

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
(State or other jurisdiction of incorporation or organization)

91-1962278
(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:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$0.001 per share	SIVB	The Nasdaq Stock Market LLC
Depository 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

Parts of Form 10-K Into Which Incorporated

Part III

TABLE OF CONTENTS

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

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

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

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 1A 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 IDs, 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 of 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.