

svb >

Financial Group

# SVB 2015

Letter to  
stockholders  
and partners



## To our stockholders and partners,

2015 was a strong year for SVB Financial Group, thanks to our dynamic client base and our effective execution. We delivered outstanding financial results, fueled growth across the business, expanded our client base and strengthened our market leadership. Our ongoing commitment to the innovation economy is the foundation of this success. Serving our clients and focusing on solid execution allowed us to outperform expectations while building momentum for long-term growth. In the face of low interest rates and intense competition, SVB delivered industry-leading growth and profitability, growing earnings per share by 25 percent and average assets by 24 percent.

### Strong market position

We grew our net client count by 18 percent, and this strong client acquisition fueled our success. We continued to add early-stage clients at a rapid pace and made steady gains among fast-growing midsize firms and global enterprises. We also focused on growing our relationships with existing clients by adding value and winning their loyalty throughout their life cycles. Many of our current later-stage clients came to us as startups. Another area of focus was our relationships with innovation economy investors, particularly private equity firms. Those relationships drove approximately 50 percent of average loan growth in 2015 and contributed to strong fee income growth as well. Finally, our Private Bank and Wealth Advisory practices gained meaningful

corporates, and mainstream institutional fund managers. Many of these high-growth companies have been disrupting entire industries and delivering impressive customer and revenue traction. Although M&A and IPOs among venture-backed companies slowed compared with last year's blockbuster pace and dollars, our clients continued to see relatively healthy activity, which contributed to strong venture capital-related gains for SVB.

### Enhancing our business

In 2015, we continued to enhance our business in order to help our clients succeed. We improved and expanded our

### FINANCIAL HIGHLIGHTS

**\$344M**  
NET INCOME

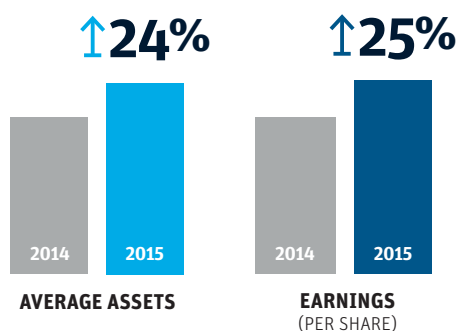
**\$6.62**  
EARNINGS  
PER SHARE

**\$1.0B**  
NET INTEREST  
INCOME

**\$40.8B**  
AVERAGE  
TOTAL ASSETS

**\$14.8B**  
AVERAGE LOAN  
BALANCES

**\$75.5B**  
AVERAGE TOTAL  
CLIENT FUNDS<sup>1</sup>



momentum throughout the year, as we increased the number of Private Bank households we serve by 25 percent and nearly tripled our Wealth Management client count.

### Healthy client markets

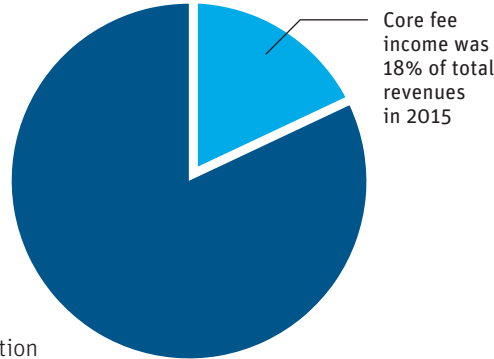
Our clients performed well in 2015. New company formation, fundraising and investment remained strong. High-growth companies saw capital infusions from a wide array of investors, including venture capital and private equity firms, large

digital delivery, expanding adoption of mobile banking among our clients by over 50 percent, and our SVB Mobile Banking app was recognized as one of the best in the industry.<sup>2</sup> Most of our new client accounts were opened through our Digital Client Onboarding platform. We furthered our commitment to embracing and supporting our fintech clients and their technology, hiring a team from banking API (application programming interface) startup, Standard Treasury, to help expand our digital banking platform. We continued to grow



our global presence and capabilities, which contributed to client, balance sheet and revenue growth across the board. We also marked a significant milestone in China, with our joint venture bank receiving its local currency license, which will significantly enhance our long-term opportunities there.

We accomplished all of this by staying true to what we do best: leveraging our platform, expertise and unique role in the global innovation economy to deliver the innovative financial services, unparalleled insight and meaningful connections that increase our clients' likelihood of success.



Core fee income was 18% of total revenues in 2015

**A YEAR OF GROWTH**

- ↑ **28%**  
Average loan growth
- ↑ **17%**  
Net interest income growth
- ↑ **29%**  
Average total client funds growth
- ↑ **27%**  
Core fee income growth
- ↑ **33%**  
International client count growth
- ↑ **37%**  
Average Private Bank loan growth

**FEE AND INVESTMENT INCOME**

**\$265M**  
CORE FEE INCOME<sup>3</sup>

**\$89M**  
GAINS ON INVESTMENT SECURITIES<sup>4</sup>

**\$71M**  
GAINS ON EQUITY WARRANTS

**Giving back to our communities**

SVB has always believed in giving back to our communities, and in 2015, SVB and our employees raised or donated more than \$2.5 million to benefit charitable and community organizations worldwide. These causes ranged from community partnerships that help disadvantaged people to nonprofits focused on entrepreneurial development and inclusion of people with disabilities.

In one of our largest fundraising efforts in 2015, hundreds of SVB employees raised \$646,000 for Best Buddies International, which provides employment and leadership opportunities for individuals with intellectual and developmental disabilities. SVB employees in San Francisco, Boston and New York volunteered their time and expertise to support BUILD, a social venture that helps low-income youth access the business and intellectual resources of their communities through education and entrepreneurship. In addition, our own SVB Foundation awarded approximately \$200,000 in grants to community organizations for which our employees volunteer. On top of these corporatewide activities, SVB employees around the world selflessly donated their time, goods and services to nonprofit organizations serving their communities.

**GIVING BACK**

**\$2.5M**

In 2015, SVB and its employees raised and donated more than \$2.5 million to charitable and community organizations worldwide.

**A LOOK AT SVB IN 2015**



## Outlook for 2016

As we move into 2016, we are focused on four overarching priorities:

- Enhancing our strong brand and reputation through our digital platform and differentiated products, services, insights and networks
- Investing in the talent and infrastructure to drive and support our long-term growth
- Maintaining strong risk management, with an emphasis on stable credit and enhancements to support our growth
- Investing in people and communities

We are optimistic about the future. While uncertainty about the global economic outlook persists, and the pace and magnitude of future short-term rate increases are unclear, we believe in the power of innovation and the dynamic nature of our clients. We believe they will continue to outperform the broader economy over the long term, as they have done for many years. When our clients succeed, we succeed, and we will continue to serve them by adding value to their businesses, delivering on our promises and earning their loyalty every day.

Our motivated, talented employees make this possible. Their enterprising spirit, deep industry knowledge and passion for best-in-class service are the real-life embodiment of our reputation as a dedicated, insightful partner to our clients around the world.

Together, we remain committed to driving value for our stockholders by delivering on that reputation and further solidifying our position as the bank of the global innovation economy.

Sincerely,



**Roger F. Dunbar**

Chairman of the Board of Directors



**Greg Becker**

President and CEO

1. Total client funds consists of on-balance-sheet deposits and off-balance-sheet client investment funds.
2. "Top 6 Mobile Banking Apps for Business," *American Banker*, September 22, 2015.
3. For the year ended December 31, 2015, we had total non-interest income of \$472.8 million, which included \$265.4 million of non-GAAP core fee income. This non-GAAP measure represents non-interest income but excludes certain line items where performance is typically subject to market or other conditions beyond our control. Core fee income comprises foreign exchange fees, credit card fees, deposit service charges, lending-related fees, letter of credit fees and client investment fees.
4. For the year ended December 31, 2015, we had net gains on investment securities of \$89.4 million with \$32.1 million of net gains attributable to noncontrolling interests, including carried interests, resulting in non-GAAP net gain on investment securities, net of non-controlling interests, of \$57.3 million.

**Learn more at**  
[svb.com](http://svb.com)

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### CORPORATE HEADQUARTERS

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This letter contains forward-looking statements within the meaning of applicable federal securities laws. Such statements are predictions, and actual results may differ materially. Information about factors that could cause actual results to differ materially from our forward-looking statements is provided in our 2015 Annual Report on Form 10-K.

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