategic Investors Fund II, LP	$ 3	8.6 %	$ 4	8.6 %
Strategic Investors Fund III, LP	25	5.9	16	5.9
Strategic Investors Fund IV, LP	36	5.0	25	5.0
Strategic Investors Fund V funds	87	Various	67	Various
CP II, LP (i)	2	5.1	8	5.1
Other venture capital and private equity fund investments	518	Various	242	Various
Total venture capital and private equity fund investments	$ 671		$ 362	
Debt funds:				
Gold Hill Capital 2008, LP (ii)	$ 4	15.5 %	$ 4	15.5 %
Other debt funds	1	Various	1	Various
Total debt funds	$ 5		$ 5	
Other investments:				
SPD Silicon Valley Bank Co., Ltd.	$ 154	50.0 %	$ 115	50.0 %
Other investments	140	Various	88	Various
Total other investments	$ 294		$ 203	

(i) Our ownership includes direct ownership interest of 1.3 percent and indirect ownership interest of 3.8 percent through our investments in Strategic Investors Fund II, LP.

(ii) Our ownership includes direct ownership interest of 11.5 percent in the fund and an indirect interest in the fund through our investment in Gold Hill Capital 2008, LLC of 4.0 percent.

(6) The following table presents the balances of our investments in qualified affordable housing projects and related unfunded commitments included as a component of "other liabilities" on our consolidated balance sheets at December 31, 2021 and 2020:

(Dollars in millions)	December 31, 2021	December 31, 2020
Investments in qualified affordable housing projects, net	$ 954	$ 616
Other liabilities	482	370

The following table presents other information relating to our investments in qualified affordable housing projects for the years ended December 31, 2021, 2020 and 2019:

(Dollars in millions)	Year ended December 31, 2021	2020	2019
Tax credits and other tax benefits recognized	$ 77	$ 57	$ 35
Amortization expense included in provision for income taxes (i)	64	44	28

(i) All investments are amortized using the proportional amortization method and amortization expense is included in the provision for income taxes.

The following table presents the net gains and losses on non-marketable and other equity securities in 2021, 2020 and 2019 as recorded in the line item "Gains on investment securities, net," a component of noninterest income:

	Year ended December 31,		
(Dollars in millions)	2021	2020	2019
Net gains (losses) on non-marketable and other equity securities:			
Non-marketable securities (fair value accounting):			
Consolidated venture capital and private equity fund investments	$ 71	$ 32	$ 23
Unconsolidated venture capital and private equity fund investments	75	60	31
Other investments without a readily determinable fair value	75	—	3
Other equity securities in public companies (fair value accounting)	23	105	8
Non-marketable securities (equity method accounting):			
Venture capital and private equity fund investments	474	162	74
Debt funds	2	—	1
Other investments	10	1	(1)
Total net gains on non-marketable and other equity securities	$ 730	$ 360	$ 139
Less: realized net gains on sales of non-marketable and other equity securities	85	24	5
Net gains on non-marketable and other equity securities still held	$ 645	$ 336	$ 134

10. Loans and Allowance for Credit Losses: Loans and Unfunded Credit Commitments

We serve a variety of commercial clients in the private equity/venture capital, technology, life science/healthcare, premium wine and commercial real estate industries. Loans made to private equity/venture capital firm clients typically enable them to fund investments prior to their receipt of funds from capital calls and are reported under the Global Fund Banking class of financing receivable below. Our technology clients generally tend to be in the industries of hardware (such as semiconductors, communications, data, storage and electronics), software/internet (such as infrastructure software, applications, software services, digital content and advertising technology) and climate technology and sustainability. Our life science/healthcare clients primarily tend to be in the industries of biopharma, healthtech, medical devices, healthcare services and diagnostics and tools. Loans to our technology and life science/healthcare clients are reported under the Investor Dependent, Cash Flow Dependent - SLBO and Innovation C&I classes of financing receivable below. We also make commercial and industrial loans, such as working capital lines and term loans for equipment and fixed assets, to clients that are not in the technology and life science/healthcare industries, which are reported in the Other C&I class of financing receivable below. Loans to the premium wine industry focus on vineyards and wineries that produce grapes and wines of high quality. Commercial real estate loans are generally acquisition financing for commercial properties such as office buildings, retail properties, apartment buildings and industrial/warehouse space. In addition to commercial loans, we make consumer loans through SVB Private Bank and provide real estate secured loans to eligible employees through our EHOP.

We also provide community development loans made as part of our responsibilities under the CRA. These loans are included within "construction loans" below and are primarily secured by real estate. Additionally, beginning in April 2020, we accepted applications under the PPP administered by the SBA under the CARES Act and originated loans to qualified small businesses. Disbursement of PPP funds under the CARES Act originally expired on August 8, 2020, however, on December 27, 2020, the Economic Aid Act was enacted, which extended the application period for PPP loans up to March 31, 2021, and allowed for certain PPP borrowers to apply for second draw loans. The disbursement phase of the PPP was further extended to June 30, 2021 pursuant to the PPP Extension Act of 2021.

Loan Portfolio Segments and Classes of Financing Receivables

Upon the completion of the acquisition of Boston Private on July 1, 2021, we modified our portfolio segments and classes of financing receivables to accommodate Boston Private loans. Refer to Note 2 — "Summary of Significant Accounting Policies" for additional information on our current portfolio segments and classes of financing receivables. For the periods presented prior to the acquisition in 2021, the following reclassifications have been made to conform to the current period presentation:

- Investor Dependent *"Mid Stage"* and *"Later Stage"* loans have been combined and presented as *"Growth Stage."*
- *"Cash Flow Dependent - Other"* and "*Balance Sheet Dependent*" loans have been combined and presented as *"Innovation C&I."*

Additionally, refer to Note 3 — "Business Combination" for information regarding the Boston Private acquisition.

The composition of loans at amortized cost basis broken out by class of financing receivable at December 31, 2021 and December 31, 2020, respectively, is presented in the following table:

	December 31,	
(Dollars in millions)	**2021**	**2020**
Global fund banking	$ 37,958	$ 25,543
Investor dependent:		
Early stage	1,593	1,486
Growth stage	3,951	3,486
Total investor dependent	5,544	4,972
Cash flow dependent - SLBO	1,798	1,989
Innovation C&I	6,673	5,136
Private bank (4)	8,743	4,901
CRE (4)	2,670	—
Premium wine (4)	985	1,053
Other C&I	1,257	—
Other (4)	317	28
PPP	331	1,559
Total loans (1) (2) (3)	$ 66,276	$ 45,181
ACL	(422)	(448)
Net loans	$ 65,854	$ 44,733

(1) Total loans at amortized cost is net of unearned income of $250 million and $226 million at December 31, 2021 and December 31, 2020, respectively.
(2) Included within our total loan portfolio are credit card loans of $583 million and $400 million at December 31, 2021 and December 31, 2020, respectively.
(3) Included within our total loan portfolio are construction loans of $367 million and $118 million at December 31, 2021 and December 31, 2020, respectively.
(4) Of our total loans, the table below includes those secured by real estate at amortized cost at December 31, 2021 and December 31, 2020 and were comprised of the following:

	December 31,	
(Dollars in millions)	2021	2020
Real estate secured loans:		
Private bank:		
Loans for personal residence	$ 6,939	$ 3,392
Loans to eligible employees	455	481
Home equity lines of credit	130	43
Other	135	143
Total private bank loans secured by real estate	$ 7,659	$ 4,059
CRE:		
Multifamily and residential investment	$ 1,021	$ —
Retail	524	—
Office and medical	499	—
Manufacturing, industrial and warehouse	336	—
Hospitality	142	—
Other	148	—
Total CRE loans secured by real estate	$ 2,670	$ —
Premium wine	793	824
Other	334	57
Total real estate secured loans	$ 11,456	$ 4,940

Credit Quality Indicators

For each individual client, we establish an internal credit risk rating for that loan, which is used for assessing and monitoring credit risk as well as performance of the loan and the overall portfolio. Our internal credit risk ratings are also used to summarize the risk of loss due to failure by an individual borrower to repay the loan. For our internal credit risk ratings, each individual loan is given a risk rating of 1 through 10. Loans risk-rated 1 through 4 are performing loans and translate to an internal rating of “Pass,” with loans risk-rated 1 being cash secured. Loans risk-rated 5 through 7 are performing loans; however, we consider them as demonstrating higher risk, which requires more frequent review of the individual exposures; these translate to an internal rating of “Criticized.” All of our nonaccrual loans are risk-rated 8 or 9 and are classified under the nonperforming category. Loans rated 10 are charged-off and are not included as part of our loan portfolio balance. We review our credit quality indicators on a quarterly basis for performance and appropriateness of risk ratings as part of our evaluation process for our ACL for loans.

The following tables summarize the credit quality indicators, broken out by class of financing receivables and vintage year, as of December 31, 2021 and December 31, 2020.

	Term Loans by Origination Year									
December 31, 2021 (Dollars in millions)	2021	2020	2019	2018	2017	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Unallocated (1)	Total
Global fund banking:										
Risk rating:										
Pass	$ 764	$ 115	$ 36	$ 6	$ 8	$ 4	$ 36,955	$ —	$ —	$ 37,888
Criticized	50	18	—	—	—	1	1	—	—	70
Nonperforming	—	—	—	—	—	—	—	—	—	—
Total global fund banking	$ 814	$ 133	$ 36	$ 6	$ 8	$ 5	$ 36,956	$ —	$ —	$ 37,958
Investor dependent:										
Early stage:										
Risk rating:										
Pass	$ 754	$ 287	$ 122	$ 26	$ 6	$ 1	$ 171	$ —	$ —	$ 1,367
Criticized	64	87	30	5	—	—	29	—	—	215
Nonperforming	2	5	3	—	—	—	1	—	—	11
Total early stage	$ 820	$ 379	$ 155	$ 31	$ 6	$ 1	$ 201	$ —	$ —	$ 1,593
Growth stage:										
Risk rating:										
Pass	$ 2,072	$ 910	$ 265	$ 78	$ 14	$ 1	$ 286	$ 5	$ —	$ 3,631
Criticized	159	85	27	6	3	—	34	—	—	314
Nonperforming	2	—	1	2	—	—	1	—	—	6
Total growth stage	$ 2,233	$ 995	$ 293	$ 86	$ 17	$ 1	$ 321	$ 5	$ —	$ 3,951
Total investor dependent	$ 3,053	$ 1,374	$ 448	$ 117	$ 23	$ 2	$ 522	$ 5	$ —	$ 5,544
Cash flow dependent - SLBO:										
Risk rating:										
Pass	$ 875	$ 384	$ 252	$ 72	$ 76	$ 2	$ 35	$ —	$ —	$ 1,696
Criticized	—	—	20	25	—	13	10	—	—	68
Nonperforming	—	—	12	10	7	—	5	—	—	34
Total cash flow dependent - SLBO	$ 875	$ 384	$ 284	$ 107	$ 83	$ 15	$ 50	$ —	$ —	$ 1,798
Innovation C&I:										
Risk rating:										
Pass	$ 2,230	$ 1,058	$ 288	$ 123	$ 58	$ —	$ 2,411	$ —	$ —	$ 6,168
Criticized	64	130	62	12	—	—	236	—	—	504
Nonperforming	—	—	—	—	—	—	1	—	—	1
Total Innovation C&I	$ 2,294	$ 1,188	$ 350	$ 135	$ 58	$ —	$ 2,648	$ —	$ —	$ 6,673
Private bank:										
Risk rating:										
Pass	$ 2,952	$ 2,015	$ 1,122	$ 520	$ 432	$ 952	$ 705	$ 8	$ —	$ 8,706
Criticized	—	—	2	—	2	9	3	—	—	16
Nonperforming	—	—	2	9	—	8	2	—	—	21
Total private bank	$ 2,952	$ 2,015	$ 1,126	$ 529	$ 434	$ 969	$ 710	$ 8	$ —	$ 8,743
CRE										
Risk rating:										
Pass	$ 326	$ 215	$ 344	$ 155	$ 236	$ 868	$ 110	$ 2	$ —	$ 2,256
Criticized	3	39	114	37	47	139	18	12	—	409
Nonperforming	—	—	5	—	—	—	—	—	—	5
Total CRE	$ 329	$ 254	$ 463	$ 192	$ 283	$ 1,007	$ 128	$ 14	$ —	$ 2,670
Premium wine:										
Risk rating:										
Pass	$ 217	$ 112	$ 156	$ 69	$ 71	$ 162	$ 125	$ 34	$ —	$ 946
Criticized	1	7	11	9	—	—	11	—	—	39
Nonperforming	—	—	—	—	—	—	—	—	—	—
Total Premium wine	$ 218	$ 119	$ 167	$ 78	$ 71	$ 162	$ 136	$ 34	$ —	$ 985
Other C&I										
Risk rating:										
Pass	$ 181	$ 175	$ 82	$ 86	$ 28	$ 301	$ 350	$ 11	$ —	$ 1,214

Criticized	5	6	6	7	2	—	8	5	—	39
Nonperforming	—	—	—	2	—	1	1	—	—	4
Total other C&I	$ 186	$ 181	$ 88	$ 95	$ 30	$ 302	$ 359	$ 16	$ —	$ 1,257
Other:										
Risk rating:										
Pass	$ 61	$ 144	$ 82	$ 20	$ 14	$ —	$ 7	$ —	$ (21)	$ 307
Criticized	—	7	1	—	2	—	—	—	—	10
Nonperforming	—	—	—	—	—	—	—	—	—	—
Total other	$ 61	$ 151	$ 83	$ 20	$ 16	$ —	$ 7	$ —	$ (21)	$ 317
PPP:										
Risk rating:										
Pass	$ 226	$ 72	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 298
Criticized	22	9	—	—	—	—	—	—	—	31
Nonperforming	2	—	—	—	—	—	—	—	—	2
Total PPP	$ 250	$ 81	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 331
Total loans	$ 11,032	$ 5,880	$ 3,045	$ 1,279	$ 1,006	$ 2,462	$ 41,516	$ 77	$ (21)	$ 66,276

(1) These amounts consist of fees and clearing items that have not yet been allocated at the loan level.

	Term Loans by Origination Year								
December 31, 2020 (Dollars in millions)	**2020**	**2019**	**2018**	**2017**	**2016**	**Prior**	**Revolving Loans**	**Revolving Loans Converted to Term Loans**	**Total**
Global fund banking:									
Risk rating:									
Pass	$ 440	$ 48	$ 69	$ 23	$ 2	$ 6	$ 24,947	$ 2	$ 25,537
Criticized	—	—	—	—	—	—	—	6	6
Nonperforming	—	—	—	—	—	—	—	—	—
Total global fund banking	$ 440	$ 48	$ 69	$ 23	$ 2	$ 6	$ 24,947	$ 8	$ 25,543
Investor dependent:									
Early stage:									
Risk rating:									
Pass	$ 667	$ 370	$ 121	$ 32	$ 1	$ 1	$ 96	$ 1	$ 1,289
Criticized	47	73	26	10	4	—	19	—	179
Nonperforming	2	9	5	1	—	—	1	—	18
Total early stage	$ 716	$ 452	$ 152	$ 43	$ 5	$ 1	$ 116	$ 1	$ 1,486
Growth stage:									
Risk rating:									
Pass	$ 1,746	$ 696	$ 316	$ 61	$ 5	$ 9	$ 325	$ 8	$ 3,166
Criticized	65	103	56	9	—	7	47	—	287
Nonperforming	17	3	4	3	—	—	6	—	33
Total growth stage	$ 1,828	$ 802	$ 376	$ 73	$ 5	$ 16	$ 378	$ 8	$ 3,486
Total investor dependent	$ 2,544	$ 1,254	$ 528	$ 116	$ 10	$ 17	$ 494	$ 9	$ 4,972
Cash flow dependent - SLBO:									
Risk rating:									
Pass	$ 791	$ 452	$ 274	$ 167	$ 37	$ —	$ 75	$ —	$ 1,796
Criticized	—	70	39	22	13	—	9	—	153
Nonperforming	—	12	16	7	—	—	5	—	40
Total cash flow dependent - SLBO	$ 791	$ 534	$ 329	$ 196	$ 50	$ —	$ 89	$ —	$ 1,989
Innovation C&I:									
Risk rating:									
Pass	$ 1,718	$ 703	$ 378	$ 152	$ 39	$ —	$ 1,791	$ 1	$ 4,782
Criticized	75	72	34	4	—	—	163	—	348
Nonperforming	—	—	5	—	—	—	1	—	6
Total Innovation C&I	$ 1,793	$ 775	$ 417	$ 156	$ 39	$ —	$ 1,955	$ 1	$ 5,136
Private bank:									
Risk rating:									
Pass	$ 1,878	$ 1,153	$ 394	$ 353	$ 295	$ 406	$ 382	$ 1	$ 4,862

Table of Contents

Criticized	3	10	5	1	5	8	1	—	33
Nonperforming	—	—	3	—	—	2	1	—	6
Total private bank	$ 1,881	$ 1,163	$ 402	$ 354	$ 300	$ 416	$ 384	$ 1	$ 4,901
Premium wine:									
Risk rating:									
Pass	$ 127	$ 194	$ 71	$ 79	$ 115	$ 154	$ 135	$ 36	$ 911
Criticized	18	24	36	10	13	6	34	—	141
Nonperforming	—	—	—	—	1	—	—	—	1
Total Premium wine	$ 145	$ 218	$ 107	$ 89	$ 129	$ 160	$ 169	$ 36	$ 1,053
Other:									
Risk rating:									
Pass	$ —	$ 16	$ 11	$ —	$ —	$ 1	$ —	$ —	$ 28
Criticized	—	—	—	—	—	—	—	—	—
Nonperforming	—	—	—	—	—	—	—	—	—
Total other	$ —	$ 16	$ 11	$ —	$ —	$ 1	$ —	$ —	$ 28
PPP:									
Risk rating:									
Pass	$ 1,456	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,456
Criticized	103	—	—	—	—	—	—	—	103
Nonperforming	—	—	—	—	—	—	—	—	—
Total PPP	$ 1,559	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,559
Total loans	$ 9,153	$ 4,008	$ 1,863	$ 934	$ 530	$ 600	$ 28,038	$ 55	$ 45,181

Allowance for Credit Losses: Loans

For the year ending December 31, 2021, the ACL for loans decreased by $26 million, driven primarily by net charge-offs, improved economic conditions within our forecasted assumptions and enhancements made to our allowance model, which were partially offset by growth in our loan portfolio, both from the acquisition of Boston Private and organic growth.

The Moody's Analytics December 2021 forecast was utilized in our quantitative model for the ACL as of December 31, 2021 for both SVB and Boston Private loans. The forecast assumptions included an improvement in the unemployment rate and a strong forecasted gross domestic product growth rate, both of which were a result of ongoing economic stabilization as the pandemic's impact begins to subside. We determined the forecast to be a reasonable view of the outlook for the economy given the available information at current year end. To the extent we identified credit risk considerations that were not captured by the Moody's Analytics December 2021 forecast, we addressed the risk through management's qualitative adjustments to our ACL.

The enhancements made to our reserving model were made in normal course, with the primary enhancements being the addition of two years of portfolio data, more granular prepayment models and the re-selection of macroeconomic variables.

The following tables summarize the activity relating to our ACL for loans for 2021, 2020 and 2019 broken out by portfolio segment:

Year ended December 31, 2021 (Dollars in millions)	Beginning Balance December 31, 2020	Initial Allowance on PCD Loans	Charge-offs	Recoveries	Provision (Reduction) for Loans (1)	Ending Balance December 31, 2021
Global fund banking (2)	$ 46	$ —	$ (80)	$ —	$ 101	$ 67
Investor dependent	213	—	(46)	18	(39)	146
Cash flow dependent and Innovation C&I	125	—	(8)	6	(5)	118
Private bank	53	1	(3)	—	(18)	33
CRE	—	17	—	—	19	36
Other C&I	—	4	—	—	10	14
Premium wine and other	9	—	(1)	—	—	8
PPP	2	—	—	—	(2)	—
Total ACL	$ 448	$ 22	$ (138)	$ 24	$ 66	$ 422

(1) The provision for loans for the year ended December 31, 2021 includes a post-combination initial provision of $44 million related to non-PCD loans from the Boston Private acquisition.
(2) Global fund banking activity for the year ended December 31, 2021 includes the impact of an $80 million charge-off related to fraudulent activity on one loan as disclosed in previous filings.

Year ended December 31, 2020 (Dollars in millions)	Beginning Balance December 31, 2019	Impact of Adopting ASC 326	Charge-offs	Recoveries	Provision (Reduction) for Loans	Foreign Currency Translation Adjustments	Ending Balance December 31, 2020
Global fund banking	$ 107	$ (70)	$ —	$ —	$ 9	$ —	$ 46
Investor dependent	82	72	(89)	25	125	(2)	213
Cash flow dependent and Innovation C&I	81	(1)	(11)	3	53	—	125
Private bank	22	12	(2)	—	21	—	53
Premium wine and other	13	12	(1)	1	(21)	5	9
PPP	—	—	—	—	2	—	2
Total ACL	$ 305	$ 25	$ (103)	$ 29	$ 189	$ 3	$ 448

Year ended December 31, 2019 (Dollars in millions)	Beginning Balance at December 31, 2018	Charge-offs	Recoveries	Provision (Reduction) for Loans	Foreign Currency Translation Adjustments	Ending Balance at December 31, 2019
Global fund banking	$ 94	$ (2)	$ 2	$ 13	$ —	$ 107
Total investor dependent	72	(85)	14	81	—	82
Cash flow dependent and Innovation C&I	88	(3)	5	(9)	—	81
Private bank	21	(1)	—	2	—	22
Premium wine and other	7	(2)	—	7	1	13
Total ACL	$ 282	$ (93)	$ 21	$ 94	$ 1	$ 305

The following table summarizes the aging of our loans broken out by class of financing receivables as of December 31, 2021 and December 31, 2020:

(Dollars in millions)	30 - 59 Days Past Due	60 - 89 Days Past Due	Equal to or Greater Than 90 Days Past Due	Total Past Due	Current	Total	Loans Past Due 90 Days or More Still Accruing Interest
December 31, 2021:							
Global fund banking	$ —	$ —	$ —	$ —	$ 37,958	$ 37,958	$ —
Investor dependent:							
Early stage	6	5	—	11	1,582	1,593	—
Growth stage	16	—	—	16	3,935	3,951	—
Total investor dependent	22	5	—	27	5,517	5,544	—
Cash flow dependent - SLBO	—	—	—	—	1,798	1,798	—
Innovation C&I	7	—	7	14	6,659	6,673	7
Private bank	28	1	12	41	8,702	8,743	—
CRE	1	—	—	1	2,669	2,670	—
Premium wine	3	—	—	3	982	985	—
Other C&I	1	2	1	4	1,253	1,257	—
Other	—	—	—	—	317	317	—
PPP	1	—	—	1	330	331	—
Total loans (1)	$ 63	$ 8	$ 20	$ 91	$ 66,185	$ 66,276	$ 7
December 31, 2020:							
Global fund banking	$ 28	$ —	$ —	$ 28	$ 25,515	$ 25,543	$ —
Investor dependent:							
Early stage	6	2	—	8	1,478	1,486	—
Growth stage	11	—	1	12	3,474	3,486	—
Total investor dependent	17	2	1	20	4,952	4,972	—
Cash flow dependent - SLBO	—	—	—	—	1,989	1,989	—
Innovation C&I	7	1	—	8	5,128	5,136	—
Private bank	4	4	—	8	4,893	4,901	—
Premium wine	3	—	1	4	1,049	1,053	—
Other	—	—	—	—	28	28	—
PPP	—	—	—	—	1,559	1,559	—
Total loans	$ 59	$ 7	$ 2	$ 68	$ 45,113	$ 45,181	$ —

Nonaccrual Loans

The following table summarizes our nonaccrual loans with no ACL at December 31, 2021 and 2020:

	December 31, 2021		December 31, 2020	
(Dollars in millions)	**Nonaccrual Loans**	**Nonaccrual Loans with no ACL**	**Nonaccrual Loans**	**Nonaccrual Loans with no ACL**
Investor dependent:				
Early stage	$ 11	$ —	$ 18	$ —
Growth stage	6	—	33	3
Total investor dependent	17	—	51	3
Cash flow dependent - SLBO	34	—	40	—
Innovation C&I	1	1	6	1
Private bank	21	8	6	3
CRE	5	—	—	—
Premium wine	—	—	1	1
Other C&I	4	—	—	—
PPP	2	—	—	—
Total nonaccrual loans (1)	$ 84	$ 9	$ 104	$ 8

(1) Nonaccrual loans at December 31, 2021 include $20 million of loans that were acquired from Boston Private.

Troubled Debt Restructurings

As of December 31, 2021, we had 62 TDRs with a total carrying value of $96 million where concessions have been granted to borrowers experiencing financial difficulties in an attempt to maximize collection. There were no unfunded commitments available for funding to the clients associated with these TDRs as of December 31, 2021.

The following table summarizes our loans modified in TDRs, broken out by class of financing receivables, at December 31, 2021 and 2020:

(Dollars in millions)	**December 31, 2021**	**December 31, 2020**
Loans modified in TDRs:		
Investor dependent:		
Early stage	$ 12	$ 7
Growth stage	3	29
Total investor dependent	15	36
Cash flow dependent - SLBO	34	22
Innovation C&I	—	1
Private bank	12	—
CRE	33	—
Premium wine	—	2
Other C&I	2	—
Total loans modified in TDRs during the period (1)	$ 96	$ 61

(1) Loans modified in TDRs at December 31, 2021 include 51 loans with a total balance of $47 million that were acquired from Boston Private.

The following table summarizes the recorded investment in loans modified in TDRs, broken out by class of financing receivables, for modifications made during 2021, 2020 and 2019:

	Year ended December 31,		
(Dollars in millions)	2021	2020	2019
Loans modified in TDRs during the period:			
Investor dependent:			
Early stage	$ 12	$ 6	$ 9
Growth stage	—	26	20
Total investor dependent	12	32	29
Cash flow dependent - SLBO	12	22	48
Innovation C&I	—	1	—
Private bank	4	—	2
CRE	29	—	—
Premium wine	—	1	11
Total loans modified in TDRs during the period (1) (2) (3)	$ 57	$ 56	$ 90

(1) For the years ended December 31, 2021 and December 31, 2020, loan amounts are disclosed using the amortized cost basis as a result of the adoption of CECL. Loan amounts for the year ended December 31, 2019, are disclosed using the gross basis in accordance with the previous methodology.
(2) Loans modified in TDRs during 2021 include $33 million of loans acquired from Boston Private that were modified in TDRs.
(3) There were $6 million, $31 million and $11 million of partial charge-offs during 2021, 2020 and 2019, respectively.

During 2021, $31 million of new TDRs were modified through payment deferrals granted to our clients, $2 million were modified through interest rate reductions, $2 million were modified through settlements, and $22 million were modified through a combination of the above. During 2020, $55 million of new TDRs were modified through payment deferrals and $1 million were modified through partial forgiveness of principal. During 2019, new TDRs of $87 million were modified through payment deferrals and $3 million were modified through partial forgiveness of principal.

The following table summarizes the recorded investment in loans modified in TDRs within the previous 12 months that subsequently defaulted during 2021, 2020 and 2019:

	Year ended December 31,		
(Dollars in millions)	2021	2020	2019
TDRs modified within the previous 12 months that defaulted during the period:			
Investor dependent			
Growth stage	$ —	$ —	$ 11
Total investor dependent	—	—	11
Cash flow dependent - SLBO	—	—	37
Premium wine	—	1	—
Total TDRs modified within the previous 12 months that defaulted in the period (1)	$ —	$ 1	$ 48

(1) For the years ended December 31, 2021 and December 31, 2020, loan amounts are disclosed using the amortized cost basis as a result of the adoption of CECL. Loan amounts for the year ended December 31, 2019, are disclosed using the gross basis in accordance with the previous methodology.

Charge-offs and defaults on previously restructured loans are evaluated to determine the impact to the ACL for loans, if any. The evaluation of these defaults may impact the assumptions used in calculating the reserve on other TDRs and nonaccrual loans as well as management's overall outlook of macroeconomic factors that affect the reserve on the loan portfolio as a whole. After evaluating the charge-offs and defaults experienced on our TDRs we determined that no change to our reserving methodology for TDRs was necessary to determine the ACL for loans as of December 31, 2021.

Allowance for Credit Losses: Unfunded Credit Commitments

We maintain a separate ACL for unfunded credit commitments that is determined using a methodology that is inherently similar to the methodology used for calculating the ACL for loans. At December 31, 2021, our ACL estimates utilized the Moody's economic forecasts from December 2021 as described above. The ACL for unfunded commitments increased by $50 million from the prior year, driven primarily by growth in our outstanding commitments and compositional changes in our portfolio.

The following table summarizes the activity relating to our ACL for unfunded credit commitments for 2021, 2020 and 2019:

	December 31,		
(Dollars in millions)	**2021**	**2020**	**2019**
ACL: unfunded credit commitments, beginning balance	$ 121	$ 68	$ 55
Impact of adopting ASC 326	—	23	—
Provision for credit losses (1)	50	30	13
ACL: unfunded credit commitments, ending balance (2)	$ 171	$ 121	$ 68

(1) The provision for credit losses for unfunded credit commitments for 2021 includes a post-combination initial provision of $2 million related to commitments acquired from Boston Private.

(2) The "ACL: unfunded credit commitments" is included as a component of "other liabilities" on our consolidated balance sheets. See Note 21—"Off-Balance Sheet Arrangements, Guarantees and Other Commitments" for additional disclosures related to our commitments to extend credit.

11. Premises and Equipment

Premises and equipment at December 31, 2021 and 2020 consisted of the following:

	December 31,	
(Dollars in millions)	**2021**	**2020**
Computer software	$ 408	$ 296
Computer hardware	102	92
Leasehold improvements	149	124
Furniture and equipment	53	50
Building	3	—
Total	715	562
Accumulated depreciation and amortization	(445)	(386)
Premises and equipment, net	$ 270	$ 176

Depreciation and amortization expense for premises and equipment was $64 million, $53 million and $42 million for the years ended 2021, 2020 and 2019, respectively.

12. Leases

We have operating leases for our corporate offices and certain equipment utilized at those properties. We are obligated under a number of noncancelable operating leases for premises and equipment that expire at various dates, through 2030, and in most instances, include options to renew or extend at market rates and terms. Such leases may provide for periodic adjustments of rentals during the term of the lease based on changes in various economic indicators.

Total recorded balances for the lease assets and liabilities are as follows:

	December 31,	
(Dollars in millions)	**2021**	**2020**
Assets:		
Right-of-use assets - operating leases	$ 313	$ 210
Liabilities:		
Lease liabilities - operating leases	388	259

The components of our lease cost and supplemental cash flow information related to leases for the year ended December 31, 2021 and 2020 were as follows:

	December 31,	
(Dollars in millions)	**2021**	**2020**
Operating lease cost	$ 90	$ 69
Short-term lease cost	—	1
Variable lease cost	4	4
Less: sublease income	(4)	(2)
Total lease expense, net	$ 90	$ 72
Supplemental cash flows information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Cash paid for operating leases	$ 66	$ 50
Noncash items during the period:		
Lease obligations in exchange for obtaining right-of-use assets:		
Operating leases	$ 187	$ 75

The table below presents additional information related to the Company's leases as of December 31, 2021 and 2020:

	December 31,	
	2021	**2020**
Weighted-average remaining term (in years) - operating leases	7.29	6.05
Weighted-average discount rate - operating leases (1)	1.83 %	2.38 %

(1) The incremental borrowing rate used to calculate the lease liability was determined based on the facts and circumstances of the economic environment and the Company’s credit standing as of the effective date of ASC 842. Additionally, the total lease term and total lease payments were also considered in determining the rate. Based on these considerations the Company identified credit terms available under its existing credit lines which represent a collateralized borrowing rate that has varying credit terms that could be matched to total lease terms and total lease payments in ultimately determining the implied borrowing rate in each lease contract.

The following table presents our undiscounted future cash payments for our operating lease liabilities as of December 31, 2021:

Years ended December 31, (Dollars in millions)	Operating Leases
2022	$ 77
2023	77
2024	62
2025	50
2026	38
2027 and thereafter	112
Total lease payments	$ 416
Less: imputed interest	(28)
Total lease liabilities	$ 388

Lease Exits

Following the acquisition of Boston Private, we decided to exit various leased office locations during 2021 and market these spaces for sublease. When a company plans to utilize an ROU asset for less than it was initially intended, ASC 842, Leases, requires an evaluation for impairment and disclosure in accordance with ASC 360-10-45-2, Impairment or Disposal of Long-Lived Assets. We have recognized $39 million of impairment charges related to these leased office locations during 2021. We included impairment and lease exit related expenses in the “Merger-related charges” in our Consolidated Statement of Income for the year ended December 31, 2021.

13. Goodwill and Other Intangible Assets

Goodwill

Goodwill was $375 million at December 31, 2021 compared to $143 million at December 31, 2020, which was a result of additional goodwill recognized for the acquisitions of Boston Private effective July 1, 2021 and MoffettNathanson LLC effective December 10, 2021.

The changes in goodwill were as follows for the years ended December 31, 2021 and 2020:

(Dollars in millions)	Goodwill
Beginning balance at December 31, 2019	$ 138
Acquisitions	5
Ending balance at December 31, 2020	$ 143
Acquisitions	232
Ending balance at December 31, 2021	$ 375

During 2021, we completed our annual goodwill impairment test as of September 30, 2021, as a result, we determined there was no impairment as of December 31, 2021. For more information on our annual impairment policies, see Note 2—“Summary of Significant Accounting Policies.”

Other Intangible Assets

The following table presents the gross carrying amount and accumulated amortization of other intangible assets as of December 31, 2021 and 2020:

	December 31, 2021			December 31, 2020		
(Dollars in millions)	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Other intangible assets:						
Customer relationships	$ 135	$ 16	$ 119	$ 42	$ 8	$ 34
Other	57	16	41	36	9	27
Total other intangible assets, net	$ 192	$ 32	$ 160	$ 78	$ 17	$ 61

For the year ended December 31, 2021, we recorded amortization expense of $15 million. Assuming no future impairments of other intangible assets or additional acquisitions or dispositions, the following table presents the Company's future expected amortization expense for other intangible assets that will continue to be amortized as of December 31, 2021:

Years ended December 31, (Dollars in millions)	Other Intangible Assets
2022	$ 25
2023	22
2024	20
2025	17
2026 and thereafter	76
Total future amortization expense	$ 160

14. Deposits

The following table presents the composition of our deposits at December 31, 2021 and 2020:

	December 31,	
(Dollars in millions)	2021	2020
Noninterest-bearing demand	$ 125,851	$ 66,519
Interest-bearing checking and savings accounts	5,106	4,801
Money market	54,842	28,406
Money market deposits in foreign offices	696	617
Sweep deposits in foreign offices	969	951
Time	1,739	688
Total deposits	$ 189,203	$ 101,982

The aggregate amount of time deposit accounts individually equal to or greater than $250,000 totaled $1.6 billion and $682 million at December 31, 2021 and 2020, respectively. At December 31, 2021, time deposit accounts individually equal to or greater than $250,000 totaling $1.6 billion were scheduled to mature within one year.

15. Short-Term Borrowings and Long-Term Debt

The following table represents outstanding short-term borrowings and long-term debt at December 31, 2021 and December 31, 2020:

			Carrying Value	
(Dollars in millions)	Maturity	Principal value at December 31, 2021	December 31, 2021	December 31, 2020
Short-term borrowings:				
Securities sold under agreement to repurchase	(1)	$ 61	$ 61	$ —
Other short-term borrowings	(2)	60	60	21
Total short-term borrowings			$ 121	$ 21
Long-term debt:				
3.50% Senior Notes due 2025	January 29, 2025	$ 350	$ 349	$ 349
3.125% Senior Notes due 2030	June 5, 2030	500	496	495
1.800% Senior Notes due 2031	February 2, 2031	500	494	—
2.100% Senior Notes due 2028	May 15, 2028	500	496	—
1.800% Senior Notes due 2026	October 28, 2026	650	645	—
Junior subordinated debentures	Various	100	90	—
Total long-term debt			$ 2,570	$ 844

(1) Securities sold under repurchase agreements are effectively short-term borrowings collateralized by U.S. Treasury securities and U.S. agency securities.
(2) Represents cash collateral received from certain counterparties in relation to market value exposures of derivative contracts in our favor.

The aggregate annual maturities of long-term debt obligations as of December 31, 2021 are as follows:

Year ended December 31, (Dollars in millions)	Amount
2022	$ —
2023	—
2024	—
2025	349
2026	645
2027 and thereafter	1,576
Total	$ 2,570

Interest expense related to short-term borrowings and long-term debt was $48 million, $25 million and $35 million in 2021, 2020 and 2019, respectively. The weighted average interest rate associated with our short-term borrowings was 0.2 percent as of December 31, 2021 and 0.8 percent as of December 31, 2020.

Short-term Borrowings

We have certain facilities in place to enable us to access short-term borrowings on a secured and unsecured basis. Our secured facilities include collateral pledged to the FHLB of San Francisco and the discount window at the FRB (using both fixed income securities and loans as collateral). Our unsecured facility consists of our uncommitted federal funds lines. As of December 31, 2021, collateral pledged to the FHLB of San Francisco was comprised primarily of fixed income investment securities and loans and had a carrying value of $7.3 billion, of which $6.3 billion was available to support additional borrowings. As of December 31, 2021, collateral pledged to the discount window at the FRB was comprised of fixed income investment securities and had a carrying value of $0.8 billion, all of which was unused and available to support additional borrowings. Our total unused and available borrowing capacity for our uncommitted federal funds lines totaled $2.2 billion at December 31, 2021. Our total unused and available borrowing capacity under our master repurchase agreements with various financial institutions totaled $5.5 billion at December 31, 2021.

Long-term Debt

3.50% Senior Notes

In January 2015, SVB Financial issued $350 million of 3.50% Senior Notes due in January 2025 ("3.50% Senior Notes"). We received net proceeds of approximately $346 million after deducting underwriting discounts and commissions and issuance costs. The balance of our 3.50% Senior Notes at December 31, 2021 was $349 million, which is reflective of $1 million of debt issuance costs and a discount of less than $1 million.

3.125% Senior Notes

On June 5, 2020, the Company issued $500 million of 3.125% Senior Notes due in June 2030 ("3.125% Senior Notes"). The 3.125% Senior Notes may be redeemed by us, at our option, at any time prior to March 5, 2030, at a redemption price equal to the full aggregate principal amount plus a “make-whole” premium payment. We received net proceeds from this offering of approximately $496 million after deducting underwriting discounts and commissions and issuance costs. The balance of our 3.125% Senior Notes at December 31, 2021 was $496 million, which is reflective of $4 million of debt issuance costs and a discount of less than $1 million.

1.800% Senior Notes

On February 2, 2021 the Company issued $500 million of 1.800% Senior Notes due February 2031 ("1.800% Senior Notes due 2031"), with interest payments starting August 2, 2021, and payable every February 2nd and August 2nd. The notes are senior unsecured obligations of SVB Financial Group and rank equally with all of our other unsecured and unsubordinated indebtedness. We received net proceeds from this offering of approximately $494 million after deducting underwriting discounts and commissions and issuance costs. The balance of our 1.800% Senior Notes due 2031 at December 31, 2021 was $494 million, which is reflective of $4 million of debt issuance costs and a $2 million discount.

2.100% Senior Notes

On May 13, 2021 the Company issued $500 million of 2.100% Senior Notes due May 2028 ("2.100% Senior Notes"), with interest payments starting November 15, 2021, and payable every May 15th and November 15th. The notes are senior unsecured obligations of SVB Financial Group and rank equally with all of our other unsecured and unsubordinated indebtedness. We received net proceeds from this offering of approximately $496 million after deducting underwriting discounts and commissions and issuance costs. The balance of our 2.100% Senior Notes at December 31, 2021 was $496 million, which is reflective of $3 million of debt issuance costs and a $1 million discount.

1.800% Senior Notes

On October 28, 2021 the Company issued $650 million of 1.800% Senior Notes due October 2026 ("1.800% Senior Notes due 2026"), with interest payments starting April 28, 2022. The notes are senior unsecured obligations of SVB Financial Group and rank equally with all of our other unsecured and unsubordinated indebtedness. We received net proceeds from this offering of approximately $644 million after deducting underwriting discounts and commissions and issuance costs. The balance of our 1.800% Senior Notes due 2026 at December 31, 2021 was $645 million, which is reflective of $4 million of debt issuance costs and a $1 million discount.

Junior Subordinated Debentures

On July 1, 2021, SVB Financial Group assumed two statutory trusts during the merger with Boston Private. These trusts were formed for the purpose of issuing trust preferred securities and investing the proceeds in junior subordinated debentures. These statutory trusts created by legacy Boston Private are not consolidated within the financial statements, however the total junior subordinated debentures payable to the preferred stockholders of statutory trusts are reported as long-term debt in the financial statements.

The preferred securities represent an undivided beneficial interest in the assets of the trusts. We own all of the trusts' common securities. The trusts' only assets are the junior subordinated debentures issued to it by Boston Private on substantially the same payment terms as the trusts' preferred securities.

Boston Private Capital Trust II Junior Subordinated Debentures ("Trust II")

As of December 31, 2021 there are $100 million of trust preferred securities outstanding. The preferred trust securities issued by Trust II pay interest quarterly based on a floating three-month rate of LIBOR plus 1.68% which are cumulative. So long as the Company is not in default in the payment of interest on the junior subordinated debentures, the Company has the right under the indenture to defer payments of interest for up to 20 consecutive quarterly periods. The Company does not currently intend to exercise its right to defer interest payments on the junior debentures issued to Trust II. If the Company defers interest payments, it would be subject to certain restrictions relating to the payment of dividends on or purchases of its capital stock and payments on its debt securities ranking equal with or junior to the junior subordinated debentures. The effective interest rate on the junior subordinated debentures was 1.898%. The junior subordinated debentures will mature on December 30, 2035. As of December 31, 2021, the carrying value of the Company's investment in Trust II was $3 million, which represents the total amount of common securities in such trust.

Boston Private Capital Trust I Junior Subordinated Debenture ("Trust I")

As of December 31, 2021 there are less than $1 million of the convertible trust preferred securities outstanding. The convertible trust preferred securities issued by Trust I pay interest quarterly and have a fixed distribution rate of 4.875%. The quarterly distributions are cumulative. The effective interest rate for the junior subordinated debentures was 4.875%. The junior subordinated convertible debentures will mature on October 1, 2034. As of December 31, 2021, the carrying value of the Company's investment in Trust I was $3 million, which represents the total amount of common securities in such trust.

16. Derivative Financial Instruments

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

Interest Rate Risk

Interest rate risk is our primary market risk and can result from timing and volume differences in the repricing of our interest rate sensitive assets and liabilities and changes in market interest rates. To manage interest rate risk on our interest

rate sensitive assets, we have entered into interest rate swap contracts to hedge against future changes in interest rates. We designate these interest rate swap contracts as fair value and cash flow hedges.

Fair Value Hedges

To manage interest rate risk on our AFS securities portfolio, we enter into pay-fixed, receive-floating interest rate swap contracts to hedge against exposure to changes in the fair value of the securities resulting from changes in interest rates. We designate these interest rate swap contracts as fair value hedges that qualify for hedge accounting under ASC 815, *Derivatives and Hedging* ("ASC 815") and have elected to account for a portion of them using the last-of-layer method as outlined in ASC 815. We record the fair value hedges in other assets and other liabilities. For qualifying fair value hedges, both the changes in the fair value of the derivative and the portion of the fair value adjustments associated with the last-of-layer attributable to the hedged risk will be recognized into earnings as they occur. Derivative amounts affecting earnings are recognized consistent with the classification of the hedged item in the line item "investment securities" as part of interest income, a component of consolidated net income.

We assess hedge effectiveness under ASC 815 on a quarterly basis to ensure all hedges remain highly effective and hedge accounting under ASC 815 can be applied. In conjunction with the assessment of effectiveness, we assess the hedged item to ensure it is expected to be outstanding at the hedged item’s assumed maturity date and the last-of-layer method of accounting under ASC 815 can be applied. If the hedging relationship no longer exists or no longer qualifies as a hedge per ASC 815, any remaining fair value basis adjustments are allocated to the individual assets in the portfolio and amortized into earnings over a period consistent with the amortization of other discounts and premiums associated with the respective assets. As allowed under GAAP, we applied the "shortcut" method of accounting to a portion of our fair value hedges which assumes there is perfect effectiveness.

The following table summarizes the amortized cost basis of hedged assets that are designated and qualify as fair value hedges and the cumulative amount of fair value hedging adjustments included in the carrying value that have been recorded on our consolidated balance sheets as of December 31, 2021:

	December 31, 2021	
(Dollars in millions)	**Amortized Cost Basis of the Hedged Assets**	**Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets (2)**
AFS securities (1)	$ 15,260	$ (125)

(1) These amounts include the amortized cost basis of closed portfolios used to designate hedging relationships in which the hedged item is the last layer expected to be remaining at the end of the hedging relationship. At December 31, 2021, the amortized cost basis of the closed portfolios used in these hedging relationships was $11.2 billion, the amounts of the designated hedged items was $6.7 billion and the cumulative basis adjustments associated with these hedging relationships was $83 million.
(2) The balance includes $6 million of hedging adjustments on discontinued hedging relationships at December 31, 2021.

Cash Flow Hedges

To manage interest rate risk on our variable-interest rate loan portfolio, we enter into interest rate swap contracts to hedge against future changes in interest rates by using hedging instruments to lock in future cash inflows that would otherwise be impacted by movements in the market interest rates. We designate these interest rate swap contracts as cash flow hedges that qualify for hedge accounting under ASC 815 and record them in other assets and other liabilities. For qualifying cash flow hedges, changes in the fair value of the derivative are recorded in AOCI and recognized in earnings as the hedged item affects earnings. Derivative amounts affecting earnings are recognized consistent with the classification of the hedged item in the line item "loans" as part of interest income, a component of consolidated net income.

We assess hedge effectiveness under ASC 815 on a quarterly basis to ensure all hedges remain highly effective to ensure hedge accounting under ASC 815 can be applied. If the hedging relationship no longer exists or no longer qualifies as a hedge per ASC 815, any amounts remaining as gain or loss in AOCI are reclassified into earnings in the line item "loans" as part of interest income, a component of consolidated net income. As of March 31, 2020, all derivatives previously classified as hedges with notional balances totaling $5.0 billion and a net asset fair value of $228 million were terminated. As of December 31, 2021, the total unrealized gains on terminated cash flow hedges remaining in AOCI is $116 million, or $83 million net of tax. The unrealized gains will be reclassified into interest income as the underlying forecasted transactions impact earnings through the original maturity of the hedged forecasted transactions. The total remaining term over which the unrealized gains will be reclassified into earnings is approximately three years.

Currency Exchange Risk

We enter into foreign exchange forward contracts to economically reduce our foreign exchange exposure risk associated with the net difference between foreign currency denominated assets and liabilities. We do not designate any foreign exchange forward contracts as derivative instruments that qualify for hedge accounting. Gains or losses from changes in currency rates on foreign currency denominated instruments are recorded in the line item "other" as part of noninterest income, a component of consolidated net income. We may experience ineffectiveness in the economic hedging relationship, because the instruments are revalued based upon changes in the currency's spot rate on the principal value, while the forwards are revalued on a discounted cash flow basis. We record forward agreements in gain positions in other assets and loss positions in other liabilities, while net changes in fair value are recorded in the line item "other" as part of noninterest income, a component of consolidated net income.

Other Derivative Instruments

Also included in our derivative instruments are equity warrant assets and client forward and option contracts, and client interest rate contracts. For further description of these other derivative instruments, refer to Note 2—"Summary of Significant Accounting Policies."

Counterparty Credit Risk

We are exposed to credit risk if counterparties to our derivative contracts do not perform as expected. We mitigate counterparty credit risk through credit approvals, limits, monitoring procedures and obtaining collateral, as appropriate. With respect to measuring counterparty credit risk for derivative instruments, we measure the fair value of a group of financial assets and financial liabilities on a net risk basis by counterparty portfolio.

The total notional or contractual amounts and fair value of our derivative financial instruments at December 31, 2021 and December 31, 2020 were as follows:

	December 31, 2021			December 31, 2020		
		Fair Value			Fair Value	
(Dollars in millions)	Notional or Contractual Amount	Derivative Assets (1)	Derivative Liabilities (1)	Notional or Contractual Amount	Derivative Assets (1)	Derivative Liabilities (1)
Derivatives designated as hedging instruments:						
Interest rate risks:						
Interest rate swaps (2)	$ 10,700	$ 18	$ —	$ —	$ —	$ —
Interest rate swaps	—	—	—	—	—	—
Derivatives not designated as hedging instruments:						
Currency exchange risks:						
Foreign exchange forwards and swaps	701	16	—	68	—	—
Foreign exchange forwards and swaps	62	—	2	567	—	20
Other derivative instruments:						
Equity warrant assets	322	277	—	253	203	—
Client foreign exchange forwards and swaps	8,245	146	—	8,026	215	—
Client foreign exchange forwards and swaps	7,764	—	126	7,491	—	188
Client foreign currency options	688	9	—	98	2	—
Client foreign currency options	688	—	9	98	—	2
Client interest rate derivatives	2,178	99	—	1,082	68	—
Client interest rate derivatives (2)	2,315	—	101	1,251	—	27
Total derivatives not designated as hedging instruments		547	238		488	237
Total derivatives		$ 565	$ 238		$ 488	$ 237

(1) Derivative assets and liabilities are included in "accrued interest receivable and other assets" and "other liabilities", respectively, on our consolidated balance sheets.
(2) The amount reported reflects reductions of approximately $112 million of derivative assets and $45 million of derivative liabilities at December 31, 2021 and 2020, respectively, reflecting variation margin treated as settlement of the related derivative fair values for legal and accounting purposes as required by central clearing houses.

A summary of our derivative activity and the related impact on our consolidated statements of income for 2021, 2020 and 2019 is as follows:

		Year ended December 31,		
(Dollars in millions)	Statement of income location	2021	2020	2019
Derivatives designated as hedging instruments:				
Interest rate risks:				
Amounts reclassified from AOCI into income	Interest income - loans	$ 63	$ 50	$ (5)
Change in fair value of interest rate swaps hedging investment securities	Interest income - investment securities taxable	138	—	—
Change in fair value of hedged investment securities	Interest income - investment securities taxable	(139)	—	—
Net gains (losses) associated with interest rate risk derivatives		$ 62	$ 50	$ (5)
Derivatives not designated as hedging instruments:				
Currency exchange risks:				
(Losses) gains on revaluations of internal foreign currency instruments, net	Other noninterest income	$ (43)	$ 39	$ 1
Gains (losses) on internal foreign exchange forward contracts, net	Other noninterest income	43	(40)	(2)
Net losses associated with internal currency risk		$ —	$ (1)	$ (1)
Other derivative instruments:				
Gains (losses) on revaluations of client foreign currency instruments, net	Other noninterest income	$ 17	$ 3	$ (15)
(Losses) gains on client foreign exchange forward contracts, net	Other noninterest income	(17)	(3)	16
Net gains associated with client currency risk		$ —	$ —	$ 1
Net gains on equity warrant assets	Gains on equity warrant assets, net	$ 560	$ 237	$ 138
Net gains (losses) on other derivatives	Other noninterest income	$ 2	$ 28	$ (1)

Balance Sheet Offsetting

Certain of our derivative and other financial instruments are subject to enforceable master netting arrangements with our counterparties. These agreements provide for the net settlement of multiple contracts with a single counterparty through a single payment, in a single currency, in the event of default on or termination of any one contract.

The following table summarizes our assets subject to enforceable master netting arrangements as of December 31, 2021 and 2020:

(Dollars in millions)	Gross Amounts of Recognized Assets	Gross Amounts offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position But Subject to Master Netting Arrangements		Net Amount
				Financial Instruments	Cash Collateral Received (1)	
December 31, 2021:						
Derivative Assets:						
Interest rate swaps	$ 18	$ —	$ 18	$ —	$ (13)	$ 5
Foreign exchange forwards and swaps	162	—	162	(77)	(32)	53
Foreign currency options	9	—	9	(1)	(7)	1
Client interest rate derivatives	99	—	99	(91)	(8)	—
Total derivative assets:	288	—	288	(169)	(60)	59
Reverse repurchase, securities borrowing, and similar arrangements	607	—	607	(607)	—	—
Total	$ 895	$ —	$ 895	$ (776)	$ (60)	$ 59
December 31, 2020:						
Derivative Assets:						
Interest rate swaps	$ —	$ —	$ —	$ —	$ —	$ —
Foreign exchange forwards and swaps	215	—	215	(76)	(21)	118
Foreign currency options	2	—	2	(1)	—	1
Client interest rate derivatives	68	—	68	(68)	—	—
Total derivative assets:	285	—	285	(145)	(21)	119
Reverse repurchase, securities borrowing, and similar arrangements	227	—	227	(227)	—	—
Total	$ 512	$ —	$ 512	$ (372)	$ (21)	$ 119

(1) Cash collateral received from our counterparties in relation to market value exposures of derivative contracts in our favor is recorded as a component of “short-term borrowings” on our consolidated balance sheets.

The following table summarizes our liabilities subject to enforceable master netting arrangements as of December 31, 2021 and 2020:

(Dollars in millions)	Gross Amounts of Recognized Liabilities	Gross Amounts offset in the Statement of Financial Position	Net Amounts of Liabilities Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position But Subject to Master Netting Arrangements: Financial Instruments	Gross Amounts Not Offset in the Statement of Financial Position But Subject to Master Netting Arrangements: Cash Collateral Pledged (1)	Net Amount
December 31, 2021:						
Derivative Liabilities:						
Interest rate swaps	$ —	$ —	$ —	$ —	$ —	$ —
Foreign exchange forwards and swaps	128	—	128	(55)	(4)	69
Foreign currency options	9	—	9	(2)	—	7
Client interest rate derivatives	101	—	101	(44)	(57)	—
Total derivative liabilities:	238	—	238	(101)	(61)	76
Repurchase, securities lending, and similar arrangements	61	—	61	—	—	61
Total	$ 299	$ —	$ 299	$ (101)	$ (61)	$ 137
December 31, 2020:						
Derivative Liabilities:						
Interest rate swaps	$ —	$ —	$ —	$ —	$ —	$ —
Foreign exchange forwards and swaps	208	—	208	(84)	(45)	79
Foreign currency options	2	—	2	(1)	—	1
Client interest rate derivatives	27	—	27	—	(26)	1
Total derivative liabilities:	237	—	237	(85)	(71)	81
Repurchase, securities lending, and similar arrangements	—	—	—	—	—	—
Total	$ 237	$ —	$ 237	$ (85)	$ (71)	$ 81

(1) Cash collateral pledged to our counterparties in relation to market value exposures of derivative contracts in a liability position and repurchase agreements are recorded as a component of "cash and cash equivalents" on our consolidated balance sheets.

17. Noninterest Income

All of the Company's revenue from contracts with customers within the scope of ASC 606 is recognized within noninterest income. Included below is a summary of noninterest income for the years ended December 31, 2021, 2020 and 2019:

(Dollars in millions)	Year ended December 31, 2021	2020	2019
Noninterest income:			
Gains on investment securities, net	$ 761	$ 421	$ 135
Gains on equity warrant assets, net	560	237	138
Client investment fees	75	132	182
Wealth management and trust fees	44	—	—
Foreign exchange fees	262	179	159
Credit card fees	131	98	119
Deposit service charges	112	90	89
Lending related fees	76	57	50
Letters of credit and standby letters of credit fees	51	47	43
Investment banking revenue	459	414	195
Commissions	79	67	56
Other	128	98	55
Total noninterest income	$ 2,738	$ 1,840	$ 1,221

Gains on investment securities, net

Net gains on investment securities include both gains and losses from our non-marketable and other equity securities, which include public equity securities as a result of exercised equity warrant assets, gains and losses from sales of our AFS debt securities portfolio, when applicable, and carried interest.

Our non-marketable and other equity securities portfolio primarily represents investments in venture capital and private equity funds, our China Joint Venture, debt and credit funds, private and public portfolio companies, which include public equity securities held as a result of exercised equity warrant assets and qualified affordable housing projects. We experience variability in the performance of our non-marketable and other equity securities from period to period, which results in net gains or losses on investment securities (both realized and unrealized). This variability is due to a number of factors, including unrealized changes in the values of our investments, changes in the amount of realized gains from distributions, changes in liquidity events and general economic and market conditions. Unrealized gains from non-marketable and other equity securities for any single period are typically driven by valuation changes.

The extent to which any unrealized gains or losses will become realized is subject to a variety of factors, including, among other things, the expiration of certain sales restrictions to which these equity securities may be subject to (e.g., lock-up agreements), changes in prevailing market prices, market conditions, the actual sales or distributions of securities, and the timing of such actual sales or distributions, which, to the extent such securities are managed by our managed funds, are subject to our funds' separate discretionary sales/distributions and governance processes.

Carried interest is comprised of preferential allocations of profits recognizable when the return on assets of our individual managed fund of funds and direct venture funds exceeds certain performance targets and is payable to us, as the general partners of the managed funds. The carried interest we earn is often shared with employees, who are also members of the general partner entities. We record carried interest on a quarterly basis by measuring fund performance to date versus the performance target. For our unconsolidated managed funds, carried interest is recorded as gains on investment securities, net. For our consolidated managed funds, it is recorded as a component of net income attributable to noncontrolling interests. Carried interest allocated to others is recorded as a component of net income attributable to noncontrolling interests. Any carried interest paid to us (or our employees) may be subject to reversal to the extent fund performance declines to a level where inception to date carried interest is lower than actual payments made by the funds. The limited partnership agreements for our funds provide that carried interest is generally not paid to the general partners until the funds have provided a full return of contributed capital to the limited partners. Accrued, but unpaid carried interest may be subject to reversal to the extent that the fund performance declines to a level where inception-to-date carried interest is less than prior amounts recognized. Carried interest income is accounted for under an ownership model based on *ASC 323 — Equity Method of Accounting* and *ASC 810 — Consolidation.*

Our AFS securities portfolio is a fixed income investment portfolio that is managed with the objective of earning an appropriate portfolio yield over the long-term while maintaining sufficient liquidity and credit diversification as well as addressing our asset/liability management objectives. Though infrequent, sales of debt securities in our AFS securities portfolio may result in net gains or losses and are conducted pursuant to the guidelines of our investment policy related to the management of our liquidity position and interest rate risk.

Gains on investment securities are recognized outside of the scope of ASC 606 as it explicitly excludes noninterest income earned from our investment-related activities. A summary of gains and losses on investment securities for 2021, 2020 and 2019 is as follows:

	Year ended December 31,		
(Dollars in millions)	2021	2020	2019
Gains on non-marketable and other equity securities, net	$ 730	$ 360	$ 139
Gains (losses) on sales of AFS debt securities, net	31	61	(4)
Total gains on investment securities, net	$ 761	$ 421	$ 135

Gains on equity warrant assets, net

In connection with negotiating credit facilities and certain other services, we often obtain rights to acquire stock in the form of equity warrant assets in primarily private, venture-backed companies in the technology and life science/healthcare industries. Any changes in fair value from the grant date fair value of equity warrant assets will be recognized as increases or decreases to other assets on our balance sheet and as net gains or losses on equity warrant assets, in noninterest income, a component of consolidated net income.

Gains on equity warrant assets are recognized outside of the scope of ASC 606 as it explicitly excludes noninterest income earned from our derivative-related activities. A summary of net gains on equity warrant assets for 2021, 2020 and 2019 is as follows:

	Year ended December 31,		
(Dollars in millions)	2021	2020	2019
Equity warrant assets:			
Gains on exercises, net	$ 446	$ 179	$ 107
Terminations	(2)	(2)	(4)
Changes in fair value, net	116	60	35
Total net gains on equity warrant assets	$ 560	$ 237	$ 138

Client investment fees

Client investment fees include fees earned from discretionary investment management services for substantially all clients, managing clients' portfolios based on their investment policies, strategies and objectives and investment advisory fees. Revenue is recognized on a monthly basis upon completion of our performance obligation and consideration is typically received in the subsequent month. Included in our sweep money market fees are Rule 12(b)-1 fees, revenue sharing and customer transactional-based fees. Rule 12(b)-1 fees and revenue sharing are recognized as earned based on client funds that are invested in the period, typically monthly. Transactional based fees are earned and recognized on fixed income securities when the transaction is executed on the clients' behalf. Amounts paid to third-party service providers are predominantly expensed, such that client investment fees are recorded gross of payments made to third parties. A summary of client investment fees by instrument type for 2021, 2020 and 2019 is as follows:

	Year ended December 31,		
(Dollars in millions)	2021	2020	2019
Client investment fees by type:			
Sweep money market fees	$ 43	$ 74	$ 104
Asset management fees (1)	31	43	29
Repurchase agreement fees	1	15	49
Total client investment fees (2)	$ 75	$ 132	$ 182

(1) Represents fees earned from investments in third-party money market mutual funds and fixed-income securities managed by SVB Asset Management.
(2) Represents fees earned on client investment funds which are maintained at third-party financial institutions and are not recorded on our balance sheet.

Wealth management and trust fees

Wealth management and trust fees was a new core fee income line item in the third quarter of 2021 reflective of the acquisition of Boston Private. These fees are earned for providing wealth management, retirement plan advisory, family office, financial planning, trust services and other financial advisory services to clients. The Company's performance obligation under these contracts is satisfied over time as the services are provided. Fees are recognized monthly based on the average monthly, beginning-of-quarter, or, for a small number of clients, end-of-quarter market value of the Private Bank AUM and the applicable fee rate, depending on the terms of the contracts. Fees are also recognized monthly based either on a fixed fee amount or are based on the quarter-end (in arrears) market value of the Private Bank AUM and the applicable fee rate, depending on the terms of the contracts. No performance-based incentives are earned under wealth management contracts. Receivables are recorded on the Consolidated Balance Sheets in the "Accrued interest receivable and other assets" line item.

Trust fees are earned when the Company is appointed as trustee for clients. As trustee, the Company administers the client's trust and manages the assets of the trust, including investments and property. The Company's performance obligation under these agreements is satisfied over time as the administration and management services are provided. Fees are recognized monthly or, in certain circumstances, quarterly based on a percentage of the market value of the account as outlined in the agreement. Payment frequency is defined in the individual contracts, which primarily stipulate that payment be monthly in arrears. No performance-based incentives are earned on trust fee contracts. Receivables are recorded on the Consolidated Balance Sheets in the "Accrued interest receivable and other assets" line item. A summary of wealth management and trust fees for 2021, 2020 and 2019 is as follows:

(Dollars in millions)	Year ended December 31, 2021	2020	2019
Wealth management and trust fees by type:			
Wealth management fees	$ 40	$ —	$ —
Trust fees	4	—	—
Total wealth management and trust fees	$ 44	$ —	$ —

Foreign exchange fees

Foreign exchange fees represent the income differential between purchases and sales of foreign currency on behalf of our clients, primarily from spot contracts. Foreign exchange spot contract fees are recognized upon the completion of the single performance obligation, the execution of a spot trade in exchange for a fee. In line with customary business practice, the legal right transfers to the client upon execution of a foreign exchange contract on the trade date, and as such, we currently recognize our fees based on the trade date and the transactions are typically settled within two business days.

Forward contract and option premium fees are recognized outside of the scope of ASC 606 as it explicitly excludes noninterest income earned from our derivative-related activities. A summary of foreign exchange fee income by instrument type for 2021, 2020 and 2019 is as follows:

(Dollars in millions)	Year ended December 31, 2021	2020	2019
Foreign exchange fees by instrument type:			
Spot contract commissions	$ 240	$ 158	$ 146
Forward contract commissions	20	20	13
Option premium fees	2	1	—
Total foreign exchange fees	$ 262	$ 179	$ 159

Credit card fees

Credit card fees include interchange income from credit and debit cards and fees earned from processing transactions for merchants. Interchange income is earned after satisfying our performance obligation of providing nightly settlement services to a payment network. Costs related to rewards programs are recorded when the rewards are earned by the customer and presented as a reduction to interchange fee income. Rewards programs continue to be accounted for under ASC 310 - *Receivables*. Our performance obligations for merchant service fees are to transmit data and funds between the merchant and the payment network. Credit card interchange and merchant service fees are earned daily upon completion of transaction settlement services.

Annual card service fees are recognized on a straight-line basis over a 12-month period and continue to be accounted for under ASC 310 - *Receivables*. A summary of credit card fees by instrument type for 2021, 2020 and 2019 is as follows:

(Dollars in millions)	Year ended December 31, 2021	2020	2019
Credit card fees by instrument type:			
Card interchange fees, net	$ 108	$ 76	$ 94
Merchant service fees	18	18	18
Card service fees	5	4	7
Total credit card fees	$ 131	$ 98	$ 119

Deposit service charges

Deposit service charges include fees earned from performing cash management activities and other deposit account services. Deposit services include, but are not limited to, the following: receivables services, which include merchant services, remote capture, lockbox, electronic deposit capture, and fraud control services. Payment and cash management products and services include wire transfer and automated clearing house payment services to enable clients to transfer funds more quickly, as well as business bill pay, business credit and debit cards, account analysis, and disbursement services. Deposit service charges are recognized over the period in which the related performance obligation is provided, generally on a monthly basis, and are presented in the *"Disaggregation of revenue from contracts with customers"* table below.

Lending related fees

Unused commitment fees, minimum finance fees and unused line fees are recognized as earned on a monthly basis. Fees that qualify for syndication treatment are recognized at the completion of the syndicated loan deal for which the fees were received.

Lending related fees are recognized outside of the scope of ASC 606 as it explicitly excludes noninterest income earned from our lending-related activities. A summary of lending related fees by instrument type for 2021, 2020 and 2019 is as follows:

	Year ended December 31,		
(Dollars in millions)	**2021**	**2020**	**2019**
Lending related fees by instrument type:			
Unused commitment fees	$ 59	$ 42	$ 35
Other	17	15	15
Total lending related fees	$ 76	$ 57	$ 50

Letters of credit and standby letters of credit fees

Standby letters of credit represent conditional commitments issued by us on behalf of a client to guarantee the performance of the client to a third party when certain specified future events have occurred. Fees generated from letters of credit and standby letters of credit are deferred as a component of other liabilities and recognized in noninterest income over the commitment period using the straight-line method, based on the likelihood that the commitment being drawn down will be remote. Letters of credit and standby letters of credit fees are recognized outside of the scope of ASC 606 as it explicitly excludes noninterest income earned from our lending related activities.

Investment banking revenue

We earn investment banking revenue from clients for providing services related to securities underwriting, private placements and advisory services on strategic matters such as mergers and acquisitions. Underwriting fees are attributable to public and private offerings of equity and debt securities and are recognized at the point in time when the offering has been deemed to be completed by the lead manager of the underwriting group. Once the offering is completed, the performance obligation has been satisfied; we recognize the applicable management fee as well as the underwriting fee, net of consideration payable to customers. Private placement fees are recognized at the point in time when the private placement is completed, which is generally when the client accepts capital from the fund raise. Advisory fees from mergers and acquisitions engagements are generally recognized at the point in time when the related transaction is completed. Expenses are deferred only to the extent they are explicitly reimbursable by the client and the related revenue is recognized at a point in time. All other deal-related expenses are expensed as incurred. We have determined that we act as principal in the majority of these transactions and therefore present expenses gross within other operating expenses.

A summary of investment banking revenue by instrument type for 2021, 2020 and 2019 is as follows:

	Year ended December 31,		
(Dollars in millions)	**2021**	**2020**	**2019**
Investment banking revenue:			
Underwriting fees	$ 304	$ 353	$ 153
Advisory fees	90	40	38
Private placements and other	65	21	4
Total investment banking revenue	$ 459	$ 414	$ 195

Commissions

Commissions include commissions received from clients for the execution of agency-based brokerage transactions in listed and over-the-counter equities. The execution of each trade order represents a distinct performance obligation and the transaction price is fixed at the point in time or trade order execution. Trade execution is satisfied at the point in time that the customer has control of the asset and as such, fees are recorded on a trade date basis. The Company also earns subscription fees for market intelligence services that are recognized over the period in which they are delivered. Fees received before the subscription period ends is initially recorded as deferred revenue (a contract liability) in other liabilities in our consolidated balance sheet. Commissions are presented in the "Disaggregation of revenue from contracts with customers" table below.

Other

Other noninterest income primarily includes income from fund management fees, gains from conversion of convertible debt options and service revenue. Fund management fees are comprised of fees charged directly to our managed funds of funds and direct venture funds. Fund management fees are based upon the contractual terms of the limited partnership agreements and are generally recognized as earned over the specified contract period, which is generally equal to the life of the individual fund. Fund management fees are calculated as a percentage of committed capital and collected in advance and are received quarterly. Fund management fees for certain of our limited partnership agreements are calculated as a percentage of distributions made by the funds and revenue is recorded only at the time of a distribution event. As distribution events are not predetermined for these certain funds, management fees are considered variable and constrained under ASC 606.

Gains from conversion of convertible debt options represent unrealized valuation gains on loan conversion derivative assets, and realized gains from the conversion of debt instruments, convertible into a third party's common stock upon a triggering event such as an IPO. Gains from conversion of convertible debt options are recognized outside of the scope of ASC 606 as it explicitly excludes noninterest income earned from our derivative-related activities.

Other service revenue primarily consists of dividend income on FHLB/FRB stock, correspondent bank rebate income, incentive fees related to carried interest and other fee income. We recognize revenue when our performance obligations are met and record revenues on a daily/monthly, quarterly, semi-annual or annual basis. For event driven revenue sources, we recognize revenue when: (i) persuasive evidence of an arrangement exists, (ii) we have performed the service, provided we have no other remaining obligations to the customer, (iii) the fee is fixed or determinable and (iv) collectability is probable.

A summary of other noninterest income by instrument type for 2021, 2020 and 2019 is as follows:

	Year ended December 31,		
(Dollars in millions)	**2021**	**2020**	**2019**
Other noninterest income by instrument type:			
Fund management fees	$ 67	$ 39	$ 33
Net losses on revaluation of foreign currency instruments, net of foreign exchange forward contracts (1)	—	(1)	—
Losses on extinguishment of debt	—	—	(9)
Gains from conversion of convertible debt options	—	30	—
Other service revenue	61	30	31
Total other noninterest income	$ 128	$ 98	$ 55

(1) Represents the net revaluation of client and internal foreign currency denominated financial instruments. We enter into foreign exchange forward contracts to economically reduce our foreign exchange exposure related to client and internal foreign currency denominated financial instruments.

Disaggregation of Revenue from Contracts with Customers

The following tables present our revenues from contracts with customers disaggregated by revenue source and segment for the years ended December 31, 2021, 2020, and 2019:

Year ended December 31, 2021 (Dollars in millions)	Global Commercial Bank (2)	SVB Private Bank	SVB Capital (2)	SVB Securities (2)	Other Items	Total
Revenue from contracts with customers:						
Client investment fees	$ 73	$ 2	$ —	$ —	$ —	$ 75
Wealth management and trust fees	—	44	—	—	—	44
Spot contract commissions	237	2	—	—	1	240
Card interchange fees, gross	199	—	—	—	2	201
Merchant service fees	18	—	—	—	—	18
Deposit service charges	109	1	—	—	2	112
Investment banking revenue	—	—	—	459	—	459
Commissions	—	—	—	79	—	79
Fund management fees	—	—	62	5	—	67
Performance fees	—	—	13	—	—	13
Correspondent bank rebates	6	—	—	—	—	6
Total revenue from contracts with customers	$ 642	$ 49	$ 75	$ 543	$ 5	$ 1,314
Revenues outside the scope of ASC 606 (1)	66	7	412	65	874	1,424
Total noninterest income	$ 708	$ 56	$ 487	$ 608	$ 879	$ 2,738

(1) Amounts are accounted for under separate guidance than ASC 606.
(2) GCB's, SVB Capital's and SVB Securities' components of noninterest income are shown net of noncontrolling interests. Noncontrolling interest is included within "Other Items."

Year ended December 31, 2020 (Dollars in millions)	Global Commercial Bank (2)	SVB Private Bank	SVB Capital (2)	SVB Securities (2)	Other Items	Total
Revenue from contracts with customers:						
Client investment fees	$ 129	$ 3	$ —	$ —	$ —	$ 132
Spot contract commissions	157	—	—	—	1	158
Card interchange fees, gross	128	—	—	—	2	130
Merchant service fees	18	—	—	—	—	18
Deposit service charges	90	—	—	—	—	90
Investment banking revenue	—	—	—	414	—	414
Commissions	—	—	—	67	—	67
Fund management fees	—	—	32	7	—	39
Performance fees	—	—	4	—	—	4
Correspondent bank rebates	5	—	—	—	—	5
Total revenue from contracts with customers	$ 527	$ 3	$ 36	$ 488	$ 3	$ 1,057
Revenues outside the scope of ASC 606 (1)	79	—	190	9	505	783
Total noninterest income	$ 606	$ 3	$ 226	$ 497	$ 508	$ 1,840

(1) Amounts are accounted for under separate guidance than ASC 606.
(2) GCB's, SVB Capital's and SVB Securities' components of noninterest income are shown net of noncontrolling interests. Noncontrolling interest is included within "Other Items."

ʼear ended December 31, 2019 Dollars in millions)	Global Commercial Bank (2)	SVB Private Bank	SVB Capital (2)	SVB Securities (2)	Other Items	Total
ʀevenue from contracts with customers:						
Client investment fees	$ 180	$ 2	$ —	$ —	$ —	$ 182
Spot contract commissions	145	1	—	—	—	146
Card interchange fees, gross	154	—	—	—	1	155
Merchant service fees	18	—	—	—	—	18
Deposit service charges	88	—	—	—	1	89
Investment banking revenue	—	—	—	195	—	195
Commissions	—	—	—	56	—	56
Fund management fees	—	—	27	6	—	33
Correspondent bank rebates	6	—	—	—	—	6
ʼotal revenue from contracts with customers	$ 591	$ 3	$ 27	$ 257	$ 2	$ 880
ʀevenues outside the scope of ASC 606 (1)	47	1	95	7	191	341
ʼotal noninterest income	$ 638	$ 4	$ 122	$ 264	$ 193	$ 1,221

(1) Amounts are accounted for under separate guidance than ASC 606.
(2) GCB’s and SVB Capital’s components of noninterest income are shown net of noncontrolling interests. Noncontrolling interest is included within “Other Items."

18. Income Taxes

The components of our provision for income taxes for 2021, 2020 and 2019 were as follows:

(Dollars in millions)	Year ended December 31, 2021	2020	2019
Current provision:			
Federal	$ 435	$ 300	$ 297
State	224	141	132
Deferred expense (benefit):			
Federal	3	5	(2)
State	(11)	2	(2)
Income tax expense	$ 651	$ 448	$ 425

Our effective tax rate is calculated by dividing income tax expense by the sum of income before income tax expense and the net income attributable to noncontrolling interests. The reconciliation between the federal statutory income tax rate and our effective income tax rate for 2021, 2020 and 2019, is as follows:

(Dollars in millions)	December 31, 2021	2020	2019
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net of the federal tax effect	7.5	6.8	7.0
Meals and entertainment	0.1	0.1	0.4
Disallowed officers' compensation	0.3	0.2	0.2
FDIC premiums	0.4	0.3	0.2
Share-based compensation expense on incentive stock options and ESPP	(1.6)	(0.3)	(0.6)
Qualified affordable housing project tax credits	(0.2)	(0.5)	(0.3)
Tax-exempt interest income	(1.0)	(0.8)	(0.6)
Other, net	(0.3)	0.2	(0.1)
Effective income tax rate	26.2 %	27.0 %	27.2 %

Deferred tax assets and liabilities at December 31, 2021 and December 31, 2020, consisted of the following:

	December 31,	
(Dollars in millions)	**2021**	**2020**
Deferred tax assets:		
Allowance for credit losses	$ 170	$ 158
Share-based compensation expense	26	16
State income taxes	24	17
Accrued compensation	77	44
Loans and debt securities	113	—
Lease liability	105	70
Other accruals	19	10
Net operating loss	7	7
Goodwill and intangibles	—	3
Foreign tax credit carryforward	—	9
SBA loan fees	3	6
Other	10	8
Deferred tax assets	554	348
Valuation allowance	(7)	(7)
Net deferred tax assets after valuation allowance	547	341
Deferred tax liabilities:		
Derivative equity warrant assets	(82)	(71)
Net unrealized gains on cash flow hedge derivatives	(33)	(50)
Net unrealized gains on AFS debt securities	—	(186)
Non-marketable and other equity securities	(219)	(119)
Premises and equipment	(41)	(24)
Right-of-use asset and deferred rent assets	(81)	(52)
Goodwill and intangibles	(24)	—
Contingent payments	(9)	—
Merger-related fair value adjustments	(28)	—
Other	(6)	(11)
Deferred tax liabilities	(523)	(513)
Net deferred tax assets (liabilities)	$ 24	$ (172)

Net Deferred Tax Assets

U.S. federal net operating loss carryforwards totaled $1 million and $2 million for December 31, 2021 and December 31, 2020. Our foreign net operating loss carryforwards totaled $25 million and $25 million at December 31, 2021 and December 31, 2020, respectively. These net operating loss carryforwards expire at various dates beginning in 2022.

Currently, we believe that it is more likely than not that the benefit from the foreign net operating loss carryforwards, which are associated with our Germany and Canada operations, will not be realized in the near term due to uncertainties in the timing of future profitability in the course of business. In recognition of this, we have a valuation allowance of $7 million on the deferred tax assets related to our German and Canadian net operating loss carryforwards as of December 31, 2021. We believe it is more likely than not that the remaining deferred tax assets will be realized against future taxable income. Therefore, no valuation allowance was provided for the remaining deferred tax assets.

We are subject to income tax and non-income based taxes by the U.S. federal tax authorities as well as various state and foreign tax authorities. The U.S. federal government and the state of California are major tax filing jurisdictions. We are subject to examination by the IRS and tax authorities in various state, local and foreign tax jurisdictions. The state of California

is currently examining the years 2013-2016. Our U.S. federal tax returns remain open to examination for 2018 and subsequent tax years. California tax returns remain open to examination for 2017 and subsequent tax years.

At December 31, 2021, our unrecognized tax benefit was $37 million, the recognition of which would reduce our income tax expense by $30 million. We are unable to estimate the unrecognized tax benefit that will materially change in the next 12 months.

We recognize interest and penalties related to income tax matters as part of income before income taxes. Interest and penalties were not material for the years ended December 31, 2021, 2020 and 2019.

A summary of changes in our unrecognized tax benefit (including interest and penalties) for December 31, 2021, 2020 and 2019 is as follows:

(Dollars in millions)	Reconciliation of Unrecognized Tax Benefit	Interest and Penalties	Total
Balance at December 31, 2018	$ 13	$ 1	$ 14
Additions for tax positions for current year	4	—	4
Additions for tax positions for prior years	—	1	1
Reduction for tax positions for prior years	(1)	—	(1)
Lapse of the applicable statute of limitations	(2)	(1)	(3)
Reduction as a result of settlement	(1)	—	(1)
Balance at December 31, 2019	$ 13	$ 1	$ 14
Additions for tax positions for current year	5	—	5
Additions for tax positions for prior years	1	1	2
Reduction for tax positions for prior years	(1)	—	(1)
Lapse of the applicable statute of limitations	(1)	—	(1)
Reduction as a result of settlement	(1)	—	(1)
Balance at December 31, 2020	$ 16	$ 2	$ 18
Additions for tax positions for current year	21	—	21
Additions for tax positions for prior years	—	1	1
Reduction for tax positions for prior years	—	—	—
Lapse of the applicable statute of limitations	—	—	—
Reduction as a result of settlement	—	—	—
Balance at December 31, 2021	$ 37	$ 3	$ 40

19. Employee Compensation and Benefit Plans

Our employee compensation and benefit plans include: (i) Incentive Compensation Plan; (ii) Direct Drive Incentive Compensation Plan; (iii) Warrant Incentive Plan; (iv) Deferred Compensation Plan; (v) 401(k) and ESOP; (vi) SVB Securities Incentive Compensation Plan; (vii) SVB Securities Retention Award; (viii) EHOP; (ix) 2006 Incentive Plan; and (x) ESPP. The 2006 Incentive Plan and the ESPP are described in Note 5—“Share-Based Compensation.”

A summary of expenses incurred under certain employee compensation and benefit plans for 2021, 2020 and 2019 is as follows:

	Year ended December 31,		
(Dollars in millions)	**2021**	**2020**	**2019**
Incentive Compensation Plan	$ 352	$ 193	$ 144
Direct Drive Incentive Compensation Plan	64	38	37
Warrant Incentive Plan	71	34	15
SVBFG 401(k) Plan	40	30	26
SVBFG ESOP	14	6	4
SVB Securities Incentive Compensation Plan	366	233	107
SVB Securities Retention Award	10	13	12

Incentive Compensation Plan

Our ICP is an annual cash incentive plan that rewards performance based on our financial results and other performance criteria. Awards are made based on company performance, the employee's target bonus level and management's assessment of individual employee performance.

Direct Drive Incentive Compensation Plan

The Direct Drive Incentive Compensation Plan (“Direct Drive”) is an annual sales cash incentive program. Awards are based on sales teams' performance as to predetermined financial targets and other company/individual performance criteria. Actual awards for each sales team member under Direct Drive are based on: (i) the actual results and financial performance with respect to the incentive gross profit targets; (ii) the sales team payout targets; and (iii) the sales team member's sales position and team payout allocation.

Warrant Incentive Plan

The Warrant Incentive Plan provides individual and team awards to those employees who negotiate warrants on our behalf. Designated participants, as determined by the Company, share in the cash proceeds received by the Company from the exercise of equity warrant assets.

Deferred Compensation Plan

Under the Deferred Compensation Plan (the “DC Plan”), eligible employees may elect to defer up to 50 percent of their base salary and/or up to 100 percent of any eligible bonus payment earned during the plan year. Any amounts deferred under the DC Plan will be invested and administered by us (or such person we designate). We generally do not match employee deferrals to the DC Plan. From time to time, we may also offer deferred special retention incentives and employer contributions under this plan to key plan participants. The deferred incentives and employer contributions are eligible for investment in the DC Plan during the retention qualifying period or vesting period.

Voluntary deferrals under the DC Plan were $8 million, $6 million and $7 million in 2021, 2020 and 2019, respectively. The DC Plan overall, had investment gains of $7 million, gains of $8 million and losses of $7 million in 2021, 2020 and 2019, respectively.

401(k) and ESOP

The 401(k) Plan and ESOP, collectively referred to as the “Plan”, is a combined 401(k) tax-deferred savings plan and employee stock ownership plan in which most regular U.S. employees are eligible to participate.

Employees participating in the 401(k) Plan are allowed to contribute up to 75 percent of their pre-tax pay as defined in the Plan, up to the maximum annual amount allowable under federal income tax regulations of $20,500 for December 31, 2021, $19,500 for 2020, and $19,000 for 2019. We match the employee's contributions dollar-for-dollar, up to five percent of the employee's pre-tax pay as defined in the Plan. Our matching contributions vest immediately. The amount of salary deferred, up to the allowed maximum, is not subject to federal or state income taxes at the time of deferral.

Discretionary ESOP and profit-sharing contributions, based on our company performance, are made by us to all eligible individuals employed by us on the last day of the fiscal year. We may elect to contribute cash or our common stock (or a combination of cash and stock), in an amount not exceeding ten percent of the employee's eligible pay earned in the fiscal year. The ESOP and/or profit-sharing contributions vest in equal annual increments over a participant's first five years of

service (thereafter, all subsequent ESOP and/or profit-sharing contributions are fully vested). For 2021, 2020 and 2019, 6,100, 12,094 and 14,442 shares, respectively, were allocated to participants in the ESOP.

SVB Securities Incentive Compensation Plan

Our SVB Securities Incentive Compensation Plan is an annual cash incentive plan that rewards performance of SVB Securities employees based on SVB Securities' financial results. This plan requires employees who exceed certain compensation levels to defer a portion of their compensation, of which, 25% will be settled in the form of restricted stock units and 75% will be settled in the form of cash. The deferred compensation vests over a period of up to five years.

SVB Securities Retention Award

The SVB Securities Retention Award is an incentive award that granted designated SVB Securities employees restricted stock awards and cash after the close of the acquisition of SVB Securities in January 2019. The aggregate amount of the awards was $60 million, of which 50% will be settled in the form of cash and 50% in the form of restricted stock awards. The awards vest in equal annual increments over five years.

EHOP Program

The EHOP is a benefit plan that provides for the issuance of mortgage loans to eligible employees. Eligible employees may apply for either an adjustable rate mortgage (ARM) or a fixed rate loan for their primary residence. The ARM is a 30 year loan and has an initial fixed interest rate for five, seven or ten years after which a floating rate will be set annually. The fixed rate loan program offers a 15 or 30 years loan and the interest rate is fixed for the life of the loan. Applicants must qualify for a loan through the normal mortgage review and approval process, which is typical of industry standards. The maximum loan amount generally cannot be greater than 85 percent of the lesser of the purchase price or the appraised value. The interest rate on the fixed-rate loan is written at SVB Private Bank client mortgage rates and determined at SVB's discretion. Floating rates applied at the end of the fixed-rate period will be reset annually at 12 month LIBOR plus two and one quarter percent. For additional details, see Note 10—“Loans and Allowance for Credit Losses: Loans and Unfunded Credit Commitments.''

20. Related Parties

We have no material related party transactions requiring disclosure. In the ordinary course of business, the Bank may extend credit to related parties, including executive officers, directors, principal shareholders and their related interests. Additionally, we also provide real estate secured loans to eligible employees through our EHOP. For additional details, see Note 19—“Employee Compensation and Benefit Plans.”

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

In the normal course of business, we use financial instruments with off-balance sheet risk to meet the financing needs of our customers. These financial instruments include commitments to extend credit, standby letters of credit and commitments to invest in venture capital and private equity fund investments. These instruments involve, to varying degrees, elements of credit risk. Credit risk is defined as the possibility of sustaining a loss because other parties to the financial instrument fail to perform in accordance with the terms of the contract.

Commitments to Extend Credit

A commitment to extend credit is a formal agreement to lend funds to a client as long as there is no violation of any condition established in the agreement. Such commitments generally have fixed expiration dates, or other termination clauses, and usually require a fee paid by the client upon us issuing the commitment. The following table summarizes information related to our commitments to extend credit at December 31, 2021 and December 31, 2020, respectively:

	December 31,	
(Dollars in millions)	**2021**	**2020**
Loan commitments (1)	$ 40,327	$ 28,975
Standby letters of credit (2)	3,612	3,003
Commercial letters of credit (3)	77	4
Total unfunded credit commitments	$ 44,016	$ 31,982
Allowance for unfunded credit commitments (4)	171	121

(1) Represents commitments which are available for funding, due to clients meeting all collateral, compliance and financial covenants required under loan commitment agreements.

(2) See below for additional information on guarantees under our standby letters of credit.

(3) Commercial letters of credit are issued primarily for inventory purchases by a client and are typically short-term in nature.
(4) Our allowance for credit losses for unfunded credit commitments includes an allowance for both our unfunded loan commitments and our letters of credit.

Our potential exposure to credit loss for commitments to extend credit, in the event of nonperformance by the other party to the financial instrument, is the contractual amount of the available unused loan commitment. We use the same credit approval and monitoring process in extending credit commitments as we do in making loans. The actual liquidity needs and the credit risk that we have experienced have historically been lower than the contractual amount of commitments to extend credit because a significant portion of these commitments expire without being drawn upon. We evaluate each potential borrower and the necessary collateral on an individual basis. The type of collateral varies, but may include real property, intellectual property, bank deposits or business and personal assets. The credit risk associated with these commitments is considered in the allowance for unfunded credit commitments.

Standby Letters of Credit

Standby letters of credit represent conditional commitments issued by us on behalf of a client to guarantee the performance of the client to a third party when certain specified future events have occurred. We provide two types of standby letters of credit: performance and financial standby letters of credit. Performance standby letters of credit are issued to guarantee the performance of a client to a third party when certain specified future events have occurred and are primarily used to support performance instruments such as bid bonds, performance bonds, lease obligations, repayment of loans and past due notices. Financial standby letters of credit are conditional commitments issued by us to guarantee the payment by a client to a third party (beneficiary) and are primarily used to support many types of domestic and international payments. These standby letters of credit have fixed expiration dates and generally require a fee to be paid by the client at the time we issue the commitment.

The credit risk involved in issuing letters of credit is essentially the same as that involved with extending credit commitments to clients, and accordingly, we use a credit evaluation process and collateral requirements similar to those for credit commitments. When necessary, our standby letters of credit often are cash secured by our clients. The actual liquidity needs and the credit risk that we have experienced historically have been lower than the contractual amount of letters of credit issued because a significant portion of these conditional commitments expire without being drawn upon.

The table below summarizes our standby letters of credit at December 31, 2021. The maximum potential amount of future payments represents the amount that could be remitted under these letters of credit if there were a total default by the guaranteed parties, without consideration of possible recoveries under recourse provisions or from the collateral held or pledged.

(Dollars in millions)	Expires In One Year or Less	Expires After One Year	Total Amount Outstanding	Maximum Amount of Future Payments
Financial standby letters of credit	$ 3,390	$ 113	$ 3,503	$ 3,503
Performance standby letters of credit	102	7	109	109
Total	$ 3,492	$ 120	$ 3,612	$ 3,612

Deferred fees related to financial and performance standby letters of credit were $20 million at December 31, 2021 and $17 million at December 31, 2020.

Commitments to Invest in Venture Capital and Private Equity Funds

We make commitments to invest in venture capital and private equity funds, which generally makes investments in privately-held companies. Commitments to invest in these funds are generally made for a 10-year period from the inception of the fund. Although the limited partnership agreements governing these investments typically do not restrict the general partners from calling 100% of committed capital in one year, it is customary for these funds to call most of the capital commitments over 5 to 7 years, and in certain cases, the funds may not call 100% of committed capital. The actual timing of future cash requirements to fund these commitments is generally dependent upon the investment cycle, overall market conditions, and the nature and type of industry in which the privately held companies operate. The following table details our total capital commitments, unfunded capital commitments, and our ownership percentage in each fund at December 31, 2021:

(Dollars in millions)	SVBFG Capital Commitments	SVBFG Unfunded Commitments	SVBFG Ownership of each Fund
CP II, LP (1)	$ 1	$ —	5.1 %
Capital Preferred Return Fund, LP	13	—	20.0
Growth Partners, LP	25	1	33.0
Strategic Investors Fund, LP	15	1	12.6
Strategic Investors Fund II, LP	15	1	8.6
Strategic Investors Fund III, LP	15	1	5.9
Strategic Investors Fund IV, LP	12	2	5.0
Strategic Investors Fund V funds	1	—	Various
Other venture capital and private equity fund investments (equity method accounting)	17	6	Various
Debt funds (equity method accounting)	59	—	Various
Other fund investments (2)	247	10	Various
Total	$ 420	$ 22	

(1) Our ownership includes direct ownership of 1.3 percent and indirect ownership of 3.8 percent through our investment in Strategic Investors Fund II, LP.
(2) Represents commitments to 156 funds (primarily venture capital funds) where our ownership interest is generally less than 5.0 percent of the voting interests of each such fund.

The following table details the amounts of remaining unfunded commitments to venture capital and private equity funds by our consolidated managed funds of funds (including our interest and the noncontrolling interests) at December 31, 2021:

(Dollars in millions)	Unfunded Commitments
Capital Preferred Return Fund, LP	$ 2
Growth Partners, LP	1
Total	$ 3

22. Fair Value of Financial Instruments

Fair Value Measurements

Our AFS securities, derivative instruments and certain non-marketable and other equity securities are financial instruments recorded at fair value on a recurring basis. We make estimates regarding valuation of assets and liabilities measured at fair value in preparing our consolidated financial statements.

The following fair value hierarchy table presents information about our assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2021:

(Dollars in millions)	Level 1	Level 2	Level 3	Balance at December 31, 2021
Assets				
AFS securities:				
U.S. Treasury securities	$ 15,850	$ —	$ —	$ 15,850
U.S. agency debentures	—	196	—	196
Foreign government debt securities	61	—	—	61
Residential MBS:				
Agency-issued MBS	—	8,589	—	8,589
Agency-issued CMO—fixed rate	—	982	—	982
Agency-issued CMBS	—	1,543	—	1,543
Total AFS securities	15,911	11,310	—	27,221
Non-marketable and other equity securities (fair value accounting):				
Non-marketable securities:				
Venture capital and private equity fund investments measured at net asset value	—	—	—	338
Other equity securities in public companies	43	74	—	117
Total non-marketable and other equity securities (fair value accounting)	43	74	—	455
Other assets:				
Foreign exchange forward, swap and option contracts	—	171	—	171
Equity warrant assets	—	8	269	277
Interest rate swaps	—	18	—	18
Client interest rate derivatives	—	99	—	99
Other assets	8	—	—	8
Total assets	$ 15,962	$ 11,680	$ 269	$ 28,249
Liabilities				
Foreign exchange forward, swap and option contracts	$ —	$ 137	$ —	$ 137
Client interest rate derivatives	—	101	—	101
Other liabilities	8	—	—	8
Total liabilities	$ 8	$ 238	$ —	$ 246

The following fair value hierarchy table presents information about our assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2020:

(Dollars in millions)	Level 1	Level 2	Level 3	Balance at December 31, 2020
Assets				
AFS securities:				
U.S. Treasury securities	$ 4,470	$ —	$ —	$ 4,470
U.S. agency debentures	—	237	—	237
Foreign government debt securities	24	—	—	24
Residential MBS:				
Agency-issued MBS	—	13,503	—	13,503
Agency-issued CMO—fixed rate	—	8,107	—	8,107
Agency-issued CMBS	—	4,572	—	4,572
Total AFS securities	4,494	26,419	—	30,913
Non-marketable and other equity securities (fair value accounting):				
Non-marketable securities:				
Venture capital and private equity fund investments measured at net asset value	—	—	—	274
Other equity securities in public companies	43	238	—	281
Total non-marketable and other equity securities (fair value accounting)	43	238	—	555
Other assets:				
Foreign exchange forward and option contracts	—	217	—	217
Equity warrant assets	—	11	192	203
Client interest rate derivatives	—	68	—	68
Total assets	$ 4,537	$ 26,953	$ 192	$ 31,956
Liabilities				
Foreign exchange forward and option contracts	$ —	$ 210	$ —	$ 210
Client interest rate derivatives	—	27	—	27
Total liabilities	$ —	$ 237	$ —	$ 237

The following table presents additional information about Level 3 assets measured at fair value on a recurring basis for 2021, 2020 and 2019, respectively:

(Dollars in millions)	Beginning Balance	Total Net Gains Included in Net Income (1)	Purchases	Sales/Exits	Issuances	Transfers Out of Level 3	Ending Balance
Year ended December 31, 2021:							
Equity warrant assets (1)	$ 192	$ 561	$ —	$ (502)	$ 24	$ (6)	$ 269
Year ended December 31, 2020:							
Equity warrant assets (1)	161	229	—	(215)	19	(2)	192
Year ended December 31, 2019:							
Non-marketable and other equity securities (fair value accounting):							
Venture capital and private equity fund investments not measured at net asset value (2)	1	—	—	(1)	—	—	—
Other assets:							
Equity warrant assets (1)	145	134	1	(130)	16	(5)	161
Total assets	$ 146	$ 134	$ 1	$ (131)	$ 16	$ (5)	$ 161

(1) Realized and unrealized gains (losses) are recorded in the line item "Gains on investment securities, net," a component of noninterest income.

(2) Realized and unrealized gains (losses) are recorded in the line item "Gains on investment securities, net," a component of noninterest income.

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table presents the amount of unrealized gains included in earnings (which is inclusive of noncontrolling interest) attributable to Level 3 assets still held at December 31, 2021 and 2020, respectively:

	Year ended December 31,	
(Dollars in millions)	2021	2020
Other assets:		
Equity warrant assets (1)	$ 119	$ 54
Total unrealized gains, net	$ 119	$ 54

(1) Unrealized gains are recorded in the line item "Gains on equity warrant assets, net," a component of noninterest income.

The extent to which any unrealized gains or losses will become realized is subject to a variety of factors, including, among other things, the expiration of current sales restrictions to which these securities are subject, the actual sales of securities and the timing of such actual sales.

The following table presents quantitative information about the significant unobservable inputs used for certain of our Level 3 fair value measurements at December 31, 2021 and 2020. We have not included in this table our venture capital and private equity fund investments (fair value accounting) as we use net asset value per share (as obtained from the general partners of the investments) as a practical expedient to determine fair value.

(Dollars in millions)	Fair Value	Valuation Technique	Significant Unobservable Inputs	Input Range	Weighted Average
December 31, 2021:					
Equity warrant assets (public portfolio)	$ 2	Black-Scholes option pricing model	Volatility	27.8% - 55.0%	43.7 %
			Risk-Free interest rate	0.6 - 1.5	1.1
			Sales restrictions discount (1)	10.0- 20.0	10.7
Equity warrant assets (private portfolio)	267	Black-Scholes option pricing model	Volatility	24.7 - 55.0	43.0
			Risk-Free interest rate	0.06 - 1.4	0.8
			Marketability discount (2)	20.1	20.1
			Remaining life assumption (3)	40.0	40.0
December 31, 2020:					
Equity warrant assets (public portfolio)	$ 1	Black-Scholes option pricing model	Volatility	46.0% - 56.8%	49.1 %
			Risk-Free interest rate	0.3 - 0.9	0.6
			Sales restrictions discount (1)	10.0 - 20.0	10.2
Equity warrant assets (private portfolio)	191	Black-Scholes option pricing model	Volatility	24.4 - 56.8	43.2
			Risk-Free interest rate	0.01 - 0.52	0.1
			Marketability discount (2)	20.6	20.6
			Remaining life assumption (3)	40.0	40.0

(1) We adjust quoted market prices of public companies, which are subject to certain sales restrictions. Sales restriction discounts generally range from 10 percent to 20 percent depending on the duration of the sales restrictions which typically range from three to six months.
(2) Our marketability discount is applied to all private company warrants to account for a general lack of liquidity due to the private nature of the associated underlying company. The quantitative measure used is based upon various option-pricing models. On a quarterly basis, a sensitivity analysis is performed on our marketability discount.
(3) We adjust the contractual remaining term of private company warrants based on our estimate of the actual remaining life, which we determine by utilizing historical data on terminations and exercises. At December 31, 2021, the weighted average contractual remaining term was 6.6 years, compared to our estimated remaining life of 2.6 years. On a quarterly basis, a sensitivity analysis is performed on our remaining life assumption.

During 2021, 2020 and 2019, we did not have any transfers between Level 3 and Level 1. All other transfers from Level 3 to Level 2 during 2021, 2020 and 2019 were due to the transfer of equity warrant assets from our private portfolio to our public portfolio (see our Level 3 reconciliation above).

Financial Instruments not Carried at Fair Value

FASB guidance over financial instruments requires that we disclose estimated fair values for our financial instruments not carried at fair value. The following fair value hierarchy table presents the estimated fair values of our financial instruments that are not carried at fair value at December 31, 2021 and 2020:

		Estimated Fair Value			
(Dollars in millions)	**Carrying Amount**	**Total**	**Level 1**	**Level 2**	**Level 3**
December 31, 2021:					
Financial assets:					
Cash and cash equivalents	$ 14,619	$ 14,619	$ 14,619	$ —	$ —
HTM securities	98,195	97,227	—	97,227	—
Non-marketable securities not measured at net asset value	424	424	—	—	424
Non-marketable securities measured at net asset value	710	710	—	—	—
Net Loans	65,854	67,335	—	—	67,335
FHLB and FRB stock	107	107	—	—	107
Financial liabilities:					
Short-term borrowings	121	121	—	121	—
Non-maturity deposits (1)	187,464	187,464	187,464	—	—
Time deposits	1,739	1,728	—	1,728	—
3.50% Senior Notes due 2025	349	370	—	370	—
3.125% Senior Notes due 2030	496	526	—	526	—
1.800% Senior Notes due 2031	494	474	—	474	—
2.100% Senior Notes due 2028	496	501	—	501	—
1.800% Senior Notes due 2026	645	649	—	649	—
Junior subordinated debentures	90	92	—	92	—
Off-balance sheet financial assets:					
Commitments to extend credit	—	47	—	—	47
December 31, 2020:					
Financial assets:					
Cash and cash equivalents	$ 17,675	$ 17,675	$ 17,675	$ —	$ —
HTM securities	16,592	17,217	—	17,217	—
Non-marketable securities not measured at net asset value	241	241	—	—	241
Non-marketable securities measured at net asset value	390	390	—	—	—
Net loans	44,734	45,324	—	—	45,324
FHLB and FRB stock	61	61	—	—	61
Financial liabilities:					
Short-term borrowings	21	21	—	21	—
Non-maturity deposits (1)	101,294	101,294	101,294	—	—
Time deposits	688	502	—	502	—
3.50% Senior Notes	349	383	—	383	—
3.125% senior Notes	495	564	—	564	—
Off-balance sheet financial assets:					
Commitments to extend credit	—	37	—	—	37

(1) Includes noninterest-bearing demand deposits, interest-bearing checking accounts, money market accounts and interest-bearing sweep deposits.

Investments in Entities that Calculate Net Asset Value Per Share

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

Our investments in debt funds and venture capital and private equity fund investments generally cannot be redeemed. Alternatively, we expect distributions, if any, to be received primarily through IPOs and M&A activity of the underlying assets of the fund. Subject to applicable requirements under the Volcker Rule, we do not have any plans to sell any of these fund investments. If we decide to sell these investments in the future, the investee fund's management must approve of the buyer before the sale of the investments can be completed. The fair values of the fund investments have been estimated using the net asset value per share of the investments, adjusted for any differences between our measurement date and the date of the fund investment's net asset value by using the most recently available financial information from the investee general partner, for example September 30th, for our December 31st consolidated financial statements, adjusted for any contributions paid, distributions received from the investment, and significant fund transactions or market events during the reporting period.

The following table is a summary of the estimated fair values of these investments and remaining unfunded commitments for each major category of these investments as of December 31, 2021:

(Dollars in millions)	Carrying Amount	Fair Value	Unfunded Commitments
Non-marketable securities (fair value accounting):			
Venture capital and private equity fund investments (1)	$ 338	$ 338	$ 12
Non-marketable securities (equity method accounting):			
Venture capital and private equity fund investments (2)	670	670	11
Debt funds (2)	5	5	—
Other investments (2)	34	34	1
Total	$ 1,047	$ 1,047	$ 24

(1) Venture capital and private equity fund investments within non-marketable securities (fair value accounting) include investments made by our managed funds of funds and one of our direct venture funds (consolidated VIEs) and investments in venture capital and private equity fund investments (unconsolidated VIEs). Collectively, these investments in venture capital and private equity funds are primarily in U.S. and global technology and life science/healthcare companies. Included in the fair value and unfunded commitments of fund investments under fair value accounting are $94 million and $2 million, respectively, attributable to noncontrolling interests. It is estimated that we will receive distributions from the fund investments over the next 10 to 13 years, depending on the age of the funds and any potential extensions of terms of the funds.

(2) Venture capital and private equity fund investments, debt funds and other fund investments within non-marketable securities (equity method accounting) include funds that invest in or lend money to primarily U.S. and global technology and life science/healthcare companies. It is estimated that we will receive distributions from the funds over the next 5 to 8 years, depending on the age of the funds and any potential extensions of the terms of the funds.

23. Regulatory Matters

SVB Financial and the Bank are subject to various regulatory capital adequacy requirements administered by the Federal Reserve Board and the DFPI. The Federal Deposit Insurance Corporation Improvement Act of 1991 additionally requires that the federal regulatory agencies adopt regulations defining five capital categories for banks: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized.

We are also subject to a comprehensive capital framework for U.S. banking organizations established by the federal banking agencies (the "Capital Rules"), which implement the Basel III regulatory capital reforms and changes required by the Dodd-Frank Act. There are three categories of capital under the Capital Rules: CET 1, additional Tier 1 and Tier 2. Pursuant to the Capital Rules, the minimum capital ratios applicable to SVB Financial and the Bank are as follows:

- 4.5% CET 1 capital to risk-weighted assets;
- 6.0% Tier 1 capital (CET 1 plus Additional Tier 1 capital) to risk-weighted assets;
- 8.0% Total capital (Tier 1 plus Tier 2 capital) to risk-weighted assets; and

- 4.0% Tier 1 capital to average consolidated assets (the "leverage ratio").

We must also meet a 2.5% "buffer" of CET 1 capital to avoid constraints on capital distributions, such as dividends and equity repurchases, and certain bonus compensation for executive officers. The severity of the constraints would depend on the amount of the shortfall and the banking organization's "eligible retained income".

As of December 31, 2021, both SVB Financial and the Bank exceed the required ratios under the Capital Rules and were considered "well-capitalized" for purposes of the Federal Reserve's Regulation Y. The following table presents the capital ratios for the Company and the Bank under federal regulatory guidelines, compared to the minimum regulatory capital requirements, as of December 31, 2021 and December 31, 2020:

	Capital Ratios			Capital Amounts		
(Dollars in millions)	**Actual**	**Required Minimum (1)**	**Well Capitalized Minimum**	**Actual**	**Required Minimum (1)**	**Well Capitalized Minimum**
December 31, 2021:						
CET1 risk-based capital:						
SVB Financial	12.09 %	7.0 %	N/A	$ 12,186	$ 7,057	N/A
Bank	14.89	7.0	6.5	14,622	6,875	$ 6,384
Tier 1 risk-based capital:						
SVB Financial	16.08	8.5	6.0	16,206	8,569	6,049
Bank	14.89	8.5	8.0	14,622	8,348	7,857
Total risk-based capital:						
SVB Financial	16.58	10.5	10.0	16,712	10,585	10,081
Bank	15.40	10.5	10.0	15,129	10,313	9,821
Tier 1 leverage:						
SVB Financial	7.93	4.0	N/A	16,206	8,175	N/A
Bank	7.24	4.0	5.0	14,622	8,075	10,094
December 31, 2020:						
CET1 risk-based capital:						
SVB Financial	11.04 %	7.0 %	N/A	$ 7,138	$ 4,528	N/A
Bank	10.70	7.0	6.5	6,530	4,272	$ 3,967
Tier 1 risk-based capital:						
SVB Financial	11.89	8.5	6.0	7,692	5,498	3,881
Bank	10.70	8.5	8.0	6,530	5,187	4,882
Total risk-based capital:						
SVB Financial	12.64	10.5	10.0	8,175	6,791	6,468
Bank	11.49	10.5	10.0	7,014	6,407	6,102
Tier 1 leverage:						
SVB Financial	7.45	4.0	N/A	7,692	4,129	N/A
Bank	6.43	4.0	5.0	6,530	4,060	5,075

N/A "Well-Capitalized Minimum" CET1 risk-based capital and Tier 1 leverage ratios are not formally defined under applicable banking regulations for bank holding companies.

(1) The percentages represent the minimum capital ratios plus, the fully phased-in 2.5% CET1 capital conservation buffer under the Capital Rules.

24. Segment Reporting

We have four reportable segments for management reporting purposes: GCB, SVB Private Bank, SVB Capital and SVB Securities. The results of our operating segments are based on our internal management reporting process.

Our GCB and SVB Private Bank segments primary source of revenue is from NII, which is primarily the difference between interest earned on loans, net of FTP and interest paid on deposits, net of FTP. Accordingly, these segments are reported using NII, net of FTP. FTP is an internal measurement framework designed to assess the financial impact of a financial institution's sources and uses of funds. It is the mechanism by which an earnings credit is given for deposits raised, and an earnings charge is made for funded loans. FTP is calculated at an instrument level based on account characteristics.

We also evaluate performance based on provision for credit losses, noninterest income and noninterest expense, which are presented as components of segment operating profit or loss. In calculating each operating segment's noninterest expense, we consider the direct costs incurred by the operating segment as well as certain allocated direct costs. As part of this review, we allocate certain corporate overhead costs to a corporate account. We do not allocate income tax expense or the provision for unfunded credit commitments (included in provision for credit losses) to our segments. Additionally, our management reporting model is predicated on average asset balances; therefore, period-end asset balances are not presented for segment reporting purposes. Changes in an individual client's primary relationship designation have resulted, and in the future may result, in the inclusion of certain clients in different segments in different periods.

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

For reporting purposes, SVB Financial Group has four operating segments for which we report our financial information:

- **Global Commercial Bank** is comprised of results from the following:
    - Our **Commercial Bank** products and services are provided by the Bank and its subsidiaries to commercial clients in key innovation markets. The Bank provides solutions to the financial needs of commercial clients through credit, treasury management, foreign exchange, trade finance and other services. In addition, the Bank and its subsidiaries offer a variety of investment services and solutions to its clients that enable them to effectively manage their assets.
    - Our **Global Fund Banking** provides banking products and services primarily to our private equity and venture capital clients.
    - **SVB Wine** provides banking products and services to our premium wine industry clients, including vineyard development loans.
- **SVB Private Bank** is the private banking division of the Bank, which now includes the financial results of Boston Private effective July 1, 2021. SVB Private Bank provides a range of personal financial solutions for consumers. Our clients are primarily private equity/venture capital professionals and executive leaders of the innovation companies they support as well as high net worth clients acquired from Boston Private. We offer a customized suite of private banking services, including mortgages, home equity lines of credit, restricted and private stock loans, capital call lines of credit and other secured and unsecured lending products, as well as planning-based financial strategies, wealth management, family office, financial planning, tax planning and trust services. In addition, we provide real estate secured loans to eligible employees through our EHOP.
- **SVB Capital** is the funds management business of SVB Financial Group, which focuses primarily on venture capital investments. SVB Capital manages funds (primarily venture capital funds) on behalf of third-party limited partners and, on a more limited basis, SVB Financial Group. The SVB Capital family of funds is comprised of direct venture funds that invest in companies and funds of funds that invest in other venture capital funds. SVB Capital generates income for the Company primarily from investment returns (including carried interest allocations) and management fees.
- **SVB Securities** is an investment bank focused on the innovation economy and operates as a wholly-owned subsidiary of SVB Financial Group. SVB Securities provides investment banking services across all major sub-sectors of Healthcare and Technology. Healthcare sub-sectors include Biopharma, Digital Health and HealthTech, Healthcare Services, Medical Devices and Tools and Diagnostics. SVB Securities launched Technology investment banking in 2021 and serves numerous Technology sub-sectors including Consumer Internet, Commerce Enablement and Marketing Software, Digital Infrastructure and Tech-Enabled Services, Education Technology, Enterprise Software, Industrial Technology and FinTech. SVB also expanded equity research coverage to include

Technology companies with the acquisition of MoffettNathanson LLC in 2021. SVB Securities focuses on four main product and service offerings: Capital Raising, M&A Advisory, Equity Research and Sales and Trading.

The summary financial results of our operating segments are presented along with a reconciliation to our consolidated results.

Our segment information for 2021, 2020 and 2019 is as follows:

(Dollars in millions)	Global Commercial Bank (1)	SVB Private Bank	SVB Capital (1)	SVB Securities (1)	Other Items (2)	Total
Year ended December 31, 2021						
Net interest income	$ 2,946	$ 194	$ —	$ 1	$ 38	$ 3,179
Provision for credit losses	(55)	(14)	—	—	(54)	(123)
Noninterest income	708	56	487	608	879	2,738
Noninterest expense (3)	(1,277)	(212)	(71)	(561)	(949)	(3,070)
Income (loss) before income tax expense (4)	$ 2,322	$ 24	$ 416	$ 48	$ (86)	$ 2,724
Total average loans, amortized cost	$ 44,173	$ 8,958	$ —	$ —	$ 1,416	$ 54,547
Total average assets (5) (6)	141,393	10,140	700	830	12,948	166,011
Total average deposits	138,336	8,645	—	—	966	147,947
Year ended December 31, 2020						
Net interest income	$ 2,025	$ 77	$ —	$ 1	$ 54	$ 2,157
Provision for credit losses	(166)	(21)	—	—	(33)	(220)
Noninterest income	606	3	226	497	508	1,840
Noninterest expense (3)	(1,020)	(46)	(51)	(379)	(539)	(2,035)
Income (loss) before income tax expense (4)	$ 1,445	$ 13	$ 175	$ 119	$ (10)	$ 1,742
Total average loans, amortized cost	$ 31,218	$ 4,196	$ —	$ —	$ 1,852	$ 37,266
Total average assets (5) (6)	75,034	4,230	437	557	5,534	85,792
Total average deposits	72,127	2,172	—	—	717	75,016
Year ended December 31, 2019						
Net interest income	$ 1,850	$ 51	$ —	$ 1	$ 195	$ 2,097
Provision for credit losses	(92)	(2)	—	—	(13)	(107)
Noninterest income	638	4	122	264	193	1,221
Noninterest expense (3)	(875)	(40)	(31)	(253)	(402)	(1,601)
Income (loss) before income tax expense (4)	$ 1,521	$ 13	$ 91	$ 12	$ (27)	$ 1,610
Total average loans, amortized cost	$ 26,031	$ 3,341	$ —	$ —	$ 544	$ 29,916
Total average assets (5)	56,043	3,371	405	398	2,995	63,212
Total average deposits	53,054	1,524	—	—	479	55,057

(1) GCB's, SVB Capital's and SVB Securities' components of NII, noninterest income, noninterest expense and total average assets are shown net of noncontrolling interests for all periods presented. Noncontrolling interest is included within "Other Items."

(2) The "Other Items" column reflects the adjustments necessary to reconcile the results of the operating segments to the consolidated financial statements prepared in conformity with GAAP. NII consists primarily of interest earned from our fixed income investment portfolio, net of FTP. Noninterest income consists primarily of gains or losses on equity warrant assets, gains or losses on the sale of AFS securities and gains or losses on equity securities from exercised warrant assets. Noninterest expense consists primarily of expenses associated with corporate support functions such as finance, human resources, marketing, legal and other expenses.

(3) The GCB segment includes direct depreciation and amortization of $34 million, $25 million and $20 million for December 31, 2021, December 31, 2020 and December 31, 2019, respectively.

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

(5) Total average assets equal the greater of total average assets or the sum of total average liabilities and total average stockholders' equity for each segment to reconcile the results to the consolidated financial statements prepared in conformity with GAAP.
(6) Included in the total average assets for SVB Securities is goodwill of $138 million and for Private Bank is goodwill of $87 million for the year ended December 31, 2021 and included in the total average assets for SVB Securities is goodwill of $138 million for the year ended December 31, 2020.

25. Parent Company Only Condensed Financial Information

The condensed balance sheets of SVB Financial at December 31, 2021 and December 31, 2020, and the related condensed statements of income, comprehensive income and cash flows for December 31, 2021, December 31, 2020 and December 31, 2019, are presented below:

Condensed Balance Sheets

	December 31,	
(Dollars in millions)	**2021**	**2020**
Assets:		
Cash and cash equivalents	$ 2,324	$ 671
Investment securities	731	667
Loans, amortized cost	1	1
Lease right-of-use assets	82	99
Other assets	387	260
Investment in subsidiaries:		
Bank subsidiary	14,795	7,069
Nonbank subsidiaries	894	667
Total assets	$ 19,214	$ 9,434
Liabilities and SVBFG stockholders' equity:		
Long-term debt	$ 2,570	$ 844
Lease liabilities	113	134
Other liabilities	295	236
Total liabilities	$ 2,978	$ 1,214
SVBFG stockholders' equity	16,236	8,220
Total liabilities and SVBFG stockholders' equity	$ 19,214	$ 9,434

Condensed Statements of Income

	Year ended December 31,		
(Dollars in millions)	**2021**	**2020**	**2019**
Interest income	$ 3	$ 3	$ 5
Interest expense	(48)	(22)	(32)
Dividend income from bank subsidiary	—	50	733
Gains on equity warrant assets, net	554	227	138
Gains on investment securities, net	197	158	45
Fund management fees and other noninterest income	68	62	22
General and administrative expenses	(298)	(121)	(95)
Income tax expense	(212)	(146)	(40)
Income before net income of subsidiaries	264	211	776
Equity in undistributed net income of bank subsidiary	1,294	776	304
Equity in undistributed net income of nonbank subsidiaries	275	221	57
Net income before preferred stock dividend	$ 1,833	$ 1,208	$ 1,137
Preferred stock dividends	(63)	(17)	—
Net income available to common stockholders	$ 1,770	$ 1,191	$ 1,137

Condensed Statements of Comprehensive Income

	Year ended December 31,		
(Dollars in millions)	**2021**	**2020**	**2019**
Net income before preferred stock dividend	$ 1,833	$ 1,208	$ 1,137
Other comprehensive (loss) income, net of tax:			
Foreign currency translation (losses) gains	(1)	12	2
Changes in unrealized holding gains and losses on AFS securities	(3)	—	2
Changes in fair value on bank cash flow hedges, net of reclassification adjustments in bank net income	(46)	131	(2)
Equity in other comprehensive (loss) income of bank and nonbank subsidiaries	(341)	395	136
Other comprehensive (loss) income, net of tax	(391)	538	138
Total comprehensive income	$ 1,442	$ 1,746	$ 1,275

Condensed Statements of Cash Flows

(Dollars in millions)	Year ended December 31, 2021	2020	2019
Cash flows from operating activities:			
Net income before preferred stock dividend	$ 1,833	$ 1,208	$ 1,137
Adjustments to reconcile net income to net cash provided by operating activities:			
Gains on equity warrant assets, net	(554)	(227)	(138)
Gains on investment securities, net	(197)	(158)	(45)
Gains on derivatives, net	—	(30)	—
Distributions of earnings from investment securities	60	65	50
Net income of bank subsidiary	(1,294)	(826)	(1,037)
Net income on nonbank subsidiaries	(275)	(221)	(57)
Cash dividends from bank subsidiary	—	50	733
Amortization of share-based compensation	136	84	67
(Increase) decrease in other assets	(40)	17	27
Increase in other liabilities	58	99	21
Other, net	2	14	8
Net cash (used for) provided by operating activities	(271)	75	766
Cash flows from investing activities:			
Net decrease in investment securities from purchases, sales and maturities	533	123	129
Net decrease (increase) in loans	—	15	(15)
Increase in investment in bank subsidiary	(1,240)	(69)	(43)
Capital infusion in bank subsidiary	(5,750)	(700)	—
Decrease in investment in nonbank subsidiaries	47	4	23
Business acquisitions	1,081	(27)	(266)
Net cash used for investing activities	(5,329)	(654)	(172)
Cash flows from financing activities:			
Principal payments of long-term debt	—	—	(358)
Proceeds from issuance long-term debt	1,636	495	—
Proceeds from issuance of common stock, ESPP and ESOP	2,374	31	25
Net proceeds from the issuance of preferred stock	3,306	—	340
Payment of preferred stock dividends	(63)	(17)	—
Common stock repurchase	—	(60)	(353)
Net cash provided by (used for) financing activities	7,253	449	(346)
Net increase (decrease) in cash and cash equivalents	1,653	(130)	248
Cash and cash equivalents at beginning of period	671	801	553
Cash and cash equivalents at end of period	$ 2,324	$ 671	$ 801

26. Legal Matters

Certain lawsuits and claims arising in the ordinary course of business have been filed or are pending against us and/or our affiliates, and we may from time to time be involved in other legal or regulatory proceedings. In accordance with applicable accounting guidance, we establish accruals for all such matters, including expected settlements, when we believe it is probable that a loss has been incurred and the amount of the loss is reasonably estimable. When a loss contingency is not both probable and estimable, we do not establish an accrual. Any such loss estimates are inherently uncertain, based on currently available information and are subject to management's judgment and various assumptions. Due to the inherent subjectivity of these estimates and unpredictability of outcomes of legal proceedings, any amounts accrued may not represent the ultimate resolution of such matters.

To the extent we believe any potential loss relating to such matters may have a material impact on our liquidity, consolidated financial position, results of operations and/or our business as a whole and is reasonably possible but not probable, we aim to disclose information relating to such potential loss. We also aim to disclose information relating to any material potential loss that is probable but not reasonably estimable. In such cases, where reasonably practicable, we aim to provide an estimate of loss or range of potential loss. No disclosures are generally made for any loss contingencies that are deemed to be remote.

Based upon information available to us, our review of lawsuits and claims filed or pending against us to date and consultation with our outside legal counsel, we have not recognized a material liability for any such matters, nor do we currently expect that these matters will result in a material liability to the Company. However, the outcome of litigation and other legal and regulatory matters is inherently uncertain, and it is possible that one or more of such matters currently pending or threatened could have an unanticipated material adverse effect on our liquidity, consolidated financial position, results of operations and/or our business as a whole, in the future.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

Disclosure controls and procedures are the controls and other procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms. Disclosure controls and procedures include, among other things, processes, controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

The Company carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2021, pursuant to Exchange Act Rule 13a-15(b). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of December 31, 2021.

We completed our acquisition of Boston Private on July 1, 2021. The scope of management's assessment of the effectiveness the Company's disclosure controls and procedures did not include the internal controls over financial reporting of Boston Private. This exclusion is in accordance with the SEC Staff's general guidance that an assessment of a recently acquired business may be omitted from the scope of management’s assessment for one year following the acquisition. Boston Private represents approximately 2% of our total consolidated revenue for the year ended December 31, 2021 and approximately 4% of total consolidated assets as of December 31, 2021.

(b) Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting at the Company. Our internal control over financial reporting is a process designed under the supervision of the Chief Executive Officer and the Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with GAAP. A company's internal control over financial reporting includes policies and procedures that (i) pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, transactions and dispositions of the company's assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that receipts and expenditures are being made only in accordance with authorization of management and the directors of the company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Company's financial statements.

Because of its inherent limitations, internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of December 31, 2021, the Company carried out an assessment, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's internal control over financial reporting pursuant to Rule 13a-15(c), as adopted by the SEC under the Exchange Act. In evaluating the effectiveness of the Company's internal control over financial reporting, management used the framework established in “Internal Control-Integrated Framework (2013),” issued by the COSO. Based on this assessment, management has concluded that, as of December 31, 2021, the Company's internal control over financial reporting was effective. As the Boston Private acquisition occurred in the third quarter of 2021, the scope of our evaluation of the effectiveness of internal control over financial reporting does not include Boston Private.

KPMG LLP, the independent registered public accounting firm that audited the consolidated financial statements of the Company included in this Annual Report on Form 10-K, has issued an attestation report on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2021. The report, which expresses an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2021, is included in "Consolidated Financial Statements and Supplementary Data" under Part II, Item 8 of this report under the heading “Report of Independent Registered Public Accounting Firm.”

(c) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in management's evaluation during the fourth quarter of the period covered by this Annual Report on Form 10-K that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information set forth under the sections titled "Proposal No. 1-Election of Directors," "Information on Executive Officers," "Board Committees," and "Corporate Governance and Board Matters" contained in the definitive proxy statement for SVB Financial's 2022 Annual Meeting of Stockholders is incorporated herein by reference.

We have a Code of Conduct for the Principal Executive Officer and Senior Financial Officers that applies to all of our directors, executive officers and senior financial officers as well as our U.S. employees. A copy of the Code of Conduct is available on our website at www.svb.com under "About Us-Investor Relations-Corporate Governance," or can be obtained without charge by any person requesting it. To request a copy of our Code of Conduct, please contact: Corporate Secretary, SVB Financial Group, 3003 Tasman Drive, Santa Clara, California 95054, or by telephone (408) 654-7400.

We intend to disclose any waivers from our Code of Conduct granted to our directors, executive officers and senior financial officers, and any material substantive changes to our Code of Conduct by posting such information on our website. No such waivers or substantive changes were made during fiscal year 2021.

ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the sections titled "Information on Executive Officers," "Compensation Discussion and Analysis," "Compensation for Named Executive Officers," "Compensation for Directors," "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" contained in the definitive proxy statement for SVB Financial's 2022 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, AND RELATED STOCKHOLDER MATTERS

The information set forth under the sections titled "Security Ownership of Directors and Executive Officers" and "Security Ownership of Principal Stockholders" contained in the definitive proxy statement for SVB Financial's 2022 Annual Meeting of Stockholders is incorporated herein by reference.

Our stockholders have approved each of our active equity compensation plans. The following table provides certain information as of December 31, 2021 with respect to our equity compensation plans:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (2)
Equity compensation plans approved by stockholders	475,626	$ 260.77	3,388,896
Equity compensation plans not approved by stockholders	N/A	N/A	N/A
Total	475,626	$ 260.77	3,388,896

(1) Represents options granted under our 2006 Equity Incentive Plan. This number does not include securities to be issued for unvested restricted stock units of 1,016,146 shares.

(2) Includes shares available for issuance under our 2006 Equity Incentive Plan and 1,059,586 shares available for issuance under the ESPP. This amount excludes securities already granted under our 2006 Equity Incentive Plan (as discussed above).

For additional information concerning our equity compensation plans, refer to Note 5—"Share-Based Compensation" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 of this report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information set forth under the sections titled "Certain Relationships and Related Transactions" and "Corporate Governance and Board Matters-Board Independence and Leadership" in the definitive proxy statement for SVB Financial's 2022 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information set forth under the section titled "Principal Audit Fees and Services" contained in the definitive proxy statement for SVB Financial's 2022 Annual Meeting of Stockholders is incorporated herein by reference.

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Exhibits:

(1) **Financial Statements.** The following consolidated financial statements of the registrant and its subsidiaries are included in Part II Item 8:

	Page
Report of Independent Registered Public Accounting Firm	95
Consolidated Balance Sheets as of December 31, 2021 and 2020	98
Consolidated Statements of Income for the three years ended December 31, 2021	99
Consolidated Statements of Comprehensive Income for the three years ended December 31, 2021	100
Consolidated Statements of Stockholders' Equity for the three years ended December 31, 2021	101
Consolidated Statements of Cash Flows for the three years ended December 31, 2021	102
Notes to the Consolidated Financial Statements	103

(2) **Financial Statement Schedule.** The consolidated financial statements and supplementary data are contained in Part II Item 8. All schedules other than as set forth above are omitted because of the absence of the conditions under which they are required or because the required information is included in the consolidated financial statements or related notes in Part II Item 8. 94

(3) **Exhibits.** 185

ITEM 16. FORM 10-K SUMMARY

None.

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	Agreement and Plan of Merger by and between SVB Financial Group and Boston Private Financial Holdings, Inc.	8-K	000-39154	2.1	January 8, 2021	
3.1	Amended and Restated Certificate of Incorporation	10-Q	000-15637	3.1	May 9, 2019	
3.2	Amended and Restated Bylaws, effective as of February 19, 2019	8-K	000-15637	3.2	February 20, 2019	
3.3	Certificate of Designations of the Registrant with respect to the Series A Preferred Stock, dated December 6, 2019, filed with the Secretary of State of the State of Delaware and effective December 6, 2019	8-A	000-15637	3.2	December 6, 2019	
3.4	Certificate of Designations of the Registrant with respect to the Series B Preferred Stock, dated February 1, 2021, filed with the Secretary of State of the State of Delaware and effective February 1, 2021	8-K	000-39154	3.1	February 2, 2021	
4.1	Officer's Certificate dated February 2, 2021, relating to the 1.800% Senior Note due 2031	8-K	000-39154	4.6	February 2, 2021	
4.2	Officer's Certificate, dated as of June 5, 2020, relating to the 3.125% Senior Note Due 2030	8-K	000-39154	4.2	June 5, 2020	
4.3	Indenture, dated September 20, 2010, by and between SVB Financial and U.S. Bank National Association, as trustee	8-K	000-15637	4.1	September 20, 2010	
4.4	Officer's Certificate, dated as of January 29, 2015, relating to the 3.50% Senior Note Due 2025	8-K	000-15637	4.2	January 29, 2015	
4.5	Deposit Agreement, dated December 9, 2019, among SVB Financial Group and American Stock Transfer and Trust Company, LLC, acting as depositary, and the holders from time to time of the Depositary Receipts described therein	8-K	000-15637	4.2	December 9, 2019	
4.6	Form of 3.50% Senior Note due 2025	8-K	000-15637	4.2	January 29, 2015	
4.7	Certificate of Designation of the Registrant with respect to the Series C Preferred Stock, dated May 12, 2021, filed with the Secretary of State of Delaware and effective May 12, 2021	8-K	001-39154	3.1	May 13, 2021	
4.8	Form of 2.100% Senior Notes due 2028	8-K	001-39154	4.7	May 13, 2021	
4.9	Certificate of Designation of the Registrant with respect to the Series D Preferred Stock, dated October 27, 2021, filed with the Secretary of State of Delaware and effective October 27, 2021	8-K	001-39154	3.1	October 28, 2021	
4.10	Certificate of Designation of the Registrant with respect to the Series E Preferred Stock, dated October 27, 2021, filed with the Secretary of State of Delaware and effective October 27, 2021	8-K	001-39154	3.2	October 28, 2021	
4.11	Form of 1.800% Senior Notes due 2026	8-K	001-39154	4.7	October 28, 2021	
4.12	Description of Registrant's Securities					X
*10.1	Office Lease Agreement, dated as of September 15, 2004, between CA-Lake Marriott Business Park Limited Partnership and Silicon Valley Bank: 3001, 3003 and 3101 Tasman Drive, Santa Clara, CA 95054	8-K	000-15637	10.28	September 20, 2004	
*10.2	1999 Employee Stock Purchase Plan	10-Q	000-15637	10.1	August 8, 2016	
*10.3	Form of Indemnification Agreement	10-Q	000-15637	10.7	November 6, 2009	
*10.4	Incentive Compensation Plan	10-Q	000-15637	10.1	August 7, 2018	
*10.5	Deferred Compensation Plan	10-K	000-15637	10.7	February 28, 2019	
*10.6	Change in Control Severance Plan	8-K	000-15637	10.14	March 15, 2012	
*10.7	2006 Equity Incentive Plan	10-K	001-39154	10.19	March 1, 2021	
*10.8	Offer Letter dated November 2, 2006, for Michael Descheneaux	8-K	000-15637	10.31	April 17, 2007	
*10.9	Offer Letter dated April 25, 2007, for Michael Descheneaux	8-K/A	000-15637	10.32	May 2, 2007	
*10.10	Form of Letter Agreement with Michael Descheneaux re: Salary Changes	8-K	000-15637	10.31	May 14, 2009	
*10.11	Form of Nonqualified Stock Option Agreement under 2006 Equity Incentive Plan+	10-K	000-15637	10.35	February 27, 2014	
*10.12	UK Sub-Plan of the 2006 Equity Incentive Plan+	10-Q	000-15637	10.3	May 9, 2014	
*10.13	Israeli Sub-Plan of the 2006 Equity Incentive Plan+	10-Q	000-15637	10.5	May 9, 2014	
*10.14	Form of Nonqualified Stock Option Agreement under 2006 Equity Incentive Plan++	8-K	000-15637	10.3	January 9, 2015	
*10.15	Form of Restricted Stock Unit Agreement under 2006 Equity Incentive Plan (Subject to Time-Based Vesting)++	8-K	000-15637	10.4	January 9, 2015	
*10.16	Form of Restricted Stock Unit Agreement under 2006 Incentive Plan (Subject to Performance-Based Vesting)++	8-K	000-15637	10.5	January 9, 2015	
*10.17	Form of Incentive Stock Option Agreement under 2006 Equity Incentive Plan	10-K	001-39154	10.18	March 1, 2021	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
*10.18	Form of Nonqualified Stock Option Agreement under 2006 Equity Incentive Plan+++	10-K	001-39154	10.19	March 1, 2021	
*10.19	Form of Restricted Stock Unit Agreement under 2006 Equity Incentive Plan (Subject to Time-Based Vesting)+++	10-K	001-39154	10.20	March 1, 2021	
*10.20	Form of Restricted Stock Unit Agreement under 2006 Equity Incentive Plan (Subject to Performance-Based Vesting)+++	10-K	001-39154	10.21	March 1, 2021	
*10.21	Form of Restricted Stock Award Agreement under 2006 Equity Incentive Plan+++	10-K	001-39154	10.22	March 1, 2021	
*10.22	Form of Stock Appreciation Rights Agreement under 2006 Equity Incentive Plan+++	10-K	001-39154	10.23	March 1, 2021	
*10.23	Form of Incentive Stock Option Agreement under 2006 Equity Incentive Plan (Continued Vesting Upon Retirement)+++	10-K	001-39154	10.24	March 1, 2021	
*10.24	Form of Nonqualified Stock Option Agreement under 2006 Equity Incentive Plan (Continued Vesting Upon Retirement)+++	10-K	001-39154	10.25	March 1, 2021	
*10.25	Form of Restricted Stock Unit Agreement under 2006 Equity Incentive Plan (Subject to Time-Based Vesting) (Continued Vesting Upon Retirement)+++	10-K	001-39154	10.26	March 1, 2021	
*10.26	Form of Restricted Stock Unit Agreement under 2006 Incentive Plan (Subject to Performance-Based Vesting) (Continued Vesting Upon Retirement)+++	10-K	001-39154	10.27	March 1, 2021	
*10.27	Form of Restricted Stock Award Agreement under 2006 Equity Incentive Plan (Continued Vesting Upon Retirement)+++	10-K	001-39154	10.28	March 1, 2021	
*10.28	Form of Stock Appreciation Rights Agreement under 2006 Equity Incentive Plan (Continued Vesting Upon Retirement)+++	10-K	001-39154	10.29	March 1, 2021	
*10.29	Form of U.K.-Approved Stock Option Agreement++	8-K	000-15637	10.8	January 9, 2015	
*10.30	Service Agreement, dated July 14, 2009, between SVB Financial Group UK Limited and Philip Cox	10-K	000-15637	10.47	February 26, 2015	
*10.31	Offer Agreement dated April 28, 2017, by and between Daniel Beck and SVB Financial Group	8-K	000-15637	10.1	May 12, 2017	
*10.32	Letter Agreement dated May 11, 2017, by and between Michael Descheneaux and SVB Financial Group	8-K	000-15637	10.2	May 12, 2017	
*10.33	Amended and Restated 401K and Employee Stock Ownership Plan					X
*10.34	Israeli Sub-Plan of the 1999 Employee Stock Purchase Plan++++					X
*10.35	Boston Private Financial Holdings, Inc. 2020 Omnibus Incentive Plan	S-8	333-237886	99.1	April 29, 2020	
*10.36	Boston Private Financial Holdings, Inc. 2010 Inducement Stock Plan	8-K	000-17089	10.2	June 8, 2010	
*10.37	Third Amendment to Boston Private Financial Holdings, Inc. 2010 Inducement Stock Plan	8-K	001-35070	10.1	November 20, 2018	
*10.38	Boston Private Financial Holdings, Inc. Amended and Restated 2009 Stock Option and Incentive Plan	8-K	001-35070	99.1	April 17, 2014	
*10.39	Boston Private Financial Holdings, Inc. 2009 Stock Option and Incentive Plan	8-K	000-17089	99.1	April 27, 2009	
21.1	Subsidiaries of SVB Financial					X
23.1	Consent of KPMG LLP, independent registered public accounting firm					X
31.1	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Executive Officer					X
31.2	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Financial Officer					X
32.1	Section 1350 Certifications					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

*	Denotes management contract or any compensatory plan, contract or arrangement.
+	Forms applicable to grants made under the 2006 Equity Incentive Plan during 2014.
++	Forms applicable to grants made under the 2006 Equity Incentive Plan beginning in 2015 to 2020.
+++	Forms applicable to grants made under the 2006 Equity Incentive Plan beginning in 2021.
++++	Form applicable to stock purchase rights granted under the 1999 Employee Stock Purchase Plan beginning in 2022.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SVB Financial Group

/s/ GREG W. BECKER

Greg W. Becker

President and Chief Executive Officer

Dated: March 1, 2022

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

Signature	Title	Date
/s/ ROGER F. DUNBAR **Roger F. Dunbar**	Chairman of the Board of Directors and Director	March 1, 2022
/s/ GREG W. BECKER **Greg W. Becker**	President, Chief Executive Officer and Director (Principal Executive Officer)	March 1, 2022
/s/ DANIEL J. BECK **Daniel J. Beck**	Chief Financial Officer (Principal Financial Officer)	March 1, 2022
/s/ KAREN HON **Karen Hon**	Chief Accounting Officer (Principal Accounting Officer)	March 1, 2022
/s/ ERIC A. BENHAMOU **Eric A. Benhamou**	Director	March 1, 2022
/s/ ELIZABETH BURR **Elizabeth Burr**	Director	March 1, 2022
/s/ JOHN S. CLENDENING **John S. Clendening**	Director	March 1, 2022
/s/ RICHARD D. DANIELS **Richard D. Daniels**	Director	March 1, 2022
/s/ ALISON DAVIS **Alison Davis**	Director	March 1, 2022
/s/ JOEL P. FRIEDMAN **Joel P. Friedman**	Director	March 1, 2022
/s/ JEFFREY N. MAGGIONCALDA **Jeffrey N. Maggioncalda**	Director	March 1, 2022
/s/ BEVERLY KAY MATTHEWS **Beverly Kay Matthews**	Director	March 1, 2022
/s/ MARY J. MILLER **Mary J. Miller**	Director	March 1, 2022
/s/ KATE D. MICTHELL **Kate D. Mitchell**	Director	March 1, 2022
/s/ GAREN K. STAGLIN **Garen K. Staglin**	Director	March 1, 2022

EXHIBIT 4.12

DESCRIPTION OF REGISTERED SECURITIES

As of December 31, 2021, SVB Financial Group (the “Company,” “we” or “us”) has two classes of securities registered under Section 12 of the Securities Exchange Act of 1934 (the “Exchange Act”): (i) our common stock and (ii) depositary shares (the “Depositary Shares”), each such share representing a 1/40th interest in a share of 5.250% fixed rate non-cumulative perpetual preferred stock, Series A (the “Series A Preferred Stock”). The Company's common stock and Depositary Shares are listed on the Nasdaq Global Select Market.

DESCRIPTION OF COMMON STOCK

The following description of the Company’s common stock and the relevant provisions of the Company’s Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws are summaries and are qualified in their entirety by reference to the Company’s Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, which are exhibits to the Annual Report of which this exhibit is a part.

General

Under our Amended and Restated Certificate of Incorporation, we are authorized to issue a total of 150,000,000 shares of common stock having a par value of $0.001 per share. Shares of our common stock are not redeemable or subject to sinking fund provisions, and have no subscription, conversion, preemptive or preferential rights.

Dividends

Subject to the prior rights of holders of any other class or series of preferred stock outstanding having prior rights as to dividends, holders of our common stock are entitled to receive dividends if, as and when declared by our board of directors out of funds legally available for dividends.

Voting Rights

Holders of our common stock are entitled to one vote for each share that they hold and are vested with all of the voting power except as our board of directors (or a committee thereof) has provided, or may provide in the future, with respect to any class or series of preferred stock that the board of directors (or a committee thereof) may authorize, including the Series A Preferred Stock. Holders of our common stock do not have the right to cumulate their voting power.

Liquidation Rights

In the event of our liquidation, dissolution or winding-up, holders of common stock have the right under Section 281 of the Delaware General Corporation Law to a ratable portion of assets remaining after satisfaction in full of the prior rights of our creditors, all liabilities and the total liquidation preferences of any outstanding shares of preferred stock.

DESCRIPTION OF PREFERRED STOCK AND DEPOSITARY SHARES

The following description of the Company’s Series A Preferred Stock, related Depositary Shares and the relevant provisions of the Company’s Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws are summaries and are qualified in their entirety by reference to (i) the Company’s Amended and Restated Certificate of Incorporation, (ii) the Amended and Restated Bylaws, (iii) the Deposit Agreement (the “Deposit Agreement”), dated as of December 9, 2019, among the Company, as issuer, American Stock Transfer & Trust Company, LLC, as depositary (the “Depositary”), and the holders from time to time of the depositary receipts described therein and (iv) the Certificate of Designations of the Company with respect to the Series A Preferred Stock, dated December 6, 2019 (the “Certificate of Designations”), each of which are exhibits to the Annual Report of which this exhibit is a part.

General

Under our Amended and Restated Certificate of Incorporation, we are authorized to issue a total of 20,000,000 shares of preferred stock having a par value of $0.001 per share. Holders of our Series A Preferred Stock and Depositary Shares do not have any preemptive or conversion rights. The number of authorized shares of Series A Preferred Stock under the Certificate of Designations is 350,000, with a "Stated Amount" per share of $1,000.

We have issued Depositary Shares each representing a 1/40th fractional interest in a share of Series A Preferred Stock, which are evidenced by depositary receipts. We have deposited the underlying shares of the Series A Preferred Stock represented by the Depositary Shares with a depositary pursuant to the Deposit Agreement. Subject to the terms of the Deposit Agreement, each holder of a Depositary Share is entitled to all the rights and preferences of the underlying Series A Preferred Stock in proportion to the applicable fraction of a share of Series A Preferred Stock represented by the Depositary Share. These rights include dividend, voting, redemption and liquidation rights.

Ranking

With respect to the payment of dividends and distributions of assets upon any liquidation, dissolution or winding-up of the Company, the Series A Preferred Stock will rank:

- senior to our common stock and any other class or series of our stock that ranks junior to the Series A Preferred Stock in the payment of dividends or in the distribution of assets upon the liquidation, dissolution or winding-up of the Company;
- senior to or on a parity with each other series of our preferred stock we may issue (except for any senior series that may be issued upon the requisite vote or consent of the holders of at least two-thirds of the shares of the Series A Preferred Stock at the time outstanding and entitled to vote, voting together as a single class with any other series of preferred stock entitled to vote thereon (to the exclusion of all other series of preferred stock)) with respect to the payment of dividends and distributions of assets upon any liquidation, dissolution or winding-up of the Company; and
- with respect to distributions of assets upon any liquidation, dissolution or winding-up of the Company, junior to all existing and future indebtedness and other non-equity claims on us.

Dividends

Holders of Series A Preferred Stock are entitled to receive, when, as and if declared by our board of directors (or a duly authorized committee of our board of directors), but only out of funds legally available therefor, non-cumulative cash dividends at an annual rate of 5.250% of the Stated Amount per share, payable quarterly in arrears, on February 15, May 15, August 15 and November 15 of each year (a "Dividend Payment Date"), beginning on February 15, 2020. Subject to the terms of the Deposit Agreement, the dividend payable on each Depositary Share will be in an amount equal to 1/40th of the dividend declared and payable on the related share of Series A Preferred Stock.

So long as any share of Series A Preferred Stock remains outstanding, unless dividends on all outstanding shares of Series A Preferred Stock for the most recently completed dividend period have been paid in full or declared and a sum sufficient for the payment thereof has been set aside for payment, (i) no dividend may be declared or paid or set aside for payment, and no distribution may be made, on any share of common stock, (ii) no monies may be paid or made available for a sinking fund for the redemption or retirement of common stock, and (iii) no shares of common stock may be purchased, redeemed or otherwise acquired for consideration by the Company, subject to certain exceptions.

Company Redemption

The Company may, at its option, redeem the shares of Series A Preferred Stock (i) in whole or in part, from time to time, on any Dividend Payment Date on or after the Dividend Payment Date on February 15, 2025 or (ii) in whole but not in part at any time within 90 days following a Regulatory Capital Treatment Event (as defined in the Certificate of Designations), in each case, at a cash redemption price equal to the Stated Amount, together with any declared and unpaid dividends, without regard to any undeclared dividends, to but excluding the redemption date.

If we redeem the Series A Preferred Stock, the Depositary Shares will be redeemed from the proceeds received by the Depositary resulting from the redemption of the Series A Preferred Stock held by the Depositary. The redemption price per Depositary Share will be equal to 1/40th of the redemption price per share payable with respect to the Series A Preferred Stock (equivalent to $25 per Depositary Share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends, on the shares of Series A Preferred Stock. Whenever we redeem shares of the Series A Preferred Stock held by the Depositary, the Depositary will redeem, as of the same redemption date, the number of the Depositary Shares representing shares of the Series A Preferred Stock so redeemed.

In case of any redemption of less than all of the outstanding Depositary Shares, the Depositary Shares to be redeemed will be selected either pro rata or by lot. In any case, the Depositary will redeem the Depositary Shares only in increments of 40 Depositary Shares and any integral multiple thereof. The Depositary will provide notice of redemption to record holders of the Depositary

Shares not less than 30 and not more than 60 days prior to the date fixed for redemption of the Series A Preferred Stock and the related Depositary Shares.

Voting

The holders of Series A Preferred Stock will have no voting rights except as set forth in the Certificate of Designations or as otherwise from time to time required by law. If holders of Series A Preferred Stock are entitled to vote on a particular matter, holders of Depositary Shares will be entitled to the applicable fraction of a vote per depositary share they hold representing those shares of preferred stock.

To the extent possible, the Depositary will vote the amount of the Series A Preferred Stock represented by the Depositary Shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the Depositary determines are necessary to enable the Depositary to vote as instructed. If the Depositary does not receive specific instructions from the holders of any Depositary Shares, it will vote all Depositary Shares held by it proportionately with instructions received.

Right to Elect Two Directors upon Nonpayment. If and when dividends on Series A Preferred Stock have not been declared and paid in full for at least six quarterly dividend periods, the authorized number of directors then constituting our board of directors will automatically be increased by two. Holders of Series A Preferred Stock (together with the holders of all other voting preferred stock then outstanding), voting as a single class, will be entitled to elect the two additional members of the board of directors. These voting rights will continue until dividends on the shares of the Series A Preferred Stock and any such other series of voting preferred stock for at least four consecutive quarterly dividend periods, in the case of the Series A Preferred Stock, or the equivalent thereof, in the case of any other series of voting preferred stock, as applicable, following the nonpayment shall have been fully paid. Then, the holders of the Series A Preferred Stock and all other holders of voting preferred stock shall be divested of the foregoing voting rights (subject to revesting in the event of each subsequent nonpayment), the term of office of each preferred stock director so elected shall terminate and the number of directors on the board of directors shall automatically decrease by two.

***Other Matters*.** The affirmative vote or consent of the holders of at least two-thirds of all of the then-outstanding shares of Series A Preferred Stock entitled to vote, voting separately as a single class with any other series of preferred stock entitled to vote thereon, is required to:

- authorize or increase the authorized amount of, or issue shares of, any class or series of our capital stock ranking senior to the class of Series A Preferred Stock with respect to the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding-up of the Company;
- amend the provisions of our Amended and Restated Certificate of Incorporation, the Amended and Restated Bylaws or the Certificate of Designations that would alter or change the voting powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely; or
- consummate a binding share-exchange or reclassification involving the Series A Preferred Stock, or a merger or consolidation of us with or into another entity unless the shares of Series A Preferred Stock (i) remain outstanding or (ii) are converted into or exchanged for preference securities of the surviving entity or any entity controlling such surviving entity and such new preference securities have terms that are not materially less favorable than the Series A Preferred Stock, taken as a whole.

Liquidation Rights

In the event of our liquidation, dissolution or winding-up, holders of Series A Preferred Stock have the right to a ratable portion of assets remaining after satisfaction in full of the prior rights of our creditors, all liabilities and prior rights of holders of any securities ranking senior to our preferred stock. Holders of Depositary Shares will generally receive distributions in proportion to the number of Depositary Shares they hold.

Charges of Depositary

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will pay associated charges of the Depositary in connection with the initial deposit of the Series A Preferred Stock and any redemption of the Series A Preferred Stock. Holders of the Depositary Shares will pay transfer, income and other taxes and governmental charges and such other charges as are expressly provided in the Deposit Agreement to be for their accounts. If these charges have not been paid by the holders of the Depositary Shares, the Depositary may refuse to transfer Depositary Shares, withhold dividends and distributions, and sell the Depositary Shares.

CERTAIN PROVISIONS THAT MAY HAVE AN ANTI-TAKOVER EFFECT

The following descriptions of certain provisions that may have an anti-takeover effect are summaries and are qualified in their entirety by reference to (i) the Company's Amended and Restated Certificate of Incorporation and the Amended and Restated Bylaws (which are exhibits to the Annual Report of which this exhibit is a part) and (ii) the Delaware General Corporation Law.

Restrictions on Ownership

The Bank Holding Company Act requires any "bank holding company," as defined in the Bank Holding Company Act, to obtain the approval of the Board of Governors of the Federal Reserve ("Federal Reserve Board") prior to the acquisition of 5% or more of our common stock. Any person, other than a bank holding company, is required to obtain prior approval of the Federal Reserve Board to acquire 10% or more of our common stock under the Change in Bank Control Act. Any holder of 25% or more of our common stock, or a holder of 5% or more if such holder otherwise exercises a "controlling influence" over us, is subject to regulation as a bank holding company under the Bank Holding Company Act.

Before acquiring control of a California state-chartered bank or its parent company, a person or entity must obtain the prior approval of the California Department of Business Oversight under the California Banking Law. "Control" means the power to vote 25% or more of the outstanding voting securities or the power to direct the management and policies of a bank or parent company. In addition, direct or indirect ownership, control or power to vote 10% or more of the outstanding voting securities of the bank or parent company is presumed to constitute control of the bank or parent company unless the acquiring person provides the California Department of Business Oversight with sufficient information to rebut this presumption.

Under the regulations of the Federal Reserve Board implementing the Bank Holding Company Act, if any holder of any series of preferred stock (including the Series A Preferred Stock) is or becomes entitled to vote for the election of directors, such series will be deemed a class of voting securities and a company holding 25% or more of the series, or such lower amount of the Series A Preferred Stock, may be deemed, when coupled with other factors, to constitute a "controlling influence" over the issuer, and will be subject to regulation as a bank holding company under the Bank Holding Company Act. In addition, at the time the series is deemed a class of voting securities, any other bank holding company will be required to obtain the approval of the Federal Reserve Board under the Bank Holding Company Act to acquire or maintain more than 5% of that series. Any other person (other than the bank holding company) will be required to obtain the non-objection of the Federal Reserve Board under the Change in Bank Control Act of 1978, as amended, to acquire or maintain 10% or more of that series.

EXHIBIT 10.33

SVB FINANCIAL GROUP 401(K) AND EMPLOYEE STOCK OWNERSHIP PLAN

Amended and Restated as of July 1, 2021

TABLE OF CONTENTS

ARTICLE I INTRODUCTION 1
ARTICLE II DEFINITIONS 2
2.1 Account or Accounts. 2
2.2 Administrator. 2
2.3 After-Tax Contributions. 2
2.4 After-Tax Rollovers. 2
2.5 Beneficiary. 2
2.6 Board. 2
2.7 Break in Service. 2
2.8 Catch-Up Contributions. 2
2.9 Catch-Up Eligible Participant. 2
2.10 Code. 2
2.11 Committee. 3
2.12 Company. 3
2.13 Company Stock. 3
2.14 Compensation. 3
2.15 Contributions. 3
2.16 Days of Service. 4
2.17 Department of Labor Regulations. 4
2.18 Disability. 4
2.19 Early Retirement or Early Retirement Date. 4
2.20 Earnings. 4
2.21 Effective Date. 4
2.22 Eligible Employee. 4
2.23 Eligible Participant. 5
2.24 Employee. 5
2.25 Employee Contributions. 5
2.26 Employer. 5
2.27 ERISA. 5
2.28 ESOP Contributions. 5
2.29 Highly Compensated Employee. 5
2.30 Matching Contributions. 5
2.31 Non-Highly Compensated Employee. 6
2.32 Normal Retirement or Normal Retirement Date. 6
2.33 Participant. 6
2.34 Participating Employer. 6
2.35 Period of Service. 6

2.36 Plan. 6
2.37 Plan Year. 6
2.38 Profit Sharing Contributions. 6
2.39 Qualified Matching Contributions. 6
2.40 Qualified Nonelective Contributions. 7
2.41 Rollover Contributions. 7
2.42 Roth Contribution. 7
2.43 Roth Rollover Contributions. 7
2.44 Severance Date. 7
2.45 Spousal Consent. 7
2.46 Spouse or Surviving Spouse. 7
2.47 Trust. 7
2.48 Trust Agreement. 7
2.49 Trustee. 7
2.50 Valuation Date. 7
2.51 Year of Service. 8
2.52 Other Definitions. 8
ARTICLE III ELIGIBILITY 9
3.1 Participation. 9
3.2 Reemployment. 9
3.3 Change in Employment Status. 9
3.4 Enrollment of Participants. 9
ARTICLE IV ACCOUNTS AND CONTRIBUTIONS 10
4.1 Participant Accounts. 10
4.2 Allocation of Contributions and Earnings. 11
4.3 Employee Contributions. 11
4.4 Catch-Up Contributions. 12
4.5 Matching Contributions and Qualified Matching Contributions. 13
4.6 Profit Sharing Contributions. 14
4.7 ESOP Contributions. 15
4.8 Limitations on Contributions. 15
4.9 Time and Manner of Payment of Contributions. 15
4.1 Receipt of Assets from Another Plan. 16
4.11 Roth Contributions and In-Plan Roth Conversions. 16
4.12 After-Tax Contributions. 18
ARTICLE V LIMITATIONS AND DISCRIMINATION TESTING 19
5.1 Section 415 Limitation. 19
5.2 Distribution of Excess Amounts. 19
5.3 Discrimination Testing of Employee Contributions. 20
5.4 Corrective Procedure for Discriminatory Employee Contributions. 21
5.5 Discrimination Testing of Matching Contributions and/or After-Tax Contributions. 23

5.6 Corrective Procedure for Discriminatory Matching Contributions and/or After-Tax Contributions. 24
ARTICLE VI VESTING AND FORFEITURES 28
6.1 Vested Interest. 28
6.2 Forfeitures. 29
ARTICLE VII DISTRIBUTION OF ACCOUNTS 31
7.1 Termination of Employment. 31
7.2 Disability. 31
7.3 Death Benefits. 31
7.4 Change to a Leased Employee. 31
7.5 Beneficiary Designation. 31
7.6 Form of Distribution. 32
7.7 Form of Benefit. 32
7.8 Commencement of Distribution. 32
7.9 Direct Rollovers and Withholding. 32
7.10 Minimum Distribution Requirements. 34
7.11 Distribution to Minor or Incompetent. 35
7.12 Location of Participant or Beneficiary Unknown. 35
7.13 Prohibition Against Profiting from Participant's Death. 35
ARTICLE VIII HARDSHIPS. LOANS. IN-SERVICE WITHDRAWALS 36
8.1 Hardship Withdrawals. 36
8.2 Loans. 37
8.3 In-Service Withdrawals At and After Age Fifty-Nine and One-Half (59½). 38
8.4 In Service Withdrawals Available at Any Time. 38
8.5 Military Service Distribution. 38
ARTICLE IX ADMINISTRATION 39
9.1 Committee. 39
9.2 Power. 39
9.3 Expenses. 39
9.4 Participant-Directed Accounts. 39
9.5 Domestic Relations Orders. 39
ARTICLE X AMENDMENT, TERMINATION OR MERGER. 41
10.1 Amendment. 41
10.2 Termination of Plan. 41
10.3 Merger. 41
ARTICLE XI TOP-HEAVY PROVISIONS 43
11.1 Purpose. 43
11.2 Definitions. 43
11.3 Minimum Allocation. 45
ARTICLE XII MISCELLANEOUS 46
12.1 Military Service. 46
12.2 Legal or Equitable Action. 46

12.3 No Enlargement of Plan Rights. 46
12.4 No Enlargement of Employment Rights. 46
12.5 Interpretation. 46
12.6 Notices and Form of Communication. 46
12.7 Governing Law. 46
12.8 Non-Alienation of Benefits. 47
12.9 No Reversion. 47
12.10 Conflict. 47
12.11 Severability. 47

APPENDIX A ESOP CONTRIBUTIONS 48
APPENDIX B GUIDELINES FOR ANNUITY FORMS OF DISTRIBUTION 50
APPENDIX C BOSTON PRIVATE 401(k) PLAN MERGER INTO THE PLAN 53

ARTICLE I

INTRODUCTION

SVB Financial Group (the “Company”), organized as a C-corporation, maintains the SVB Financial Group 401(k) and Employee Stock Ownership Plan (the “Plan”), for the exclusive benefit of Participants and their Beneficiaries. The Plan was originally established effective January 1, 1985. Effective March 1, 1995, the Silicon Valley Bancshares Employee Stock Ownership Plan was merged with and into the Plan. Effective January 1, 2003, the Silicon Valley Bank Money Purchase Pension Plan was merged with and into the Plan. The Plan was most recently restated effective January 1, 2014. The Company hereby further amends and restates the Plan in its entirety, effective July 1, 2021 (except as otherwise stated herein or as required by law).

The Plan is intended to be a tax-qualified profit sharing plan with a related tax-exempt trust under Code Sections 401(a) and 501(a), respectively, and includes a tax-qualified cash or deferred arrangement under Code Section 401(k), a matching contribution arrangement under Code Section 401(m), and includes discretionary profit sharing contributions. The Plan also is intended to be an employee stock ownership plan (“ESOP”) under Code Section 4975(e)(7) and Code Section 409(l) and to provide participant-directed investments in accordance with ERISA Section 404(c).

ARTICLE II

DEFINITIONS

Wherever used in this Plan, the following terms shall have the meanings below, unless a different meaning is plainly required by the context. The singular shall include the plural, unless the context indicates otherwise. Headings of sections are used for convenience of reference only. In case of conflict, the text of the Plan, rather than such headings, shall control.

2.1 Account or Accounts. "Account" or "Accounts" means a Participant's interest in the Trust that may consist of any or all of the Participant Accounts described in Section 4.1.

2.2 Administrator. "Administrator" (as defined in ERISA Section 3(16)(A)) means the Company, which may delegate all or a portion of the duties of the Administrator (as described in Article IX) to a Committee.

2.3 After-Tax Contributions. "After-Tax Contributions" means Contributions under this Plan, made in accordance with Section 4.12.

2.4 After-Tax Rollovers. "After-Tax Rollovers" means after-tax contributions under this Plan, made in accordance with Section 4.10.

2.5 Beneficiary. "Beneficiary" means the person(s) or entity(ies) who is (are) entitled to receive benefits payable from the Plan (and related Trust) on account of a Participant's death, as set forth in Section 7.5.

2.6 Board. "Board" means the Board of Directors of the Company.

2.7 Break in Service. "Break in Service" means:

(a) For purposes of vesting, a period of time commencing with an Employee's Severance Date of at least twelve (12) consecutive months during which the Employee is not credited with any Period of Service under Section 2.35.

(b) If an Employee is absent on account of maternity or paternity leave, or on account of an authorized leave of absence, then the Employee will not be considered to have incurred a one (1)-year Break in Service for the first twelve (12)-consecutive month period in which the Employee would otherwise have had a one (1)-year Break in Service. For purposes of this paragraph, maternity or paternity leave means a period during which an Employee is absent because of: (i) the pregnancy of the Employee, (ii) the birth of a child of the Employee, (iii) the placement of a child with the Employee in connection with the Employee's adoption of the child, or (iv) the caring for a child by the Employee immediately after the birth or placement of the child.

2.8 Catch-Up Contributions. "Catch-Up Contributions" means Contributions under this Plan, made in accordance with Section 4.4.

2.9 Catch-Up Eligible Participant. "Catch-Up Eligible Participant," for any taxable year, means an Eligible Participant who is, or who will be, age fifty (50) or older at any time during that taxable year.

2.10 Code. "Code" means the Internal Revenue Code of 1986, as amended from time to time, and applicable Income Tax Regulations issued thereunder.

2.11 Committee. "Committee" means the 401(k) and Employee Stock Ownership Plan Committee that is appointed by the Company, as specified in Article IX. The Committee may from time to time designate authorized delegate(s) to act on its behalf with regard to its duties and responsibilities under the Plan.

2.12 Company. "Company" means SVB Financial Group, and any successor thereto by merger, consolidation or otherwise. The Board may from time to time designate authorized delegate(s), including its Compensation Committee, to act on its behalf with regard to its duties and responsibilities under the Plan.

2.13 Company Stock. "Company Stock" means common stock of the Company, or any successor thereto by merger, consolidation or otherwise, that meets the requirements of "qualifying employer security" under ERISA Section 407(d)(5) and "employer securities" under Code Section 409(1).

2.14 Compensation. "Compensation" means, subject to the provisions in this Section, an Eligible Employee's wages, salaries, and other amounts received (without regard to whether or not amount is paid in cash) for professional services actually rendered in the course of employment with a Participating Employer maintaining the Plan, to the extent that the amounts are includible in gross income (or to the extent amounts would have been received and includible in gross income but for an election under Code Sections 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b)) as defined in Income Tax Regulation section 1.415(c)-2(d)(2). Compensation excludes amounts realized from the exercise of a nonqualified stock option, amounts realized when restricted stock is no longer subject to a substantial risk of forfeiture, amounts realized from the disposition of a qualified stock option, reimbursements or other expenses allowances, cash and non-cash fringe benefits, moving expenses, deferred compensation, welfare benefits and severance pay.

Compensation that is paid within thirty (30) days after an Eligible Employee's severance from employment is included in Compensation if it meets either (a) or (b) below. In addition, for purposes of Matching Contributions, Profit Sharing Contributions and ESOP Contributions, and for purposes of determining the Annual Additions limitation under Section 5.1(b) and otherwise may be required by the Code and applicable Income Tax Regulations, Compensation paid by the later of two and one-half (2½) months after the date of the Employee's severance from employment or the end of the Limitation Year (described in Section 5.1) that includes the date of the Employee's severance from employment is included in Compensation if it meets either (a) or (b) below:

(a) Such payment is regular compensation for services during the Eligible Employee's regular working hours, or compensation for services outside the Eligible Employee's regular working hours (such as overtime or shift differential), commissions, bonuses or similar payments and such payment would have been paid to the Employee in the absence of a severance from employment; or

(b) Such compensation is payment of accrued bona fide sick leave, vacation or other leave, but only if the Employee would have been able to use the leave if their employment had continued.

The annual Compensation of each Eligible Employee that is taken into account under the Plan shall not exceed the limit prescribed under Code Section 401(a)(17), as adjusted by the Secretary of the Treasury under Code Section 415(d). If a Plan Year consists of less than twelve (12) months, then the annual Compensation limit shall be adjusted to an amount equal to the otherwise applicable limit for such Plan Year multiplied by a fraction, the numerator of which is the number of months in the short Plan Year and the denominator of which is twelve (12).

2.15 Contributions. "Contributions" means contributions that may be made to a Participant's Accounts from time to time, including Employee Contributions, After-Tax Contributions, Catch-Up Contributions, Rollover Contributions, Matching Contributions, ESOP Contributions, Profit Sharing

Contributions, Qualified Matching Contributions, Qualified Nonelective Contributions, Roth Contributions, Roth Rollover Contributions and After-Tax Rollovers.

2.16 Days of Service. "Days of Service" means the total number of days in an Employee's service periods, whether or not such periods were consecutively completed. Days of Service shall also mean the number of days in all severance periods, if any, in which:

(a) the Employee severs from service by reason of quit, discharge or retirement, if the Employee performs an hour of service for an Employer within twelve (12) months of the date of such severance; provided that immediately prior to such quit, discharge or retirement, the Employee was not absent from service; or

(b) notwithstanding paragraph (a) above, the Employee severs from service by reason of quit, discharge or retirement during an absence from service of twelve (12) months or less for any reason other than a quit, discharge, retirement or death and the Employee then performs an hour of service for an Employer within twelve (12) months of the date on which the Employee was first absent from service.

2.17 Department of Labor Regulations. "Department of Labor Regulations" means the regulations under ERISA, prescribed by the Secretary of Labor from time to time.

2.18 Disability. "Disability" means the Participant is disabled as determined by the United States Social Security Administration.

2.19 Early Retirement or Early Retirement Date. "Early Retirement" or "Early Retirement Date" means the date on which a Participant is at least fifty-five (55) years of age, has completed ten (10) Years of Service, and subsequently terminates their employment with a Participating Employer.

2.20 Earnings. "Earnings" means (a) interest, dividends, rents, royalties, net realized and unrealized gains, and other income, less (b) fees, commissions, insurance premiums and other expenses, and realized and unrealized losses.

2.21 Effective Date. "Effective Date" for this Plan restatement means July 1, 2021, except as otherwise provided herein.

2.22 Eligible Employee. "Eligible Employee" means each Employee who is at least 18 years of age and who is on the United States payroll of a Participating Employer, except:

(a) an individual who is classified as a Leased Employee by the Employer. A "Leased Employee" means any individual who, pursuant to an agreement between the Employer and any other individual, has performed services for the Employer (or for the Employer and related individuals determined in accordance with Code Section 414(n)(6)) ("Recipient Employer") on a substantially full-time basis for a period of at least one (1) year, and such services are performed under the primary direction of or control by the Recipient Employer;

(b) an Employee who is a non-resident alien (within the meaning of Code Section 7701(b)(1)(B)) and who receives no earned income (within the meaning of Code Section 911(d)(2)) from the Employer which constitutes income from sources within the United States (within the meaning of Code Section 861(a)(3));

(c) an individual who is classified as an intern by the Employer;

(d) an Employee or individual prior to the effective date that the Employee or individual became a Reclassified Employee, regardless of whether such reclassification is intended to be retroactively effective. "Reclassified Employee" means an Employee

who was not initially classified by the Employer as an Employee, but who was subsequently reclassified as an Employee by a Federal, state or local group, organization, agency or court;

(e) an Employee who is covered by a collective bargaining agreement between a union and that Employer or any employers' association under which retirement benefits were the subject of good faith bargaining, unless the agreement specifically provides for coverage of such Employee under the Plan; or

(f) an Employee who is eligible to actively participate in the Boston Private Financial Holdings, Inc. 401(k) Plan (a "Boston Private Employee") until the day immediately following the date such plan is frozen to active participation. Notwithstanding the foregoing, effective July 1, 2021, a Boston Private Employee who is an otherwise Eligible Participant shall be eligible to receive Profit Sharing Contributions and ESOP Contributions attributable to Compensation earned on and after July 1, 2021 in accordance with Sections 4.6 and 4.7.

2.23 **Eligible Participant**. "Eligible Participant" means an Eligible Employee who is participating in the Plan as described in Article III.

2.24 **Employee**. "Employee" means any person: (a) who is employed by, and designated as an employee by, the Employer; or (b) who is a Leased Employee, as defined in Section 2.22 above, provided, however, if Leased Employees constitute less than twenty percent (20%) of the Non-Highly Compensated Employee workforce (within the meaning of Code Section 414(n)(5)(C)(ii)), then the term "Employee" shall not include those Leased Employees who are covered by plan described in Code Section 414(n)(5).

2.25 **Employee Contributions.** "Employee Contributions" means the pre-tax elective deferrals made by an Eligible Participant under Section 4.3.

2.26 **Employer**. "Employer" means: (a) the Company; (b) any other corporation that is a member of a controlled group of corporations (as defined under Code Section 414(b)) that includes the Company; (c) any trade or business (whether or not incorporated) that is under common control (as defined under Code Section 414(c)) with the Company; (d) any organization (whether or not incorporated) that is a member of an affiliated service group (as defined under Code Section 414(m)) that includes the Company; and (e) any other organization or entity that is required to be aggregated with the Company pursuant to Code Section 414(o). For purposes of the calculation of Annual Additions as set forth in Section 5.1, the determination of whether any entity is an Employer shall be made in accordance with Code Section 415(h).

2.27 **ERISA**. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and applicable Department of Labor Regulations issued thereunder.

2.28 **ESOP Contributions**. "ESOP Contributions" means discretionary contributions made by the Company under the Plan in accordance with Section 4.7.

2.29 **Highly Compensated Employee**. "Highly Compensated Employee" means, for any Plan Year, an Employee described under Code Section 414(q), applying the top-paid group election as described under Code Section 414(q)(3) and applicable Income Tax Regulations. The top-paid group consists of the top 20% of Employees ranked on the basis of compensation (as defined under Code Section 415(c)(3)) received during the twelve (12) month period preceding the Plan Year.

2.30 **Matching Contributions**. "Matching Contributions" means contributions made by the Company under the Plan in accordance with Section 4.5.

2.31 Non-Highly Compensated Employee. "Non-Highly Compensated Employee" means an Employee who is not a Highly Compensated Employee.

2.32 Normal Retirement or Normal Retirement Date. "Normal Retirement" or "Normal Retirement Date" means the date on which a Participant is at least sixty-two (62) years of age.

2.33 Participant. "Participant" means a current or former Eligible Employee or other individual for whom an Account is maintained under the Plan.

2.34 Participating Employer. "Participating Employer" means the Company and any other Employer that employs Eligible Employees unless such Employer has been excluded from participation by the Committee.

2.35 Period of Service."Period of Service" means:

(a) An Employee's period of employment with the Employer, beginning with the Employee's employment or reemployment commencement date, whichever is applicable, and ending with their Severance Date. An Employee's Period of Service shall be determined without regard to whether the Employee is a Participant or an Eligible Employee during their Period of Service with the Employer. An Employee's Period of Service shall include those periods that do not exceed twelve (12) months during which the Employee is on a leave of absence, disabled, laid off, on sick leave, on vacation or on holiday. In addition, if an Employee ceases to be an Employee and then resumes Employee status within twelve (12) consecutive months immediately following the date of such cessation, then their Period of Service shall also include each day during that period of cessation, beginning with the day that the individual ceases to be an Employee and ending with the day the individual again becomes an Employee.

(b) If an Employee is absent from service for any reason other than quit, discharge, retirement, or death, and during the absence ceases to be an Employee, their Period of Service shall also include the period between the Employee's Severance Date and the first anniversary of the date on which the Employee was first absent, if the individual again becomes an Employee before such first anniversary date.

(c) An Employee's Period of Service shall be expressed in years and portions of years and shall be measured in cumulative daily increments (including holidays, weekends, and other non-working days) with three hundred sixty-five (365) Days of Service equaling a Year of Service irrespective of whether such Year of Service was completed within a twelve (12) consecutive month period.

2.36 Plan. "Plan" means the SVB Financial Group 401(k) and Employee Stock Ownership Plan, as set forth herein and in amendments from time to time made hereto.

2.37 Plan Year. "Plan Year" means the twelve (12) consecutive month period beginning each January 1 and ending each December 31.

2.38 Profit Sharing Contributions. "Profit Sharing Contributions" means discretionary contributions made by the Company under the Plan in accordance with Section 4.6.

2.39 Qualified Matching Contributions. "Qualified Matching Contributions" means discretionary Contributions under this Plan or any other tax-qualified plan of the Employer made in accordance with Section 4.5.

2.40 Qualified Nonelective Contributions. "Qualified Nonelective Contributions" means discretionary Contributions under this Plan or any other tax-qualified plan of the Employer made in accordance with Article V.

2.41 Rollover Contributions. "Rollover Contributions" means contributions under this Plan in accordance with Section 4.10.

2.42 Roth Contribution. "Roth Contributions" means contributions under this Plan in accordance with Section 4.11.

2.43 Roth Rollover Contributions. "Roth Rollover Contributions" means contributions made under this Plan in accordance with Section 4.11.

2.44 Severance Date. "Severance Date" means the first to occur of: (a) the date on which an Employee terminates employment with the Employer because the Employee quits, is discharged, dies or retires; or (b) the first anniversary of the date on which the Employee is absent (with or without pay) from employment for any other reason (such as vacation, holiday, sickness, maternity or paternity leave, or layoff).

2.45 Spousal Consent. "Spousal Consent" means written consent given by a Spouse to a Participant's election or waiver of a specified form of benefit or of a Beneficiary designation in a manner determined by the Committee from time to time. The Spouse's consent must acknowledge the effect on the Spouse of the Participant's election, waiver or designation, and be duly witnessed by a Plan representative or notary public. Spousal Consent shall be valid only with respect to the Spouse who signs the Spousal Consent and only for the particular choice made by the Participant which requires Spousal Consent. A Participant may revoke (without Spousal Consent) a prior election, waiver or designation that required Spousal Consent at any time before payments begin. Spousal Consent also means a determination by the Committee that there is no Spouse, the Spouse cannot be located, or such other circumstances as may be established by applicable law. The marriage (or applicable remarriage) of a Participant shall nullify any Beneficiary designation made by the Participant prior to the marriage (or applicable remarriage).

2.46 Spouse or Surviving Spouse. "Spouse" or "Surviving Spouse" means the spouse or surviving spouse of a Participant to whom such Participant is legally married, determined in accordance with the Code, ERISA, and applicable Income Tax Regulations and Department of Labor Regulations, or was legally married as of the date of the Participant's death for purposes of a Surviving Spouse; provided, however, that a former spouse shall be treated as the Spouse or Surviving Spouse to the extent provided under a Qualified Domestic Relations Order, as described in Section 9.5. A registered domestic partner or civil union partner shall be treated as Spouse or Surviving Spouse to the extent permitted under the Code, ERISA and applicable Income Tax Regulations and Department of Labor Regulations. Notwithstanding the preceding sentence, a registered domestic partner or civil union partner shall not be treated as a Spouse or Surviving Spouse for purposes of Appendix B.

2.47 Trust. "Trust" means the asset-bearing entity created and maintained under this Plan.

2.48 Trust Agreement. "Trust Agreement" means the separate agreement entered into with the Trustee, pursuant to which the Trust is held, administered and distributed.

2.49 Trustee. "Trustee" means any person or entity appointed by the Company, or its authorized delegate, to hold the Plan's assets.

2.50 Valuation Date. "Valuation Date" means each date investment funds are valued, and other business day(s) where a valuation is required under the terms of the Plan or related Trust Agreement.

2.51 **Year of Service**. "Year of Service" means a Period of Service equal to three hundred sixty-five (365) Days of Service, whether or not consecutive.

2.52 **Other Definitions**. Other capitalized terms not defined above are defined in the section in which the term is located.

ARTICLE III

ELIGIBILITY

3.1 **Participation**. Each Eligible Participant on the day before the Effective Date who is an Eligible Employee on the Effective Date, shall continue as an Eligible Participant on the Effective Date. Each other Eligible Employee shall become a Participant in the Plan as soon as administratively feasible following their employment commencement date.

3.2 **Reemployment**. If an Eligible Participant terminates employment with a Participating Employer and is thereafter reemployed by a Participating Employer as an Eligible Employee, then such Eligible Employee shall become an Eligible Participant in the Plan as soon as administratively feasible following their reemployment commencement date. If such Employee is not an Eligible Employee on their reemployment commencement date, such Employee shall become a Participating Employee as soon as administratively feasible after becoming an Eligible Employee.

3.3 **Change in Employment Status**. If an Eligible Participant ceases to be an Eligible Employee, then such Employee shall be reinstated as an Eligible Participant as soon as administratively feasible after again becoming an Eligible Employee. If, however, an Employee who is not, and has never been, an Eligible Employee becomes an Eligible Employee, then such Eligible Employee shall become an Eligible Participant in accordance with Section 3.1.

3.4 **Enrollment of Participants**. Each Eligible Participant shall comply with such enrollment procedures as the Committee may prescribe from time to time.

ARTICLE IV

ACCOUNTS AND CONTRIBUTIONS

4.1 Participant Accounts. The following separate Accounts, if applicable, shall be maintained for each Participant:

(a) After-Tax Contributions Account. A Participant's After-Tax Contributions Account shall be credited with all amounts attributable to After-Tax Contributions pursuant to Section 4.12.

(b) After-Tax Rollover Account. A Participant's After-Tax Rollover Account shall be credited with all amounts attributable to After-Tax Rollovers pursuant to Section 4.10.

(c) Catch-Up Contributions Account. A Participant's Catch-Up Contributions Account shall be credited with all amounts attributable to Catch-Up Contributions pursuant to Section 4.4.

(d) Employee Contributions Account. A Participant's Employee Contributions Account shall be credited with all amounts attributable to Employee Contributions pursuant to Section 4.3.

(e) ESOP Account. A Participant's ESOP Account shall be credited with all amounts attributable to ESOP Contributions pursuant to Section 4.7. Provisions relating solely to ESOP Contributions are described in Appendix A.

(f) Matching Contributions Account. A Participant's Matching Contributions Account shall be credited with all amounts attributable to Matching Contributions pursuant to Section 4.5 after January 2014.

(g) Money Purchase Pension Account. A Participant's Money Purchase Pension Account shall hold Money Purchase Pension Contributions made to the Silicon Valley Money Purchase Pension Plan prior to January 1, 2003. Provisions relating solely to a Participant's Money Purchase Pension Account are described in Appendix B.

(h) Prior ESOP Account. A Participant's Prior ESOP Account shall hold amounts contributed to the Silicon Valley Bancshares Employee Stock Ownership Plan prior to March 1, 2005. To the extent applicable, a Participant's Prior ESOP Account is subject to Appendix A.

(i) Prior Match Account. A Participant's Prior Match Account shall hold Company matching contributions for periods commencing prior to March 1, 1995.

(j) Profit Sharing Account. A Participant's Profit Sharing Account shall be credited with all amounts attributable to Profit Sharing Contributions pursuant to Section 4.6.

(k) Rollover Contributions Account. A Participant's Rollover Contributions Account shall be credited with Rollover Contributions transferred to the Plan pursuant to Section 4.10.

(l) Roth Contributions Account. A Participant's Roth Contributions Account shall be credited with all amounts attributable to Roth Contributions pursuant to Section 4.11(a).

(m) Roth Rollover Contributions Account. A Participant's Roth Rollover Contributions Account shall be credited with all amounts attributable to Roth Rollover Contributions pursuant to Section 4.11(c).

(n) Safe Harbor Match Account. A Participant's Safe Harbor Match Account shall hold Company safe harbor matching contributions for periods prior to January 1, 2014.

(o) Other Accounts. Such other Account(s) as the Committee shall deem necessary or appropriate, including a Qualified Matching Contributions Account and Qualified Nonelective Contributions Account.

4.2 Allocation of Contributions and Earnings.

(a) The Committee shall allocate to the Accounts of each Participant the Contributions made on their behalf and, if applicable, Rollover Contributions.

(b) Participant Accounts shall be valued at their fair market value at least annually, as of a date and in a manner specified by the Committee. The Committee shall adjust each Account: first, to reflect any allocations made to, or any distributions or withdrawals made from, such Account since the immediately preceding Valuation Date, to the extent not previously credited or charged thereto, and second, to reflect the Earnings allocable to each Account.

4.3 Employee Contributions.

(a) Subject to the limitations of this Section and Article V, an Eligible Participant may elect, in accordance with the procedures established from time to time by the Committee, to have a portion of their Compensation, excluding the annual performance bonuses, contributed to their Employee Contributions Account.

(b) Subject to the limitations of this Section and Article V, an Eligible Participant also may make a separate election, in accordance with the procedures established from time to time by the Committee, to have a portion of their Compensation paid by the Employer as annual performance bonuses (if any) contributed to their Employee Contributions Account.

(c) The Eligible Participant's elections under paragraph (a) and (b) herein shall specify the amounts of their Compensation to be contributed, in whole percentages, which amounts shall not be more than seventy-five percent (75%) of the Eligible Participant's Compensation for such payroll period.

(d) Subject to the limitations of this Section and Article V, an Eligible Employee who: (i) was first hired on or after July 1, 2008, or (ii) was rehired on or after January 1, 2014, shall automatically be enrolled (or re-enrolled, as applicable) in the Plan and shall have five percent (5%) of their Compensation for each payroll period contributed on their behalf to their Employee Contributions Account unless such Eligible Employee affirmatively elects otherwise in accordance with paragraph (a). Such automatic Employee Contributions shall commence for each affected Eligible Participant as soon as administratively feasible following the date an Eligible Employee becomes an Eligible Participant, as determined by the Committee, and will be invested in accordance with a default investment election determined by the Committee in accordance with Section 404(c)(5) of ERISA.

Effective April 5, 2018, the deferral percentage for an Eligible Participant who is automatically enrolled (or re-enrolled) under this Section 4.3(d) shall be automatically increased by one percent (1%) each March, or such other month as elected by the Eligible Participant, until such deferral percentage has reached ten percent (10%), unless such Eligible Participant affirmatively elects otherwise in accordance with procedures established by the Committee.

Such an Eligible Participant may elect thereafter at any time not to make Employee Contributions to the Plan, or to defer a different percentage of Compensation in accordance with paragraph (a) herein, which such election shall be made in such manner and at such time as the Committee shall specify from time to time and shall be effective as soon as administratively feasible thereafter.

(e) An Eligible Participant may elect to commence, increase, decrease or discontinue Employee Contributions in such manner and at such time as the Committee shall specify from time to time.

(f) In no event shall the dollar amount contributed on behalf of an Eligible Participant for any calendar year exceed the limit prescribed under Code Section 402(g).

(g) An Eligible Participant's election to defer (or automatic election to defer) Compensation for purposes of Employee Contributions, including any separate election to defer a portion of an annual performance bonus, shall remain in effect from Plan Year to Plan Year, unless the Eligible Participant elects to change such election in such manner and such time as the Committee shall specify and subject to the automatic increase provision of paragraph (d) above, if applicable.

4.4 Catch-Up Contributions.

(a) A Catch-Up Eligible Participant may, in accordance with the procedures established from time to time by the Committee, have a portion of their Compensation contributed to their Catch-Up Contributions Account. The amount contributed as Catch-Up Contributions shall not be more than seventy five percent (75%) of the Catch-Up Eligible Participant's Compensation for each applicable payroll period. Catch-Up Contributions are not subject to a separate election but instead, a Catch-Up Eligible Participant's Employee Contributions elected in accordance with Section 4.3 above shall be treated as Catch-Up Contributions after the Employee Contributions reach the limit imposed by Code Section 402(g) during the Plan Year.

(b) A Catch-Up Eligible Participant may elect to increase, decrease or discontinue Catch-Up Contributions in such manner and at such times as the Committee shall specify from time to time, such election to take effect as soon as administratively feasible following the election, as determined by the Committee. The Committee may reduce the amount the Catch-Up Eligible Participant has elected to defer towards Catch-Up Contributions, in order to ensure that the Catch-Up Eligible Participant's combined deferral percentages for Employee Contributions and Catch-Up Contributions do not exceed seventy five percent (75%) of the Catch-Up Eligible Participant's Compensation for a payroll period.

(c) Amounts determined to be Catch-Up Contributions for a Plan Year shall not be subject to the limit prescribed under Code Section 402(g) (as set forth in Section 4.3(d)), the limitation under Code Section 415 (as set forth in Section 5.1), or the ADP Test (as set forth in Section 5.3). The Plan shall not be treated as failing to meet the requirements of Code Section 401(a)(4), 401(a)(30),

401(k)(3), 401(k)(12), 410(b), 415(c), or 416, as applicable, by reason of the making of, or the right to make, Catch-Up Contributions.

(d) In no event shall the dollar amount contributed on behalf of such Catch-Up Eligible Participant's Catch-Up Contributions to the Plan for any calendar year exceed the limit prescribed under Code Section 414(v). If a Catch-Up Eligible Participant is determined to have Catch-Up Contributions for a calendar year that exceed the applicable dollar limit prescribed under Code Section 414(v)(2) for that calendar year, under this Plan alone or when combined with amounts determined to be catch-up contributions that meet the requirements of Code Section 414(v) that are made under another plan for the same calendar year, then the excess Catch-Up Contributions will be corrected in the same manner as Excess Deferrals, as set forth in Section 5.2.

(e) Amounts contributed by a Catch-Up Eligible Participant as Employee Contributions pursuant to Section 4.4 may, to the fullest extent permitted under Code Section 414(v), the Income Tax Regulations and other applicable guidance thereunder, and without regard to a Catch-Up Eligible Participant's actual election, be recharacterized as Catch-Up Contributions, as may be required by operation of the limits of the Code, including those limits on Employee Contributions, the limit under Code Section 402(g), and/or the ADP Test (as set forth in Section 5.3).

(f) As of the end of each Plan Year, the Committee shall make the final determination as to the amount of Employee Contributions that shall be treated as Catch-Up Contributions for each Catch-Up Eligible Participant for the Plan Year, as well as the amount of Catch-Up Contributions that shall be recharacterized as Employee Contributions for the Plan Year. The determination shall be made in accordance with, and subject to the limitations of Section 4.3 and Article V, as well as the limitations of Code Section 414(v) and the Income Tax Regulations and other applicable guidance thereunder.

4.5 Matching Contributions and Qualified Matching Contributions.

(a) Subject to the provisions of paragraphs (b) (c) and (d) below, the Company shall make Matching Contributions to the Trust on behalf of Eligible Participants for each payroll period equal to one hundred percent (100%) of the Eligible Participant's Employee Contributions and Catch-Up Contributions, if applicable, for such payroll period up to five percent (5%) of such Eligible Participant's Compensation.

(b) The Company shall further make an additional Matching Contribution, to be allocated as of the last day of the Plan Year in an amount equal to the difference, if any, between (i) the Matching Contributions allocated to the Eligible Participant pursuant to paragraph (a), and (ii) a Matching Contribution determined as one hundred percent (100%) of Employee Contributions, and Catch Up Contributions, if applicable, for the Plan Year, up to five percent (5%) of Compensation for the Plan year. This additional Matching Contribution, if any, shall be allocated to the Matching Contributions Account of each Eligible Participant actively employed by the Employer on the last day of the Plan Year

or who ceased to be an Eligible Participant during the Plan Year due to a transfer of employment to a foreign subsidiary of the Company that resulted in such Employee no longer being on the United States payroll of a Participating Employer. Notwithstanding the foregoing, an otherwise Eligible Participant who incurs a Disability during the Plan Year or whose employment with the Employer terminates as a result of death, Normal Retirement or Early Retirement shall, for purposes of this Section, be deemed to have been employed by the Participating Employer on the last day of the Plan Year.

(c) Matching Contributions that would otherwise be made on behalf of an Eligible Participant may be reduced to the extent necessary to comply with the limitations of Article V.

(d) The Company may elect to treat all or a portion of Matching Contributions for a Plan Year as Qualified Matching Contributions for purposes of the ADP test under Section 5.3; provided, however, that any such treatment must be in compliance with the provisions of Income Tax Regulations Section 1.401(k)-2(a).

(e) For all purposes under the Plan, Matching Contributions and Qualified Matching Contributions shall be subject to the distribution limitations of Article VII.

4.6 Profit Sharing Contributions.

(a) The Company may make Profit Sharing Contributions, if any, in such amount, manner, form and at such time as it shall determine from time to time.

(b) Profit Sharing Contributions for each Plan Year, if any, shall be allocated to the Profit Sharing Contribution Account of each Eligible Participant who was employed by a Participating Employer on the last day of the Plan Year, or who ceased to be an Eligible Participant during the Plan Year due to a transfer of employment to a foreign subsidiary of the Company that resulted in the Employee no longer being on the United States payroll of a Participating Employer**.** Notwithstanding the foregoing, an otherwise Eligible Participant who incurs a Disability during the Plan Year or whose employment with the Employer terminates as a result of death, Normal Retirement or Early Retirement shall, for purposes of this Section, be deemed to have been employed by the Participating Employer on the last day of the Plan Year.

(c) Profit Sharing Contributions shall be allocated to each Eligible Participant entitled to share in the allocation of Profit Sharing Contributions for a Plan Year in proportion to their Compensation as it relates to the aggregate Compensation of all Eligible Participants for such Plan Year, subject to the limitations of Section 4.8 and Article V.

(d) For all purposes of the Plan, Profit Sharing Contributions shall be subject to the distribution limitations of Article VII.

4.7 ESOP Contributions.

(a) The Company may make ESOP Contributions, if any, in such amount, manner, and at such time as it shall determine from time to time. ESOP Contributions shall be made in the form of Company Stock.

(b) ESOP Contributions for each Plan Year, if any, shall be allocated to the ESOP Contribution Account of each Eligible Participant who was employed by a Participating Employer on the last day of Plan Year or who ceased to be an Eligible Participant during the Plan Year due to a transfer of employment to a foreign subsidiary of the Company that results in such Employee no longer being on the United States payroll of a Participating Employer. Notwithstanding the foregoing, an otherwise Eligible Participant who incurs a Disability during the Plan Year or whose employment with the Employer terminates as a result of death, Normal Retirement or Early Retirement shall, for purposes of this Section, be deemed to have been employed by the Participating Employer on the last day of the Plan Year.

(c) ESOP Contributions shall be allocated to each Eligible Participant entitled to share in the allocation of ESOP Contributions for a Plan Year in proportion to their Compensation as it relates to the aggregate Compensation of all Eligible Participants for such Plan Year, subject to the limitations of Section 4.8 and Article V.

(d) A Participant's rights with regard to ESOP Contributions are described in Appendix A. For all purposes of the Plan, ESOP Contributions shall be subject to the distribution limitations of Article VII and shall be subject to Appendix A.

4.8 Limitations on Contributions.

(a) Profit Sharing Contributions and ESOP Contributions in the aggregate for a Plan Year shall not exceed a limit specified by the Company from zero percent (0%) to ten percent (10%) of each Eligible Participant's Compensation.

(b) Employee Contributions, Roth Contributions and After-Tax Contributions in the aggregate shall not exceed seventy-five percent (75%) of an Eligible Participant's Compensation for each payroll period.

(c) Employee Contributions, Roth Contributions and After-Tax Contributions made on the annual performance bonus in the aggregate shall not exceed seventy-five percent (75%) of an Eligible Participant's Compensation for each payroll period.

(d) Contributions for any Plan Year shall not exceed the maximum amount allowable as a deduction to the Employer (including, without limitation the Participating Employers) under the provisions of Code Section 404. Notwithstanding the preceding sentence, to the extent necessary to provide Top-Heavy minimum allocations as described in Article XI, the Employer (and, accordingly, each Participating Employer) shall make Contributions, even if such Contributions exceed the amount deductible to the Employer under the provisions of Code Section 404.

4.9 Time and Manner of Payment of Contributions. Except as otherwise expressly provided in the Plan, Contributions shall be paid to the Trustee by the Company in such form (that is, cash or Company Stock, or any combination thereof) and at such time as the Company determines, subject to the timing requirements of applicable law.

4.10 Receipt of Assets from Another Plan.

(a) If directed by the Committee, the Trustee shall accept a transfer of assets for the benefit of an Eligible Employee or group of Eligible Employees. Such transfer may be in the form of: (i) a trust-to-trust transfer from the trustee of a tax-qualified plan under Code Section 401(a) and related tax-exempt trust under Code Section 501(a); or (ii) a rollover by the Eligible Employee or a Direct Rollover (as described in Section 7.9) from: (A) a tax-qualified plan described in Code Section 401(a) or 403(a), excluding after-tax employee contributions; (B) an annuity contract described in Code Section 403(b), excluding after-tax employee contributions; (C) an eligible plan under Code Section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; or (D) an individual retirement account or annuity described in Code Section 408(a) or 408(b) that is eligible to be rolled over and would otherwise be includible in gross income. Effective September 29, 2017, the exclusion of after-tax employee contributions will no longer be applicable and the Trustee shall accept a rollover by the Eligible Employee of after-tax contributions which shall be allocated to the After-Tax Rollover Account.

(b) Amounts attributable to elective contributions (as defined in Income Tax Regulations Section 1.401(k)-2(a)(4), including amounts treated as elective contributions that are transferred in a plan-to-plan transfer, shall be subject to the distribution limitations provided in Income Tax Regulations Section 1.401(k)-1(d).

4.11 Roth Contributions and In-Plan Roth Conversions.

(a) Applicability

(i) This section 4.11 will apply to Employee Contributions beginning on or after January 16, 2015.

(ii) Subject to the limitations of this Section and Article V, the Plan will accept Roth Contributions made on behalf of Eligible Participants. Roth Contributions are contributions designated irrevocably by the Participant at the time of the election as a Roth elective deferral that is being made in lieu of all or a portion of the Employee Contributions that Participant is otherwise eligible to make under the Plan, and treated by the Employer as includible in the Participant's income at the time the Participant would have received the amount in cash if the Participant had not made an election. Such contributions under the Plan are to be made in accordance with this Section 4.11

(iii) The Eligible Participant's Roth Contribution election shall specify the amount of her or her Compensation to be contributed as a Roth Contribution, in whole percentages, which amount shall not (when added to any Employee Contributions for the pay period) be more than seventy–five percent (75%) of the Eligible Participant's Compensation for each payroll period.

(iv) Unless specifically stated otherwise, Roth Contributions will be treated as Employee Contributions for all purposes under the Plan including for Matching Contribution purposes, subject to any ordering rules as determined by the

Administrator, which will be applied in a uniform and nondiscriminatory manner.

(b) Separate Accounting

(i) Contributions and withdrawals of Roth Contributions will be credited and debited to the Roth Contributions Account maintained for each Participant. No contributions other than Roth Contributions and properly attributable earnings will be credited to each Participant's Roth Contributions Account.

(ii) Gains, losses and other credits or charges must be separately allocated on a reasonable and consistent basis to each Participant's Roth Contributions Account and the Participant's other Participant Accounts under the Plan.

(c) Direct Rollovers

(i) Notwithstanding Section 7.9, a Direct Rollover of a distribution from a Roth Contributions Account under the Plan will only be made to another Roth elective deferral account under an eligible retirement plan described in Code Section 402A(e)(1) or to a Roth IRA described in Code Section 408A, and only to the extent the rollover is permitted under the rules of Code Section 402(c).

(ii) Notwithstanding Section 4.10, the Plan will accept a rollover contribution to a Roth Rollover Contributions Account only if it is a Direct Rollover from another Roth elective deferral account under an applicable retirement plan described in Code Section 402A(e)(1) and only to the extent the rollover is permitted under the rules of Code Section 402(c).

(d) In-Plan Roth Conversions

(i) In accordance with Code Section 402A(c)(4), and any guidance released thereunder, and subject to procedures established by the Administrator, a Participant, a Surviving Spouse Beneficiary or an alternate payee under a qualified domestic relations order who is a Spouse or former Spouse of a Participant who is eligible to receive a distribution from the Plan, may elect an in-Plan Roth Conversion of an Eligible Rollover Distribution from any vested Account (or portion of a vested Account) except their Roth Contributions Account or Roth Rollover Contributions Account. The rolled over amounts are included in the Participant's or the Spouse's income in the year of the in-Plan Roth Conversion. Such in-Plan Roth Conversion may be made either directly or through an indirect rollover.

(ii) In accordance with Code Section 402A(c)(4), and any guidance released thereunder, and subject to procedures established by the Administrator, a Participant who is not eligible to receive a distribution from the Plan may elect an in-Plan Roth Conversion from any vested Account (or portion of a vested Account) except their Roth Contributions Account or Roth Rollover Contributions Account. The rolled over amounts are included in the Participant's income in the year of the in-Plan Roth Conversion. Such in-Plan Roth Conversion may only be made in a direct rollover. All amounts rolled over under this paragraph (ii), and earnings on such amounts, remain subject to the

protected features and benefit restrictions that applied to the original Contribution source.

(iii) Contributions and withdrawals of in-Plan Roth Conversions will be credited and debited to an in-Plan Roth Conversion Account or Accounts maintained for each Participant or Spouse in accordance with procedures established by the Administrator. Gains, losses and other credits or charges must be separately allocated on a reasonable and consistent basis to each in-Plan Roth Conversion Account.

4.12 <u>After-Tax Contributions</u>.

(a) Subject to the limitations of this Section, Section 4.8 and Article V, an Eligible Participant may elect, in accordance with the procedures established from time to time by the Committee, to have a portion of their Compensation, excluding the annual performance bonuses, contributed as after-tax contributions to their After-Tax Contributions Account.

(b) Subject to the limitations of this Section, Section 4.8 and Article V, an Eligible Participant also may make a separate election, in accordance with the procedures established from time to time by the Committee, to have a portion of their Compensation paid by the Employer as annual performance bonuses (if any) contributed to their After-Tax Contributions Account.

(c) The Eligible Participant's elections under paragraph (a) and (b) herein shall specify the amounts of their Compensation to be contributed, in whole percentages, which amounts shall not be more than seventy-five percent (75%) of the Eligible Participant's Compensation for such payroll period (and which shall not exceed the aggregate limits described in Section 4.8) and which amounts, in the aggregate, shall not exceed $15,000 in a Plan Year.

(d) An Eligible Participant may elect to commence, increase, decrease or discontinue After-Tax Contributions in such manner and at such time as the Committee shall specify from time to time.

(e) An Eligible Participant's election to defer Compensation for purposes of After-Tax Contributions, including any separate election to defer a portion of an annual performance bonus, shall remain in effect from Plan Year to Plan Year, unless the Eligible Participant elects to change such election in such manner and such time as the Committee shall specify.

ARTICLE V

LIMITATIONS AND DISCRIMINATION TESTING

5.1 Section 415 Limitation.

(a) Definitions. For purposes of this Section, the following definitions apply:

(i) "Annual Additions" means, for any Limitation Year, the sum of the following amounts credited to an Eligible Participant's Accounts in all qualified defined contribution plans maintained by an Employer: (i) Employer contributions, (ii) Employee contributions, and (iii) forfeitures. Employee Contributions, Matching Contributions or After-Tax Contributions that exceed the maximum permitted under the ADP Test (as described in Section 5.3) or the ACP Test (as described in Section 5.5) are Annual Additions, even if they are distributed or forfeited to correct the violation. Employee Contributions in excess of the maximum permitted by Code Section 402(g) that are timely distributed are not treated as Annual Additions. Annual Additions also do not include loan repayments, direct transfers, restorative payments, Catch-Up Contributions and Rollover Contributions. In addition, with respect to the dollar limitation under the heading "Maximum Permissible Amount," below, Annual Additions include contributions to a welfare benefit trust (described in Code Section 419A(d)(2)) to provide post-retirement medical benefits for a Key Employee (as defined in Code Section 416(i)).

(ii) "Limitation Year" means the calendar year.

(b) Maximum Permissible Amount. The Annual Additions to a Participant's Accounts for any Limitation Year will not exceed the lesser of (i) $40,000, adjusted as described in Code Section 415(d) or (ii) 100% of the Participant's Compensation for the Plan Year. Code Section 415 and the applicable Income Tax Regulations are incorporated herein by reference.

(c) Excess Annual Additions. If the Annual Additions actually made to a Participant's Accounts exceed the Maximum Permissible Amount, the Participant's Annual Additions for the Limitation Year in which the excess Annual Additions arise will be corrected using any reasonable method, including but not limited to methods approved by the Internal Revenue Service pursuant to the Employee Plans Compliance Resolution System.

(d) Aggregation of Plans. For purposes of this Section, all defined contribution plans of an Employer will be treated as one defined contribution plan. If aggregate Annual Additions under more than one such plan would otherwise exceed the Maximum Permissible Amount, the last amounts contributed shall be the first amounts treated as creating the excess unless the other plan requires use of a different rule.

5.2 Distribution of Excess Amounts. For purposes of this Section 5.2, "Elective Deferrals" means with respect to any calendar year, any amount allocated to a Participant's Employee Contributions Account pursuant to Section 4.3, and any contributions on behalf of an individual under a qualified cash or deferred arrangement described in Code Section 402(e)(3), under a simplified employee pension plan described in Code Section 408(k)(6), and under a salary reduction agreement to purchase an annuity contract described in Code Section 403(b). Elective Deferrals shall not include any deferrals properly distributed as excess Annual Additions.

If the Committee is timely notified by a Participant, or otherwise determines that a Participant's Elective Deferrals exceed the amount permitted by Code Section 401(a)(30) or Code Section 402(g), the excess amount ("Excess Elective Deferral"), together with income earned on the Excess Elective Deferral during the calendar year to which the Excess Elective Deferral relates, will be distributed to the Participant by April 15 following the end of the taxable year in which the Excess Elective Deferral was made. Income will be determined in accordance with any reasonable method used for allocating income to Participants' Accounts during the Plan Year. Federal, state or local income tax withholding obligations attributable to a distribution may be satisfied out of the distribution, if not satisfied out of other compensation. If Employee Contributions are distributed, they will be accompanied by the forfeiture of a proportionate share of Matching Contributions. The amount of Excess Elective Deferrals for a calendar year that would otherwise be distributable to the Participant will be re-characterized to the extent possible as Catch-Up Contributions and will be reduced by the amount of Excess Contributions, if any, previously distributed to the Participant for the Plan Year beginning in that calendar year.

5.3 Discrimination Testing of Employee Contributions. Employee Contributions made under the Plan must satisfy the nondiscrimination tests set forth in Code Section 401(k)(3), Income Tax Regulations section 1.401(k)-2, and other applicable guidance issued by the Internal Revenue Service under Code Section 401(k). Subsequent guidance is incorporated herein by reference. In satisfying the nondiscrimination test set forth in Code Section 401(k)(3)(A)(ii), the current year testing method will be used.

(a) Definitions.

(i) Actual Deferral Percentage ("ADP"). "Actual Deferral Percentage" or "ADP" means, with respect to each Eligible Participant, a percentage, calculated as the sum of the amount of Employee Contributions, Qualified Matching Contributions, and Qualified Nonelective Contributions, made on behalf of such Eligible Participant for the Plan Year (and allocated for purposes of the ADP test), divided by such Eligible Participant's Compensation for that Plan Year. Amounts contributed to the Plan as Catch-up Contributions that are later re-characterized as Employee Contributions shall be included as Employee Contributions for this purpose.

(ii) Average ADP. "Average ADP" means the average (expressed as a percentage) of the ADPs for all Eligible Participants in the relevant group.

(iii) Excess 401(k) Contributions. "Excess 401(k) Contributions" means, with respect to any Plan Year, the excess of (A) the aggregate amount of Contributions actually taken into account in computing the ADPs of Highly Compensated Employees for such Plan Year, over (B) the maximum amount of such Contributions permitted by the ADP test. Excess 401(k) Contributions shall continue to be treated as Annual Additions under the Plan.

(b) ADP Test. One of the following ADP tests shall be satisfied for each Plan Year:

(i) the Average ADP for Eligible Participants who are Highly Compensated Employees for the Plan Year shall not exceed the Plan Year's Average ADP for Eligible Participants who were Non-Highly Compensated Employees for the Plan Year multiplied by one and twenty-five one-hundredths (1.25); or

(ii) the Average ADP for Eligible Participants who are Highly Compensated Employees for the Plan Year shall not exceed the Plan Year's Average ADP for Eligible Participants who were Non-Highly Compensated Employees for the Plan Year multiplied by two (2), provided that the ADP for Eligible Participants who are Highly Compensated Employees does not exceed the Average ADP for

Eligible Participants who were Non-Highly Compensated Employees for the Plan Year by more than two (2) percentage points.

5.4 Corrective Procedure for Discriminatory Employee Contributions.

(a) Correction of Excess 401(k) Contributions. The Committee may take any and all steps it deems necessary or appropriate to ensure compliance with the limitations of Section 5.3(b). Such steps shall include, without limitation, one or any combination of the following:

(i) restricting the amount of Employee Contributions on behalf of Highly Compensated Employees;

(ii) distributing Excess 401(k) Contributions to the Highly Compensated Employees who made such Excess 401(k) Contributions, pursuant to paragraph (e) below;

(iii) treating Matching Contributions as Qualified Matching Contributions. The amount of Qualified Matching Contributions made under this Plan and taken into account for purposes of calculating the ADP test, subject to such other requirements as may be prescribed by the Secretary of the Treasury, shall be such Qualified Matching Contributions as are needed to meet the ADP test; and/or

(iv) accepting from the Employer a Qualified Nonelective Contribution for Eligible Participants who are Non-Highly Compensated Employees. If Qualified Nonelective Contributions are made by an Employer in its sole discretion pursuant to this Section, such contributions shall be made solely to those Eligible Participants who are Non-Highly Compensated Employees employed on the last day of the Plan Year and to those who are Non-Highly Compensated Employees when they ceased to be Eligible Participants during the Plan Year due to a transfer of employment to a foreign subsidiary of the Company that resulted in such Employee no longer being on the United States payroll of a Participating Employer. Notwithstanding the foregoing, an otherwise Eligible Participant who incurs a Disability during the Plan Year or whose employment with the Employer terminates as a result of death, or Normal Retirement or Early Retirement shall, for purposes of this Section, be deemed to have been employed by the Participating Employer on the last day of the Plan Year. The amount to be allocated will be determined on a pro-rata basis in proportion to the Compensation of such Eligible Participants for the Plan Year.

(b) Calculation of Excess 401(k) Contributions. The amount of Excess 401(k) Contributions for Highly Compensated Employees for a Plan Year shall be calculated by the following method, under which the ADP of the Highly Compensated Employee with the highest ADP is reduced to the extent required to enable the Plan to satisfy the ADP test or to cause such Highly Compensated Employee's ADP to equal the ADP of the Highly Compensated Employee with the next highest ADP:

(i) the Employee Contributions of the Highly Compensated Employee with the highest ADP shall be reduced; such reduction shall continue, as necessary, until such Highly Compensated Employee's ADP equals that (those) of the Highly Compensated Employee(s) with the second highest ADP;

(ii) following the application of paragraph (i), if it is still necessary to reduce Highly Compensated Employees' Employee Contributions, then the Contributions of

(or allocations on behalf of, if applicable) Highly Compensated Employees with the highest and second highest ADPs shall be reduced, as necessary, until such Employees' ADP equals that of the Highly Compensated Employee(s) with the third highest ADP;

(iii) following the application of paragraph (ii), if it is still necessary to reduce Highly Compensated Employees' Employee Contributions, then the procedure, the beginning of which is described in paragraphs (i) and (ii) above, shall continue until no further reductions are necessary; and

(iv) amounts determined pursuant to paragraphs (i) through (iii) above shall be combined. The resulting sum shall be the Excess 401(k) Contributions, and the portion of the total to be allocated to each affected Highly Compensated Employee shall be determined pursuant to paragraph (c) below.

(c) Allocation of Excess 401(k) Contributions. The amount of Excess 401(k) Contributions to be allocated to a Highly Compensated Employee for a Plan Year shall be determined by the following method:

(i) the Employee Contributions of the Highly Compensated Employee(s) with the highest dollar amount of Employee Contributions shall be reduced, as necessary, until either such Highly Compensated Employee's dollar amount of Employee Contributions equals that of the Highly Compensated Employee(s) with the next highest dollar amounts of Employee Contributions, or until no unallocated Excess 401(k) Contributions remain;

(ii) following the application of paragraph (i), if unallocated Excess 401(k) Contributions remain, then Employee Contributions of the Highly Compensated Employees with the highest and second highest dollar amount(s) of Employee Contributions shall be reduced, as necessary, until either such Highly Compensated Employees' dollar amount of Employee Contributions equal those of the Highly Compensated Employee(s) with the third highest dollar amount(s) of Employee Contributions, or until no unallocated Excess 401(k) Contributions remain;

(iii) following the application of paragraph (ii), if unallocated Excess 401(k) Contributions remain, then the procedure, the beginning of which is described in paragraphs (i) and (ii), shall continue until no further reductions are necessary; and

(iv) Excess 401(k) Contributions in an amount equal to the reduction of Employee Contributions determined in paragraphs (i) through (iii) above with respect to a Highly Compensated Employee shall be allocated to that Highly Compensated Employee and, as determined by the Committee, distributed pursuant to paragraph (e) below.

(d) Character of Excess 401(k) Contributions. The Excess 401(k) Contributions of a Highly Compensated Employee shall be deemed to consist of Contributions and allocations as determined according to the following order:

(i) first, the Highly Compensated Employee's Excess 401(k) Contributions shall be deemed to consist of Employee Contributions, if any, which exceed the highest rate or amount at which Employee Contributions are matched; provided, however, such Contributions shall be offset by any Excess Elective Deferrals distributable to the Employee pursuant to Section 5.2; and

(ii) second, the Highly Compensated Employee's Excess 401(k) Contributions shall be deemed to consist of any Employee Contributions and any Qualified Matching Contributions, each in proportion to the Highly Compensated Employee's total Employee Contributions and Qualified Matching Contributions for the Plan Year; provided, however, any Employee Contributions characterized as Excess 401(k) Contributions under this paragraph shall be offset by any Excess Elective Deferrals distributable to the Employee pursuant to Section 5.2 and not taken into account under paragraph (a)(i) above.

(e) Distribution of Excess 401(k) Contributions. If, pursuant to paragraph (a)(ii) above, the Committee elects to distribute Excess 401(k) Contributions, which shall then be treated as Annual Additions (adjusted for Earnings) to Highly Compensated Employees, then the Committee shall make such distributions in accordance with the following timing restrictions:

(i) on or before the date which falls two and one-half (2 1/2) months after the last day of the Plan Year for which such Excess 401(k) Contributions were made, to avoid liability for the Federal excise tax and state excise tax, if applicable, which will be imposed on Excess 401(k) Contributions distributed after such date; and

(ii) in any event, such Excess 401(k) Contributions shall be distributed before the last day of the Plan Year next following the Plan Year for which such Excess 401(k) Contributions were made.

(f) Adjustment for Earnings. After the Committee has determined the aggregate amount and character of Excess 401(k) Contributions to be distributed to a given Highly Compensated Employee, then that amount shall be adjusted for Earnings through the end of the Plan Year to which the Excess 401(k) Contributions relate. The Earnings allocable to Excess 401(k) Contributions shall be calculated by the Committee using any reasonable method for computing the Earnings allocable to Excess 401(k) Contributions; provided, however, that the method shall not violate Code Section 401(a)(4), and that the method shall be used consistently for all similarly-situated Eligible Participants, for all corrective distributions under the Plan for the Plan Year, and for allocating Earnings to Eligible Participants' Accounts.

(g) Matching Contributions Related to Excess 401(k) Contributions. Any Matching Contributions attributable to Excess 401(k) Contributions, plus any Earnings allocable thereto, shall be forfeited and applied as provided in Section 6.2.

5.5 Discrimination Testing of Matching Contributions and/or After-Tax Contributions. Notwithstanding anything contained in the Plan to the contrary, the Plan must meet the nondiscrimination requirements of Code Section 401(a)(4) with respect to the amount of Matching Contributions and/or After-Tax Contributions made to the Plan. Such requirements will be met if the Plan satisfies the nondiscrimination tests set forth in Code Section 401(m)(2), Income Tax Regulations section 1.401(m)-2, and other applicable guidance issued by the Internal Revenue Service under Code Section 401(m). Subsequent guidance is incorporated herein by reference. In satisfying the nondiscrimination tests set forth in Code Section 401(m)(2), the current year method will be used.

(a) Definitions.

(i) Actual Contribution Percentage ("ACP"). "Actual Contribution Percentage" or "ACP" means, with respect to each Eligible Participant, the Eligible

Participant's Contribution Percentage Amount, divided by their Compensation for that Plan Year;

(ii) Average ACP. "Average ACP" means the average of the ACPs of the Eligible Participants in a group.

(iii) Contribution Percentage Amount. "Contribution Percentage Amount" means the sum of Matching Contributions, Qualified Matching Contributions (if such Qualified Matching Contributions are not included in the ADP Test) and After-Tax Contributions made under the Plan on behalf of an Eligible Participant for the Plan Year. In addition, to the extent elected by the Committee for purposes of calculating the ACP test, "Contribution Percentage Amount" may also include Qualified Nonelective Contributions, Employee Contributions, and/or pre-tax and/or qualified nonelective contributions under other Plans of the Employer (subject to such requirements as may be prescribed by the Secretary of the Treasury); provided, however, that the amount of Qualified Nonelective Contributions, Employee Contributions and/or pre-tax contributions under other Plans of the Employer used in calculating the ADP test may not be used in calculating the ACP test. Such Contribution Percentage Amount shall not include Matching Contributions or After-Tax Contributions that are forfeited either to correct Excess Matching Contributions or After-Tax Contributions or because the Contributions to which they relate are Excess Elective Deferrals or Excess 401(k) Contributions.

(iv) Excess Matching Contributions <u>and/or After-Tax Contributions</u>. "Excess Matching Contributions and/or After-Tax Contributions" means with respect to any Plan Year, the excess of (A) the aggregate amount of Contributions actually taken into account in computing the Average ACP of Highly Compensated Employees for such Plan Year, over (B) the maximum amount of such Contributions permitted by the ACP test.

(b) <u>ACP Test</u>. One of the following tests shall be satisfied for each Plan Year:

(i) the Average ACP for Eligible Participants who are Highly Compensated Employees for such Plan Year shall not exceed the Plan Year's Average ACP for Eligible Participants who were Non-Highly Compensated Employees for the Plan Year multiplied by one and twenty-five one-hundredths (1.25); or

(ii) the Average ACP for Eligible Participants who are Highly Compensated Employees for such Plan Year shall not exceed the Plan Year's Average ACP for Eligible Participants who were Non-Highly Compensated Employees for the Plan Year multiplied by two (2); provided, however, that the Average ACP for Eligible Participants who are Highly Compensated Employees does not exceed the Average ACP for Eligible Participants who were Non-Highly Compensated Employees for the Plan Year by more than two (2) percentage points.

5.6 <u>Corrective Procedure for Discriminatory Matching Contributions and/or After-Tax Contributions</u>.

(a) <u>Correction of Discriminatory Matching or After-Tax Contributions.</u> The Committee shall have the power to take any and all steps it deems necessary or appropriate to ensure compliance with the limitations described in Section 5.5(b), including, without limitation, the following:

(i) distributing vested Excess Matching Contributions and/or After-Tax Contributions to Highly Compensated Employees who received such allocations, pursuant to paragraph (e) below;

(ii) treating that portion of Excess Matching Contributions that consists of unvested allocations of Matching Contributions to the Matching Contributions Accounts of Highly Compensated Employees as amounts to be reallocated, pursuant to paragraph (d) below;

(iii) limiting the amount of Matching Contributions or After-Tax Contributions allocated to the Matching Contributions Accounts or After-Tax Contributions Account of Highly Compensated Employees; and/or

(iv) accepting from the Employer a Qualified Nonelective Contribution for Eligible Participants who are Non-Highly Compensated Employees. If Qualified Nonelective Contributions are made by the Employer in its sole discretion pursuant to this Section, such contributions shall be made solely to those Eligible Participants who are Non-Highly Compensated Employees employed on the last day of the Plan Year and to those who are Non-Highly Compensated Employees when they ceased to be Eligible Participants during the Plan Year due to a transfer of employment to a foreign subsidiary of the Company that resulted in such Employee no longer being on the United States payroll of a Participating Employer. Notwithstanding the foregoing, an otherwise Eligible Participant who incurs a Disability during the Plan Year or whose employment with the Employer terminates as a result of death, or Normal Retirement or Early Retirement shall, for purposes of this Section, be deemed to have been employed by the Participating Employer on the last day of the Plan Year. The amount to be allocated will be determined on a pro-rata basis in proportion to the Compensation of such Eligible Participants for the Plan Year.

(b) Timing of Distribution of Excess Matching and/or After-Tax Contributions. Notwithstanding any contrary provisions in this Plan, if, pursuant to paragraph (a)(i) or (ii) above, the Committee elects to distribute or reallocate Excess Matching Contributions and/or After-Tax Contributions (adjusted for Earnings), then the Committee shall take such action(s) on or before the date which falls two and one-half (2½) months after the last day of the Plan Year for which such Excess Matching Contributions and/or After-Tax Contributions were made, if the Employer wishes to avoid liability for the Federal excise tax and state excise tax, if applicable, which will be imposed on Excess Matching Contributions and/or After-Tax Contributions distributed or reallocated after such date, but in any event, before the last day of the Plan Year next following the Plan Year for which such Contributions were made.

(c) Determination of Amount of Excess Matching Contributions and/or After-Tax Contributions. The amount of Excess Matching Contributions and/or After-Tax Contributions for Highly Compensated Employees for a Plan Year shall be determined by the following method, to enable the Plan to satisfy the ACP test:

(i) first, the allocations of Contributions taken into account in determining the ACP (“ACP Allocations”) of the Highly Compensated Employee with the highest ACP shall be reduced, as necessary, until such Employee’s ACP equals those of the Highly Compensated Employee(s) with the second highest ACP;

(ii) second, following the application of paragraph (i), if it is still necessary to reduce Highly Compensated Employees' ACP Allocations, then the Contributions of Highly Compensated Employees with the highest and second highest ACPs shall be reduced, as necessary, until each affected Employee's ACP equals that (those) of the Highly Compensated Employee(s) with the third highest ACP;

(iii) third, following the application of paragraph (ii), if it is still necessary to reduce Highly Compensated Employees' ACP Allocations, then the procedure, the beginning of which is described in paragraphs (i) and (ii), shall continue until no further reductions are necessary; and

(iv) fourth, amounts determined pursuant to paragraphs (i) through (iii) shall be combined. The resulting sum shall be the Excess Matching Contributions and/or After-Tax Contributions, and the portion of the total to be allocated to each affected Highly Compensated Employee shall be determined pursuant to paragraph (d) below.

(d) Allocation of Excess Matching Contributions and/or After-Tax Contributions. The amount of Excess Matching Contributions and/or After-Tax Contributions to be allocated to a Highly Compensated Employee for a Plan Year shall be determined by the following method to enable the Plan to satisfy the ACP test:

(i) first, the ACP Allocations of the Highly Compensated Employee(s) with the highest dollar amount of ACP Allocations shall be reduced, as necessary, until either such Employee's dollar amount of ACP Allocations equals those of the Highly Compensated Employee(s) with the second highest dollar amount of ACP Allocations or until no ACP Allocations remain;

(ii) second, following the application of paragraph (i), if unallocated ACP Allocations remain, then ACP Allocations of Highly Compensated Employees with the highest and second highest dollar amount of ACP Allocations shall be reduced, as necessary, until either each affected Employee's dollar amount of ACP Allocations equals that (those) of the Highly Compensated Employee(s) with the third highest dollar amount of ACP Allocations, or until no ACP Allocations remain;

(iii) third, following the application of paragraph (ii), if unallocated ACP Allocations remain, the procedure, the beginning of which is outlined in paragraphs (i) and (ii), shall continue until no further reductions are necessary, or until no further unallocated ACP Allocations remain; and

(iv) fourth, Excess Matching Contributions and/or After-Tax Contributions in an amount equal to the reductions of ACP Allocations determined in paragraphs (i) through (iii) above with respect to a Highly Compensated Employee shall be allocated to that Highly Compensated Employee and, as determined by the Committee, distributed pursuant to paragraph (e) below.

(e) Distribution of Excess Matching Contributions and/or After-Tax Contributions. After the procedure outlined in paragraph (d) above is completed, all amounts of Excess Matching Contributions and/or After-Tax Contributions shall be forfeited (if forfeitable) or distributed (if distributable) to the respective Highly Compensated Employees to whose Accounts the Excess Matching Contributions and/or After-Tax Contributions were made. Excess Matching Contributions and/or After-Tax Contributions for each affected Highly Compensated Employee shall be forfeited (if

forfeitable) or distributed (if distributable) from the following Accounts in the following order:

(i) the Highly Compensated Employee's After-Tax Contributions Account;

(ii) the Highly Compensated Employee's Matching Contributions Account;

(iii) the Highly Compensated Employee's Qualified Nonelective Contributions Account;

(iv) the Highly Compensated Employee's Qualified Matching Contributions Account;

(v) the Highly Compensated Employee's Employee Contributions Account;

(vi) the Highly Compensated Employee's Roth Contributions Account.

(f) Adjustment for Earnings. After the Committee has determined the aggregate amount and character of Excess Matching Contributions and/or After-Tax Contributions to be forfeited or distributed to a given Highly Compensated Employee, then that amount shall be adjusted for Earnings. Earnings shall be calculated through the end of the Plan Year to which the Excess Matching Contributions relate. The Earnings allocable to Excess Matching Contributions and/or After-Tax Contributions shall be calculated by the Committee using any reasonable method for computing the Earnings allocable to Excess Matching Contributions and/or After-Tax Contributions; provided, however, that the method shall not violate Code Section 401(a)(4), and that the method shall be used consistently for all similarly-situated Participants, for all corrective distributions under the Plan for the Plan Year, and for allocating Earnings to Participants' Accounts.

ARTICLE VI

VESTING AND FORFEITURES

6.1 Vested Interest.

(a) A Participant's interest in their Employee Contributions Account, After-Tax Contributions Account, Catch-Up Contributions Account, Matching Contributions Account, After-Tax Rollover Account, Safe Harbor Match Account, Rollover Contributions Account, Prior ESOP Account and Prior Match Account under this Plan shall be at all times fully vested and nonforfeitable.

(b) A Participant's interest in their Money Purchase Pension Account, ESOP Account and Profit Sharing Account shall be fully vested and nonforfeitable upon the Participant's Normal Retirement, Covered Termination, death, or Disability, provided that the Participant is employed by the Employer immediately prior to such time. For purposes of this Section 6.1(b), a "Covered Termination" means a termination of an Eligible Participant's employment within twenty-four (24) months following a Change in Control, as that term is defined in the SVB Financial Group Change in Control Severance Plan ("CIC Plan") that is either (i) a voluntary termination for Good Reason or (ii) an involuntary termination other than for Cause. For purposes of the preceding sentence, the terms Good Reason and Cause generally shall have the meanings given those terms in the CIC Plan except that each Eligible Participant shall be treated as if covered (i.e., as a "Covered Employee") under the CIC Plan solely for purposes of applying the definitions of Good Reason and Cause under this Plan.

(c) In all other cases, a Participant's Interest in their Money Purchase Pension Account, ESOP Account and Profit Sharing Account shall be subject to the following vesting schedule:

Years of Service	Vested Percentage
Less than 1 year	0%
1 year but less than 2 years	20%
2 years but less than 3 years	40%
3 years but less than 4 years	60%
4 years but less than 5 years	80%
5 years or more	100%

(d) The crediting of service shall be subject to the following rules:

(i) If a Participant who has voluntarily terminated or has been discharged returns to employment and is credited with an hour of service on or before incurring a Break in Service, then that Participant shall receive credit for the time elapsed during that absence.

(ii) If a Participant is absent for a reason other than termination or discharge and then voluntarily terminates or is discharged, then to receive credit for the time elapsed during that absence, the Participant must be credited with one (1) hour of service by the date that is the first anniversary of the first day of the absence.

(iii) If a Participant has a Break in Service of five (5) years or more, then service after such Break in Service shall not be taken into account for purposes of determining the nonforfeitable percentage of the Participant's vested Account balance that accrued prior to such Break in Service.

(iv) If a Participant has less than one (1) Year of Service, then service prior to a Break in Service shall not be taken into account for purposes of determining the nonforfeitable percentage of the Participant's vested Account balance if the period of severance equals or exceeds the Participant's service before such period of severance.

(e) If the vesting schedule is subsequently amended, then in the case of an Employee who is a Participant as of the later of the date such amendment is adopted or the date it becomes effective, the nonforfeitable percentage (determined as of such date) of such Employee's Employer-derived accrued benefit will not be less than the percentage computed under the Plan without regard to such amendment. In addition, if the amended vesting schedule provides less rapid vesting, if the Plan is amended in any way that directly or indirectly affects the computation of the Participant's nonforfeitable percentage, or if the Plan is deemed amended by an automatic change to a Top-Heavy vesting schedule (described in Article XI), then each Participant who is credited with three (3) Years of Service and whose Account(s) would have vested more rapidly prior to the amendment, may irrevocably elect during the election period to have the nonforfeitable percentage of their Account(s), as applicable, calculated without regard to such amendment. For purposes of this Section, the election period shall begin the date the amendment is adopted, and shall end on the date sixty (60) days after the latest of: (i) the date the amendment is adopted, (ii) the date the amendment becomes effective, or (iii) the date the Participant is issued written notice of the amendment by the Administrator or the Employer.

(f) For purposes of vesting, a Participant's Days of Service and Years of Service with Leerink Holdings LLC for periods before such entity was a member of a controlled group of corporations (as defined under Code Section 414(b)) that includes the Company shall be recognized, provided that such Participant was employed by Leerink Holdings LLC on the day immediately prior to the acquisition date.

(g) Effective July 1, 2021, for purposes of vesting, a Participant's Days of Service and Years of Service with Boston Private Financial Holdings, Inc. for periods before such entity was a member of a controlled group of corporations (as defined under Code Section 414(b)) that includes the Company shall be recognized.

6.2 Forfeitures.

(a) If a Participant is required to take a distribution pursuant to Section 7.9 (the "cash-out rule"), then, following the Participant's Severance Date, the Participant shall receive a distribution of the value of the entire vested portion of their Account balance in accordance with Article VII. The nonvested portion of the Participant's Account balance shall be treated as a forfeiture as of the earlier of: (i) the date on which the distribution occurs, or (ii) the last day of the Plan Year in which the Participant incurs five (5) consecutive one (1)-year Breaks in Service. For purposes of this Section, if the value of a Participant's vested Account balance is zero (0), then the Participant shall be deemed to have received a distribution of such vested Account balance.

(b) If a Participant has the option to elect and does not elect to receive the value of their vested Account balance following their Severance Date in accordance with the

requirements of Section 7.9, then the nonvested portion of the Participant's Account balance shall be treated as a forfeiture as of the day that the Participant incurs five (5) consecutive one (1)-year Breaks in Service.

(c) If a Participant is not fully vested in their Account, and that Participant receives a distribution in accordance with the requirements of Section 7.9 and subsequently resumes employment with a Participating Employer, then that Participant's partially-vested Account balance shall be restored, unadjusted for earnings or losses, to the amount on the Valuation Date preceding the date of distribution; provided, however, that the Participant repays to the Plan the full amount of the distribution attributable to partially-vested Contributions before the earlier of five (5) years after the Participant's reemployment commencement date, or the date the Participant incurs five (5) consecutive one (1)-year Breaks in Service following the date of the distribution. If a Participant is deemed to receive a distribution pursuant to paragraph (a) above, and the Participant resumes employment covered under the Plan before the date the Participant incurs five (5) consecutive one (1)-year Breaks in Service, then, upon the Participant's reemployment commencement date, the partially-vested Account balance of the Participant shall be restored, unadjusted for earnings or losses, to the amount on the Valuation Date preceding the date of such deemed distribution. The funds for effecting the restoration of the Account shall be drawn out of forfeitures or from a special Contribution to the Plan made by the Company, or, if so determined by the Company, by the Participating Employer that last employed the Participant. The amount contributed to the Participant's Account for the purpose of effecting such restoration shall not be considered to be part of the Annual Additions to the Account of such Participant for the Plan Year of restoration or any subsequent Plan Year.

(d) Any amounts forfeited pursuant to this Section, any amounts attributable to forfeitures transferred pursuant to the merger of another tax-qualified plan with this Plan, and any other amounts to be treated as forfeitures under the Plan, shall be applied, to: (i) restore Accounts pursuant to paragraph (c) above; and then (ii) reduce the Company's contribution obligation or to pay administrative expenses as directed by the Committee.

ARTICLE VII

DISTRIBUTION OF ACCOUNTS

7.1 Termination of Employment. Following a Participant's severance from employment for any reason, the Participant may elect to have their vested Account balance distributed in accordance with this Article VII.

7.2 Disability. If a Participant incurs a Disability, then that Participant may elect a distribution of their vested Account in accordance with this Article VII.

7.3 Death Benefits. If a Participant dies before the entire vested balance of their Account has been distributed, then the vested balance in their Account shall be paid to the Participant's Beneficiary in accordance with this Article VII.

7.4 Change to a Leased Employee. If a Participant experiences a change in employment status to that of a Leased Employee and the Participant continues to work for any Employer, such change will not be treated as a severance from employment with the Employer for purposes of receiving a distribution under the Plan.

7.5 Beneficiary Designation.

(a) If the Participant is married, then the Participant's Beneficiary shall be their Surviving Spouse. However, the Participant may designate a Beneficiary other than their Spouse (in accordance with the Committee's procedures at such time); provided, however, that: (i) the Participant's Spouse consents to such designation and to the form thereof (in accordance with the Committee's procedures at such time); (ii) such Beneficiary designation may not be changed without Spousal Consent; and (iii) the Spouse's consent acknowledges the effect of such Beneficiary designation and is witnessed by a Plan representative or a notary public (if required by applicable law). Any Spousal Consent or the establishment that Spousal Consent cannot be obtained shall only apply to the particular Spouse involved.

(b) If, at the time of the Participant's death, the Participant has no Surviving Spouse or designated Beneficiary, then the Participant's Beneficiary shall be the individual representative of the Participant's estate.

(c) A Participant's Beneficiary shall be bound by the terms and conditions of the Plan. The designations, consents and the like required pursuant to this Section shall be executed in accordance with the Committee's procedures at such time.

(d) Unless the Participant has indicated otherwise on the Beneficiary designation, any designation of a Beneficiary identified as Participant's Spouse shall be deemed revoked by the divorce of the Participant and such Beneficiary. Such revocation shall be effective upon receipt of acceptable documentary evidence of divorce, delivered after the Participant's death to the Committee. Notwithstanding anything to the contrary in this section, any domestic relations order submitted to and qualified under Section 9.5 at any time prior to the final transfer and/or payment of the Participant's Account shall be deemed to constitute such acceptable documentary evidence of divorce.

(e) A Spouse or Beneficiary who predeceases the Participant shall have no rights or interest in the Participant's Account except that the rights of an Alternate Payee under a qualified domestic relations order (as described in Section 9.5) shall supersede any contravening provision in this Section. If a Participant and the Participant's Beneficiary

should die simultaneously (defined as within one hundred twenty (120) hours of each other), or under circumstances that render it difficult or impossible to determine who predeceased the other, then unless the Participant's Beneficiary designation otherwise specifies, the Committee will presume conclusively that the Beneficiary predeceased the Participant.

7.6 Form of Distribution. Distributions shall be in the form of cash, or if a Participant so elects, in the form of whole shares of Company Stock and cash in lieu of fractional shares to the extent invested in Company Stock, except for amounts attributable to the Participant's Money Purchase Pension Account as described in Appendix B.

7.7 Form of Benefit. Subject to this Article VII and in accordance with the rules established by the Administrator, a Participant's vested Account balance shall be paid to the Participant in one of the following two ways: (i) in the form of a single lump sum payment or a partial lump sum payment of any amount; or (ii) effective for distributions made on and after January 1, 2022, in monthly, quarterly, semi-annual or annual installments paid to the Participant and calculated as a fixed dollar amount, as a fixed percent, over the Participant's life expectancy or as a declining balance payment, except in the case of amounts attributable to a Participant's Money Purchase Pension Account as described in Appendix B below. A Participant's vested Account balance shall be paid to the Participant's Beneficiary in the form of a single lump sum payment or partial lump sum payment of any amount and in accordance with Section 7.10 below.

7.8 Commencement of Distribution. Subject to this Article VII, following a Participant's severance from employment, the Participant's vested Account balance shall be distributed in accordance with the Committee's procedures, and shall be subject to the following:

(a) if the Participant's vested Account balance does not exceed One Thousand Dollars ($1,000) (including amounts attributable to Rollover Contributions) at the time of the distribution, and if the Participant does not elect to have such distribution paid directly to an Eligible Retirement Plan specified by the Participant in a Direct Rollover or to receive the distribution directly in accordance with this Section and Section 7.10, then the Participant shall receive a lump sum distribution of the entire vested portion of such Account balance and the nonvested portion shall be treated as a forfeiture;

(b) if the Participant's vested Account balance exceeds One Thousand Dollars ($1,000) but does not exceed Five Thousand Dollars ($5,000) (including amounts attributable to Rollover Contributions) at the time of the distribution, and if the Participant does not elect to have such distribution paid directly to an Eligible Retirement Plan specified by the Participant in a Direct Rollover or to receive the distribution directly in accordance with this Article VII, then the Administrator will pay the distribution in a Direct Rollover to an individual retirement plan designated by the Administrator; or

(c) if the Participant's vested Account balance exceeds Five Thousand Dollars ($5,000) at the time of the distribution, then the Participant must consent, in writing, prior to the distribution.

7.9 Direct Rollovers and Withholding.

(a) Definitions.

(i) Direct Rollover. "Direct Rollover" means an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan for the benefit of a Distributee.

(ii) Distributee. "Distributee" means a Participant, a Surviving Spouse of a deceased Participant, a Spouse entitled to payment under a Qualified

Domestic Relations Order, or for the limited purpose described in paragraph (iv) below, a non-Spouse designated Beneficiary.

(iii) Eligible Retirement Plan. "Eligible Retirement Plan" means:

(A) with respect to any Distributee, a qualified trust described in Code Section 401(a), an individual retirement account described in Code Section 408(a), a Roth IRA described in Code Section 408A, an individual retirement annuity (other than an endowment contract) described in Code Section 408(b), an annuity contract described in Code Section 403(b) or an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred to such plan from this Plan; and

(B) with respect to a non-Spouse designated Beneficiary, an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b) or a Roth individual retirement account described in Code Section 408A established for the purpose of receiving a distribution on behalf of the non-Spouse designated Beneficiary of the Participant in accordance with Code Section 402(c)(11).

(iv) Eligible Rollover Distribution. "Eligible Rollover Distribution" means any distribution of all or any portion of the balance credited to the Account of a Distributee, except that an Eligible Rollover Distribution shall not include: (A) any distribution that is one of a series of substantially equal periodic payments (made not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten (10) years or more; (B) any distribution to the extent such distribution is required under Code Section 401(a)(9); (C) the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to Employer securities); and (D) any amounts distributed as a result of a hardship distribution in accordance with Section 8.1.

(b) General Rule. If the Distributee of any Eligible Rollover Distribution from the Plan elects to have all or a specified portion of the Eligible Rollover Distribution paid directly to an Eligible Retirement Plan, and specifies the Eligible Retirement Plan to which the Eligible Rollover Distribution is to be paid, then the Eligible Rollover Distribution shall be paid to that Eligible Retirement Plan in a Direct Rollover.

(c) Rollover of After-Tax Contributions. Eligible Rollover Distribution also includes any distribution of any portion of the balance to the credit of the Distributee that is not includible in gross income if the distribution is made in a Direct Rollover to: (A) qualified trust under Code Section 401(a) or annuity contract under Code Section 403(b) and such trust or contract agrees to separately account for such transferred amounts (and earnings thereon); (B) an individual retirement account described in Code Section 408(a); or (C) an individual retirement annuity described in Code Section 408(b) (other than an endowment contract).

7.10 Minimum Distribution Requirements.

(a) Incorporation by Reference of 401(a)(9) Regulations. Distributions under the Plan will be made in accordance with Code Section 401(a)(9), including the incidental benefit requirement of Code Section 401(a)(9)(G) and Income Tax Regulations sections 1.401(a)(9)-2 through 9. The provisions of this Section reflecting Code Section 401(a)(9) override any distribution options in the Plan inconsistent with Code Section 401(a)(9).

(b) Required Beginning Date. Notwithstanding anything to the contrary in this Plan, a Participant may not defer commencement of their benefits past their Required Beginning Date. A Participant's Required Beginning Date is April 1 of the calendar year following the later of (i) the calendar year in which the Participant attains age 72 (or age 70½ if the Participant obtained age 70½ on or prior to December 31, 2019) or (ii) the calendar year in which the Participant has a severance from employment with the Employer; provided, however, that the Required Beginning Date of a Participant who is a 5% owner will be determined without regard to clause (ii).

(c) Distributions for Participants Who Have Reached Their Required Beginning Date. If a Participant has attained their Required Beginning Date, payment of the Participant's benefits will be made over the life expectancy of that Participant or over the life expectancy of that Participant and their designated Beneficiary, determined in accordance with the applicable table contained in the applicable Income Tax Regulations under Code Section 401(a)(9).

(d) 401(a)(9) Deferral Limitations for Beneficiaries.

(i) Death After Required Beginning Date. If a Participant dies on or after the Participant's Required Beginning Date, the remaining portion of that Participant's Account will be distributed to the Beneficiary in a single lump sum payment, with the exception of amounts attributable to a Participant's Money Purchase Pension Account as described in Appendix B.

(ii) Death Before Required Beginning Date. Subject to paragraph (iii) below, if the Participant dies before the Participant's Required Beginning Date, distribution of the Participant's entire Account will be made in a single lump sum by December 31 of the calendar year containing the fifth anniversary of the Participant's death, with the exception of amounts attributable to a Participant's Money Purchase Pension Account as described in Appendix B.

(iii) Surviving Spouse. If the sole Beneficiary is the Participant's Surviving Spouse, the date distributions are required to begin to the Surviving Spouse will not be earlier than December 31 of the calendar year in which the Participant would have attained age 72 (or age 70½ if the Participant obtained age 70½ on or prior to December 31, 2019). If the Surviving Spouse dies before distribution is made, distribution will be made to the Spouse's beneficiary in a single lump sum at any time prior to December 31 of the calendar year containing the fifth anniversary of the Surviving Spouse's death.

(e) Timing. Subject to Income Tax Regulation section 1.411(a)-11(c)(7) and the provisions of this Plan, benefits will become payable no later than 60 days after the last to occur of (a) the last day of the Plan Year in which the Participant attains age 65, (b) the last day of the Plan Year in which the Participant separates from employment with the Employer, or (c) the 10th anniversary of the last day of the Plan Year in which the Participant commenced participation in the Plan, unless the Participant elects otherwise.

(f) 2009 Required Minimum Distributions. Notwithstanding any Plan provision to the contrary, Participants or Beneficiaries who would have been required to receive required minimum distributions for calendar year 2009 did not receive those distributions for calendar year 2009 in accordance with Code Section 401(a)(9)(H) unless an election was made by such Participant or Beneficiary to receive such distributions in accordance with procedures established by the Committee.

7.11 Distribution to Minor or Incompetent. If any individual to whom a benefit is payable under the Plan is a minor, or if the Committee determines that any individual to whom a benefit is payable under the Plan is incompetent to receive such payment or to give a valid release thereof, then the Committee may direct that such distribution be paid to the legal guardian, or, if none, to a parent of such minor or incompetent, or a responsible adult with whom the minor or incompetent resides, or to a custodian for a minor under the Uniform Transfers to Minors Act (or other statutes of similar relevance), if permitted by the laws of the state in which the minor or incompetent resides. Payment to the legal guardian, parent or custodian of a minor Beneficiary shall fully discharge the Trustee, the Employer, the Administrator**,** the Committee, and the Plan from liability on account thereof. A minor is a person who has not yet reached the age of majority for the ownership of investments under the law of the state of the minor's domicile. A former minor may request that the inherited Account be transferred to them at any time after attaining the age of majority.

7.12 Location of Participant or Beneficiary Unknown. If a Participant or Beneficiary who is entitled to a distribution cannot be located and the Committee has made reasonable efforts (in accordance with Department of Labor guidelines) to locate the Participant or Beneficiary, then the Participant's or Beneficiary's interest shall be forfeited and used as set forth in Section 6.2. If the Participant or Beneficiary makes a claim for the Account (such claim shall be made in accordance with the Committee's procedures at such time) subsequent to the forfeiture, then the Employer shall cause the Account to be reinstated without adjustment for earnings or losses.

7.13 Prohibition Against Profiting from Participant's Death. If the Committee determines that a Beneficiary may have intentionally caused the Participant's death, the Committee may take any action the Committee determines appropriate, including but not limited to:

(a) Delaying payments of any benefit to such Beneficiary for any period the Committee determines appropriate, including until there is a judicial determination of the Beneficiary's guilt or innocence;

(b) Deciding to pay the benefit otherwise payable to the Beneficiary to another Beneficiary; and

(c) Applying the rules of the state in which the death occurred to determine the proper Beneficiary.

ARTICLE VIII

HARDSHIPS, LOANS, IN-SERVICE WITHDRAWALS

8.1 Hardship Withdrawals.

(a) Upon hardship of an Eligible Participant (as set forth in this Section), that Eligible Participant shall, under the direction of the Committee, receive a withdrawal from the Participant's vested Accounts (excluding their Money Purchase Pension Account, Safe Harbor Match Account, Qualified Matching Contributions Account and Qualified Nonelective Contributions Account). The ordering of Accounts from which distributions under this section shall be made will be determined by the Committee. Distributions from the underlying investments within each Account will be made on a pro-rata basis unless otherwise determined by the Committee. An Eligible Participant shall be entitled to a hardship distribution only if the Eligible Participant is an Employee and if the distribution is both: (i) made on account of an immediate and heavy financial need of the Participant (as defined in paragraph (b) below), and (ii) necessary to satisfy such financial need (as defined in paragraph (c) below). The Participant shall furnish the Committee with satisfactory proof, as determined by the Committee, that the hardship distribution meets the requirements of paragraphs (b) and (c) below. There is no limit on the number or frequency of hardship withdrawals, and the minimum amount of any hardship withdrawal shall be One Thousand Dollars ($1,000).

(b) An immediate and heavy financial need shall be deemed to include any one or more of the following:

(i) expenses incurred or necessary for medical care (described in Code Section 213(d)) for the Eligible Participant, their Spouse, their primary Beneficiary, or any dependents of the Participant (as defined in Code Section 152);

(ii) costs (excluding mortgage payments) relating to the purchase of a principal residence for the Eligible Participant;

(iii) payment of tuition, related educational fees and room and board expenses, for up to the next twelve (12) months of post-secondary education for the Eligible Participant, their Spouse, their primary Beneficiary, children, or dependents (as defined in Code Section 152);

(iv) payments necessary to prevent the eviction of the Eligible Participant from their principal residence or foreclosure on the mortgage or deed of trust on that principal residence;

(v) payment of burial or funeral expenses for the Participant's deceased parents, Spouse, their primary Beneficiary, children or dependents (as defined in Code Section 152 and without regard to Section 152(d)(1)(B));

(vi) payment of expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Code Section 165 (determined without regard to Code Section 165(h)(5) and whether the loss exceeds 10% of adjusted gross income);

(vii) expenses and losses (including loss of income) incurred by the Participant on account of a disaster declared by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster

Relief and Emergency Assistance Act, Public Law 100-707, provided that the Participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster; or

(viii) such other payments, costs, or expenses, as permitted under the safe harbor hardship provisions of the Code or the applicable validly issued guidance thereunder.

(c) A distribution shall be considered as necessary to satisfy an immediate and heavy financial need of the Participant only if:

(i) the Participant has obtained other available distributions (other than hardship distributions and, effective January 1, 2019, loans) under the Plan and all other plans of deferred compensation, whether qualified or nonqualified;

(ii) effective January 1, 2019, the Participant must represent (in writing, by an electronic medium, or in such other form as may be prescribed by the Commissioner of the Internal Revenue Service) that the Participant has insufficient cash or liquid assets to satisfy the need; and

(iii) the distribution is not in excess of the amount of an immediate and heavy financial need (including amounts necessary to pay any Federal, state or local income taxes or penalties reasonably anticipated to result from the distribution).

8.2 Loans.

(a) The Committee may direct the Trustee to make loans to Participants who are Employees and to parties-in-interest (as defined in ERISA Section 3(14)) with respect to the Plan who are non-Employee Participants or Beneficiaries of deceased Participants (a "Loan Applicant"), provided that:

(i) such loans are available on a reasonably equivalent basis;

(ii) such loans are not made available to Highly Compensated Employees, officers or shareholders in an amount greater than the amount made available to other Employees;

(iii) such loans bear a reasonable rate of interest;

(iv) such loans are adequately secured; and

(v) a Loan Applicant's aggregate outstanding loans shall not exceed the lesser of (A) fifty percent (50%) of the present value of the Loan Applicant's vested Account, or (B) Fifty Thousand Dollars ($50,000) reduced by the excess, if any, of (1) the highest principal amount of the Loan Applicant's aggregate outstanding loans (including defaulted loans) under all tax-qualified plans of the Employer at any time during the immediately preceding twelve (12) months, over the aggregate principal amount outstanding under such loans on the date the new loan is made, plus (2) the amount of unpaid accrued interest on a defaulted loan.

(b) The Committee shall adopt policies and guidelines in compliance with ERISA and the Code which establish and detail the terms of Plan loans hereunder, and which shall be deemed a part of this Plan. The Committee may amend such policies and guidelines

from time to time. A participant shall not be required to obtain Spousal Consent in order to take out a loan under the Plan, except to the extent the loan is funded through the Participant's Money Purchase Pension Account.

8.3 <u>In-Service Withdrawals At and After Age Fifty-Nine and One-Half (59½)</u>. A Participant may withdraw all or a portion of their vested Account balance, except for amounts allocated to the Participant's Money Purchase Pension Account, at any time subsequent to their attainment of age fifty-nine and one-half (59½). Any such withdrawal shall be in the amount specified by the Participant, up to the value of their vested Account balance. Notwithstanding the foregoing, a Participant may elect to have the portion of their withdrawal attributable to amounts invested in Company Stock be made in the form of whole shares and cash in lieu of fractional shares. The ordering of Accounts from which distributions under this section shall be made will be determined by the Committee. Distributions from the underlying investments within each Account will be made on a pro-rata basis unless otherwise determined by the Committee. There is no limit on the number or frequency of in-service withdrawals under this section.

8.4 <u>In Service Withdrawals Available at Any Time</u>.

(a) A Participant may withdraw all or a part of their Rollover Contributions Account, After-Tax Contributions Account and After-Tax Rollover Account at any time. Any such withdrawal shall be in the amount specified by the Participant up to the value of the applicable Account balance.

(b) A Participant may elect to have the portion of their withdrawal attributable to amounts invested in Company Stock be made in the form of whole shares and cash in lieu of fractional shares. Distributions from the underlying investments in the Participant's Rollover Contributions Account, After-Tax Contributions Account and After-Tax Rollover Account will be made on a pro-rata basis unless otherwise determined by the Committee. There is no limit on the number or frequency of in-service withdrawals from a Participant's Rollover Contributions Account, After-Tax Contributions Account and After-Tax Rollover Account.

8.5 <u>Military Service Distribution</u>. Notwithstanding anything in the Plan to the contrary, effective January 1, 2022, a Participant who is employed by the Employer and who is performing service in the uniformed services of the United States (as defined in Chapter 43 of Title 38 of the U.S. Code) for a period in excess of thirty (30) days, shall be considered to have incurred a severance from employment with the Employer solely for purposes of permitting the Participant to elect a distribution from his or her vested Account, except for amounts allocated to the Participant's Money Purchase Pension Account, in accordance with Section 7.1. A Participant who elects a distribution in accordance with this Section shall be prohibited from making Employee Contributions, Roth Contributions, Catch-Up Contributions and After-Tax Contributions to the Plan for a period of six (6) months following his or her receipt of such distribution.

ARTICLE IX

ADMINISTRATION

9.1 Committee. The Company, through its authorized delegate, has appointed a 401(k) and ESOP Committee (referred to in this document as the "Committee") to administer the Plan.

9.2 Power. The Committee described above has full discretionary authority to carry out its assigned functions. The Committee may delegate its discretionary authority and such duties and responsibilities as it deems appropriate to facilitate the day-to-day administration of the Plan and, unless the Committee provides otherwise, such a delegation will carry with it the full discretionary authority to accomplish the delegation. Determinations the Committee or by that Committee's delegate will be final and conclusive upon all persons. The functions of the Committee include the following:

(a) Administration. The Committee has full discretionary authority to administer and interpret the Plan, including discretionary authority to determine eligibility for participation and for benefits under the Plan, to correct errors to the extent practicable, to construe ambiguous terms, to employ advisors, and to authorize expenditures from Plan assets.

(b) Investment. The Committee has full discretionary authority to appoint one or more investment managers, to establish procedures for investment of amounts for which no investment direction is given, to monitor and oversee the investment of Plan assets, to establish investment policies, to appoint, remove and replace third party service providers, and to authorize expenditures from Plan assets.

(c) Employee Benefits Claim Review. The Committee has full discretionary authority to exercise the powers outlined in the Plan's claims procedures, as described in the Plan's Summary Plan Description.

9.3 Expenses. All proper expenses incurred in administering the Plan may be paid from the Trust if not paid by the Company. If expenses are initially paid by the Company, the Company may be reimbursed from the Trust. Committee members will receive no compensation for their services to the Plan as Committee members. Notwithstanding any provision in the Plan to the contrary, to the extent that the Plan is lawfully reimbursed for the costs of administration by a third party recordkeeper, a trustee, or any third party other than the Company, the Plan will be responsible for the costs of Plan administration.

9.4 Participant-Directed Accounts. The Plan is intended to provide participant-directed investments that are designed so that the Plan satisfies the requirements under ERISA Section 404(c). Each Participant shall have the right to direct the investment of their Accounts among such investments as are authorized by the Committee, subject to such procedural guidelines as the Committee shall establish from time to time. The Committee shall establish such procedures in such time, frequency, form and manner, as it deems appropriate or necessary for Participants to invest their Account balances in accordance with this Section and the Plan. Investments, including Participant elections to invest in Company Stock, shall be subject to such restrictions, limitations and administrative procedures as are imposed by the Committee, pursuant to their discretionary authority to administer and interpret the Plan, including, but not limited to, procedures for investment of amounts for which no investment direction is given by a Participant.

9.5 Domestic Relations Orders.

(a) Definitions.

(i) Alternate Payee. "Alternate Payee" means any Spouse, former Spouse, child or other dependent (within the meaning of Code Section 152) of a Participant

who is recognized by a Domestic Relations Order as having a right to receive any immediate or deferred payment of all or a portion of the balance credited to a Participant's Account under the Plan.

(ii) Domestic Relations Order or Order. "Domestic Relations Order" or "Order" means any judgment, decree or order (including approval of a property settlement agreement) which provides or otherwise conveys, pursuant to applicable state domestic relations laws (including community property laws), child support, alimony payments or marital property rights to an Alternate Payee.

(iii) Qualified Domestic Relations Order. "Qualified Domestic Relations Order" means any Domestic Relations Order that meets the following requirements:

(A) such Order establishes (or otherwise recognizes the existence of) the right of an Alternate Payee to receive all or a portion of the vested balance credited to a Participant's Account under the Plan;

(B) such Order specifies (1) the name and last known mailing address of the Participant, (2) the name and last known mailing address of each Alternate Payee covered by such Order, (3) the amount or percentage of the Participant's vested Account balance under the Plan payable to each such Alternate Payee or the manner in which such amount or percentage is to be calculated, and (4) any other requirement set forth in ERISA Section 206(d)(3) or Code Section 414(p); and such Order does not require the Plan to (1) provide any type or form of benefit or option not otherwise available to the Participant under the Plan, (2) provide increased benefits not otherwise payable to the Participant under the Plan, or (3) pay benefits to an Alternate Payee which are required to be paid to another Alternate Payee pursuant to any Qualified Domestic Relations Orders previously issued with respect to the Participant's Account under the Plan.

(b) A distribution to an Alternate Payee authorized by a Qualified Domestic Relations Order may be made even if the affected Participant would not be eligible to receive a similar distribution from the Plan at that time. The Committee or its authorized delegate has full discretionary authority to determine whether a domestic relations order is "Qualified" within the meaning of Code Section 414(p). Rights and benefits provided to a Participant or Beneficiary are subject to the rights and benefits of an Alternate Payee. With the exception of amounts attributable to a Participant's Money Purchase Pension Account, if any, the only form of payment available to an Alternate Payee is a single lump sum. Additional rules pertaining to QDROs are described in the QDRO Procedures for the Plan.

ARTICLE X

AMENDMENT, TERMINATION OR MERGER

10.1 Amendment.

(a) The Company shall have full power and authority to amend the provisions of the Plan for any reason, at any time, to such extent and in such manner as the Company shall deem advisable, in accordance with its normally established procedures. The Company may delegate such power, in whole or in part, to one or more individuals or committees (comprised of officers or other managerial personnel of the Company).

(b) The Committee has been delegated the full power and authority to execute amendments to (i) clarify any provision of the Plan, (ii) bring the Plan into compliance with applicable law, (iii) provide for the continued tax-qualified status of the Plan, or (iv) amend the Plan and other related documents as deemed necessary or appropriate by the Committee (and any member of the Committee is authorized to execute such amendment or other related document); provided that no such amendment results in a significant financial impact on the Company.

(c) An amendment shall become effective, in accordance with its terms, as to all Participants and all other persons having or claiming an interest under the Plan, upon the effective date specified in the instrument evidencing such amendment. However, no such amendment shall operate to: (i) cause any part of the Trust to revert to or to be recoverable by a Participating Employer or to be used for, or diverted to, purposes other than the exclusive benefit of Participants and their Beneficiaries (or for defraying the reasonable administrative expenses of the Plan); (ii) reduce the then outstanding balances in the Accounts of Participants; or (iii) affect, reduce or eliminate any benefits which are protected benefits pursuant to Code Section 411(d)(6), except as permitted under Income Tax Regulations Section 1.411(d)-4.

10.2 Termination of Plan.

(a) The Company may terminate this Plan at any time for any reason by resolution adopted by the Board, or its authorized delegate, but the Trust may neither thereby be diverted from the exclusive benefit of the Participants, their Beneficiaries, survivors or estates (other than for defraying the reasonable administrative expenses of the Plan), nor revert to a Participating Employer.

(b) Upon termination of the Plan (as determined by the Company or its authorized delegate) or the complete discontinuance of Employer contributions under the Plan (as determined by the Company), the Accounts of each Participant shall be nonforfeitable. The Administrator shall distribute each Participant's Accounts to the Participant pursuant to Article VII as soon as administratively feasible after the termination.

(c) Upon a partial termination of the Plan (as determined by the Company or the Administrator) the Accounts of each affected Participant shall be nonforfeitable.

10.3 Merger.

(a) The Committee shall have the full power and authority to effect from time to time, upon such terms and conditions deemed appropriate, the merger of any and all tax-qualified defined contribution plans (and related tax-exempt trusts) maintained by

entities acquired by the Company into the Plan and Trust, and to take any and all such actions, and prepare, execute, and deliver all such documents as may be necessary or advisable to effect any and all such plan and related trust mergers.

(b) Nothing contained herein shall prevent the merger or consolidation of the Plan with, or transfer of assets or liabilities of the Plan to, another plan meeting the requirements of Code Section 401(a) or the transfer to the Plan of assets or liabilities of another such plan so qualified under the Code. Any such merger, consolidation or transfer shall be accompanied by the transfer of such existing records and information as may be necessary or appropriate to properly allocate such assets among Participants, including, without limitation, any tax or other information necessary for the Participants or persons administering the plan that is receiving such assets. The terms of such merger, consolidation or transfer must be such that (if the Plan had then terminated), the requirements of this Article would be satisfied and each Participant (or, if applicable, their Beneficiary or an Alternate Payee) would receive a benefit immediately after the merger, consolidation or transfer equal to or greater than the benefit the Participant would have received if the Plan had terminated immediately before the merger, consolidation or transfer. Notwithstanding any provision in this Plan to the contrary, any amounts transferred to the Plan as a result of such merger, consolidation or transfer shall, to the extent the benefits accrued under the transferor plan are protected benefits under Code Section 411(d)(6) be preserved under this Plan, and shall not in any way be affected, reduced or eliminated, except as permitted under Income Tax Regulations Section 1.411(d)-4.

ARTICLE XI

TOP-HEAVY PROVISIONS

11.1 **Purpose**. This Article is intended to ensure that the Plan complies with Code Section 416. Code Section 416 and the applicable Income Tax Regulations are herein incorporated by reference. If the Plan is or becomes Top-Heavy in any Plan Year, then the provisions of this Article shall supersede any conflicting provision in the Plan.

11.2 **Definitions**.

(a) Determination Date. "Determination Date" means the last day of the preceding Plan Year.

(b) Key Employee. "Key Employee" means any Employee or former Employee (including the Beneficiaries of such Employee and any deceased Employee) who at any time during the Plan Year that includes the Determination Date, was (i) an officer of the Employer having annual Compensation greater than the amount in effect under Code Section 416(i)(1)(A), as adjusted by the Secretary of the Treasury under Code Section 415(d) ; (ii) a five percent (5%) owner of the Employer; or (iii) a one percent (1%) owner of the Employer who has annual compensation of more than One Hundred Fifty Thousand Dollars ($150,000). For purposes of this Section, compensation has the meaning given by Code Section 416(i)(1)(D) and shall be based only on compensation that is actually paid. A determination of who constitutes a Key Employee shall be made in accordance with Code Section 416(i)(1) and the applicable Income Tax Regulations and other guidance of general applicability issued thereunder.

(c) Non-Key Employee. "Non-Key Employee" means any Employee who is not a Key Employee.

(d) Permissive Aggregation Group. "Permissive Aggregation Group" means the Required Aggregation Group of plans plus any other plan(s) of the Employer that, when considered as a group with the Required Aggregation Group, would continue to satisfy the requirements of Code Sections 401(a)(4) and 410.

(e) Required Aggregation Group. "Required Aggregation Group" means:

(i) each tax-qualified plan of the Employer in which at least one (1) Key Employee participates or participated during the Plan Year ending on the Determination Date (regardless of whether the plan has terminated); and

(ii) any other tax-qualified plan of the Employer that enables a plan described in paragraph (i) above to meet the requirements of Code Section 401(a)(4) or 410.

(f) Top-Heavy Plan. "Top-Heavy Plan" means this Plan, if, for any Plan Year, any of the following conditions exists:

(i) the Top-Heavy Ratio for this Plan exceeds sixty percent (60%) and this Plan is not part of any Required Aggregation Group or Permissive Aggregation Group of plans;

(ii) this Plan is part of a Required Aggregation Group of plans but not part of a Permissive Aggregation Group and the Top-Heavy Ratio for the Required Aggregation Group exceeds sixty percent (60%); or

(iii) this Plan is part of a Required Aggregation Group and part of a Permissive Aggregation Group of plans and the Top-Heavy Ratio for both the Permissive Aggregation Group and the Required Aggregation Group exceeds sixty percent (60%).

(g) Top-Heavy Ratio. "Top-Heavy Ratio" means:

(i) if the Employer maintains one or more defined contribution plans (including any simplified employee pension plan) and the Employer has not maintained any defined benefit plan that during the one (1)-year period ending on the Determination Date(s) has or has had accrued benefits, then the Top-Heavy Ratio for this Plan alone or for the Required or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of the Account balances of all Key Employees as of the Determination Date(s) (including any part of any Account balance distributed in the one (1)-year period ending on the Determination Date(s)), and the denominator of which is the sum of Account balances (including any part of any Account balance distributed in the one (1)-year period ending on the Determination Date(s)), both computed in accordance with Code Section 416. Both the numerator and denominator of the Top-Heavy Ratio are increased to reflect any contribution not actually made as of the Determination Date, but which is required to be taken into account on that date under Code Section 416. Notwithstanding the foregoing, in the case of a distribution of a portion of a Participant's Account balance that is made for a reason other than severance from employment, death or Disability, the provisions of this paragraph shall be applied by substituting "five (5)-year period" for "one (1)-year period."

(ii) if the Employer maintains one or more defined contribution plans (including any simplified employee pension plan) and the Employer maintains or has maintained one or more defined benefit plans that during the one (1)-year period ending on the Determination Date(s) has or has had any accrued benefits, then the Top-Heavy Ratio for any Required or Permissive Aggregation Group as appropriate, is a fraction, the numerator of which is the sum of Account balances under the aggregated defined contribution plan or plans for all Key Employees, determined in accordance with paragraph (i) above, and the present value of accrued benefits under the aggregated defined benefit plan or plans for all Key Employees as of the Determination Date(s), and the denominator of which is the sum of Account balances under the aggregated defined contribution plan or plans for all participants, determined in accordance with paragraph (i) above, and the present value of accrued benefits under the defined benefit plan or plans for all participants as of the Determination Date(s), all determined in accordance with Code Section 416. The accrued benefits under a defined benefit plan in both the numerator and denominator of the Top-Heavy Ratio are increased for any distribution of an accrued benefit made in the one (1)-year period ending on the Determination Date. Notwithstanding the foregoing, in the case of a distribution of a portion of a Participant's Account balance that is made for a reason other than severance from employment, death or Disability, the provisions of this paragraph shall be applied by substituting "five (5)-year period" for "one (1)-year period."

(iii) for purposes of paragraphs (i) and (ii) above, the value of Account balances and the present value of accrued benefits shall be determined as of the last

day of the most recent Plan Year that falls within or ends with the twelve (12) month period ending on the Determination Date, except as provided in Code Section 416 for the first and second plan years of a defined benefit plan. The Account balances and accrued benefits of a participant (1) who is not a Key Employee but who was a Key Employee in a prior year, or (2) who has not been credited with at least one (1) hour of service with any Employer maintaining the Plan at any time during the one (1)-year period ending on the Determination Date shall be disregarded. The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account shall be made in accordance with Code Section 416. When aggregating plans, the value of Account balances and accrued benefits shall be calculated with reference to the Determination Dates that fall within the same calendar year.

The accrued benefit of a Participant other than a Key Employee shall be determined under (1) the method, if any, that uniformly applies for accrual purposes under all defined benefit plans maintained by the Employer, or (2) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Code Section 411(b)(1)(C).

11.3 <u>Minimum Allocation</u>.

(a) Except as otherwise provided in paragraphs (b) and (c) below, in any Plan Year that the Plan is Top-Heavy, Employer contributions (other than Employee Contributions and Catch-Up Contributions) allocated to the Accounts of each Participant who is a Non-Key Employee, shall be not less than the lesser of (i) three percent (3%) of the Non-Key Employee's Compensation, or (ii) in the case where the Employer has no defined benefit plan which designates this Plan to satisfy Code Section 401(a), the largest percentage of Contributions (other than Catch-Up Contributions) and forfeitures (if applicable), as a percentage of Compensation allocated on behalf of any Key Employee for that Plan Year.

(b) The provisions in paragraph (a) above shall not apply to any Participant who was not employed by the Employer on the last day of the Plan Year.

(c) The provisions in paragraph (a) above shall not apply to any Participant to the extent the Participant is covered under any other qualified plan or plans of the Employer that provide the minimum allocation described above.

(d) The minimum allocation required (to the extent required to be nonforfeitable under Code Section 416(b)) cannot be forfeited under Code Section 411(a)(3)(B) or (D).

ARTICLE XII

MISCELLANEOUS

12.1 Military Service. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with Code Section 414(u). If a Participant dies on or after January 1, 2007 while performing qualified military service (as defined in Code Section 414(u)), the Beneficiary of that Participant is entitled, to the extent required by Code Section 401(a)(37), to any additional benefits provided under the Plan as if the Participant had resumed employment on the date immediately before their date of death and then terminated employment on account of death.

12.2 Legal or Equitable Action. If any legal or equitable action with respect to the Plan is brought by or maintained against any individual(s), and the results of such action are adverse to that individual(s), attorney's fees and all other direct and indirect expenses and costs incurred by the Employer, each Participating Employer, the Company (including, without limitation, the Board and the Compensation Committee), the Administrator, the Committee, the Trustee, and/or the Trust of defending or bringing such action shall, to the extent permitted by law, be charged against the interest, if any, of such individual(s) under the Plan.

12.3 No Enlargement of Plan Rights. Each individual agrees, as a condition of participation in the Plan, that they shall look solely to the assets of the Trust for the payment of any benefit under the Plan.

12.4 No Enlargement of Employment Rights. Nothing appearing in or done pursuant to the Plan shall be construed to give any individual a legal or equitable right or interest in the assets of the Trust or distribution therefrom (except as expressly provided in the Plan), nor against any Participating Employer (except as expressly provided in the Plan), or to create or modify any contract of employment between a Participating Employer and any Employee or to obligate a Participating Employer to continue the services of any Employee.

12.5 Interpretation. The headings contained in this Plan or in any Appendix hereto, are for reference purposes only, and shall not affect in any way the meaning or interpretation of the Plan. Any capitalized term used in any Appendix hereto, but not otherwise defined therein, shall have the meaning assigned to such term in the Plan. The masculine pronoun shall include the feminine pronoun and the singular the plural, where the context so indicates.

12.6 Notices and Form of Communication. Notwithstanding anything in the Plan to the contrary, in any instance where an action (including, without limitation, notices, instruments, elections, applications, and communications) by an Eligible Employee, a Participant, a Beneficiary, an Alternate Payee, the Administrator, the Company, a Participating Employer, or any other person or entity is required to be in writing such action may be satisfied in such form as the Committee or the Company, as applicable, may specify, including, without limitation, electronic or telephonic methods, but only to the extent permitted by law. All such actions (including notices, instruments, elections, applications, and communications) to be filed under the Plan shall be filed with the person or entity designated by the Company or the Committee, as applicable. Each such action shall be effective only upon actual receipt by the designated person or entity.

12.7 Governing Law. The Plan shall be construed, administered and governed in all respects in accordance with ERISA, the Code and other pertinent Federal laws and, to the extent not preempted by ERISA, in accordance with the laws of the State of California (irrespective of the choice of law principles of the State of California as to all matters); provided, however, that if any provision is susceptible to more than one interpretation, such interpretation shall be given thereto as is consistent with the Plan being a tax-qualified plan and related tax-exempt trust under Code Sections 401(a) and 501(a), respectively.

12.8 Non-Alienation of Benefits. None of the benefits, payments, proceeds or claims of any Participant under the Plan shall be subject to any claim or any creditor of any Participant and, in particular, the same shall not be subject to attachment or garnishment or other legal process by any creditor of any Participant, nor shall any Participant have any right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits, payments or proceeds which the Participant is or may be entitled to receive from the Plan, other than:

(a) Federal tax levies and executions on Federal tax judgments;

(b) payments made from the Accounts of a Participant in satisfaction of the rights of Alternate Payees pursuant to a Qualified Domestic Relations Order under Section 9.5;

(c) enforcement of any security interests or offset rights applicable to the Account of a Participant pursuant to the loan provisions of Section 8.2; or

(d) any offset of a Participant's Account under the Plan against an amount the Participant is ordered to pay due to a judgment or settlement described in Code Section 401(a)(13)(C).

12.9 No Reversion. Notwithstanding any contrary provision of the Plan (except as provided in Section 6.2), no part of the assets in the Trust shall revert to the Employer, and no part of such assets, other than that amount required to pay taxes or reasonable administrative expenses of the Plan, shall be used for any purpose other than exclusive benefit of Participants or their Beneficiaries. However, upon the Committee's request, the Trustee shall return the appropriate amount to a Participating Employer under any of the following circumstances, provided, however, any such excess amounts shall, to the extent permitted by law, be reduced to the extent there are negative Earnings attributable thereto:

(a) the amount was all or part of an Employer contribution that was made as a result of a mistake of fact and the amount contributed is returned to the Participating Employer within one (1) year after the date of the mistaken payment; or

(b) the amount was all or part of an Employer contribution that was conditioned on its deductibility under Code Section 404 (all contributions under the Plan are conditioned on their deductibility unless stated otherwise) and this condition is not satisfied, and the amount is returned to the Participating Employer within one (1) year after the date on which the deduction was disallowed.

12.10 Conflict. In the event of any conflict between the Plan and the terms of any contract or agreement issued hereunder or with respect hereto, the Plan shall control.

12.11 Severability. If any provision of the Plan, or the application thereof to any individual or circumstance, is deemed invalid or unenforceable by a court of competent jurisdiction, then the remainder of the Plan, or the application of such term or provision to individuals or circumstances other than those as to whom it is held invalid or unenforceable, shall not be affected thereby, and each provision of the Plan shall be valid and enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF, this document is hereby restated as of the Effective Date and executed on this ___ day of December 2021.

SVB FINANCIAL GROUP

By:

Name:

Title:

APPENDIX A
ESOP CONTRIBUTIONS

This Appendix sets forth the special provisions applicable only to Employee Stock Ownership Plan (the "ESOP") portion of the Plan. The ESOP portion of the Plan is a non-leveraged employee stock ownership plan within the meaning of Code Section 4975(e)(7). The ESOP is maintained as a part of the Plan as authorized by Income Tax Regulation section 54.4975-11(a)(5). The ESOP is designed to invest primarily in employer securities as defined in Code Section 409(l).

A.1 Definitions.

The following additional definitions apply to the ESOP:

(a) "ESOP" means the portion of the Plan that reflects each Participant's interest in SVB Financial Group stock ("Company Stock") attributable to ESOP Contributions made in accordance with Section 4.7. Company Stock constitutes employer securities within the meaning of Code Section 409(l).

(b) "Dividend Record Date" means the date on which the registered shareholders of Company Stock are identified for purposes of determining eligibility to receive a declared dividend as of a specified Pay Date.

(c) "Election" means the election made by a Participant (or deemed made) to have dividends paid on Company Stock under the ESOP paid as a cash distribution or retained in the ESOP.

(d) "Pay Date" means the date on which dividends are paid to the registered shareholders of Company Stock determined as of a Dividend Record Date.

Capitalized terms used in this Appendix A that are not defined herein shall have the meaning as those terms have in the Plan.

A.2. Elections on Dividends.

(a) General Rule. A Participant may make or change their Election at any time consistent with procedures established by the Committee prior to the date such Election becomes irrevocable with respect to a dividend (as determined by the Committee). A Participant's Election shall remain in force until such Election is changed by the Participant consistent with procedures established by the Committee.

(b) Default Election. If, as of the date a Participant's Election applicable to a dividend paid as of a specific Pay Date would otherwise become irrevocable, the Participant does not have a valid election in place, as determined under the Committee's procedures, such Participant shall be deemed to have elected to have any such dividend reinvested in the ESOP.

(c) Timing. In no event shall a dividend subject to an Election that is paid to the ESOP be paid in a cash distribution to a Participant consistent with the Participant's Election later than 90 days after the close of the Plan Year in which the dividend is paid.

(d) Annual Additions. Dividends on Company Stock that are paid in a cash distribution to a Participant or reinvested in the ESOP, consistent with a

Participant's Election, are not treated as Annual Additions for purposes of Article V.

A.3. Diversification.

A Participant may direct that all or any part of their interest in the ESOP be liquidated and reinvested in any of the investment options available under the non-ESOP part of the Plan. Transfers from the ESOP to other investment options are subject to the standard investment procedures established by the Committee for the non-ESOP part of the Plan.

A.4. Voting.

A Participant is authorized to direct the voting of Company Stock proportionate to their interest in the ESOP in accordance with procedures established by the Committee, the Trust Agreement and Code Section 409(e).

A.5. Distributions.

The standard distribution provisions of Article VII, including those applicable to distributions in Company Stock, govern distributions under the ESOP part of the Plan. As described in Article VII, the ESOP shall comply with Code Section 409(h) relating to the right of a Participant to demand that their benefits under the ESOP shall be distributed in the form of employer securities within the meaning of Code Section 409(l).

A.6. Purchase of Shares.

The Trustee or a designated investment manager shall purchase shares of stock in the ESOP consistent with the provisions of the Trust Agreement.

A.7. Prohibited Allocations.

The assets of the ESOP attributable to (or allocable in lieu of) employer securities acquired by the Plan in a sale to which Code Section 1042 applies cannot accrue (or be allocated directly or indirectly under any Code Section 401(a) plan of the Employer) for the benefit of persons specified in Code Section 409(n) during the non-allocation period defined in Code Section 409(n)(3)(C).

APPENDIX B
GUIDELINES FOR ANNUITY FORMS OF DISTRIBUTION

The provisions of this Appendix B are intended to set forth the guidelines for providing annuities as a form of distribution for amounts attributable solely to a Participant's Money Purchase Pension Account under the Plan. Annuities shall only be offered as a form of distribution to Participants (or Surviving Spouses or Beneficiaries thereof, as applicable) with a Money Purchase Pension Account under the Plan to the extent required to comply with Code Section 411(d)(6).

B.1. Definitions.

(a) "Annuity Starting Date" means the first day of the first period for which an amount is payable as an annuity or, in the case of a benefit not payable in the form of an annuity, the first day on which all the events have occurred that entitle the Participant (or their Surviving Spouse or Beneficiary, as applicable) to such benefit.

(b) "Joint and Survivor Annuity" means an annuity under which joint and survivor benefits are paid to the Participant for their life and, following the Participant's death, are paid to the Participant's Surviving Spouse during the Surviving Spouse's lifetime at a rate equal to fifty percent (50%) or seventy-five percent (75%) of the rate at which the benefits are payable to the Participant, provided that with respect to a Participant who is not married on the Annuity Starting Date, the Joint and Survivor Annuity is a single life annuity payable to the Participant. The Joint and Survivor Annuity is purchased with the distributable proceeds of a Participant's Money Purchase Pension Account balance.

(c) "Pre-Retirement Survivor Annuity" means an annuity for the life of the Participant's Surviving Spouse purchased with the distributable portion of the Participant's Money Purchase Pension Account balance.

Capitalized terms used in this Appendix B that are not defined herein shall have the meaning as those terms have in the Plan.

B.2. Special Rules Regarding Money Purchase Pension Accounts.

(a) Pre-Retirement Survivor Annuity. Unless otherwise elected as provided below, a Participant who dies before their Annuity Starting Date and who has a Surviving Spouse will have their Money Purchase Pension Account balance paid to their Surviving Spouse in the form of a Pre-Retirement Survivor Annuity. Unless the Surviving Spouse consents to an earlier distribution, payment of the Pre-Retirement Survivor Annuity will begin within a reasonable time after the later of (i) the date the Participant would have attained their Normal Retirement age or (ii) the date that is 90 days after the death of the Participant.

(b) Waiver of Pre-Retirement Survivor Annuity.

(i) An election to waive the Pre-Retirement Survivor Annuity before the Participant's death must be made by the Participant during the election period in writing and on a form prescribed therefore by the Committee, and will require the irrevocable Spousal Consent. A Participant may revoke such election at any time and any number of times during the period between the first day of the Plan Year in which the Participant attains age thirty-five (35) and the date of the Participant's death.

(ii) Notwithstanding the terms of any waiver regarding the form of death benefit, if the Surviving Spouse has not, at the time of the Participant's death, properly consented to a non-Spouse Beneficiary, the Surviving Spouse may elect on a form provided by the Committee (A) to begin receiving the Pre-Retirement Survivor Annuity within a reasonable time following the later of the Participant's death or the Surviving Spouse's election, or (B) to receive a single sum distribution of the Participant's Money Purchase Pension Account balance within a reasonable time following the later of the Participant's death or the Surviving Spouse's election. Any written election described in this Section must be obtained not more than ninety (90) days before distribution begins and will be made in accordance with the provisions of this Section.

(c) Election Period. The election period to waive the Pre-Retirement Survivor Annuity will begin on the first day of the Plan Year in which the Participant attains age 35 and will end on the date of the Participant's death. An earlier waiver (with Spousal Consent) may be made, but the waiver will become invalid at the beginning of the Plan Year in which the Participant attains age 35. When a Participant separates from service prior to the beginning of the election period, the election period will begin on the date of separation from service.

(d) Notice of Election Rights. The Committee will provide Participants with an explanation of the election that meets the requirements of Code Section 417(a)(3)(B).

(e) Joint and Survivor Annuity. Unless otherwise elected as provided below, a Participant who does not die before their Annuity Starting Date will receive their Money Purchase Pension Account balance in the form of a Joint and Survivor Annuity. The Joint and Survivor Annuity will begin within a reasonable time after the Participant's Annuity Starting Date.

(f) Election to Waive Joint and Survivor Annuity. An election to waive the Joint and Survivor Annuity must be made by the Participant during the election period in writing on a form provided by the Committee with Spousal Consent. An election to designate a Beneficiary or form of benefits may not be changed without Spousal Consent. An unmarried Participant may elect in writing during the election period on a form provided by the Committee to waive the Joint and Survivor Annuity. An election may be revoked by the Participant in writing without the consent of the Spouse at any time during the election period. The number of revocations will not be limited. Any new election must comply with the requirements of this paragraph.

(g) Election Period. The election period to waive the Joint and Survivor Annuity is the ninety (90) day period ending on the Annuity Starting Date. A payment will not be considered to occur after the Annuity Starting Date when actual payment is reasonably delayed for calculation of the benefit amount.

(h) Notice of Election Rights. The Committee will provide the Participant with an explanation of the election which meets the requirements of Code Section 417(a)(3)(A) (taking into account Code Section 417(a)(7)).

(i) Effect of Waiver. If a proper waiver is executed with respect to a Participant, the Participant's Money Purchase Pension Account balance can be distributed in the same form, at the same time, and subject to the same Beneficiary designation as all other amounts in the Plan with respect to the Participant.

(j) Purchase of Annuities. Any costs associated with the purchase of annuity contracts under this Article will be charged against the distributable proceeds of the Participant's Money Purchase Pension Account balance. After an annuity contract has been purchased, neither the Plan, the Committee, nor the Company will have any further obligation for payment of benefits attributable to the Participant's Money Purchase Pension Account balance.

(k) Small Amounts. If the value of a Participant's entire benefit does not exceed Five Thousand Dollars ($5,000), including Rollover Contributions, (determined as of such times and in the manner as is required by Code Section 417), this Appendix B will not apply to the Participant.

(l) Required Minimum Distributions. Distributions of amounts attributable to a Participant's Money Purchase Pension Account will be made in accordance with Code Section 401(a)(9), including the incidental benefit requirement of Code Section 401(a)(9)(G) and Income Tax Regulations sections 1.401(a)(9)-2 through 9.

APPENDIX C
MERGER OF THE BOSTON PRIVATE 401(k) PLAN INTO THE PLAN

C.1. Plan Merger.

The Boston Private Financial Holdings, Inc. 401(k) Profit Sharing Plan (the "Boston Private 401(k) Plan") will be merged into the Plan effective on or about April 1, 2022 (the "BP Merger Date"). Effective upon such merger, the accounts of participants in the Boston Private 401(k) Plan will be transferred to the Trust pursuant to the Plan (the "Transferred Accounts") and assets of the Boston Private 401(k) Plan will become the assets of the Plan. Upon the merger, the Plan will assume all of the obligations of the Boston Private 401(k) Plan and will become responsible for the payment of benefits of participants with Transferred Accounts. Except as modified by Section C.2 below, the terms and provisions of the Plan govern the rights, benefits and entitlements of all Participants with Transferred Accounts.

C.2. Protected Benefits.

Any benefits accrued under the Boston Private 401(k) Plan prior to the BP Merger Date shall, to the extent those benefits are protected benefits under Code Section 411(d)(6) (the "**Protected Benefits**"), be preserved under the Plan and shall not in any way be affected, reduced or eliminated as a result of the merger of the Boston Private 401(k) Plan with the Plan (except as permitted under Treasury Regulations Section 1.411(d)-4)); provided, however, that such Protected Benefits shall be limited solely to the Transferred Accounts, determined as of the BP Merger Date (including subsequent earnings on such account balances). The Protected Benefits applicable to the Transferred Accounts described in this Section C.2 are the following:

(a) Normal Retirement or Normal Retirement Date.

(i) For any Transferred Accounts attributable to the Borel Bank Salary Deferral 401(k) Plan balances prior to October 1, 1998, "Normal Retirement" or "Normal Retirement Date" means the date on which a Participant is at least sixty (60) years of age.

(ii) For any Transferred Accounts attributable to Sand Hill Advisors, Inc. Profit Sharing 401(k) Plan and E.R. Taylor Investments, Inc. 401(k) Profit Sharing Plan, "Normal Retirement" or "Normal Retirement Date" means the date on which a Participant is at least fifty five (55) years of age.

(b) Vesting of Matching Contributions. The Transferred Accounts attributable to matching contributions made in the Boston Private 401(k) Plan are one hundred percent (100%) vested.

(c) Vesting of Profit Sharing Contributions. The Transferred Accounts attributable to profit sharing contributions made in the Boston Private 401(k) Plan are one hundred percent (100%) vested.

Exhibit 10.34

SVB Financial Group

1999 Employee Stock Purchase Plan – Israeli Sub-Plan

1. GENERAL

1.1 This Sub-Plan (the "**Sub-Plan**") is adopted pursuant to the authority under Section 2(b)(iv) of the SVB Financial Group (the "**Company**") 1999 Employee Stock Purchase Plan (the "**Plan**") and shall be an integral part thereof. This Sub-Plan shall apply only to Eligible Employees who are residents of the State of Israel and employed by the Company's Israeli Affiliates upon the Purchase Date, including those who are deemed to be residents of the State of Israel for tax purposes upon the Purchase Date (collectively, "**Israeli Eligible Employees**").

1.2 This Sub-Plan is to be read as a continuation of the Plan and includes additional conditions which will apply to Israeli Eligible Employees participating in the Plan, only to the extent necessary to comply with the requirements set by the Israeli law in general, and in particular, with the provisions of the Israeli Income Tax Ordinance [New Version] 1961, as may be amended or replaced from time to time and in order to comply with any approval or ruling received by the Company or any Affiliate in relation thereof. This Sub-Plan does not apply to or modify the Plan in respect of any other category of Eligible Employees.

1.3 The Plan and this Sub-Plan are complementary to each other and shall be deemed as one. In the event of any conflict, whether explicit or implied, between the provisions of this Sub-Plan and the Plan, the provisions set out in this Sub-Plan shall prevail.

1.4 Any capitalized term not specifically defined in this Sub-Plan shall be construed according to the interpretation given to it in the Plan.

2. DEFINITIONS

2.1 **"102 Stock Purchase Right"** means the option to purchase Common Stock of the Company granted under the Plan to an Israeli Eligible Employee pursuant to Section 102, provided it is exercised when the Eligible Employee is still an Israeli Eligible Employee.

2.2 **"Capital Gain Stock Purchase Right"** means a Trustee 102 Stock Purchase Right elected and designated by the Company to qualify under the capital gain tax treatment in accordance with the provisions of Section 102(b)(2).

2.3 **"Control"** as such term is defined in Section 32(9) of the Ordinance.

2.4 **"Controlling Stockholder"** shall mean a stockholder of the Company who has Control of the Company.

2.5 **"Eligible Employee"** means any employee who is entitled to and has been offered the opportunity to participate in the Plan.

2.6 **“Employing Company”** means any Israeli resident Affiliate employing Eligible Employees including, but not limited to, any “employing company” and "employer" as defined in Section 102(a) of the Ordinance.

2.7 **“ITA”** means the Israeli Tax Authority.

2.8 **“Non-Trustee 102 Stock Purchase Right**” means a 102 Stock Purchase Right granted pursuant to Section 102(c) and not held in trust by, or under the control or supervision of, a Trustee.

2.9 **“Ordinance”** means the Israeli Income Tax Ordinance [New Version] 1961 as now in effect or as hereafter amended.

2.10 **“Ordinary Income Stock Purchase Right”** means a Trustee 102 Stock Purchase Right elected and designated by the Company to qualify under the ordinary income tax treatment in accordance with the provisions of Section 102(b)(1).

2.11 **“Section 102”** means section 102 of the Ordinance and any regulations, rules, orders or procedures promulgated thereunder as now in effect or as hereafter amended.

2.12 **“Tax”** means any applicable tax and other compulsory payments such as social security and health tax contributions under any applicable law.

2.13 **“Trustee”** means any person or entity appointed by the Company or any Employing Company to serve as a trustee and approved by the ITA, all in accordance with the provisions of Section 102(a).

2.14 **“Trustee 102 Stock Purchase Right”** means a 102 Stock Purchase Right granted pursuant to Section 102(b) and held in trust by, or under the control or supervision of, a Trustee, for the benefit of an Israeli Eligible Employee.

3. GRANT OF OPTIONS TO PURCHASE COMMON STOCK

3.1 The persons eligible for participation in the Plan and this Sub-Plan shall include only Israeli Eligible Employees.

3.2 The Company may designate 102 Stock Purchase Rights granted to Israeli Eligible Employees pursuant to Section 102 as Trustee 102 Stock Purchase Rights or Non-Trustee 102 Stock Purchase Rights.

3.3 The grant of Trustee 102 Stock Purchase Rights shall be conditioned upon the approval of the Plan and the Sub-Plan by the ITA. Upon such submission the Company shall elect whether the Trustee 102 Stock Purchase Rights shall be classified as Capital Gain Stock Purchase Rights or Ordinary Income Stock Purchase Rights (the “**Election**”). Such Election shall become effective beginning the first Purchase Date of a Trustee 102 Stock Purchase Right under the Plan and this Sub-Plan and shall remain in effect at least until the end of the year following the year during which the Company first granted Trustee 102 Stock Purchase Rights. The Election shall obligate the Company to grant *only* the type of Trustee 102 Stock Purchase Right it has elected and shall apply to all Israeli Eligible Employees who are granted Trustee 102 Stock Purchase Rights during

the period indicated herein, all in accordance with the provisions of Section 102(g). The Election shall not prevent the Company from granting Non-Trustee 102 Stock Purchase Rights simultaneously.

3.4 Any Trustee 102 Stock Purchase Rights shall be subject to any tax ruling received by the Company or any Employing Company in relation to the Plan ("**Tax Ruling**").

3.5 The designation of Non-Trustee 102 Stock Purchase Rights and Trustee 102 Stock Purchase Rights shall be subject to the terms and conditions set forth in Section 102 and the Tax Ruling.

4. TRUSTEE

4.1 Trustee 102 Stock Purchase Rights which shall be granted under this Sub-Plan and/or any Common Stock allocated or issued in relation to such Trustee 102 Stock Purchase Right, including following any realization of rights under the Plan, shall be allocated or issued to the Trustee or controlled or supervised by the Trustee (subject to the receipt of a tax ruling), for the benefit of the Israeli Eligible Employees, in accordance with the provisions of Section 102 and the Tax Ruling.

4.2 Subject to the provisions of Section 102, an Israeli Eligible Employee shall not sell or release from trust any Common Stock received in relation to the Trustee 102 Stock Purchase Right including following any realization of rights or stock dividends, until the lapse of the period of time required under Section 102 or any other period of time determined by the ITA in the Tax Ruling (the “**Holding Period**”). **<u>The Holding Period shall commence on each Purchase Date in relation to the Common Stock purchased on such date for the Israeli Eligible Employee</u>**. Notwithstanding the above, if any such sale or release occurs during the Holding Period, the sanctions under Section 102 shall apply to and shall be borne by such Israeli Eligible Employee.

4.3 The Plan Account or the Account shall be in the name of the Trustee for the benefit of the Israeli Eligible Employee or shall be controlled or supervised by the Trustee, subject to the receipt of a Tax Ruling.

4.4 Notwithstanding anything to the contrary, the Trustee shall not release or sell any Common Stock allocated or issued in relation to the Trustee 102 Stock Purchase Right unless the Company, the Employing Company and the Trustee are satisfied that the full amounts of Tax due have been paid or will be paid.

4.5 Upon receipt of any Trustee 102 Stock Purchase Right, the Israeli Eligible_Employee will consent to the grant of the Trustee 102 Stock Purchase Right and to the Election under Section 102 and undertake to comply with the terms of Section 102, the trust arrangement between the Company and the Trustee and the Tax Ruling.

4.6 Should the Trustee 102 Stock Purchase Rights or any Common Stock issued in connection with such Trustee 102 Stock Purchase Rights be transferred by power

of a last will or under laws of decent, the provisions of Section 102 shall apply to the heirs or transferees of the deceased Israeli Eligible Employee.

4.7 It is clarified that if Common Stock is purchased when the Eligible Employee is no longer an Israeli Eligible Employee, the provisions of this Sub-Plan shall not apply to the Common Stock purchased on behalf of such Eligible Employee and the Common Stock shall not be subject to Section 102 or the Tax Ruling.

5. ASSIGNABILITY, DESIGNATION AND SALE

5.1 Notwithstanding any other provision of the Plan, no Trustee 102 Stock Purchase Right or any right with respect thereto, or purchasable hereunder, whether fully paid or not, shall be assignable, transferable or given as collateral, or given to any third party whatsoever, and during the lifetime of the Israeli Eligible Employee, each and all of such Israeli Eligible Employee's rights with respect to a Trustee 102 Stock Purchase Right shall belong only to the Israeli Eligible Employee. Any such action made directly or indirectly, for an immediate or future validation, shall be void.

5.2 As long as Trustee 102 Stock Purchase Rights or Common Stock purchased hereunder are held by the Trustee on behalf of the Israeli Eligible Employee, all rights of the Israeli Eligible Employee over the Common Stock cannot be transferred, assigned, pledged or mortgaged, other than by will or laws of descent and distribution.

6. INTEGRATION OF SECTION 102 AND TAX ASSESSING OFFICER'S APPROVAL

6.1 The provisions of the Plan and/or the Sub-Plan shall be subject to the provisions of Section 102, the Tax Ruling and any approval issued by the ITA and the said provisions shall be deemed an integral part of the Plan and the Sub-Plan.

6.2 Any provision of Section 102 and/or said approval issued by the ITA which must be complied with in order to receive and/or to maintain any tax benefit pursuant to Section 102, which is not expressly specified in the Plan or the Sub-Plan shall be considered binding upon the Company, the Employing Company and the Israeli Eligible Employees.

7. DIVIDEND

Subject to the provisions of the Plan, with respect to any Common Stock allocated or issued to the Israeli Eligible Employee and held by the Trustee, in the event a dividend is declared, any such dividends paid on such Common Stock shall be deposited with the Trustee and will subject to any applicable taxation on distribution of dividends, and when applicable, subject to the provisions of Section 102 and the Tax Ruling.

8. TAX CONSEQUENCES

8.1 The Tax Ruling shall govern the taxation of Common Stock purchased by Israeli Eligible Employees under the Plan and this Sub-Plan.

8.2 Any Tax consequences arising from the grant of any option to purchase Common Stock, from the purchase of Common Stock, from the sale of Common Stock

purchased or received otherwise or from any other event or act (of the Company and/or the Employing Company and/or the Trustee and/or the Israeli Eligible Employee) shall be borne solely by the Israeli Eligible Employee. The Company and/or the Employing Company and/or the Trustee shall withhold Tax according to the requirements under the applicable laws, rules and regulations, including withholding taxes at source. Furthermore, the Israeli Eligible Employee agrees to indemnify the Company and/or the Employing Company and/or the Trustee and hold them harmless against and from any and all liability for any such Tax or interest or penalty thereon, including, without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such Tax from any payment made to the Israeli Eligible Employee.

8.3 The Trustee shall not be required to release any Common Stock to an Israeli Eligible Employee until all required Tax payments have been fully made.

8.4 For avoidance of doubt, it is clarified that the tax treatment of any option to purchase Common Stock granted under the Plan is not guaranteed, and, although the Company may intend to grant the options under a certain tax route, they may become subject to a different tax route in the future.

9. ONE TIME BENEFIT, NOT A SALARY COMPONENT

The options to purchase Common Stock granted under the Plan are extraordinary, one-time benefits granted to the Israeli Eligible Employees and are not and shall not be deemed a salary component for any purpose whatsoever, including, without limitation, in connection with calculating severance compensation under any applicable law.

10. TERM OF PLAN AND SUB-PLAN

Notwithstanding anything to the contrary in the Plan and in addition thereto, the Company shall make reasonable efforts to obtain all approvals for the adoption of this Sub-Plan or for any amendment to this Sub-Plan as are necessary to comply with applicable Israeli law.

11. GOVERNING LAW

This Sub-Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Israel, without giving effect to the principles of conflict of laws.

EXHIBIT 21.1

SVB Financial Group Annual Report on Form 10-K

Exhibit 21.1-Subsidiaries of SVB Financial Group

The following is a list of the direct and indirect subsidiaries of SVB Financial Group as of December 31, 2021:

Subsidiary	Jurisdiction of Incorporation or Organization
Silicon Valley Bank	California
SVB Asset Management	California
SPD Silicon Valley Bank Co., Ltd.	China
SVB Wealth Advisory, Inc.	Delaware
The Silicon Valley Bank Foundation	California
SVBUK LTD	United Kingdom
SVB Financial Group UK Limited	United Kingdom
SVB Global Financial, Inc.	Delaware
SVB Israel Advisors, Ltd.	Israel
SVB India Advisors, Pvt. Ltd.	India
SVB Global Services India LLP	India
SVB Business Partners (Beijing) Co. Ltd.	China
SVB Leerink Holdings LLC	Delaware
Healthcare Innovation Investment Fund LLC	Massachusetts
SVB Leerink LLC	Delaware
Silicon Valley BancVentures, Inc.	California
SVB Capital Partners II, LLC	Delaware
CP II, L.P.	Delaware
SVB Capital Partners III, LLC	Delaware
Capital Partners III, L.P.	Delaware
SVB Capital Partners IV, LLC	Delaware
Capital Partners IV, L.P.	Delaware
SVB Capital Partners V, LLC	Delaware
Cap. Partners V, L.P.	Delaware
Latin America Growth Lending, LLC	Delaware
Latin America Growth Lending, L.P.	Canada
SVB Venture Capital Investment Management (Shanghai) Co. Limited	China
Shanghai Yangpu Venture Capital Fund (LP)	China
Shengwei Shengxiang Capital Hangzhou Venture Capital Fund (LP)	China
Shanghai Shengyu Enterprise Management Ltd Co.	China
Shanghai Sheng Wei Dong Fang Jia Rui Equity Investment Fund Partnership	China
Qualified Investors Fund, LLC	California
Qualified Investors Fund II, LLC	Delaware
Qualified Investors Fund III, LLC	Delaware
Qualified Investors Fund IV, LLC	Delaware
Qualified Investors Fund V, LLC	Delaware
Qualified Investors Fund VI, LLC	Delaware
SVB Growth Investors, LLC	Delaware
Capital Preferred Return Fund, L.P.	Delaware
Growth Partners, L.P.	Delaware
SVB Strategic Investors, LLC	California
Strategic Investors Fund, L.P.	California
SVB Strategic Investors II, LLC	Delaware
Strategic Investors Fund II, L.P.	Delaware
SVB Strategic Investors III, LLC	Delaware
Strategic Investors Fund III, L.P.	Delaware
SVB Strategic Investors IV, LLC	Delaware
Strategic Investors Fund IV, L.P.	Delaware
Venture Investment Managers, L.P.	Delaware
SVB Strategic Investors V, LLC	Delaware
Strategic Investors Fund V, L.P.	Delaware
Strategic Investors Fund V-A, L.P	Delaware
Strategic Investors Fund V-A Opportunity, L.P	Delaware
Strategic Investors Fund V-B, L.P.	Delaware
SVB Strategic Investors VI, LLC	Delaware
Strategic Investors Fund VI, L.P.	Delaware
Strategic Investors Fund VI-A, L.P.	Delaware
SVB Strategic Investors VII, LLC	Delaware
Strategic Investors Fund VII, L.P.	Delaware
Strategic Investors Fund VII-A, L.P.	Delaware
SVB Strategic Investors VIII, LLC	Delaware
Strategic Investors Fund VIII, L.P.	Delaware

Strategic Investors Fund VIII-A, L.P.	Delaware
Strategic Investors Fund VIII-B, L.P.	Delaware
Strategic Investors Fund VIII Cayman, L.P.	Cayman Islands
SVB Strategic Investors Fund IX, LLC	Delaware
Strategic Investors Fund IX Cayman, L.P.	Cayman Islands
Strategic Investors Fund IX-A Cayman, L.P.	Cayman Islands
Strategic Investors Fund IX, L.P.	Delaware
Strategic Investors Fund IX-A, L.P.	Delaware
Strategic Investors Fund IX-B, L.P.	Delaware
Strategic Investors Fund IX Master, L.P.	Delaware
Sprout Endurance Partners, LLC	Delaware
Sprout Endurance Partners, L.P.	Delaware
Sprout Endurance Partners Cayman, L.P.	Cayman Islands
SVB Capital Venture Overage, LLC	Delaware
Venture Overage Fund, L.P.	Delaware
SVB Strategic Investors X, LLC	Delaware
Strategic Investors Fund X Cayman, L.P.	Cayman Islands
Strategic Investors Fund X, L.P.	Delaware
Strategic Investors Fund X Master, L.P.	Delaware
Strategic Investors Fund X Ontario, L.P.	Canada
Strategic Investors Fund X-A Cayman, L.P.	Cayman Islands
Strategic Investors Fund X-A, L.P.	Delaware
Strategic Investors Fund X-B, L.P.	Delaware
SVB Leerink Capital LLC	Delaware
SVB Leerink MEDACorp LLC	Delaware
Leerink Transformation Fund I GP LLC	Delaware
LTP K Holdings L.P.	Delaware
Leerink Transformation Investors I L.P.	Delaware
Leerink Transformation Fund I (Cayman Feeder) L.P.	Cayman Islands
Leerink Transformation Fund I GP L.P.	Delaware
Leerink Transformation Fund I L.P.	Delaware
Massachusetts Innovation Catalyst Fund I L.P.	Delaware
LTP BHE LP	Delaware
LTP Feeder BHE LP	Delaware
LTP BHE Corporation	Delaware
LKCP, LLC	Delaware
Leerink Transformation Carry Vehicle L.P.	Delaware
Leerink Transformation Partners LLC	Delaware
Leerink Revelation Carry Vehicle LP	Delaware
SVB Innovation Credit Partners VIII, LLC	Delaware
SVB Innovation Credit Fund VIII, L.P.	Delaware
SVB Capital Master Servicer, LLC	Delaware
WRG Debt Holdings, LLC	Delaware
WRG Debt Funding I, LLC	Delaware
WRG Debt Funding II, LLC	Delaware
WRG Debt Funding III, LLC	Delaware
WRG Debt Funding IV, LLC	Delaware
WRG Debt Funding V, LLC	Delaware
BPFH Holdings LLC	Delaware
Boston Private Capital Trust I	Delaware
Boston Private Capital Trust II	Delaware
BPB Securities Corporation	Massachusetts
BPB Securities Corporation II	Massachusetts
BPB-IMT & Co., LLP	Massachusetts
Boston Private Wealth LLC	Massachusetts
Lerob LLC	California
Ten Winthrop Properties, Inc.	Massachusetts
MoffettNathanson LLC	Delaware
StartupOS, Inc.	Delaware
SVB Innovation Credit Growth Partners IX, LLC	Delaware
Innovation Credit Growth Fund IX, L.P.	Delaware
SVB Innovation Credit Income Partners II, LLC	Delaware
Innovation Credit Income Fund II, L.P.	Delaware
SVB Innovation Credit Partners SMA I, LLC	Delaware
Innovation Credit SMA I, L.P.	Delaware
Innovation Debt Funding VI, LLC	Delaware
SVB Redwood Evergreen, LLC	Delaware
Redwood Evergreen Fund, L.P.	Delaware
SVB Strategic Investors XI, LLC	Delaware
Strategic Investors Fund XI, L.P.	Delaware
Strategic Investors Fund XI Master, L.P.	Delaware
Strategic Investors Fund XI Cayman, L.P.	Cayman

SVB Innovation Credit Partners VIII-A, LLC	Delaware
Innovation Credit Fund VIII-A Splitter, L.P.	Delaware
Innovation Credit Fund VIII-A, L.P.	Delaware
SIF-Ascension I, L.P.	Delaware
SIF-Ascension I Cayman, L.P.	Cayman
SVB SIF-Ascension GP I, LLC	Delaware
SVB SIF-Ascension GP I, LLC	Delaware

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

The Stockholders and Board of Directors
SVB Financial Group:

We consent to the incorporation by reference in the registration statements (Nos. 333-261669, 333-234694, 333-213281, 333-213279, 333-198147, 333-192471, 333-188707,333-183323, 333-176232, 333-168836, 333-134655, 333-133262, 333-118091, 333-108434, 333-92410, 333-59590, 333-39680, 333-89641, 333-68857, 333-28185, 333-05489, 033-60467) on Form S-8; registration statement (No. 333-234713) on Form S-3; and registration statement (No. 333-253002) on Form S-4 of SVB Financial Group and subsidiaries (the Company) of our report dated March 1, 2022, with respect to the consolidated balance sheets of SVB Financial Group and subsidiaries as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements) and the effectiveness of internal control over financial reporting as of December 31, 2021, which report appears in the December 31, 2021 annual report on Form 10-K of the Company.

/s/ KPMG LLP

San Francisco, California
March 1, 2022

EXHIBIT 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Greg Becker, certify that:

1. I have reviewed this annual report on Form 10-K of SVB Financial Group;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2022

/s/ GREG BECKER

Greg Becker
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Daniel Beck, certify that:

1. I have reviewed this annual report on Form 10-K of SVB Financial Group;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting..

Date: March 1, 2022

/s/ DANIEL BECK

Daniel Beck
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

SECTION 1350 CERTIFICATIONS

I, Greg Becker, certify, pursuant to 18 U.S.C. Section 1350, that, to my knowledge, the annual report of SVB Financial Group on Form 10-K for the year ended December 31, 2021, (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) that the information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of SVB Financial Group.

Date: March 1, 2022	/s/ GREG BECKER
	Greg Becker
	President and Chief Executive Officer
	(Principal Executive Officer)

I, Daniel Beck, certify, pursuant to 18 U.S.C. Section 1350, that, to my knowledge, the annual report of SVB Financial Group on Form 10-K for the year ended December 31, 2021, (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) that the information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of SVB Financial Group.

Date: March 1, 2022	/s/ DANIEL BECK
	Daniel Beck
	Chief Financial Officer
	(Principal Financial Officer)