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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2016

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: 000-15637

SVB FINANCIAL GROUP

(Exact name of registrant as specified in its charter)

Delaware	**91-1962278**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3003 Tasman Drive, Santa Clara, California	**95054-1191**
(Address of principal executive offices)	(Zip Code)

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

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

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

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

At April 30, 2016, 51,805,114 shares of the registrant's common stock ($0.001 par value) were outstanding.

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Glossary of Acronyms that may be used in this Report

AFS — Available-for-Sale

APIC— Additional Paid-in Capital

ASC — Accounting Standards Codification

ASU – Accounting Standards Update

CET - Common Equity Tier

EHOP – Employee Home Ownership Program of the Company

EPS – Earnings Per Share

ESOP – Employee Stock Ownership Plan of the Company

ESPP – 1999 Employee Stock Purchase Plan of the Company

FASB – Financial Accounting Standards Board

FDIC – Federal Deposit Insurance Corporation

FHLB – Federal Home Loan Bank

FRB - Federal Reserve Bank

FTE - Full-Time Employee

FTP – Funds Transfer Pricing

GAAP - Accounting principles generally accepted in the United States of America

IASB – International Accounting Standards Board

IPO – Initial Public Offering

IRS – Internal Revenue Service

IT – Information Technology

LIBOR – London Interbank Offered Rate

NIB - Non-Interest Bearing

M&A – Merger and Acquisition

OTTI – Other Than Temporary Impairment

SEC – Securities and Exchange Commission

SPD-SVB - SPD Silicon Valley Bank

TDR – Troubled Debt Restructuring

UK – United Kingdom

VIE – Variable Interest Entity

PART I - FINANCIAL INFORMATION

ITEM 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SVB FINANCIAL GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in thousands, except par value and share data)	March 31, 2016	December 31, 2015
Assets		
Cash and cash equivalents	$ 1,868,512	$ 1,503,257
Available-for-sale securities, at fair value (cost of $14,150,695 and $16,375,941, respectively)	14,327,079	16,380,748
Held-to-maturity securities, at cost (fair value of $8,630,952 and $8,758,622, respectively)	8,548,238	8,790,963
Non-marketable and other securities	668,497	674,946
Total investment securities	23,543,814	25,846,657
Loans, net of unearned income	17,735,147	16,742,070
Allowance for loan losses	(230,249)	(217,613)
Net loans	17,504,898	16,524,457
Premises and equipment, net of accumulated depreciation and amortization	108,570	102,625
Accrued interest receivable and other assets	548,108	709,707
Total assets	$ 43,573,902	$ 44,686,703
Liabilities and total equity		
Liabilities:		
Noninterest-bearing demand deposits	$ 30,933,256	$ 30,867,497
Interest-bearing deposits	7,826,465	8,275,279
Total deposits	38,759,721	39,142,776
Short-term borrowings	—	774,900
Other liabilities	506,571	639,094
Long-term debt	796,570	796,702
Total liabilities	40,062,862	41,353,472
Commitments and contingencies (Note 12 and Note 15)		
SVBFG stockholders' equity:		
Preferred stock, $0.001 par value, 20,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.001 par value, 150,000,000 shares authorized; 51,701,312 shares and 51,610,226 shares outstanding, respectively	52	52
Additional paid-in capital	1,192,782	1,189,032
Retained earnings	2,072,820	1,993,646
Accumulated other comprehensive income	115,390	15,404
Total SVBFG stockholders' equity	3,381,044	3,198,134
Noncontrolling interests	129,996	135,097
Total equity	3,511,040	3,333,231
Total liabilities and total equity	$ 43,573,902	$ 44,686,703

See accompanying notes to interim consolidated financial statements (unaudited).

SVB FINANCIAL GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(Dollars in thousands, except per share amounts)	Three months ended March 31, 2016	2015
Interest income:		
Loans (1)	$ 197,942	$ 165,501
Investment securities:		
Taxable	91,050	81,274
Non-taxable	596	772
Federal funds sold, securities purchased under agreements to resell and other short-term investment securities (1)	2,070	1,269
Total interest income	291,658	248,816
Interest expense:		
Deposits	1,188	1,943
Borrowings (1)	9,049	7,948
Total interest expense	10,237	9,891
Net interest income	281,421	238,925
Provision for loan losses	33,341	6,452
Net interest income after provision for loan losses	248,080	232,473
Noninterest income:		
(Losses) gains on investment securities, net (1)	(4,684)	33,263
(Losses) gains on derivative instruments, net	(1,695)	39,729
Foreign exchange fees	26,966	17,678
Credit card fees	15,507	12,090
Deposit service charges	12,672	10,736
Client investment fees	7,995	4,482
Lending related fees	7,813	8,022
Letters of credit and standby letters of credit fees	5,589	5,202
Other (1)	15,971	(7,678)
Total noninterest income	86,134	123,524
Noninterest expense:		
Compensation and benefits	122,262	115,770
Professional services (1)	19,000	18,747
Premises and equipment	14,984	12,657
Business development and travel	12,246	11,112
Net occupancy	10,035	7,313
FDIC and state assessments	6,927	5,789
Correspondent bank fees (1)	3,652	3,368
Provision for unfunded credit commitments	134	2,263
Other (1)	14,793	13,522
Total noninterest expense	204,033	190,541
Income before income tax expense	130,181	165,456
Income tax expense	53,584	63,066
Net income before noncontrolling interests	76,597	102,390
Net loss (income) attributable to noncontrolling interests (1)	2,577	(13,874)
Net income available to common stockholders	$ 79,174	$ 88,516
Earnings per common share—basic	$ 1.53	$ 1.74
Earnings per common share—diluted	1.52	1.71

(1) Amounts for the three months ended March 31, 2015, have been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).

See accompanying notes to interim consolidated financial statements (unaudited).

SVB FINANCIAL GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(Dollars in thousands)	Three months ended March 31, 2016	2015
Net income before noncontrolling interests (1)	$ 76,597	$ 102,390
Other comprehensive income, net of tax:		
Change in cumulative translation gains and (losses):		
Foreign currency translation (losses) gains (1)	(254)	2,161
Related tax benefit (expense)	104	(820)
Change in unrealized gains on available-for-sale securities:		
Unrealized holding gains	170,831	87,107
Related tax expense	(69,603)	(35,215)
Reclassification adjustment for losses (gains) included in net income	746	(2,596)
Related tax (benefit) expense	(304)	1,048
Amortization of unrealized gains on securities transferred from available-for-sale to held-to-maturity	(2,567)	(2,828)
Related tax benefit	1,033	1,139
Other comprehensive income, net of tax	99,986	49,996
Comprehensive income	176,583	152,386
Comprehensive loss (income) attributable to noncontrolling interests (1)	2,577	(13,874)
Comprehensive income attributable to SVBFG	$ 179,160	$ 138,512

(1) Amounts for the three months ended March 31, 2015, have been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).

See accompanying notes to interim consolidated financial statements (unaudited).

SVB FINANCIAL GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

(Dollars in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total SVBFG Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2014	**50,924,925**	**$ 51**	**$ 1,120,350**	**$ 1,649,967**	**$ 42,704**	**$ 2,813,072**	**$ 1,238,662**	**$ 4,051,734**
Common stock issued under employee benefit plans, net of restricted stock cancellations	142,991	—	6,595	—	—	6,595	—	6,595
Common stock issued under ESOP	27,425	—	3,512	—	—	3,512	—	3,512
Income tax benefit from stock options exercised, vesting of restricted stock and other (1)	—	—	2,537	—	—	2,537	—	2,537
Deconsolidation of noncontrolling interest (1)	—	—	—	—	—	—	(1,069,437)	(1,069,437)
Net income (1)	—	—	—	88,516	—	88,516	13,874	102,390
Capital calls and distributions, net (1)	—	—	—	—	—	—	(40,823)	(40,823)
Net change in unrealized gains and losses on available-for-sale securities, net of tax	—	—	—	—	50,344	50,344	—	50,344
Amortization of unrealized gains on securities transferred from available-for-sale to held-to-maturity, net of tax	—	—	—	—	(1,689)	(1,689)	—	(1,689)
Foreign currency translation adjustments, net of tax (1)	—	—	—	—	1,341	1,341	—	1,341
Share-based compensation expense	—	—	7,464	—	—	7,464	—	7,464
Balance at March 31, 2015	**51,095,341**	**$ 51**	**$ 1,140,458**	**$ 1,738,483**	**$ 92,700**	**$ 2,971,692**	**$ 142,276**	**$ 3,113,968**
Balance at December 31, 2015	**51,610,226**	**$ 52**	**$ 1,189,032**	**$ 1,993,646**	**$ 15,404**	**$ 3,198,134**	**$ 135,097**	**$ 3,333,231**
Common stock issued under employee benefit plans, net of restricted stock cancellations	47,921	—	(250)	—	—	(250)	—	(250)
Common stock issued under ESOP	43,165	—	4,328	—	—	4,328	—	4,328
Income tax effect from stock options exercised, vesting of restricted stock and other	—	—	(8,483)	—	—	(8,483)	—	(8,483)
Net income (loss)	—	—	—	79,174	—	79,174	(2,577)	76,597
Capital calls and distributions, net	—	—	—	—	—	—	(2,524)	(2,524)
Net change in unrealized gains and losses on available-for-sale securities, net of tax	—	—	—	—	101,670	101,670	—	101,670
Amortization of unrealized gains on securities transferred from available-for-sale to held-to-maturity, net of tax	—	—	—	—	(1,534)	(1,534)	—	(1,534)
Foreign currency translation adjustments, net of tax	—	—	—	—	(150)	(150)	—	(150)
Share-based compensation expense	—	—	8,155	—	—	8,155	—	8,155
Balance at March 31, 2016	**51,701,312**	**$ 52**	**$ 1,192,782**	**$ 2,072,820**	**$ 115,390**	**$ 3,381,044**	**$ 129,996**	**$ 3,511,040**

(1) Amounts for the three months ended March 31, 2015, have been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).

See accompanying notes to interim consolidated financial statements (unaudited).

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SVB FINANCIAL GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Dollars in thousands)	March 31, 2016	March 31, 2015
Cash flows from operating activities:		
Net income before noncontrolling interests (1)	$ 76,597	$ 102,390
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	33,341	6,452
Provision for unfunded credit commitments	134	2,263
Changes in fair values of derivatives, net	842	(20,404)
Losses (gains) on investment securities, net	4,684	(33,263)
Depreciation and amortization (1)	11,536	9,892
Amortization of premiums and discounts on investment securities, net	4,931	6,418
Amortization of share-based compensation	6,877	7,771
Amortization of deferred loan fees	(24,042)	(21,169)
Pre-tax net gain on SVBIF sale transaction	—	(887)
Deferred income tax (benefit) expense	(5,982)	1,311
Changes in other assets and liabilities:		
Accrued interest receivable and payable, net	(4,628)	772
Accounts payable and receivable, net	552	(9,141)
Income tax payable and receivable, net (1)	28,711	9,283
Accrued compensation	(101,241)	(74,614)
Foreign exchange spot contracts, net	9,541	33,934
Other, net	14,208	32,198
Net cash provided by operating activities (1)	56,061	53,206
Cash flows from investing activities:		
Purchases of available-for-sale securities	—	(552,573)
Proceeds from sales of available-for-sale securities	1,864,396	5,612
Proceeds from maturities and pay downs of available-for-sale securities	364,101	424,713
Purchases of held-to-maturity securities	(98,199)	(739,291)
Proceeds from maturities and pay downs of held-to-maturity securities	351,834	336,511
Purchases of non-marketable and other securities	(12,412)	(9,924)
Proceeds from sales and distributions of non-marketable and other securities	9,977	45,120
Net increase in loans	(997,408)	(53,886)
Proceeds from recoveries of charged-off loans	5,469	1,551
Effect of deconsolidation of noncontrolling interest	—	15,995
Purchases of premises and equipment	(13,680)	(12,038)
Net cash provided by (used for) investing activities	1,474,078	(538,210)
Cash flows from financing activities:		
Net decrease in deposits	(383,055)	(491,924)
Net (decrease) increase in short-term borrowings	(774,900)	69,985
(Distributions to noncontrolling interests), net of contributions from noncontrolling interests	(2,524)	703
Tax benefit from stock exercises	(8,483)	2,534
Proceeds from issuance of common stock, ESPP, and ESOP	4,078	10,107
Proceeds from issuance of 3.50% Senior Notes	—	346,431
Net cash used for financing activities	(1,164,884)	(62,164)
Net increase (decrease) in cash and cash equivalents	365,255	(547,168)
Cash and cash equivalents at beginning of period (1) (2)	1,503,257	1,811,014
Cash and cash equivalents at end of period (1) (2)	**$ 1,868,512**	**$ 1,263,846**
Supplemental disclosures:		
Cash paid during the period for:		
Interest	$ 17,407	$ 11,859
Income taxes	35,778	46,599
Noncash items during the period:		
Changes in unrealized gains and losses on available-for-sale securities, net of tax	$ 101,670	$ 50,344
Distributions of stock from investments (3)	34	61,649

(1) Amounts for the three months ended March 31, 2015, have been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).
(2) Cash and cash equivalents at March 31, 2015 and December 31, 2014 included $9.3 million and $15.0 million, respectively, recognized in assets held-for-sale in conjunction with the SVBIF sale transaction.
(3) For the quarter ended March 31, 2015, includes distributions to noncontrolling interests of $41.5 million.

See accompanying notes to interim consolidated financial statements (unaudited).

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

SVB Financial Group is a diversified financial services company, as well as a bank holding company and financial holding company. SVB Financial was incorporated in the state of Delaware in March 1999. Through our various subsidiaries and divisions, we offer a variety of banking and financial products and services to support our clients of all sizes and stages throughout their life cycles. In these notes to our consolidated financial statements, when we refer to "SVB Financial Group," "SVBFG", the "Company," "we," "our," "us" or use similar words, we mean SVB Financial Group and all of its subsidiaries collectively, including Silicon Valley Bank (the "Bank"), unless the context requires otherwise. When we refer to "SVB Financial" or the "Parent" we are referring only to the parent company, SVB Financial Group, unless the context requires otherwise.

The accompanying unaudited interim consolidated financial statements reflect all adjustments of a normal and recurring nature that are, in the opinion of management, necessary to fairly present our financial position, results of operations and cash flows in accordance with GAAP. Such unaudited interim consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. The results of operations for the three months ended March 31, 2016 are not necessarily indicative of results to be expected for any future periods. These unaudited interim consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2015 ("2015 Form 10-K").

The accompanying unaudited interim consolidated financial statements have been prepared on a consistent basis with the accounting policies described in Consolidated Financial Statements and Supplementary Data—Note 2—"Summary of Significant Accounting Policies" under Part II, Item 8 of our 2015 Form 10-K.

The preparation of unaudited interim consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates may change as new information is obtained. Significant items that are subject to such estimates include measurements of fair value, the valuation of non-marketable securities, the valuation of equity warrant assets, the adequacy of the allowance for loan losses and reserve for unfunded credit commitments, and the recognition and measurement of income tax assets and liabilities.

Principles of Consolidation and Presentation

Prior to April 1, 2015, the Company's consolidated financial statements included the accounts of SVB Financial Group and entities in which we had a controlling interest. The determination of whether we had controlling interest was based on consolidation principles prescribed by ASC Topic 810 and whether the controlling interest in an entity was a voting interest entity or a variable interest entity ("VIE"). However, during the three months ended June 30, 2015, we early adopted the provisions of ASU 2015-02, Amendments to the Consolidation Analysis (ASU 2015-02), which simplifies consolidation accounting by reducing the number of consolidation models and changing various aspects of current GAAP, including certain consolidation criteria for variable interest entities. The new guidance eliminates the presumption that a general partner of a limited partnership arrangement should consolidate a limited partnership. The amendments to ASC Topic 810 in ASU 2015-02 modify the evaluation of whether limited partnerships and similar entities are VIEs or voting entities. With these changes, we determined that the majority of our investments in limited partnership arrangements are VIEs under the new guidance while these entities were typically voting interest entities under the prior guidance.

ASU 2015-02 provided a single model for evaluating VIE entities for consolidation. VIEs are entities where investors lack sufficient equity at risk for the entity to finance its activities without additional subordinated financial support or equity investors, as a group, lack one of the following characteristics: (a) the power to direct the activities that most significantly impact the entity's economic performance, (b) the obligation to absorb the expected losses of the entity, or (c) the right to receive the expected returns of the entity. We assess VIEs to determine if we are the primary beneficiary of a VIE. A primary beneficiary is defined as a variable interest holder that has a controlling financial interest. A controlling financial interest requires both: (a) power to direct the activities that most significantly impact the VIE's economic performance, and (b) obligation to absorb losses or receive benefits of a VIE that could potentially be significant to a VIE. Under this analysis, we evaluate kick-out rights and other participating rights which could provide us a controlling financial interest. The primary beneficiary of a VIE is required to consolidate the VIE.

ASU 2015-02 also changed how we evaluate fees paid to managers of our limited partnership investments. Under the new guidance, we exclude those fee arrangements that are not deemed to be variable interests from the analysis of our interests in our investments in VIEs and the determination of a primary beneficiary, if any.

Our consolidated financial statements include the accounts of SVB Financial Group and consolidated entities. We consolidate voting entities in which we have control through voting interests. We determine whether we have a controlling financial interest in a VIE by determining if we have the power to direct the activities of the VIE that most significantly impact the entity's economic performance and whether we have significant variable interests. Generally, we have significant variable interests if our commitments to a limited partnership investment represent a significant amount of the total commitments to the entity. We also evaluate the impact of related parties on our determination of variable interests in our consolidation conclusions. We consolidate VIEs in which we are the primary beneficiary based on a controlling financial interest. If we are not the primary beneficiary of a VIE, we record our pro-rata interests or our cost basis in the VIE, as appropriate, based on other accounting guidance within GAAP.

All significant intercompany accounts and transactions with consolidated entities have been eliminated. We have not provided financial or other support during the periods presented to any VIE that we were not previously contractually required to provide.

Recent Accounting Pronouncements

In May 2014, the FASB issued a new accounting standard update (ASU 2014-09, Revenue from Contracts with Customers (Topic 606)), which provides revenue recognition guidance that is intended to create greater consistency with respect to how and when revenue from contracts with customers is shown in the income statement. This guidance will be effective January 1, 2018, either on a full retrospective approach or a modified retrospective approach, with early adoption permitted, but not before January 1, 2017. We are currently evaluating the impact this guidance will have on our financial position, results of operation and stockholders' equity.

In January 2016, the FASB issued a new accounting standard update (ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities (Topic 825)), which will significantly change the income statement impact of equity investments, and the recognition of changes in fair value of financial liabilities. This guidance will be effective on January 1, 2018, on a prospective basis with a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. We are currently evaluating the impact this guidance will have on our financial position, results of operation and stockholders' equity.

In February 2016, the FASB issued a new accounting standard update (ASU 2016-02, Leases (Topic 842)), which will require for all operating leases the recognition of a right-of-use asset and a lease liability, in the statement of financial position. The lease cost will be allocated over the lease term on a straight-line basis. This guidance will be effective on January 1, 2019, on a modified retrospective basis, with early adoption permitted. We are currently evaluating the impact this guidance will have on our financial position, results of operation and stockholders' equity.

In March 2016, the FASB issued a new accounting standard update (ASU 2016-07, Investments—Equity Method and Joint Ventures (Topic 323)), which eliminates the requirement that when an investment qualifies for use of the equity method due to an increase in level of ownership or influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by step basis as if the equity method had been in effect during all previous periods that the investment had been held. This guidance will be effective January 1, 2017, on a prospective basis, with early adoption permitted. We are currently evaluating the impact this guidance will have on our financial position, results of operation and stockholders' equity.

In March 2016, the FASB issued a new accounting standard update (ASU 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)), which is intended to improve the operability and understandability of the implementation guidance by clarifying the following: how an entity should identify the unit of accounting for the principal versus agent evaluation; how the control principle applies to transactions, such as service arrangements; reframes the indicators to focus on a principal rather than an agent, removes the credit risk and commission indicators and clarifies the relationship between the control principle and the indicators; and revises the existing illustrative examples and adds new illustrative examples. This guidance will be effective January 1, 2018, either on a full retrospective approach or a modified retrospective approach, with early adoption permitted, but not before January 1, 2017. We are currently evaluating the impact this guidance will have on our financial position, results of operation and stockholders' equity.

In March 2016, the FASB issued a new accounting standard update (ASU No. 2016-09, Improvements to Employee Share-Based Payment Accounting (Topic 718)), which includes provisions intended to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. Under the ASU, an entity recognizes all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement. This guidance eliminates the notion of the APIC pool and significantly reduces the complexity and cost of accounting for excess tax benefits and tax deficiencies. Additionally, the ASU eliminates the requirement to defer recognition of an excess tax benefit until the benefit is realized through a reduction to taxes payable. This guidance will be effective January 1, 2017. Early adoption is

permitted, but all of the guidance must be adopted in the same period. We are currently evaluating the impact this guidance will have on our financial position, results of operation and stockholders' equity.

In April 2016, the FASB issued a new accounting standard update (ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing), which amends the new revenue recognition guidance on accounting for licenses of intellectual property and identifying performance obligations. The amendments clarify how an entity should evaluate the nature of its promise in granting a license of intellectual property, which will determine whether it recognizes revenue over time or a point in time. The amendments also clarify when a promised good or service is separately identifiable, that is distinct within the context of the contract, and allow entities to disregard items that are immaterial in the context of a contract. The effective date and transition requirements for this update are the same as those of the new standard. This guidance is effective January 1, 2018, on either a full retrospective approach or a modified retrospective approach, with early adoption permitted, but not before January 1, 2017. We are currently evaluating the impact this guidance will have on our financial position, results of operation and stockholders' equity.

Reclassifications

Certain amounts for the three months ended March 31, 2015, have been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).

2. Stockholders' Equity and EPS

Accumulated Other Comprehensive Income

The following table summarizes the items reclassified out of accumulated other comprehensive income into the Consolidated Statements of Income (unaudited) for the three months ended March 31, 2016 and 2015:

		Three months ended March 31,	
(Dollars in thousands)	**Income Statement Location**	**2016**	**2015**
Reclassification adjustment for losses (gains) included in net income	(Losses) gains on investment securities, net	$ 746	$ (2,596)
Related tax (benefit) expense	Income tax expense	(304)	1,048
Total reclassification adjustment for losses (gains) included in net income, net of tax		$ 442	$ (1,548)

EPS

Basic EPS is the amount of earnings available to each share of common stock outstanding during the reporting period. Diluted EPS is the amount of earnings available to each share of common stock outstanding during the reporting period adjusted to include the effect of potentially dilutive common shares. Potentially dilutive common shares include incremental shares issued for stock options and restricted stock units outstanding under our equity incentive plans and our ESPP. Potentially dilutive common shares are excluded from the computation of dilutive EPS in periods in which the effect would be antidilutive. The following is a reconciliation of basic EPS to diluted EPS for the three months ended March 31, 2016 and 2015:

	Three months ended March 31,	
(Dollars and shares in thousands, except per share amounts)	**2016**	**2015**
Numerator:		
Net income available to common stockholders	$ 79,174	$ 88,516
Denominator:		
Weighted average common shares outstanding-basic	51,646	51,009
Weighted average effect of dilutive securities:		
Stock options and ESPP	264	445
Restricted stock units	175	265
Denominator for diluted calculation	52,085	51,719
Earnings per common share:		
Basic	$ 1.53	$ 1.74
Diluted	$ 1.52	$ 1.71

The following table summarizes the weighted-average common shares excluded from the diluted EPS calculation due to the antidilutive effect for the three months ended March 31, 2016 and 2015:

	Three months ended March 31,	
(Shares in thousands)	2016	2015
Stock options	351	241
Restricted stock units	14	2
Total	365	243

3. Share-Based Compensation

For the three months ended March 31, 2016 and 2015, we recorded share-based compensation and related tax benefits as follows:

	Three months ended March 31,	
(Dollars in thousands)	2016	2015
Share-based compensation expense	$ 6,877	$ 7,771
Income tax benefit related to share-based compensation expense	(2,117)	(2,638)

Unrecognized Compensation Expense

As of March 31, 2016, unrecognized share-based compensation expense was as follows:

(Dollars in thousands)	Unrecognized Expense	Average Expected Recognition Period - in Years
Stock options	$ 9,444	2.18
Restricted stock units	39,942	2.50
Total unrecognized share-based compensation expense	$ 49,386	

Share-Based Payment Award Activity

The table below provides stock option information related to the 2006 Equity Incentive Plan for the three months ended March 31, 2016:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life - in Years	Aggregate Intrinsic Value of In-The-Money Options
Outstanding at December 31, 2015	1,137,228	$ 77.12		
Exercised	(31,006)	25.17		
Forfeited	(4,154)	87.99		
Outstanding at March 31, 2016	1,102,068	78.54	3.65	$ 30,595,989
Vested and expected to vest at March 31, 2016	1,078,583	77.88	3.61	30,455,095
Exercisable at March 31, 2016	589,043	63.10	2.68	23,310,253

The aggregate intrinsic value of outstanding options shown in the table above represents the pre-tax intrinsic value based on our closing stock price of $102.05 as of March 31, 2016. The total intrinsic value of options exercised during the three months ended March 31, 2016 was $2.0 million, compared to $10.2 million for the comparable 2015 period.

The table below provides information for restricted stock units under the 2006 Equity Incentive Plan for the three months ended March 31, 2016:

	Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2015	572,038	$ 103.50
Granted	95,464	87.22
Vested	(28,638)	60.63
Forfeited	(4,113)	101.31
Nonvested at March 31, 2016	634,751	103.00

4. Variable Interest Entities

Our involvement with VIEs includes our investments in venture capital and private equity funds, debt funds, private and public portfolio companies and our investments in qualified affordable housing projects.

The following table presents the carrying amounts and classification of significant variable interests in consolidated and unconsolidated VIEs as of March 31, 2016 and December 31, 2015:

(Dollars in thousands)	Consolidated VIEs	Unconsolidated VIEs	Maximum Exposure to Loss in Unconsolidated VIEs
March 31, 2016:			
Assets:			
Cash and cash equivalents	$ 10,855	$ —	$ —
Non-marketable and other securities (1)	196,789	362,470	362,470
Accrued interest receivable and other assets	614	—	—
Total assets	$ 208,258	$ 362,470	$ 362,470
Liabilities:			
Other liabilities	$ 563	$ —	$ —
Accrued expenses and other liabilities (1)	—	87,754	—
Total liabilities	$ 563	$ 87,754	$ —
December 31, 2015:			
Assets:			
Cash and cash equivalents	$ 11,811	$ —	$ —
Non-marketable and other securities (1)	203,714	364,450	364,450
Accrued interest receivable and other assets	494	—	—
Total assets	$ 216,019	$ 364,450	$ 364,450
Liabilities:			
Other liabilities	$ 433	$ —	$ —
Accrued expenses and other liabilities (1)	—	90,978	—
Total liabilities	$ 433	$ 90,978	$ —

(1) Included in our unconsolidated non-marketable and other securities portfolio at March 31, 2016 and December 31, 2015 are investments in qualified affordable housing projects of $157.7 million and $154.4 million, respectively and related unfunded commitments of $87.8 million and $91.0 million, respectively.

Non-marketable and other securities

Our non-marketable and other securities portfolio primarily represents investments in venture capital and private equity funds, debt funds, private and public portfolio companies and investments in qualified affordable housing projects. A majority of these investments are through third party funds held by SVB Financial in which we do not have controlling or significant variable interests. These investments represent our unconsolidated VIEs in the table above. Our non-marketable and other securities

portfolio also includes investments from SVB Capital. SVB Capital is the venture capital investment arm of SVB Financial, which focuses primarily on funds management. The SVB Capital family of funds is comprised of direct venture funds that invest in companies and funds of funds that invest in other venture capital funds. We have a controlling and significant variable interest in five of these SVB Capital funds and consolidate these funds for financial reporting purposes.

All investments are generally nonredeemable and distributions are expected to be received through the liquidation of the underlying investments throughout the life of the investment fund. Investments may be sold or transferred subject to the notice and approval provisions of the underlying investment agreement. Subject to applicable regulatory requirements, including the Volcker Rule, we also make commitments to invest in venture capital and private equity funds, but are not obligated to fund commitments beyond our initial investment. For additional details, see Note 12—"Off-Balance Sheet Arrangements, Guarantees, and Other Commitments" of the "Notes to Interim Consolidated Financial Statements (unaudited)" under Part I, Item 1 of this report.

The Bank also has variable interests in low income housing tax credit funds, in connection with fulfilling its responsibilities under the Community Reinvestment Act ("CRA"), that are designed to generate a return primarily through the realization of federal tax credits. These investments are typically limited partnerships in which the general partner, other than the Bank, holds the power over significant activities of the VIE; therefore, these investments are not consolidated. For additional information on our investments in qualified affordable housing projects see Note 6—"Investment Securities" of the "Notes to Interim Consolidated Financial Statements (unaudited)" under Part I, Item 1 of this report.

As of March 31, 2016, our exposure to loss with respect to the consolidated VIEs is limited to our net assets of $207.7 million and our exposure to loss for our unconsolidated VIEs is equal to our investment in these assets of $362.5 million.

5. Cash and Cash Equivalents

The following table details our cash and cash equivalents at March 31, 2016 and December 31, 2015:

(Dollars in thousands)	March 31, 2016	December 31, 2015
Cash and due from banks (1)	$ 1,574,966	$ 1,372,743
Securities purchased under agreements to resell (2)	288,421	125,391
Other short-term investment securities	5,125	5,123
Total cash and cash equivalents	$ 1,868,512	$ 1,503,257

(1) At March 31, 2016 and December 31, 2015, $479 million and $405 million, respectively, of our cash and due from banks was deposited at the Federal Reserve Bank and was earning interest at the Federal Funds target rate, and interest-earning deposits in other financial institutions were $793 million and $500 million, respectively.

(2) At March 31, 2016 and December 31, 2015, securities purchased under agreements to resell were collateralized by U.S. Treasury securities and U.S. agency securities with aggregate fair values of $295 million and $128 million, respectively. None of these securities received as collateral were sold or pledged as of March 31, 2016 or December 31, 2015.

6. Investment Securities

Our investment securities portfolio consists of i) an available-for-sale securities portfolio and a held-to-maturity securities portfolio, both of which represent interest-earning investment securities, and ii) a non-marketable and other securities portfolio, which primarily represents investments managed as part of our funds management business.

Available-for-Sale Securities

The components of our available-for-sale investment securities portfolio at March 31, 2016 and December 31, 2015 are as follows:

	March 31, 2016			
(Dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Carrying Value
Available-for-sale securities, at fair value:				
U.S. Treasury securities	$ 9,824,755	$ 129,634	$ (35)	$ 9,954,354
U.S. agency debentures	2,444,137	41,294	—	2,485,431
Residential mortgage-backed securities:				
Agency-issued collateralized mortgage obligations—fixed rate	1,308,859	7,414	(4,256)	1,312,017
Agency-issued collateralized mortgage obligations—variable rate	570,740	2,421	(127)	573,034
Equity securities	2,204	242	(203)	2,243
Total available-for-sale securities	$ 14,150,695	$ 181,005	$ (4,621)	$ 14,327,079

(Dollars in thousands)	December 31, 2015 Amortized Cost	Unrealized Gains	Unrealized Losses	Carrying Value
Available-for-sale securities, at fair value:				
U.S. Treasury securities	$ 11,679,450	$ 19,134	$ (20,549)	$ 11,678,035
U.S. agency debentures	2,677,453	17,684	(5,108)	2,690,029
Residential mortgage-backed securities:				
Agency-issued collateralized mortgage obligations—fixed rate	1,408,206	6,591	(15,518)	1,399,279
Agency-issued collateralized mortgage obligations—variable rate	604,236	3,709	(9)	607,936
Equity securities	6,596	460	(1,587)	5,469
Total available-for-sale securities	$ 16,375,941	$ 47,578	$ (42,771)	$ 16,380,748

The following table summarizes our unrealized losses on our available-for-sale securities portfolio into categories of less than 12 months and 12 months or longer as of March 31, 2016:

(Dollars in thousands)	March 31, 2016 Less than 12 months Fair Value of Investments	Less than 12 months Unrealized Losses	12 months or longer Fair Value of Investments	12 months or longer Unrealized Losses	Total Fair Value of Investments	Total Unrealized Losses
Available-for-sale securities:						
U.S. Treasury securities	$ 201,215	$ (35)	$ —	$ —	$ 201,215	$ (35)
Residential mortgage-backed securities:						
Agency-issued collateralized mortgage obligations—fixed rate	176,469	(157)	462,143	(4,099)	638,612	(4,256)
Agency-issued collateralized mortgage obligations—variable rate	103,900	(127)	—	—	103,900	(127)
Equity securities	1,561	(203)	—	—	1,561	(203)
Total temporarily impaired securities: (1)	$ 483,145	$ (522)	$ 462,143	$ (4,099)	$ 945,288	$ (4,621)

(1) As of March 31, 2016, we identified a total of 70 investments that were in unrealized loss positions, of which 24 investments totaling $462.1 million with unrealized losses of $4.1 million have been in an impaired position for a period of time greater than 12 months. As of March 31, 2016, we do not intend to sell any impaired fixed income investment securities prior to recovery of our adjusted cost basis, and it is more likely than not that we will not be required to sell any of our securities prior to recovery of our adjusted cost basis. Based on our analysis as of March 31, 2016, we deem all impairments to be temporary, and therefore changes in value for our temporarily impaired securities as of the same date are included in other comprehensive income. Market valuations and impairment analyses on assets in the available-for-sale securities portfolio are reviewed and monitored on a quarterly basis.

The following table summarizes our unrealized losses on our available-for-sale securities portfolio into categories of less than 12 months and 12 months or longer as of December 31, 2015:

(Dollars in thousands)	December 31, 2015 Less than 12 months Fair Value of Investments	Less than 12 months Unrealized Losses	12 months or longer Fair Value of Investments	12 months or longer Unrealized Losses	Total Fair Value of Investments	Total Unrealized Losses
Available-for-sale securities:						
U.S. Treasury securities	$ 7,467,519	$ (20,549)	$ —	$ —	$ 7,467,519	$ (20,549)
U.S. agency debentures	760,071	(5,108)	—	—	760,071	(5,108)
Residential mortgage-backed securities:						
Agency-issued collateralized mortgage obligations—fixed rate	545,404	(4,681)	373,284	(10,837)	918,688	(15,518)
Agency-issued collateralized mortgage obligations—variable rate	7,776	(9)	—	—	7,776	(9)
Equity securities	2,955	(1,587)	—	—	2,955	(1,587)
Total temporarily impaired securities (1):	$ 8,783,725	$ (31,934)	$ 373,284	$ (10,837)	$ 9,157,009	$ (42,771)

(1) As of December 31, 2015, we identified a total of 243 investments that were in unrealized loss positions, of which 18 investments totaling $373.3 million with unrealized losses of $10.8 million have been in an impaired position for a period of time greater than 12 months.

The following table summarizes the remaining contractual principal maturities and fully taxable equivalent yields on fixed income investment securities classified as available-for-sale as of March 31, 2016. The weighted average yield is computed using the amortized cost of fixed income investment securities, which are reported at fair value. For U.S. Treasury securities and U.S. agency debentures, the expected maturity is the actual contractual maturity of the notes. Expected maturities for mortgage-backed securities may differ significantly from their contractual maturities because mortgage borrowers have the right to prepay outstanding loan obligations with or without penalties. Mortgage-backed securities classified as available-for-sale typically have original contractual maturities from 10 to 30 years whereas expected average lives of these securities tend to be significantly shorter and vary based upon structure and prepayments in lower rate environments.

	March 31, 2016									
	Total		One Year or Less		After One Year to Five Years		After Five Years to Ten Years		After Ten Years	
(Dollars in thousands)	Carrying Value	Weighted-Average Yield	Carrying Value	Weighted-Average Yield	Carrying Value	Weighted-Average Yield	Carrying Value	Weighted-Average Yield	Carrying Value	Weighted-Average Yield
U.S. Treasury securities	$ 9,954,354	1.31%	$ 651,416	0.73%	$ 9,302,938	1.35%	$ —	—%	$ —	—%
U.S. agency debentures	2,485,431	1.60	382,836	1.57	2,102,595	1.60	—	—	—	—
Residential mortgage-backed securities:										
Agency-issued collateralized mortgage obligations - fixed rate	1,312,017	1.95	—	—	—	—	884,785	2.15	427,232	1.53
Agency-issued collateralized mortgage obligations - variable rate	573,034	0.71	—	—	—	—	—	—	573,034	0.71
Total	$14,324,836	1.39	$1,034,252	1.04	$11,405,533	1.40	$ 884,785	2.15	$1,000,266	1.06

Held-to-Maturity Securities

The components of our held-to-maturity investment securities portfolio at March 31, 2016 and December 31, 2015 are as follows:

	March 31, 2016			
(Dollars in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Held-to-maturity securities, at cost:				
U.S. agency debentures (1)	$ 589,076	$ 15,170	$ —	$ 604,246
Residential mortgage-backed securities:				
Agency-issued mortgage-backed securities	2,308,454	26,627	(622)	2,334,459
Agency-issued collateralized mortgage obligations—fixed rate	4,047,342	32,071	(4,483)	4,074,930
Agency-issued collateralized mortgage obligations—variable rate	359,244	387	(352)	359,279
Agency-issued commercial mortgage-backed securities	1,181,904	14,773	(203)	1,196,474
Municipal bonds and notes	62,218	113	(767)	61,564
Total held-to-maturity securities	$ 8,548,238	$ 89,141	$ (6,427)	$ 8,630,952

(1) Consists of pools of Small Business Investment Company debentures issued and guaranteed by the U.S. Small Business Administration, an independent agency of the United States.

	December 31, 2015			
(Dollars in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Held-to-maturity securities, at cost:				
U.S. agency debentures (1)	$ 545,473	$ 8,876	$ —	$ 554,349
Residential mortgage-backed securities:				
Agency-issued mortgage-backed securities	2,366,627	546	(11,698)	2,355,475
Agency-issued collateralized mortgage obligations—fixed rate	4,225,781	3,054	(32,999)	4,195,836
Agency-issued collateralized mortgage obligations—variable rate	370,779	758	(33)	371,504
Agency-issued commercial mortgage-backed securities	1,214,716	3,405	(3,475)	1,214,646
Municipal bonds and notes	67,587	55	(830)	66,812
Total held-to-maturity securities	$ 8,790,963	$ 16,694	$ (49,035)	$ 8,758,622

(1) Consists of pools of Small Business Investment Company debentures issued and guaranteed by the U.S. Small Business Administration, an independent agency of the United States.

The following table summarizes our unrealized losses on our held-to-maturity securities portfolio into categories of less than 12 months and 12 months or longer as of March 31, 2016:

	March 31, 2016					
	Less than 12 months		12 months or longer		Total	
(Dollars in thousands)	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses
Held-to-maturity securities:						
Residential mortgage-backed securities:						
Agency-issued mortgage-backed securities	$ 31,969	$ (147)	$ 42,989	$ (475)	$ 74,958	$ (622)
Agency-issued collateralized mortgage obligations—fixed rate	181,655	(1,466)	358,847	(3,017)	540,502	(4,483)
Agency-issued collateralized mortgage obligations—variable rate	177,805	(352)	—	—	177,805	(352)
Agency-issued commercial mortgage-backed securities	31,913	(19)	26,907	(184)	58,820	(203)
Municipal bonds and notes	25,875	(168)	27,982	(599)	53,857	(767)
Total temporarily impaired securities (1):	$ 449,217	$ (2,152)	$ 456,725	$ (4,275)	$ 905,942	$ (6,427)

(1) As of March 31, 2016, we identified a total of 161 investments that were in unrealized loss positions, of which 72 investments totaling $456.7 million with unrealized losses of $4.3 million have been in an impaired position for a period of time greater than 12 months. As of March 31, 2016, we do not intend to sell any impaired fixed income investment securities prior to recovery of our adjusted cost basis, and it is more likely than not that we will not be required to sell any of our securities prior to recovery of our adjusted cost basis, which is consistent with our classification of these securities. Based on our analysis as of March 31, 2016, we deem all impairments to be temporary. Market valuations and impairment analyses on assets in the held-to-maturity securities portfolio are reviewed and monitored on a quarterly basis.

The following table summarizes our unrealized losses on our held-to-maturity securities portfolio into categories of less than 12 months and 12 months or longer as of December 31, 2015:

	December 31, 2015					
	Less than 12 months		12 months or longer		Total	
(Dollars in thousands)	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses
Held-to-maturity securities:						
Residential mortgage-backed securities:						
Agency-issued mortgage-backed securities	$ 2,121,258	$ (10,860)	$ 22,507	$ (838)	$ 2,143,765	$ (11,698)
Agency-issued collateralized mortgage obligations—fixed rate	3,153,483	(30,230)	150,058	(2,769)	3,303,541	(32,999)
Agency-issued collateralized mortgage obligations—variable rate	170,350	(33)	—	—	170,350	(33)
Agency-issued commercial mortgage-backed securities	823,414	(2,994)	40,276	(481)	863,690	(3,475)
Municipal bonds and notes	34,278	(274)	25,509	(556)	59,787	(830)
Total temporarily impaired securities (1):	$ 6,302,783	$ (44,391)	$ 238,350	$ (4,644)	$ 6,541,133	$ (49,035)

(1) As of December 31, 2015, we identified a total of 384 investments that were in unrealized loss positions, of which 58 investments totaling $238.4 million with unrealized losses of $4.6 million have been in an impaired position for a period of time greater than 12 months.

The following table summarizes the remaining contractual principal maturities and fully taxable equivalent yields on fixed income investment securities classified as held-to-maturity as of March 31, 2016. Interest income on certain municipal bonds and notes (non-taxable investments) are presented on a fully taxable equivalent basis using the federal statutory tax rate of 35 percent. The weighted average yield is computed using the amortized cost of fixed income investment securities. For U.S. agency debentures, the expected maturity is the actual contractual maturity of the notes. Expected maturities for mortgage-backed securities may differ significantly from their contractual maturities because mortgage borrowers have the right to prepay outstanding loan obligations with or without penalties. Mortgage-backed securities classified as held-to-maturity typically have original contractual maturities from 10 to 30 years whereas expected average lives of these securities tend to be significantly shorter and vary based upon structure and prepayments in lower rate environments.

	March 31, 2016									
	Total		One Year or Less		After One Year to Five Years		After Five Years to Ten Years		After Ten Years	
(Dollars in thousands)	Amortized Cost	Weighted-Average Yield	Amortized Cost	Weighted-Average Yield	Amortized Cost	Weighted-Average Yield	Amortized Cost	Weighted-Average Yield	Amortized Cost	Weighted-Average Yield
U.S. agency debentures	$ 589,076	2.70%	$ —	—%	$ 16,702	4.07%	$ 572,374	2.66%	$ —	—%
Residential mortgage-backed securities:										
Agency-issued mortgage-backed securities	2,308,454	2.44	—	—	222,948	2.78	350,836	1.84	1,734,670	2.51
Agency-issued collateralized mortgage obligations - fixed rate	4,047,342	1.73	—	—	—	—	25,320	1.75	4,022,022	1.73
Agency-issued collateralized mortgage obligations - variable rate	359,244	0.74	—	—	—	—	—	—	359,244	0.74
Agency-issued commercial mortgage-backed securities	1,181,904	2.12	—	—	—	—	—	—	1,181,904	2.12
Municipal bonds and notes	62,218	6.03	5,192	5.59	28,710	5.98	25,700	6.14	2,616	6.46
Total	$8,548,238	2.03	$ 5,192	5.59	$ 268,360	3.20	$ 974,230	2.43	$7,300,456	1.93

Non-marketable and Other Securities

The components of our non-marketable and other investment securities portfolio at March 31, 2016 and December 31, 2015 are as follows:

(Dollars in thousands)	March 31, 2016	December 31, 2015
Non-marketable and other securities:		
Non-marketable securities (fair value accounting):		
Venture capital and private equity fund investments (1)	$ 145,649	$ 152,237
Other venture capital investments (2)	2,040	2,040
Other securities (fair value accounting) (3)	468	548
Non-marketable securities (equity method accounting) (4):		
Venture capital and private equity fund investments	83,555	85,705
Debt funds	21,809	21,970
Other investments	120,026	118,532
Non-marketable securities (cost method accounting):		
Venture capital and private equity fund investments (5)	117,409	120,676
Other investments	19,797	18,882
Investments in qualified affordable housing projects, net (6)	157,744	154,356
Total non-marketable and other securities	$ 668,497	$ 674,946

(1) The following table shows the amounts of venture capital and private equity fund investments held by the following funds and our ownership percentage of each fund at March 31, 2016 and December 31, 2015 (fair value accounting):

	March 31, 2016		December 31, 2015	
(Dollars in thousands)	Amount	Ownership %	Amount	Ownership %
SVB Strategic Investors Fund, LP	$ 20,538	12.6%	$ 20,794	12.6%
SVB Capital Preferred Return Fund, LP	58,156	20.0	60,619	20.0
SVB Capital—NT Growth Partners, LP	59,744	33.0	62,983	33.0
Other private equity fund (i)	7,211	58.2	7,841	58.2
Total venture capital and private equity fund investments	$ 145,649		$ 152,237	

(i) At March 31, 2016, we had a direct ownership interest of 41.5 percent in other private equity funds and an indirect ownership interest of 12.6 percent through our ownership interest of SVB Capital—NT Growth Partners, LP and an indirect ownership interest of 4.1 percent through our ownership interest of SVB Capital Preferred Return Fund, LP.

(2) The following table shows the amounts of other venture capital investments held by the following funds and our ownership percentage of each fund at March 31, 2016 and December 31, 2015 (fair value accounting):

	March 31, 2016		December 31, 2015	
(Dollars in thousands)	Amount	Ownership %	Amount	Ownership %
Silicon Valley BancVentures, LP	$ 2,040	10.7%	$ 2,040	10.7%
Total other venture capital investments	$ 2,040		$ 2,040	

(3) Investments classified as other securities (fair value accounting) represent direct equity investments in public companies held by our consolidated funds.

(4) The following table shows the carrying value and our ownership percentage of each investment at March 31, 2016 and December 31, 2015 (equity method accounting):

	March 31, 2016		December 31, 2015	
(Dollars in thousands)	Amount	Ownership %	Amount	Ownership %
Venture capital and private equity fund investments:				
SVB Strategic Investors Fund II, LP	$ 9,326	8.6%	$ 10,035	8.6%
SVB Strategic Investors Fund III, LP	22,225	5.9	23,926	5.9
SVB Strategic Investors Fund IV, LP	25,570	5.0	26,411	5.0
Other venture capital and private equity fund investments	26,434	Various	25,333	Various
Total venture capital and private equity fund investments	$ 83,555		$ 85,705	
Debt funds:				
Gold Hill Capital 2008, LP (i)	$ 18,106	15.5%	$ 17,453	15.5%
Other debt funds	3,703	Various	4,517	Various
Total debt funds	$ 21,809		$ 21,970	
Other investments:				
China Joint Venture investment	$ 79,260	50.0%	$ 78,799	50.0%
Other investments	40,766	Various	39,733	Various
Total other investments	$ 120,026		$ 118,532	

(i) At March 31, 2016, we had a direct ownership interest of 11.5 percent in the fund and an indirect interest in the fund through our investment in Gold Hill Capital 2008, LLC of 4.0 percent.

(5) Represents investments in 267 funds (primarily venture capital funds) at both March 31, 2016 and December 31, 2015, where our ownership interest is typically less than 5% of the voting interests of each such fund and in which we do not have the ability to exercise significant influence over the partnerships operating activities and financial policies. The carrying value, and estimated fair value, of these venture capital and private equity fund investments (cost method accounting) was $117 million and $233 million, respectively, as of March 31, 2016. The carrying value, and estimated fair value, of these venture capital and private equity fund investments (cost method accounting) was $121 million and $233 million, respectively, as of December 31, 2015.

(6) The following table presents the balances of our investments in qualified affordable housing projects and related unfunded commitments at March 31, 2016 and December 31, 2015:

(Dollars in thousands)	March 31, 2016	December 31, 2015
Investments in qualified affordable housing projects, net	$ 157,744	$ 154,356
Accrued expenses and other liabilities	87,754	90,978

The following table presents other information relating to our investments in qualified affordable housing projects for the three months ended March 31, 2016 and 2015:

	Three months ended March 31,	
(Dollars in thousands)	2016	2015
Tax credits and other tax benefits recognized	$ 4,207	$ 3,213
Amortization expense included in provision for income taxes (i)	3,612	2,797

(i) All investments are amortized using the proportional amortization method and amortization expense is included in the provision for income taxes.

The following table presents the components of gains and losses (realized and unrealized) on investment securities for the three months ended March 31, 2016 and 2015:

(Dollars in thousands)	Three months ended March 31, 2016	2015
Gross gains on investment securities:		
Available-for-sale securities, at fair value (1)	$ 1,753	$ 2,690
Non-marketable securities (fair value accounting):		
Venture capital and private equity fund investments	2,823	8,822
Other venture capital investments	8	183
Other securities (fair value accounting)	63	8,787
Non-marketable securities (equity method accounting):		
Venture capital and private equity fund investments	1,694	7,832
Debt funds	900	1,505
Other investments	810	865
Non-marketable securities (cost method accounting):		
Venture capital and private equity fund investments	2,338	4,833
Other investments	—	358
Total gross gains on investment securities	10,389	35,875
Gross losses on investment securities:		
Available-for-sale securities, at fair value (1)	(2,570)	(94)
Non-marketable securities (fair value accounting):		
Venture capital and private equity fund investments	(7,893)	(948)
Other venture capital investments	(38)	(52)
Other securities (fair value accounting)	(157)	(672)
Non-marketable securities (equity method accounting):		
Venture capital and private equity fund investments	(3,863)	(28)
Debt funds	(45)	(588)
Other investments	(336)	—
Non-marketable securities (cost method accounting):		
Venture capital and private equity fund investments (2)	(171)	(224)
Other investments	—	(6)
Total gross losses on investment securities	(15,073)	(2,612)
(Losses) gains on investment securities, net	$ (4,684)	$ 33,263

(1) Includes realized gains (losses) on sales of available-for-sale equity securities that are recognized in the income statement. Unrealized gains (losses) on available-for-sale fixed income and equity securities are recognized in other comprehensive income. The cost basis of available-for-sale securities sold is determined on a specific identification basis.

(2) For the three months ended March 31, 2016 and 2015, includes OTTI losses of $0.2 million from the declines in value for 10 of the 267 investments and $0.1 million from the declines in value for 9 of the 277 investments, respectively. We concluded that any declines in value for the remaining investments were temporary, and as such, no OTTI was required to be recognized.

7. Loans and Allowance for Loan Losses

We serve a variety of commercial clients in the technology, life science/healthcare, private equity/venture capital and premium wine industries. Our technology clients generally tend to be in the industries of hardware (semiconductors, communications and electronics), software and related services, and energy and resource innovation ("ERI"). Because of the diverse nature of ERI products and services, for our loan-related reporting purposes, ERI-related loans are reported under our hardware, software and internet, life science/healthcare and other commercial loan categories, as applicable. Our life science/healthcare clients primarily tend to be in the industries of biotechnology, medical devices, healthcare information technology and healthcare services. Loans made to private equity/venture capital firm clients typically enable them to fund investments prior to their receipt of funds from capital calls. Loans to the premium wine industry focus on vineyards and wineries that produce grapes and wines of high quality.

In addition to commercial loans, we make consumer loans through SVB Private Bank and provide real estate secured loans to eligible employees through our EHOP. Our private banking clients are primarily private equity/venture capital professionals and executive leaders in the innovation companies they support. These products and services include real estate secured home equity lines of credit, which may be used to finance real estate investments and loans used to purchase, renovate or refinance personal residences. These products and services also include restricted stock purchase loans and capital call lines of credit.

We also provide community development loans made as part of our responsibilities under the Community Reinvestment Act. These loans are included within "Construction loans" below and are primarily secured by real estate.

The composition of loans, net of unearned income of $111 million and $115 million at March 31, 2016 and December 31, 2015, respectively, is presented in the following table:

(Dollars in thousands)	March 31, 2016	December 31, 2015
Commercial loans:		
Software and internet	$ 5,454,552	$ 5,437,915
Hardware	1,056,933	1,071,528
Private equity/venture capital	6,299,608	5,467,577
Life science/healthcare	1,727,992	1,710,642
Premium wine	183,917	201,175
Other	357,600	312,278
Total commercial loans	15,080,602	14,201,115
Real estate secured loans:		
Premium wine (1)	653,993	646,120
Consumer loans (2)	1,653,531	1,544,440
Other	44,603	44,830
Total real estate secured loans	2,352,127	2,235,390
Construction loans	74,003	78,682
Consumer loans	228,415	226,883
Total loans, net of unearned income (3)	$ 17,735,147	$ 16,742,070

(1) Included in our premium wine portfolio are gross construction loans of $106 million and $121 million at March 31, 2016 and December 31, 2015, respectively.

(2) Consumer loans secured by real estate at March 31, 2016 and December 31, 2015 were comprised of the following:

(Dollars in thousands)	March 31, 2016	December 31, 2015
Loans for personal residence	$ 1,414,665	$ 1,312,818
Loans to eligible employees	167,818	156,001
Home equity lines of credit	71,048	75,621
Consumer loans secured by real estate	$ 1,653,531	$ 1,544,440

(3) Included within our total loan portfolio are credit card loans of $193 million and $177 million at March 31, 2016 and December 31, 2015, respectively.

Credit Quality

The composition of loans, net of unearned income of $111 million and $115 million at March 31, 2016 and December 31, 2015, respectively, broken out by portfolio segment and class of financing receivable, is as follows:

(Dollars in thousands)	March 31, 2016	December 31, 2015
Commercial loans:		
Software and internet	$ 5,454,552	$ 5,437,915
Hardware	1,056,933	1,071,528
Private equity/venture capital	6,299,608	5,467,577
Life science/healthcare	1,727,992	1,710,642
Premium wine	837,910	847,295
Other	476,206	435,790
Total commercial loans	15,853,201	14,970,747
Consumer loans:		
Real estate secured loans	1,653,531	1,544,440
Other consumer loans	228,415	226,883
Total consumer loans	1,881,946	1,771,323
Total loans, net of unearned income	$ 17,735,147	$ 16,742,070

The following table summarizes the aging of our gross loans, broken out by portfolio segment and class of financing receivable as of March 31, 2016 and December 31, 2015:

(Dollars in thousands)	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Loans Past Due 90 Days or More Still Accruing Interest
March 31, 2016:						
Commercial loans:						
Software and internet	$ 13,989	$ 2,578	$ 2	$ 16,569	$ 5,368,871	$ 2
Hardware	1,181	149	20	1,350	1,035,479	20
Private equity/venture capital	21,212	29	—	21,241	6,324,848	—
Life science/healthcare	6,978	37	—	7,015	1,700,711	—
Premium wine	712	—	—	712	836,496	—
Other	850	89	5	944	472,921	5
Total commercial loans	44,922	2,882	27	47,831	15,739,326	27
Consumer loans:						
Real estate secured loans	7,166	—	—	7,166	1,645,047	—
Other consumer loans	80	1,800	—	1,880	226,369	—
Total consumer loans	7,246	1,800	—	9,046	1,871,416	—
Total gross loans excluding impaired loans	52,168	4,682	27	56,877	17,610,742	27
Impaired loans	1,575	—	13,237	14,812	163,650	—
Total gross loans	$ 53,743	$ 4,682	$ 13,264	$ 71,689	$ 17,774,392	$ 27
December 31, 2015:						
Commercial loans:						
Software and internet	$ 3,384	$ 6,638	$ —	$ 10,022	$ 5,371,222	$ —
Hardware	1,061	66	—	1,127	1,051,368	—
Private equity/venture capital	—	17	—	17	5,511,912	—
Life science/healthcare	853	6,537	—	7,390	1,665,801	—
Premium wine	16	65	—	81	847,249	—
Other	14	22	—	36	438,313	—
Total commercial loans	5,328	13,345	—	18,673	14,885,865	—
Consumer loans:						
Real estate secured loans	4,911	865	—	5,776	1,537,421	—
Other consumer loans	228	115	—	343	226,369	—
Total consumer loans	5,139	980	—	6,119	1,763,790	—
Total gross loans excluding impaired loans	10,467	14,325	—	24,792	16,649,655	—
Impaired loans	333	—	7,221	7,554	175,130	—
Total gross loans	$ 10,800	$ 14,325	$ 7,221	$ 32,346	$ 16,824,785	$ —

The following table summarizes our impaired loans as they relate to our allowance for loan losses, broken out by portfolio segment and class of financing receivable as of March 31, 2016 and December 31, 2015:

(Dollars in thousands)	Impaired loans for which there is a related allowance for loan losses	Impaired loans for which there is no related allowance for loan losses	Total carrying value of impaired loans	Total unpaid principal of impaired loans
March 31, 2016:				
Commercial loans:				
Software and internet	$ 108,871	$ 561	$ 109,432	$ 122,585
Hardware	27,702	214	27,916	28,764
Private equity/venture capital	—	—	—	—
Life science/healthcare	33,040	—	33,040	34,205
Premium wine	1,295	1,132	2,427	2,991
Other	5,516	—	5,516	5,516
Total commercial loans	176,424	1,907	178,331	194,061
Consumer loans:				
Real estate secured loans	131	—	131	1,388
Other consumer loans	—	—	—	—
Total consumer loans	131	—	131	1,388
Total	$ 176,555	$ 1,907	$ 178,462	$ 195,449
December 31, 2015:				
Commercial loans:				
Software and internet	$ 100,866	$ —	$ 100,866	$ 125,494
Hardware	27,736	—	27,736	27,869
Private equity/venture capital	—	—	—	—
Life science/healthcare	50,429	925	51,354	55,310
Premium wine	898	1,167	2,065	2,604
Other	520	—	520	520
Total commercial loans	180,449	2,092	182,541	211,797
Consumer loans:				
Real estate secured loans	143	—	143	1,393
Other consumer loans	—	—	—	—
Total consumer loans	143	—	143	1,393
Total	$ 180,592	$ 2,092	$ 182,684	$ 213,190

The following table summarizes our average impaired loans, broken out by portfolio segment and class of financing receivable for the three months ended March 31, 2016 and 2015:

Three months ended March 31,	Average impaired loans		Interest income on impaired loans	
(dollars in thousands)	2016	2015	2016	2015 (1)
Commercial loans:				
Software and internet	$ 89,367	$ 33,725	$ 421	$ —
Hardware	24,426	1,643	397	—
Life science/healthcare	39,690	400	133	—
Premium wine	2,171	1,282	17	—
Other	3,853	2,139	7	—
Total commercial loans	159,507	39,189	975	—
Consumer loans:				
Real estate secured loans	135	195	—	—
Other consumer loans	34	88	—	—
Total consumer loans	169	283	—	—
Total average impaired loans	$ 159,676	$ 39,472	$ 975	$ —

(1) For the three months ended March 31, 2015 all impaired loans were nonaccrual loans and no interest income was recognized.

The following tables summarize the activity relating to our allowance for loan losses for the three months ended March 31, 2016 and 2015, broken out by portfolio segment:

Three months ended March 31, 2016 (dollars in thousands)	Beginning Balance December 31, 2015	Charge-offs	Recoveries	Provision for (Reduction of) Loan Losses	Ending Balance March 31, 2016
Commercial loans:					
Software and internet	$ 103,045	$ (22,161)	$ 3,960	$ 22,054	$ 106,898
Hardware	23,085	(1,486)	239	1,998	23,836
Private equity/venture capital	35,282	—	—	8,404	43,686
Life science/healthcare	36,576	(2,395)	491	(4,387)	30,285
Premium wine	5,205	—	—	39	5,244
Other	4,252	(30)	730	4,595	9,547
Total commercial loans	207,445	(26,072)	5,420	32,703	219,496
Consumer loans	10,168	(102)	49	638	10,753
Total allowance for loan losses	$ 217,613	$ (26,174)	$ 5,469	$ 33,341	$ 230,249

Three months ended March 31, 2015 (dollars in thousands)	Beginning Balance December 31, 2014	Charge-offs	Recoveries	Provision for (Reduction of) Loan Losses	Ending Balance March 31, 2015
Commercial loans:					
Software and internet	$ 80,981	$ (1,403)	$ 447	$ 2,067	$ 82,092
Hardware	25,860	(3,210)	928	(2,320)	21,258
Private equity/venture capital	27,997	—	—	2,840	30,837
Life science/healthcare	15,208	(225)	34	306	15,323
Premium wine	4,473	—	—	30	4,503
Other	3,253	(649)	10	3,537	6,151
Total commercial loans	157,772	(5,487)	1,419	6,460	160,164
Consumer loans	7,587	—	132	(8)	7,711
Total allowance for loan losses	$ 165,359	$ (5,487)	$ 1,551	$ 6,452	$ 167,875

The following table summarizes the allowance for loan losses individually and collectively evaluated for impairment as of March 31, 2016 and December 31, 2015, broken out by portfolio segment:

	March 31, 2016				December 31, 2015			
	Individually Evaluated for Impairment		Collectively Evaluated for Impairment		Individually Evaluated for Impairment		Collectively Evaluated for Impairment	
(Dollars in thousands)	Allowance for loan losses	Recorded investment in loans	Allowance for loan losses	Recorded investment in loans	Allowance for loan losses	Recorded investment in loans	Allowance for loan losses	Recorded investment in loans
Commercial loans:								
Software and internet	$ 36,886	$ 109,432	$ 70,012	$ 5,345,120	$ 34,098	$ 100,866	$ 68,947	$ 5,337,049
Hardware	2,872	27,916	20,964	1,029,017	3,160	27,736	19,925	1,043,792
Private equity/venture capital	—	—	43,686	6,299,608	—	—	35,282	5,467,577
Life science/healthcare	11,735	33,040	18,550	1,694,952	20,230	51,354	16,346	1,659,288
Premium wine	129	2,427	5,115	835,483	90	2,065	5,115	845,230
Other	5,052	5,516	4,495	470,690	52	520	4,200	435,270
Total commercial loans	56,674	178,331	162,822	15,674,870	57,630	182,541	149,815	14,788,206
Consumer loans	131	131	10,622	1,881,815	143	143	10,025	1,771,180
Total	$ 56,805	$ 178,462	$ 173,444	$ 17,556,685	$ 57,773	$ 182,684	$ 159,840	$ 16,559,386

Credit Quality Indicators

For each individual client, we establish an internal credit risk rating for that loan, which is used for assessing and monitoring credit risk as well as performance of the loan and the overall portfolio. Our internal credit risk ratings are also used to summarize the risk of loss due to failure by an individual borrower to repay the loan. For our internal credit risk ratings, each individual loan is given a risk rating of 1 through 10. Loans risk-rated 1 through 4 are performing loans and translate to an internal rating of “Pass”, with loans risk-rated 1 being cash secured. Loans risk-rated 5 through 7 are performing loans, however, we consider them as demonstrating higher risk, which requires more frequent review of the individual exposures; these translate to an internal rating of “Performing (Criticized)”. When a significant payment delay occurs on a criticized loan, the loan is impaired. The loan is also considered for nonaccrual status if full repayment is determined to be improbable. All of our nonaccrual loans are risk-rated 8 or 9 and are classified under the nonperforming impaired category. (For further description of nonaccrual loans, refer to Note 2—“Summary of Significant Accounting Policies” under Part II, Item 8 of our 2015 Form 10-K). Loans rated 10 are charged-off and are not included as part of our loan portfolio balance. We review our credit quality indicators for performance and appropriateness of risk ratings as part of our evaluation process for our allowance for loan losses.

The following table summarizes the credit quality indicators, broken out by portfolio segment and class of financing receivables as of March 31, 2016 and December 31, 2015:

(Dollars in thousands)	Pass	Performing (Criticized)	Performing Impaired (Criticized)	Nonperforming Impaired (Nonaccrual)	Total
March 31, 2016:					
Commercial loans:					
Software and internet	$ 4,832,174	$ 553,266	$ 27,657	$ 81,775	$ 5,494,872
Hardware	882,651	154,178	27,589	327	1,064,745
Private equity/venture capital	6,345,463	626	—	—	6,346,089
Life science/healthcare	1,557,912	149,814	7,461	25,579	1,740,766
Premium wine	797,390	39,818	1,294	1,133	839,635
Other	466,715	7,150	516	5,000	479,381
Total commercial loans	14,882,305	904,852	64,517	113,814	15,965,488
Consumer loans:					
Real estate secured loans	1,652,213	—	—	131	1,652,344
Other consumer loans	227,463	786	—	—	228,249
Total consumer loans	1,879,676	786	—	131	1,880,593
Total gross loans	$ 16,761,981	$ 905,638	$ 64,517	$ 113,945	$ 17,846,081
December 31, 2015:					
Commercial loans:					
Software and internet	$ 4,933,179	$ 448,065	$ 23,321	$ 77,545	$ 5,482,110
Hardware	955,675	96,820	27,306	430	1,080,231
Private equity/venture capital	5,474,929	37,000	—	—	5,511,929
Life science/healthcare	1,544,555	128,636	7,247	44,107	1,724,545
Premium wine	825,058	22,272	898	1,167	849,395
Other	429,481	8,868	520	—	438,869
Total commercial loans	14,162,877	741,661	59,292	123,249	15,087,079
Consumer loans:					
Real estate secured loans	1,539,468	3,729	—	143	1,543,340
Other consumer loans	224,601	2,111	—	—	226,712
Total consumer loans	1,764,069	5,840	—	143	1,770,052
Total gross loans	$ 15,926,946	$ 747,501	$ 59,292	$ 123,392	$ 16,857,131

TDRs

As of March 31, 2016 we had 17 TDRs with a total carrying value of $86.0 million where concessions have been granted to borrowers experiencing financial difficulties, in an attempt to maximize collection. There were less than $0.1 million of unfunded commitments available for funding to the clients associated with these TDRs as of March 31, 2016.

The following table summarizes our loans modified in TDRs, broken out by portfolio segment and class of financing receivables at March 31, 2016 and December 31, 2015:

(Dollars in thousands)	March 31, 2016	December 31, 2015
Loans modified in TDRs:		
Commercial loans:		
Software and internet	$ 57,836	$ 56,790
Hardware	155	473
Life science/healthcare	25,104	51,878
Premium wine	2,427	2,065
Other	517	519
Total commercial loans	86,039	111,725
Consumer loans:		
Other consumer loans	—	—
Total consumer loans	—	—
Total	$ 86,039	$ 111,725

The following table summarizes the recorded investment in loans modified in TDRs, broken out by portfolio segment and class of financing receivable, for modifications made during the three months ended March 31, 2016 and 2015:

	Three months ended March 31,	
(Dollars in thousands)	2016	2015
Loans modified in TDRs during the period:		
Commercial loans:		
Software and internet (1)	$ 10,854	$ —
Hardware	—	4,000
Premium wine	505	—
Total commercial loans	11,359	4,000
Consumer loans:		
Real estate secured loans	—	1,280
Total consumer loans	—	1,280
Total loans modified in TDRs during the period (1)	$ 11,359	$ 5,280

(1) There were $3.8 million of partial charge-offs during the three months ended March 31, 2016 and no partial charge-offs during the three months ended March 31, 2015.

During the three months ended March 31, 2016, new TDRs of $9.0 million were modified through partial forgiveness of principal and $2.4 million were modified through payment deferrals granted to our clients.

During the three months ended March 31, 2015, new TDRs of $5.3 million were modified through payment deferrals granted to our clients.

The related allowance for loan losses for the majority of our TDRs is determined on an individual basis by comparing the carrying value of the loan to the present value of the estimated future cash flows, discounted at the pre-modification contractual interest rate. For certain TDRs, the related allowance for loan losses is determined based on the fair value of the collateral if the loan is collateral dependent.

There were no loans modified in TDRs within the previous 12 months that subsequently defaulted during the three months ended March 31, 2016. We had $30 thousand of consumer real estate secured loans modified within the previous 12 months that defaulted during the three months ended March 31, 2015.

Charge-offs and defaults on previously restructured loans are evaluated to determine the impact to the allowance for loan losses, if any. The evaluation of these defaults may impact the assumptions used in calculating the reserve on other TDRs and impaired loans as well as management's overall outlook of macroeconomic factors that affect the reserve on the loan portfolio as a whole. After evaluating the charge-offs and defaults experienced on our TDRs we determined that no change to our reserving methodology was necessary to determine the allowance for loan losses as of March 31, 2016.

8. Short-Term Borrowings and Long-Term Debt

The following table represents outstanding short-term borrowings and long-term debt at March 31, 2016 and December 31, 2015:

(Dollars in thousands)	Maturity	Principal value at March 31, 2016	Carrying Value	
			March 31, 2016	December 31, 2015
Short-term borrowings:				
Short-term FHLB advances		$ —	$ —	$ 638,000
Federal funds purchased		—	—	135,000
Other short-term borrowings	(1)	—	—	1,900
Total short-term borrowings			$ —	$ 774,900
Long-term debt:				
3.50% Senior Notes	January 29, 2025	$ 350,000	$ 346,744	$ 346,667
5.375% Senior Notes	September 15, 2020	350,000	347,155	347,016
6.05% Subordinated Notes (2)	June 1, 2017	45,964	48,045	48,350
7.0% Junior Subordinated Debentures	October 15, 2033	50,000	54,626	54,669
Total long-term debt			$ 796,570	$ 796,702

(1) Represents cash collateral received from certain counterparties in relation to market value exposures of derivative contracts in our favor.
(2) At March 31, 2016 and December 31, 2015, included in the carrying value of our 6.05% Subordinated Notes was an interest rate swap valued at $2.4 million and $2.8 million, respectively, related to hedge accounting associated with the notes.

Interest expense related to long-term debt was $9.0 million for the three months ended March 31, 2016, and $8.0 million for the three months ended March 31, 2015. Interest expense is net of the hedge accounting impact from our interest rate swap agreement related to our 6.05% Subordinated Notes.

Available Lines of Credit

We have certain facilities in place to enable us to access short-term borrowings on a secured (using high-quality fixed income securities as collateral) and an unsecured basis. These include repurchase agreements and uncommitted federal funds lines with various financial institutions. As of March 31, 2016, we did not borrow against our uncommitted federal funds lines. We also pledge securities to the FHLB of San Francisco and the discount window at the Federal Reserve Bank. The market value of collateral pledged to the FHLB of San Francisco (comprised primarily of U.S. Treasury securities) at March 31, 2016 totaled $1.8 billion, all of which was unused and available to support additional borrowings. The market value of collateral pledged at the discount window of the Federal Reserve Bank at March 31, 2016 totaled $0.9 billion, all of which was unused and available to support additional borrowings.

9. Derivative Financial Instruments

We primarily use derivative financial instruments to manage interest rate risk, currency exchange rate risk, and to assist customers with their risk management objectives. Also, in connection with negotiating credit facilities and certain other services, we often obtain equity warrant assets giving us the right to acquire stock in private, venture-backed companies in the technology and life science/healthcare industries.

Interest Rate Risk

Interest rate risk is our primary market risk and can result from timing and volume differences in the repricing of our interest rate sensitive assets and liabilities and changes in market interest rates. To manage interest rate risk for our 6.05% Subordinated Notes, we entered into a fixed-for-floating interest rate swap agreement at the time of debt issuance based upon LIBOR with

matched-terms. Net cash benefits associated with our interest rate swap is recorded as a reduction in “Interest expense—Borrowings,” a component of net interest income. The fair value of our interest rate swaps is calculated using a discounted cash flow method and adjusted for credit valuation associated with counterparty risk. Changes in fair value of the interest rate swaps are reflected in either other assets (for swaps in an asset position) or other liabilities (for swaps in a liability position).

We assess hedge effectiveness under ASC 815, *Derivatives and Hedging*, using the long-haul method. Any differences associated with our interest rate swap that arise as a result of hedge ineffectiveness are recorded through net gains on derivative instruments, in noninterest income, a component of consolidated net income.

Currency Exchange Risk

We enter into foreign exchange forward contracts to economically reduce our foreign exchange exposure risk associated with the net difference between foreign currency denominated assets and liabilities. We do not designate any foreign exchange forward contracts as derivative instruments that qualify for hedge accounting. Gains or losses from changes in currency rates on foreign currency denominated instruments are included in other noninterest income, a component of noninterest income. We may experience ineffectiveness in the economic hedging relationship, because the instruments are revalued based upon changes in the currency’s spot rate on the principal value, while the forwards are revalued on a discounted cash flow basis. We record forward agreements in gain positions in other assets and loss positions in other liabilities, while net changes in fair value are recorded through net gains on derivative instruments, in noninterest income, a component of consolidated net income. Additionally, through our global banking operations we maintain customer deposits denominated in a variety of global currencies, which are used to fund certain loans in these currencies to limit our exposure to currency fluctuations.

Other Derivative Instruments

Also included in our derivative instruments are equity warrant assets and client forward and option contracts, and client interest rate contracts. For further description of these other derivative instruments, refer to Note 2-“Summary of Significant Accounting Policies" under Part II, Item 8 of our 2015 Form 10-K.

Counterparty Credit Risk

We are exposed to credit risk if counterparties to our derivative contracts do not perform as expected. We mitigate counterparty credit risk through credit approvals, limits, monitoring procedures and obtaining collateral, as appropriate. With respect to measuring counterparty credit risk for derivative instruments, we measure the fair value of a group of financial assets and financial liabilities on a net risk basis by counterparty portfolio.

The total notional or contractual amounts, fair value, collateral and net exposure of our derivative financial instruments at March 31, 2016 and December 31, 2015 were as follows:

		March 31, 2016				December 31, 2015			
(Dollars in thousands)	Balance Sheet Location	Notional or Contractual Amount	Fair Value	Collateral (1)	Net Exposure (2)	Notional or Contractual Amount	Fair Value	Collateral (1)	Net Exposure (2)
Derivatives designated as hedging instruments:									
Interest rate risks:									
Interest rate swaps	Other assets	$ 45,964	$ 2,400	$ —	$ 2,400	$ 45,964	$ 2,768	$ —	$ 2,768
Derivatives not designated as hedging instruments:									
Currency exchange risks:									
Foreign exchange forwards	Other assets	17,808	306	—	306	49,287	809	—	809
Foreign exchange forwards	Other liabilities	78,440	(2,932)	—	(2,932)	6,586	(669)	—	(669)
Net exposure			(2,626)	—	(2,626)		140	—	140
Other derivative instruments:									
Equity warrant assets	Other assets	207,504	130,670	—	130,670	210,102	137,105	—	137,105
Other derivatives:									
Client foreign exchange forwards	Other assets	1,369,777	46,713	—	46,713	935,514	29,722	1,900	27,822
Client foreign exchange forwards	Other liabilities	1,160,600	(41,896)	—	(41,896)	841,182	(24,978)	—	(24,978)
Client foreign currency options	Other assets	30,568	600	—	600	46,625	706	—	706
Client foreign currency options	Other liabilities	30,568	(600)	—	(600)	46,625	(706)	—	(706)
Client interest rate derivatives	Other assets	299,750	6,432	—	6,432	422,741	3,973	—	3,973
Client interest rate derivatives	Other liabilities	339,685	(7,263)	—	(7,263)	422,741	(4,384)	—	(4,384)
Net exposure			3,986	—	3,986		4,333	1,900	2,433
Net			$ 134,430	$ —	$ 134,430		$ 144,346	$ 1,900	$ 142,446

(1) Cash collateral received from our counterparties in relation to market value exposures of derivative contracts in our favor is recorded as a component of "short-term borrowings" on our consolidated balance sheets.

(2) Net exposure for contracts in a gain position reflects the replacement cost in the event of nonperformance by all such counterparties. The credit ratings of our institutional counterparties as of March 31, 2016 remain at investment grade or higher and there were no material changes in their credit ratings during the three months ended March 31, 2016.

A summary of our derivative activity and the related impact on our consolidated statements of income for the three months ended March 31, 2016 and 2015 is as follows:

		Three months ended March 31,	
(Dollars in thousands)	**Statement of income location**	**2016**	**2015**
Derivatives designated as hedging instruments:			
Interest rate risks:			
Net cash benefit associated with interest rate swaps	Interest expense—borrowings	$ 609	$ 638
Changes in fair value of interest rate swaps	Net (losses) gains on derivative instruments	(17)	(3)
Net gains associated with interest rate risk derivatives		$ 592	$ 635
Derivatives not designated as hedging instruments:			
Currency exchange risks:			
Gains (losses) on revaluations of foreign currency instruments	Other noninterest income	$ 2,491	$ (20,159)
(Losses) gains on internal foreign exchange forward contracts, net	Net (losses) gains on derivative instruments	(2,208)	20,018
Net losses associated with currency risk		$ 283	$ (141)
Other derivative instruments:			
Gains on revaluations of client foreign exchange forward contracts, net	Other noninterest income	$ 3,653	$ 624
Losses on client foreign exchange forward contracts, net	Net (losses) gains on derivative instruments	(5,654)	(507)
Net (losses) gains associated with client foreign exchange forward contracts		$ (2,001)	$ 117
Net gains on equity warrant assets	Net (losses) gains on derivative instruments	$ 6,605	$ 20,278
Net losses on other derivatives	Net (losses) gains on derivative instruments	$ (421)	$ (57)

Balance Sheet Offsetting

Certain of our derivative and other financial instruments are subject to enforceable master netting arrangements with our counterparties. These agreements provide for the net settlement of multiple contracts with a single counterparty through a single payment, in a single currency, in the event of default on or termination of any one contract.

The following table summarizes our assets subject to enforceable master netting arrangements as of March 31, 2016 and December 31, 2015:

(Dollars in thousands)	Gross Amounts of Recognized Assets	Gross Amounts offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position But Subject to Master Netting Arrangements		Net Amount
				Financial Instruments	Cash Collateral Received	
March 31, 2016						
Derivative Assets:						
Interest rate swaps	$ 2,400	$ —	$ 2,400	$ (2,400)	$ —	$ —
Foreign exchange forwards	47,019	—	47,019	(20,366)	—	26,653
Foreign currency options	600	—	600	(220)	—	380
Client interest rate derivatives	6,432	—	6,432	(6,406)	—	26
Total derivative assets:	56,451	—	56,451	(29,392)	—	27,059
Reverse repurchase, securities borrowing, and similar arrangements	288,421	—	288,421	(288,421)	—	—
Total	$ 344,872	$ —	$ 344,872	$ (317,813)	$ —	$ 27,059
December 31, 2015						
Derivative Assets:						
Interest rate swaps	$ 2,768	$ —	$ 2,768	$ (2,768)	$ —	$ —
Foreign exchange forwards	30,531	—	30,531	(18,141)	(1,900)	10,490
Foreign currency options	711	(5)	706	(706)	—	—
Client interest rate derivatives	3,973	—	3,973	(3,973)	—	—
Total derivative assets:	37,983	(5)	37,978	(25,588)	(1,900)	10,490
Reverse repurchase, securities borrowing, and similar arrangements	125,391	—	125,391	(125,391)	—	—
Total	$ 163,374	$ (5)	$ 163,369	$ (150,979)	$ (1,900)	$ 10,490

The following table summarizes our liabilities subject to enforceable master netting arrangements as of March 31, 2016 and December 31, 2015:

(Dollars in thousands)	Gross Amounts of Recognized Liabilities	Gross Amounts offset in the Statement of Financial Position	Net Amounts of Liabilities Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position But Subject to Master Netting Arrangements		Net Amount
				Financial Instruments	Cash Collateral Pledged	
March 31, 2016						
Derivative Liabilities:						
Foreign exchange forwards	$ 44,828	$ —	$ 44,828	$ (32,507)	$ —	$ 12,321
Foreign currency options	600	—	600	(380)	—	220
Client interest rate derivatives	7,263	—	7,263	(7,263)	—	—
Total derivative liabilities:	52,691	—	52,691	(40,150)	—	12,541
Repurchase, securities lending, and similar arrangements	—	—	—	—	—	—
Total	$ 52,691	$ —	$ 52,691	$ (40,150)	$ —	$ 12,541
December 31, 2015						
Derivative Liabilities:						
Foreign exchange forwards	$ 25,647	$ —	$ 25,647	$ (10,818)	$ —	$ 14,829
Foreign currency options	711	(5)	706	—	—	706
Client interest rate derivatives	4,384	—	4,384	(4,384)	—	—
Total derivative liabilities:	30,742	(5)	30,737	(15,202)	—	15,535
Repurchase, securities lending, and similar arrangements	—	—	—	—	—	—
Total	$ 30,742	$ (5)	$ 30,737	$ (15,202)	$ —	$ 15,535

10. Other Noninterest Income (Loss) and Other Noninterest Expense

A summary of other noninterest income for the three months ended March 31, 2016 and 2015 is as follows:

	Three months ended March 31,	
(Dollars in thousands)	2016	2015
Fund management fees	$ 4,620	$ 3,722
Service-based fee income	2,092	2,106
Gains (losses) on revaluation of foreign currency instruments (1)	2,491	(20,159)
Other (2) (3)	6,768	6,653
Total other noninterest income (loss)	$ 15,971	$ (7,678)

(1) Represents the net revaluation of foreign currency denominated financial instruments issued and held by us, primarily loans, deposits and cash.
(2) Includes dividends on FHLB/FRB stock, correspondent bank rebate income and other fee income.
(3) Amount for the three months ended March 31, 2015, has been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).

A summary of other noninterest expense for the three months ended March 31, 2016 and 2015 is as follows:

	Three months ended March 31,	
(Dollars in thousands)	2016	2015
Lending and other client related processing costs	$ 4,295	$ 3,549
Telephone	2,233	1,959
Data processing services	1,829	1,833
Dues and publications	802	585
Postage and supplies	790	765
Other (1)	4,844	4,831
Total other noninterest expense	$ 14,793	$ 13,522

(1) Amount for the three months ended March 31, 2015, has been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).

11. Segment Reporting

We have three reportable segments for management reporting purposes: Global Commercial Bank, SVB Private Bank and SVB Capital. The results of our operating segments are based on our internal management reporting process.

Our operating segments' primary source of revenue is from net interest income, which is primarily the difference between interest earned on loans, net of funds transfer pricing ("FTP"), and interest paid on deposits, net of FTP. Accordingly, our segments are reported using net interest income, net of FTP. FTP is an internal measurement framework designed to assess the financial impact of a financial institution's sources and uses of funds. It is the mechanism by which an earnings credit is given for deposits raised, and an earnings charge is made for funded loans. FTP is calculated at an instrument level based on account characteristics.

We also evaluate performance based on provision for loan losses, noninterest income and noninterest expense, which are presented as components of segment operating profit or loss. In calculating each operating segment's noninterest expense, we consider the direct costs incurred by the operating segment as well as certain allocated direct costs. As part of this review, we allocate certain corporate overhead costs to a corporate account. We do not allocate income taxes to our segments. Additionally, our management reporting model is predicated on average asset balances; therefore, period-end asset balances are not presented for segment reporting purposes. Changes in an individual client's primary relationship designation have resulted, and in the future may result, in the inclusion of certain clients in different segments in different periods.

Unlike financial reporting, which benefits from the comprehensive structure provided by GAAP, our internal management reporting process is highly subjective, as there is no comprehensive, authoritative guidance for management reporting. Our management reporting process measures the performance of our operating segments based on our internal operating structure, which is subject to change from time to time, and is not necessarily comparable with similar information for other financial services companies.

For reporting purposes, SVB Financial Group has three operating segments for which we report our financial information:

- **Global Commercial Bank** is comprised of results from the following:
  - Our **Commercial Bank** products and services are provided by the Bank and its subsidiaries to commercial clients in the technology, life science/healthcare and private equity/venture capital industries. The Bank provides solutions to the financial needs of commercial clients, through credit, global treasury management, foreign exchange, global trade finance, and other services. It serves clients within the United States, as well as non-U.S. clients in key international innovation markets. In addition, the Bank and its subsidiaries offer a variety of investment services and solutions to its clients that enable them to effectively manage their assets.
  - Our **Private Equity Division** provides banking products and services primarily to our private equity and venture capital clients.
  - Our **Wine** practice provides banking products and services to our premium wine industry clients, including vineyard development loans.
  - **SVB Analytics** provides equity valuation services to companies and private equity/venture capital firms.
  - **Debt Fund Investments** is comprised of our investments in certain debt funds in which we are a strategic investor.

- **SVB Private Bank** is the private banking division of the Bank, which provides a range of personal financial solutions for consumers. Our clients are primarily private equity/venture capital professionals and executive leaders of the innovation companies they support. We offer a customized suite of 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, as well as cash and wealth management services.

- **SVB Capital**is the venture capital investment arm of SVBFG, which focuses primarily on funds management. SVB Capital manages funds (primarily venture capital funds) on behalf of third party limited partners and, on a more limited basis, SVB Financial Group. The SVB Capital family of funds is comprised of direct venture funds that invest in companies and funds of funds that invest in other venture capital funds. SVB Capital generates income for the Company primarily from investment returns (including carried interest) and management fees.

The summary financial results of our operating segments are presented along with a reconciliation to our consolidated interim results.

Our segment information for the three months ended March 31, 2016 and 2015 is as follows:

(Dollars in thousands)	Global Commercial Bank (1)	SVB Private Bank	SVB Capital (1)	Other Items (2)	Total
Three months ended March 31, 2016					
Net interest income	$ 256,178	$ 13,672	$ —	$ 11,571	$ 281,421
Provision for loan losses	(32,703)	(638)	—	—	(33,341)
Noninterest income	74,759	627	2,453	8,295	86,134
Noninterest expense (3)	(154,206)	(3,405)	(3,913)	(42,509)	(204,033)
Income before income tax expense (4)	$ 144,028	$ 10,256	$ (1,460)	$ (22,643)	$ 130,181
Total average loans, net of unearned income	$ 14,919,735	$ 1,871,820	$ —	$ 220,880	$ 17,012,435
Total average assets (5)	41,533,434	1,893,413	349,011	414,332	44,190,190
Total average deposits	37,837,645	1,130,736	—	299,748	39,268,129
Three months ended March 31, 2015					
Net interest income	$ 203,749	$ 9,723	$ 1	$ 25,452	$ 238,925
Provision for loan losses	(6,460)	8	—	—	(6,452)
Noninterest income	63,193	397	20,678	39,256	123,524
Noninterest expense (3)	(138,448)	(2,876)	(3,486)	(45,731)	(190,541)
Income before income tax expense (4)	$ 122,034	$ 7,252	$ 17,193	$ 18,977	$ 165,456
Total average loans, net of unearned income	$ 12,505,385	$ 1,373,149	$ —	$ 169,751	$ 14,048,285
Total average assets (5)	35,581,252	1,445,871	269,982	924,236	38,221,341
Total average deposits	32,469,427	1,251,939	—	140,870	33,862,236

(1) Global Commercial Bank's and SVB Capital's components of net interest income, noninterest income, noninterest expense and total average assets are shown net of noncontrolling interests for all periods presented. Noncontrolling interest is included within "Other Items".

(2) The "Other Items" column reflects the adjustments necessary to reconcile the results of the operating segments to the consolidated financial statements prepared in conformity with GAAP. Net interest income is attributable primarily to interest earned from our fixed income investment portfolio, net of FTP. Noninterest income is attributable primarily to noncontrolling interests and gains on equity warrant assets. Noninterest expense consists primarily of expenses associated with corporate support functions such as finance, human resources, marketing, legal and other expenses.

(3) The Global Commercial Bank segment includes direct depreciation and amortization of $5.7 million and $5.3 million for the three months March 31, 2016 and 2015, respectively.

(4) The internal reporting model used by management to assess segment performance does not calculate income tax expense by segment. Our effective tax rate is a reasonable approximation of the segment rates.

(5) Total average assets equal the greater of total average assets or the sum of total average liabilities and total average stockholders' equity for each segment which contributes to the negative balances reported in "Other Items" to reconcile the results to the consolidated financial statements prepared in conformity with GAAP.

12. Off-Balance Sheet Arrangements, Guarantees and Other Commitments

In the normal course of business we use financial instruments with off-balance sheet risk to meet the financing needs of our customers. These financial instruments include commitments to extend credit, commercial and standby letters of credit and commitments to invest in venture capital and private equity fund investments. These instruments involve credit risk to varying degrees. Credit risk is defined as the possibility of sustaining a loss because other parties to the financial instrument fail to perform in accordance with the terms of the contract.

Commitments to Extend Credit

The following table summarizes information related to our commitments to extend credit at March 31, 2016 and December 31, 2015:

(Dollars in thousands)	March 31, 2016	December 31, 2015
Loan commitments available for funding: (1)		
Fixed interest rate commitments	$ 1,257,696	$ 1,312,734
Variable interest rate commitments	13,091,598	12,822,461
Total loan commitments available for funding	14,349,294	14,135,195
Commercial and standby letters of credit (2)	1,530,904	1,479,164
Total unfunded credit commitments	$ 15,880,198	$ 15,614,359
Commitments unavailable for funding (3)	$ 1,975,551	$ 2,026,532
Maximum lending limits for accounts receivable factoring arrangements (4)	960,071	1,006,404
Reserve for unfunded credit commitments (5)	34,541	34,415

(1) Represents commitments which are available for funding, due to clients meeting all collateral, compliance and financial covenants required under loan commitment agreements.
(2) See below for additional information on our commercial and standby letters of credit.
(3) Represents commitments which are currently unavailable for funding, due to clients failing to meet all collateral, compliance and financial covenants under loan commitment agreements.
(4) We extend credit under accounts receivable factoring arrangements when our clients' sales invoices are deemed creditworthy under existing underwriting practices.
(5) Our reserve for unfunded credit commitments includes an allowance for both our unfunded loan commitments and our letters of credit.

Commercial and Standby Letters of Credit

The table below summarizes our commercial and standby letters of credit at March 31, 2016. The maximum potential amount of future payments represents the amount that could be remitted under letters of credit if there were a total default by the guaranteed parties, without consideration of possible recoveries under recourse provisions or from the collateral held or pledged.

(Dollars in thousands)	Expires In One Year or Less	Expires After One Year	Total Amount Outstanding	Maximum Amount of Future Payments
Financial standby letters of credit	$ 1,421,632	$ 25,365	$ 1,446,997	$ 1,446,997
Performance standby letters of credit	67,298	5,223	72,521	72,521
Commercial letters of credit	11,386	—	11,386	11,386
Total	$ 1,500,316	$ 30,588	$ 1,530,904	$ 1,530,904

Deferred fees related to financial and performance standby letters of credit were $9 million at March 31, 2016 and $10 million at December 31, 2015. At March 31, 2016, collateral in the form of cash of $741 million and available-for-sale securities of $0.5 million were available to us to reimburse losses, if any, under financial and performance standby letters of credit.

Commitments to Invest in Venture Capital and Private Equity Funds

Subject to applicable regulatory requirements, including the Volcker Rule, we make commitments to invest in venture capital and private equity funds, which in turn make investments generally in, or in some cases make loans to, privately-held companies. Commitments to invest in these funds are generally made for a 10-year period from the inception of the fund. Although the limited partnership agreements governing these investments typically do not restrict the general partners from calling 100% of committed capital in one year, it is customary for these funds to generally call most of the capital commitments over 5 to 7 years; however in certain cases, the funds may not call 100% of committed capital over the life of the fund. The actual timing of future cash requirements to fund these commitments is generally dependent upon the investment cycle, overall market conditions, and the nature and type of industry in which the privately held companies operate. The following table details our total capital commitments, unfunded capital commitments, and our ownership percentage in each fund at March 31, 2016:

Our Ownership in Venture Capital and Private Equity Funds (Dollars in thousands)	SVBFG Capital Commitments	SVBFG Unfunded Commitments	SVBFG Ownership of each Fund (4)
Silicon Valley BancVentures, LP	$ 6,000	$ 270	10.7%
SVB Capital Partners II, LP (1)	1,200	162	5.1
SVB Capital Shanghai Yangpu Venture Capital Fund	900	—	6.8
SVB Strategic Investors Fund, LP	15,300	688	12.6
SVB Strategic Investors Fund II, LP	15,000	1,050	8.6
SVB Strategic Investors Fund III, LP	15,000	1,275	5.9
SVB Strategic Investors Fund IV, LP	12,239	2,325	5.0
Strategic Investors Fund V Funds	515	142	Various
SVB Capital Preferred Return Fund, LP	12,688	—	20.0
SVB Capital—NT Growth Partners, LP	24,670	1,340	33.0
Other private equity fund (2)	9,338	—	58.2
Debt funds (equity method accounting	58,637	—	Various
Other fund investments (3)	299,540	11,870	Various
Total	$ 471,027	$ 19,122	

(1) Our ownership includes direct ownership of 1.3 percent and indirect ownership interest of 3.8 percent through our investment in SVB Strategic Investors Fund II, LP.
(2) Our ownership includes direct ownership of 41.5 percent and indirect ownership interests of 12.6 percent and 4.1 percent in the fund through our ownership interest of SVB Capital - NT Growth Partners, LP and SVB Capital Preferred Return Fund, LP, respectively.
(3) Represents commitments to 273 funds (primarily venture capital funds) where our ownership interest is generally less than 5 percent of the voting interests of each such fund.
(4) We are subject to the Volcker Rule, which restricts or limits us from sponsoring or having ownership interests in "covered" funds including venture capital and private equity funds. See "Business - Supervision and Regulation" under Item 1 of Part I of our 2015 Form 10-K.

The following table details the amounts of remaining unfunded commitments to venture capital and private equity funds by our consolidated managed funds of funds (including our interest and the noncontrolling interests) at March 31, 2016:

Limited Partnership (Dollars in thousands)	Unfunded Commitments
SVB Strategic Investors Fund, LP	$ 2,250
SVB Capital Preferred Return Fund, LP	1,271
SVB Capital—NT Growth Partners, LP	3,089
Total	$ 6,610

13. Income Taxes

We are subject to income tax in the U.S. federal jurisdiction and various state and foreign jurisdictions and have identified our federal tax return and tax returns in California and Massachusetts as major tax filings. Our U.S. federal tax returns for 2012 and subsequent years remain open to full examination. Our California and Massachusetts tax returns for 2011 and subsequent tax years remain open to full examination.

At March 31, 2016, our unrecognized tax benefit was $3.4 million, the recognition of which would reduce our income tax expense by $2.2 million. We do not expect that our unrecognized tax benefit will materially change in the next 12 months.

We recognize interest and penalties related to income tax matters as part of income before income taxes. Interest and penalties were not material for the three months ended March 31, 2016.

14. Fair Value of Financial Instruments

Fair Value Measurements

Our available-for-sale securities, derivative instruments and certain non-marketable and other securities are financial instruments recorded at fair value on a recurring basis. We make estimates regarding valuation of assets and liabilities measured at fair value in preparing our interim consolidated financial statements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (the "exit price") in an orderly transaction between

market participants at the measurement date. There is a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable and the significance of those inputs in the fair value measurement. Observable inputs reflect market-derived or market-based information obtained from independent sources, while unobservable inputs reflect our estimates about market data and views of market participants. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1

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

Level 2

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

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

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

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

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

Municipal bonds and notes: Bonds issued by municipal governments generally have stated coupon rates, final maturity dates and are subject to being called ahead of the final maturity date at the option of the issuer. Fair value measurements of these securities are priced based on spreads to other municipal benchmark bonds with similar characteristics; or, relative to market rates on U.S. Treasury bonds of similar maturity.

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

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

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

Level 3

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

Other venture capital investments: Fair value measurements are based on consideration of a range of factors including, but not limited to, the price at which the investment was acquired, the term and nature of the investment, local market conditions, values for comparable securities, and as it relates to the private company, the current and projected operating performance, exit strategies and financing transactions subsequent to the acquisition of the investment. The significant unobservable inputs used in the fair value measurement include the information about each portfolio company, including actual and forecasted results, cash position, recent or planned transactions and market comparable companies. Significant changes to any one of these inputs in isolation could result in a significant change in the fair value measurement, however, we generally consider all factors available through ongoing communication with the portfolio companies and venture capital fund managers to determine whether there are changes to the portfolio company or the environment that indicate a change in the fair value measurement.

Other securities: Fair value measurements of equity securities of public companies are priced based on quoted market prices less a discount if the securities are subject to certain sales restrictions. Marketability discounts generally range from 10% to 20% depending on the duration of the sale restrictions which typically range from 3 to 6 months.

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

a lock-up term nears, and other sale restrictions are lifted, discounts are adjusted downward to zero percent once all restrictions expire or are removed.

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

It is our policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements. When available, we use quoted market prices to measure fair value. If market prices are not available, fair value measurement is based upon valuation techniques that use primarily market-based or independently-sourced market parameters, including interest rate yield curves, prepayment speeds, option volatilities and currency rates. Substantially all of our financial instruments use the foregoing methodologies, and are categorized as a Level 1 or Level 2 measurement in the fair value hierarchy. However, in certain cases, when market observable inputs for our valuation techniques may not be readily available, we are required to make judgments about assumptions we believe market participants would use in estimating the fair value of the financial instrument, and based on the significance of those judgments, the measurement may be determined to be a Level 3 fair value measurement.

The degree of management judgment involved in determining the fair value of a financial instrument is dependent upon the availability of quoted market prices or observable market parameters. For financial instruments that trade actively and have quoted market prices or observable market parameters, there is minimal subjectivity involved in measuring fair value. When observable market prices and parameters are not fully available, management judgment is necessary to estimate fair value. For inactive markets, there is little information, if any, to evaluate if individual transactions are orderly. Accordingly, we are required to estimate, based upon all available facts and circumstances, the degree to which orderly transactions are occurring and provide more weighting to price quotes that are based upon orderly transactions. In addition, changes in the market conditions may reduce the availability of quoted prices or observable data. For example, reduced liquidity in the capital markets or changes in secondary market activities could result in observable market inputs becoming unavailable. Therefore, when market data is not available, we use valuation techniques requiring more management judgment to estimate the appropriate fair value measurement. Accordingly, the degree of judgment exercised by management in determining fair value is greater for financial assets and liabilities categorized as Level 3.

The following fair value hierarchy table presents information about our assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2016:

(Dollars in thousands)	Level 1	Level 2	Level 3	Balance at March 31, 2016
Assets				
Available-for-sale securities:				
U.S. Treasury securities	$ 9,954,354	$ —	$ —	$ 9,954,354
U.S. agency debentures	—	2,485,431	—	2,485,431
Residential mortgage-backed securities:				
Agency-issued collateralized mortgage obligations - fixed rate	—	1,312,017	—	1,312,017
Agency-issued collateralized mortgage obligations - variable rate	—	573,034	—	573,034
Equity securities	159	2,084	—	2,243
Total available-for-sale securities	9,954,513	4,372,566	—	14,327,079
Non-marketable and other securities (fair value accounting):				
Non-marketable securities:				
Venture capital and private equity fund investments measured at net asset value (1)	—	—	—	145,649
Other venture capital investments (2)	—	—	2,040	2,040
Other securities (2)	468	—	—	468
Total non-marketable and other securities (fair value accounting)	468	—	2,040	148,157
Other assets:				
Interest rate swaps	—	2,400	—	2,400
Foreign exchange forward and option contracts	—	47,619	—	47,619
Equity warrant assets	—	1,688	128,982	130,670
Client interest rate derivatives	—	6,432	—	6,432
Total assets (2)	$ 9,954,981	$ 4,430,705	$ 131,022	$ 14,662,357
Liabilities				
Foreign exchange forward and option contracts	$ —	$ 45,428	$ —	$ 45,428
Client interest rate derivatives	—	7,263	—	7,263
Total liabilities	$ —	$ 52,691	$ —	$ 52,691

(1) In accordance with the accounting standard (ASU 2015-07, Fair Value Measurement (Topic 820)), certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

(2) Included in Level 1 and Level 3 assets are $0.4 million and $1.8 million, respectively, attributable to noncontrolling interests calculated based on the ownership percentages of the noncontrolling interests.

The following fair value hierarchy table presents information about our assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2015:

(Dollars in thousands)	Level 1	Level 2	Level 3	Balance at December 31, 2015
Assets				
Available-for-sale securities:				
U.S. Treasury securities	$ 11,678,035	$ —	$ —	$ 11,678,035
U.S. agency debentures	—	2,690,029	—	2,690,029
Residential mortgage-backed securities:				
Agency-issued collateralized mortgage obligations - fixed rate	—	1,399,279	—	1,399,279
Agency-issued collateralized mortgage obligations - variable rate	—	607,936	—	607,936
Equity securities	4,517	952	—	5,469
Total available-for-sale securities	11,682,552	4,698,196	—	16,380,748
Non-marketable and other securities (fair value accounting):				
Non-marketable securities:				
Venture capital and private equity fund investments measured at net asset value (1)	—	—	—	152,237
Other venture capital investments (2)	—	—	2,040	2,040
Other securities (2)	548	—	—	548
Total non-marketable and other securities (fair value accounting)	548	—	2,040	154,825
Other assets:				
Interest rate swaps	—	2,768	—	2,768
Foreign exchange forward and option contracts	—	31,237	—	31,237
Equity warrant assets	—	1,937	135,168	137,105
Client interest rate derivatives	—	3,973	—	3,973
Total assets (2)	$ 11,683,100	$ 4,738,111	$ 137,208	$ 16,710,656
Liabilities				
Foreign exchange forward and option contracts	$ —	$ 26,353	$ —	$ 26,353
Client interest rate derivatives	—	4,384	—	4,384
Total liabilities	$ —	$ 30,737	$ —	$ 30,737

(1) In accordance with the accounting standard (ASU 2015-07, Fair Value Measurement (Topic 820)), certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

(2) Included in Level 1 and Level 3 assets are $0.4 million and $1.8 million, respectively, attributable to noncontrolling interests calculated based on the ownership percentages of the noncontrolling interests.

The following table presents additional information about Level 3 assets measured at fair value on a recurring basis for the three months ended March 31, 2016 and 2015, respectively:

(Dollars in thousands)	Beginning Balance	Total Realized and Unrealized Gains (Losses) Included in Income	Purchases	Sales	Issuances	Distributions and Other Settlements	Transfers Out of Level 3	Ending Balance
Three months ended March 31, 2016								
Non-marketable and other securities (fair value accounting):								
Other venture capital investments	$ 2,040	$ (30)	$ —	$ —	$ —	$ 30	$ —	$ 2,040
Total non-marketable and other securities (fair value accounting) (1)	2,040	(30)	—	—	—	30	—	2,040
Other assets:								
Equity warrant assets (2)	135,168	7,179	—	(15,416)	2,374	—	(323)	128,982
Total assets	$ 137,208	$ 7,149	$ —	$ (15,416)	$ 2,374	$ 30	$ (323)	$ 131,022
Three months ended March 31, 2015								
Non-marketable and other securities (fair value accounting):								
Other venture capital investments (3)	$ 3,291	$ 131	$ —	$ (32)	$ —	$ —	$ —	$ 3,390
Total non-marketable and other securities (fair value accounting) (1)	3,291	131	—	(32)	—	—	—	3,390
Other assets:								
Equity warrant assets (2)	114,698	20,084	—	(14,765)	2,487	—	(243)	122,261
Total assets	$ 117,989	$ 20,215	$ —	$ (14,797)	$ 2,487	$ —	$ (243)	$ 125,651

(1) Realized and unrealized gains (losses) are recorded in the line items “(losses) gains on investment securities, net” a component of noninterest income.
(2) Realized and unrealized gains (losses) are recorded in the line item “(losses) gains on derivative instruments, net”, a component of noninterest income.
(3) Beginning balance was adjusted to conform with our adoption of the new accounting standard (ASU 2015-02), Amendments to the Consolidation Analysis (Topic 820).

The following table presents the amount of net unrealized gains and losses included in earnings (which is inclusive of noncontrolling interest) attributable to Level 3 assets still held at March 31, 2016 and 2015, respectively:

	Three months ended March 31,	
(Dollars in thousands)	2016	2015
Non-marketable and other securities (fair value accounting):		
Other venture capital investments	$ —	$ 99
Other assets:		
Equity warrant assets (2)	1,465	16,261
Total unrealized gains, net	$ 1,465	$ 16,360
Unrealized gains attributable to noncontrolling interests	$ —	$ 88

(1) Unrealized gains (losses) are recorded in the line item "(losses) gains on investment securities, net", a component of noninterest income.
(2) Unrealized gains (losses) are recorded in the line item "(losses) gains on derivative instruments, net", a component of noninterest income.

The extent to which any unrealized gains will become realized is subject to a variety of factors, including, among other things, the expiration of current sales restrictions to which these securities are subject, the actual sales of securities and the timing of such actual sales.

The following table presents quantitative information about the significant unobservable inputs used for certain of our Level 3 fair value measurements at March 31, 2016 and December 31, 2015. We have not included in this table our venture capital and private equity fund investments (fair value accounting) as we use net asset value per share (as obtained from the general partners of the investments) as a practical expedient to determine fair value.

(Dollars in thousands)	Fair value	Valuation Technique	Significant Unobservable Inputs	Weighted Average
March 31, 2016:				
Other venture capital investments (fair value accounting)	$ 2,040	Private company equity pricing	(1)	(1)
Equity warrant assets (public portfolio)	165	Modified Black-Scholes option pricing model	Volatility	41.5%
			Risk-Free interest rate	1.3%
			Sales restrictions discount (2)	16.8%
Equity warrant assets (private portfolio)	128,817	Modified Black-Scholes option pricing model	Volatility	36.9%
			Risk-Free interest rate	0.8%
			Marketability discount (3)	17.3%
			Remaining life assumption (4)	45.0%
December 31, 2015:				
Other venture capital investments (fair value accounting)	$ 2,040	Private company equity pricing	(1)	(1)
Equity warrant assets (public portfolio)	1,786	Modified Black-Scholes option pricing model	Volatility	38.1%
			Risk-Free interest rate	2.1%
			Sales restrictions discount (2)	18.0%
Equity warrant assets (private portfolio)	133,382	Modified Black-Scholes option pricing model	Volatility	36.0%
			Risk-Free interest rate	1.1%
			Marketability discount (3)	16.6%
			Remaining life assumption (4)	45.0%

(1) In determining the fair value of our other venture capital investment portfolio, we evaluate a variety of factors related to each underlying private portfolio company including, but not limited to, actual and forecasted results, cash position, recent or planned transactions and market comparable companies. Additionally, we have ongoing communication with the portfolio companies and venture capital fund managers, to determine whether there is a material change in fair value. These factors are specific to each portfolio company and a weighted average or range of values of the unobservable inputs is not meaningful.

(2) We adjust quoted market prices of public companies, which are subject to certain sales restrictions. Sales restriction discounts generally range from 10% to 20% depending on the duration of the sales restrictions, which typically range from 3 to 6 months.
(3) Our marketability discount is applied to all private company warrants to account for a general lack of liquidity due to the private nature of the associated underlying company. The quantitative measure used is based upon various option-pricing models. On a quarterly basis, a sensitivity analysis is performed on our marketability discount.
(4) We adjust the contractual remaining term of private company warrants based on our estimate of the actual remaining life, which we determine by utilizing historical data on cancellations and exercises. At March 31, 2016, the weighted average contractual remaining term was 5.6 years, compared to our estimated remaining life of 2.5 years. On a quarterly basis, a sensitivity analysis is performed on our remaining life assumption.

For the three months ended March 31, 2016 and 2015, we did not have any transfers between Level 2 and Level 1 or transfers between Level 3 and Level 1. Transfers from Level 3 to Level 2 for the three months ended March 31, 2016 were due primarily due to the expiration of lock-up, and other sales restrictions on certain of our public warrant positions. Transfers from Level 3 to Level 2 for the three months ended March 31, 2015 were due primarily to the transfer of equity warrant assets from our private portfolio to our public portfolio (see our Level 3 reconciliation above). All amounts reported as transfers represent the fair value as of the date of the change in circumstances that caused the transfer.

Financial Instruments not Carried at Fair Value

FASB guidance over financial instruments requires that we disclose estimated fair values for our financial instruments not carried at fair value. Fair value estimates, methods and assumptions, set forth below for our financial instruments, are made solely to comply with these requirements.

Fair values are based on estimates or calculations at the transaction level using present value techniques in instances where quoted market prices are not available. Because broadly traded markets do not exist for many of our financial instruments, the fair value calculations attempt to incorporate the effect of current market conditions at a specific time. The aggregation of the fair value calculations presented herein does not represent, and should not be construed to represent, the underlying value of the Company.

The following describes the methods and assumptions used in estimating the fair values of financial instruments for which carrying value approximates fair value and estimated fair values of financial instruments not recorded at fair value on a recurring basis and excludes financial instruments and assets and liabilities already recorded at fair value as described above.

Financial Instruments for which Carrying Value Approximates Fair Value

Certain financial instruments that are not carried at fair value on the Consolidated Balance Sheets are carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk. These instruments include cash and cash equivalents; FHLB and FRB stock; accrued interest receivable; short-term borrowings; short-term time deposits; and accrued interest payable. In addition, U.S. GAAP requires that the fair value of deposit liabilities with no stated maturity (i.e., demand, savings and certain money market deposits) be equal to their carrying value; recognition of the inherent funding value of these instruments is not permitted.

Estimated Fair Values of Financial Instruments Not Recorded at Fair Value on a Recurring Basis

Held-to-Maturity Securities

Held-to-maturity securities include similar investments held in our available-for-sale securities portfolio and are valued using the same methodologies. All securities included in our held-to-maturity securities portfolio are valued using Level 2 inputs. Refer to Level 2 fair value measurements above for significant inputs used in the valuation of our held-to-maturity investment securities.

Non-Marketable Securities (Cost and Equity Method Accounting)

Non-marketable securities includes other investments (equity method accounting), venture capital and private equity fund investments (cost method accounting), and other venture capital investments (cost method accounting). Other investments (equity method accounting) includes our investment in SPD-SVB, our joint venture bank in China. At this time, the carrying value of our investment in SPD-SVB is a reasonable estimate of fair value. The fair value of the remaining other investments (equity method accounting) and the fair value of venture capital and private equity fund investments (cost method accounting) and other venture capital investments (cost method accounting) is based on financial information obtained from the investee or obtained from the fund investments' or debt fund investments' respective general partners. For private company investments, estimated fair value is based on consideration of a range of factors including, but not limited to, the price at which the investment was acquired, the term and nature of the investment, local market conditions, values for comparable securities, current and

projected operating performance, exit strategies, and financing transactions subsequent to the acquisition of the investment. For our fund investments, we utilize the net asset value per share as obtained from the general partners of the investments. We adjust the net asset value per share for differences between our measurement date and the date of the fund investment's net asset value by using the most recently available financial information from the investee general partner, for example December 31st, for our March 31st consolidated financial statements, adjusted for any contributions paid, distributions received from the investment, and significant fund transactions or market events during the reporting period.

Loans

The fair value of fixed and variable rate loans is estimated by discounting contractual cash flows using rates that reflect current pricing for similar loans and the projected forward yield curve. This method is not based on the exit price concept of fair value required under ASC 820, *Fair Value Measurements and Disclosures*.

Long-Term Deposits

The fair value of long-term time deposits is estimated by discounting the cash flows using our cost of borrowings and the projected forward yield curve over their remaining contractual term.

Long-Term Debt

The fair value of long-term debt is generally based on quoted market prices, when available, or is estimated based on calculations utilizing third-party pricing services and current market spread, price indications from reputable dealers or observable market prices of the underlying instrument(s), whichever is deemed more reliable. Also included in the estimated fair value of our 6.05% Subordinated Notes are amounts related to hedge accounting associated with the notes.

Off-Balance Sheet Financial Instruments

The fair value of net available commitments to extend credit is estimated based on the average amount we would receive or pay to execute a new agreement with identical terms and pricing, while taking into account the counterparties' credit standing.

Letters of credit are carried at their fair value, which was equivalent to the residual premium or fee at March 31, 2016 and December 31, 2015. Commitments to extend credit and letters of credit typically result in loans with a market interest rate if funded.

The following fair value hierarchy table presents the estimated fair values of our financial instruments that are not carried at fair value at March 31, 2016 and December 31, 2015:

(Dollars in thousands)	Carrying Amount	Estimated Fair Value			
		Total	Level 1	Level 2	Level 3
March 31, 2016:					
Financial assets:					
Cash and cash equivalents	$ 1,868,512	$ 1,868,512	$ 1,868,512	$ —	$ —
Held-to-maturity securities	8,548,238	8,630,952	—	8,630,952	—
Non-marketable securities (cost and equity method accounting) not measured at net asset value	117,471	120,299	—	—	120,299
Non-marketable securities (cost and equity method accounting) measured at net asset value (1)	245,125	361,657	—	—	—
Net commercial loans	15,633,705	15,703,446	—	—	15,703,446
Net consumer loans	1,871,193	1,847,619	—	—	1,847,619
FHLB and Federal Reserve Bank stock	56,991	56,991	—	—	56,991
Accrued interest receivable	105,062	105,062	—	105,062	—
Financial liabilities:					
Non-maturity deposits (2)	38,695,925	38,695,925	38,695,925	—	—
Time deposits	63,796	63,686	—	63,686	—
3.50% Senior Notes	346,744	345,506	—	345,506	—
5.375% Senior Notes	347,155	389,946	—	389,946	—
6.05% Subordinated Notes (3)	48,045	49,368	—	49,368	—
7.0% Junior Subordinated Debentures	54,626	53,039	—	53,039	—
Accrued interest payable	4,888	4,888	—	4,888	—
Off-balance sheet financial assets:					
Commitments to extend credit	—	25,515	—	—	25,515
December 31, 2015:					
Financial assets:					
Cash and cash equivalents	$ 1,503,257	$ 1,503,257	$ 1,503,257	$ —	$ —
Held-to-maturity securities	8,790,963	8,758,622	—	8,758,622	—
Non-marketable securities (cost and equity method accounting) not measured at net asset value	114,795	117,172	—	—	117,172
Non-marketable securities (cost and equity method accounting) measured at net asset value (1)	250,970	364,799	—	—	—
Net commercial loans	14,763,302	14,811,588	—	—	14,811,588
Net consumer loans	1,761,155	1,737,960	—	—	1,737,960
FHLB and Federal Reserve Bank stock	56,991	56,991	—	—	56,991
Accrued interest receivable	107,604	107,604	—	107,604	—
Financial liabilities:					
Short-term FHLB advances	638,000	638,000	638,000	—	—
Federal funds purchased	135,000	135,000	135,000	—	—
Other short-term borrowings	1,900	1,900	1,900	—	—
Non-maturity deposits (2)	39,072,297	39,072,297	39,072,297	—	—
Time deposits	70,479	70,347	—	70,347	—
3.50% Senior Notes	346,667	333,648	—	333,648	—
5.375% Senior Notes	347,016	384,216	—	384,216	—
6.05% Subordinated Notes (3)	48,350	49,820	—	49,820	—
7.0% Junior Subordinated Debentures	54,669	52,905	—	52,905	—
Accrued interest payable	12,058	12,058	—	12,058	—
Off-balance sheet financial assets:					
Commitments to extend credit	—	26,483	—	—	26,483

(1) In accordance with the accounting standard (ASU 2015-07, Fair Value Measurement (Topic 820)), certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. See Note 1— "Basis of Presentation" of the "Notes to Interim Consolidated Financial Statements (unaudited)" under Part I, Item 1 in this report.
(2) Includes noninterest-bearing demand deposits, interest-bearing checking accounts, money market accounts and interest-bearing sweep deposits.
(3) At March 31, 2016 and December 31, 2015, included in the carrying value and estimated fair value of our 6.05% Subordinated Notes was an interest rate swap valued at $2.4 million and $2.8 million, respectively, related to hedge accounting associated with the notes.

Investments in Entities that Calculate Net Asset Value Per Share

FASB guidance over certain fund investments requires that we disclose the fair value of funds, significant investment strategies of the investees, redemption features of the investees, restrictions on the ability to sell investments, estimate of the period of time over which the underlying assets are expected to be liquidated by the investee, and unfunded commitments related to the investments.

Our investments in debt funds and venture capital and private equity fund investments generally cannot be redeemed. Alternatively, we expect distributions, if any, to be received primarily through IPOs and M&A activity of the underlying assets of the fund. Subject to applicable requirements under the Volcker Rule, we do not have any plans to sell any of these fund investments. If we decide to sell these investments in the future, the investee fund's management must approve of the buyer before the sale of the investments can be completed. The fair values of the fund investments have been estimated using the net asset value per share of the investments, adjusted for any differences between our measurement date and the date of the fund investment's net asset value by using the most recently available financial information from the investee general partner, for example December 31st, for our March 31st consolidated financial statements, adjusted for any contributions paid, distributions received from the investment, and significant fund transactions or market events during the reporting period.

The following table is a summary of the estimated fair values of these investments and remaining unfunded commitments for each major category of these investments as of March 31, 2016:

(Dollars in thousands)	Carrying Amount	Fair Value	Unfunded Commitments
Non-marketable securities (fair value accounting):			
Venture capital and private equity fund investments (1)	$ 145,649	$ 145,649	$ 6,610
Non-marketable securities (equity method accounting):			
Venture capital and private equity fund investments (2)	83,555	83,555	4,954
Debt funds (2)	21,809	23,066	—
Other investments (2)	22,352	22,352	886
Non-marketable securities (cost method accounting):			
Venture capital and private equity fund investments (2)	117,409	232,684	9,938
Total	$ 390,774	$ 507,306	$ 22,388

(1) Venture capital and private equity fund investments within non-marketable securities (fair value accounting) include investments made by our managed funds of funds and one of our direct venture funds. These investments represent investments in venture capital and private equity funds that invest primarily in U.S. and global technology and life science/healthcare companies. Included in the fair value and unfunded commitments of fund investments under fair value accounting are $103 million and $5 million, respectively, attributable to noncontrolling interests. It is estimated that we will receive distributions from the fund investments over the next 10 to 13 years, depending on the age of the funds and any potential extensions of terms of the funds.
(2) Venture capital and private equity fund investments, debt funds, and other fund investments within non-marketable securities (equity and cost method accounting) include funds that invest in or lend money to primarily U.S. and global technology and life science/healthcare companies. It is estimated that we will receive distributions from the funds over the next 10 to 13 years, depending on the age of the funds and any potential extensions of the terms of the funds.

15. Legal Matters

Certain lawsuits and claims arising in the ordinary course of business have been filed or are pending against us or our affiliates. In accordance with applicable accounting guidance, we establish accruals for all lawsuits, claims and expected settlements when we believe it is probable that a loss has been incurred and the amount of the loss is reasonably estimable. When a loss contingency is not both probable and estimable, we do not establish an accrual. Any such loss estimates are inherently uncertain, based on currently available information and are subject to management's judgment and various assumptions. Due to the inherent subjectivity of these estimates and unpredictability of outcomes of legal proceedings, any amounts accrued may not represent the ultimate resolution of such matters.

To the extent we believe any potential loss relating to such lawsuits and claims may have a material impact on our liquidity, consolidated financial position, results of operations, and/or our business as a whole and is reasonably possible but not probable, we disclose information relating to any such potential loss, whether in excess of any established accruals or where there is no established accrual. We also disclose information relating to any material potential loss that is probable but not reasonably estimable. Where reasonably practicable, we will provide an estimate of loss or range of potential loss. No disclosures are generally made for any loss contingencies that are deemed to be remote.

Based upon information available to us, our review of lawsuits and claims filed or pending against us to date and consultation with our outside legal counsel, we have not recognized a material accrual liability for these matters, nor do we currently expect it is reasonably possible that these matters will result in a material liability to the Company. However, the outcome of litigation and other legal and regulatory matters is inherently uncertain, and it is possible that one or more of such matters currently pending or threatened could have an unanticipated material adverse effect on our liquidity, consolidated financial position, results of operations, and/or our business as a whole, in the future.

16. Related Parties

During the three months ended March 31, 2016, the Bank made loans to related parties, including certain companies in which certain of our directors or their affiliated venture funds are beneficial owners of ten percent or more of the equity securities of such companies. Such loans: (a) were made in the ordinary course of business; (b) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other non-related persons; and (c) did not involve more than the normal risk of collectability or present other unfavorable features. Additionally, we also provide real estate secured loans to eligible employees through our EHOP.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Quarterly Report on Form 10-Q, including in particular "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Part I, Item 2 of this report, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, management has in the past and might in the future make forward-looking statements orally to analysts, investors, the media and others. Forward-looking statements are statements that are not historical facts. Broadly speaking, forward-looking statements include, but are not limited to, the following:

- Projections of our net interest income, noninterest income, earnings per share, noninterest expenses (including professional services, compliance, compensation and other costs), cash flows, balance sheet positions, capital expenditures, 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/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, nonperforming loans, loan growth and client funds
- 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," "seek," "expect," "plan," "intend," 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 these forward-looking statements are reasonable, we have based these expectations on our current beliefs as well as our assumptions, and such expectations may prove to be incorrect. 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 of 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 the interest rate environment, and the associated impact on us
- The credit profile and credit quality of our loan portfolio and volatility of our levels of nonperforming assets and charge-offs
- The adequacy of our allowance for loan losses and the need to make provisions for loan losses for any period
- The borrowing needs of our clients
- The sufficiency of our capital and liquidity positions
- The levels of loans, deposits and client investment fund balances
- The performance of our portfolio investments; the general condition of the public and private equity and mergers and acquisitions markets and their impact on our investments, including equity warrant assets, venture capital and private equity funds and direct equity investments
- Our overall investment plans and strategies; the realization, timing, valuation and performance of our equity or other investments
- The levels of public offerings, mergers and acquisitions and venture capital investment activity of our clients that may impact the borrowing needs of our clients
- 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
- Expansion of our business internationally
- The impact of legal requirements and regulations limiting or restricting our activities or resulting in higher costs, including the Dodd-Frank Act, the Volcker Rule and Federal Reserve and other regulatory requirements
- The impact of lawsuits and claims
- Changes in accounting standards and tax laws
- The levels of equity capital available to our client or portfolio companies
- The effectiveness of our risk management framework and quantitative models
- The sale of impaired assets
- Our ability to maintain or increase our market share, including through successfully implementing our business strategy and undertaking new business initiatives
- Other factors as discussed in “Risk Factors” under Part I, Item 1A in our 2015 Form 10-K

We urge investors to consider all of these factors carefully in evaluating the forward-looking statements contained in this Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q, except as required by law.

The following discussion and analysis of financial condition and results of operations should be read in conjunction with our unaudited interim consolidated financial statements and accompanying notes as presented in Part I, Item 1 of this report and in conjunction with our 2015 Form 10-K.

Reclassifications

Certain amounts for the three months ended March 31, 2015, have been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).

Management’s Overview of First Quarter 2016 Performance

Overall, we had a solid first quarter in 2016, which was reflective of strong average loan growth, higher core fee income, and healthy credit quality of our overall loan portfolio despite an increase in our loan loss provision, and a higher level of gross charge-offs. Our core business performed well as a result of our ongoing focus on innovation companies and their investors, continued positive business conditions for our clients, and our efforts to secure client relationships. Softness in the venture capital markets pressured our early-stage loan portfolio and drove lower warrant and venture capital-related investment gains.

A summary of our performance for the three months ended March 31, 2016 (compared to March 31, 2015, where applicable) is as follows:

BALANCE SHEET

Assets. $44.2 billion in average total assets (up 15.6%). $43.6 billion in period end total assets (up 12.9%).

Investments. $23.4 billion in average investment securities (up 10.4%). $23.5 billion in period-end investments securities (up 5.9%).

Loans. $17.0 billion in average total loan balances, net of unearned income (up 21.1%). $17.7 billion in period-end total loan balances, net of unearned income (up 22.8%).

Deposits. $39.3 billion in average total deposit balances (up 16.0%). $38.8 billion in period-end total deposit balances (up 14.2%).

Off-Balance Sheet Client Investment Funds. $42.5 billion in total average client investment fund balances (up 26.3%). $42.3 billion in total period-end client investment fund balances (up 20.2%).

EARNINGS

EPS. Earnings per diluted share ("*EPS*") of $1.52 (down 11.1%).

Net income. Consolidated net income available to common stockholders of $79.2 million (down 10.6%).

- Net interest income of $281.4 million (up 17.8%).
- Net interest margin of 2.67% (up 2 bps).
- Noninterest income of $86.1 million, with non-GAAP core fee income (fee income for deposit services, letters of credit, business credit cards, client investments, foreign exchange and lending-related activities) of $76.5 million+ (up 31.5%).
- Noninterest expense of $204.0 million (up 7.1%)

ROE. Return on average equity (annualized) ("*ROE*") performance of 9.58%.

CAPITAL

Capital/Liquidity. Continued strong capital and liquidity levels, all capital ratios considered "well-capitalized" under banking regulations.

- CET 1 risk-based capital ratio of 12.38%.
- Tier 1 risk-based capital ratio of 12.86%.
- Total risk-based capital ratio of 13.90%.
- Tier 1 leverage ratio of 7.69%.

CREDIT QUALITY

Credit Quality. Prudent credit underwriting.

- Provision for loan losses of 0.75% as a percentage of period-end total gross loans (annualized).
- Net loan charge-offs of 0.49% as a percentage of average total gross loans (annualized).
- Allowance for loan losses of 1.29% as a percentage of period-end total gross loans.

+ This is a non-GAAP financial metric. (See the non-GAAP reconciliation under "Results of Operations—Noninterest Income")

A summary of our performance for the three months ended March 31, 2016 and 2015 is as follows:

(Dollars in thousands, except per share data, employees and ratios)	Three months ended March 31, 2016	2015	% Change
Diluted earnings per common share	$ 1.52	$ 1.71	(11.1) %
Net income available to common stockholders	79,174	88,516	(10.6)
Net interest income	281,421	238,925	17.8
Net interest margin	2.67%	2.65%	2 bps
Provision for loan losses	$ 33,341	$ 6,452	416.8
Noninterest income	86,134	123,524	(30.3)
Noninterest expense	204,033	190,541	7.1 %
Non-GAAP core fee income (1)	76,542	58,210	31.5
Non-GAAP noninterest income, net of noncontrolling interests (1)	88,805	109,360	(18.8)
Non-GAAP noninterest expense, net of noncontrolling interests (2)	204,124	190,249	7.3
Balance Sheet:			
Average available-for-sale securities	$ 14,692,632	$ 13,571,213	8.3 %
Average held-to-maturity securities	8,658,684	7,569,755	14.4
Average loans, net of unearned income	17,012,435	14,048,285	21.1
Average noninterest-bearing demand deposits	31,219,504	25,173,444	24.0
Average interest-bearing deposits	8,048,625	8,688,792	(7.4)
Average total deposits	39,268,129	33,862,236	16.0
Earnings Ratios:			
Return on average assets (annualized) (3)	0.72%	0.94%	(23.4) %
Return on average SVBFG stockholders' equity (annualized) (4)	9.58	12.38	(22.6)
Asset Quality Ratios:			
Allowance for loan losses as a % of total period-end gross loans	1.29%	1.15%	14 bps
Allowance for loan losses for performing loans as a % of total gross performing loans	1.01	0.99	2
Gross loan charge-offs as a % of average total gross loans (annualized)	0.61	0.16	45
Net loan charge-offs as a % of average total gross loans (annualized)	0.49	0.11	38
Capital Ratios:			
CET 1 risk-based capital ratio	12.38%	11.92%	46 bps
Tier 1 risk-based capital ratio	12.86	12.53	33
Total risk-based capital ratio	13.90	13.46	44
Tier 1 leverage ratio	7.69	7.92	(23)
Tangible common equity to tangible assets (5)	7.76	7.70	6
Tangible common equity to risk-weighted assets (5)	12.82	12.30	52
Bank CET 1 risk-based capital ratio	12.57	12.36	21
Bank tier 1 risk-based capital ratio	12.57	12.36	21
Bank total risk-based capital ratio	13.66	13.35	31
Bank tier 1 leverage ratio	7.19	7.43	(24)
Bank tangible common equity to tangible assets (5)	7.55	7.60	(5)
Bank tangible common equity to risk-weighted assets (5)	13.03	12.77	26
Other Ratios:			
GAAP operating efficiency ratio (6)	55.51%	52.57%	5.6 %
Non-GAAP operating efficiency ratio (2)	55.09	54.56	1.0
Book value per common share (7)	$ 65.40	$ 58.16	12.4
Other Statistics:			
Average full-time equivalent employees	2,160	1,955	10.5 %
Period-end full-time equivalent employees	2,170	1,965	10.4

(1) See "Results of Operations–Noninterest Income" for a description and reconciliation of non-GAAP core fee income and noninterest income.
(2) See "Results of Operations–Noninterest Expense" for a description and reconciliation of non-GAAP noninterest expense and non-GAAP operating efficiency ratio.
(3) Ratio represents annualized consolidated net income available to common stockholders divided by quarterly average assets.
(4) Ratio represents annualized consolidated net income available to common stockholders divided by quarterly average SVBFG stockholders' equity.

(5) See "Capital Resources–Capital Ratios" for a reconciliation of non-GAAP tangible common equity to tangible assets and tangible common equity to risk-weighted assets.
(6) The operating efficiency ratio is calculated by dividing total noninterest expense by total taxable-equivalent net interest income plus noninterest income.
(7) Book value per common share is calculated by dividing total SVBFG stockholders' equity by total outstanding common shares at period-end.

For more information with respect to our capital ratios, please refer to "Capital Ratios" under "Consolidated Financial Condition-Capital Ratios" below.

Critical Accounting Policies and Estimates

The accompanying management's discussion and analysis of results of operations and financial condition is based upon our unaudited interim consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. Management evaluates estimates and assumptions on an ongoing basis. Management bases its estimates on historical experiences and various other factors and assumptions that are believed to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions.

There have been no significant changes during the three months ended March 31, 2016 to the items that we disclosed as our critical accounting policies and estimates in "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Part II, Item 7 of our 2015 Form 10-K.

Results of Operations

Net Interest Income and Margin (Fully Taxable Equivalent Basis)

Net interest income is defined as the difference between interest earned on loans, fixed income investment portfolio (available-for-sale and held-to-maturity securities), short-term investment securities and interest paid on funding sources. Net interest income is our principal source of revenue. Net interest margin is defined as the amount of annualized net interest income, on a fully taxable equivalent basis, expressed as a percentage of average interest-earning assets. Net interest income and net interest margin are presented on a fully taxable equivalent basis to consistently reflect income from taxable loans and securities and tax-exempt securities based on the federal statutory tax rate of 35 percent.

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

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

(Dollars in thousands)	2016 Compared to 2015 Three months ended March 31, increase (decrease) due to change in Volume	Rate	Total
Interest income:			
Federal Reserve deposits, federal funds sold, securities purchased under agreements to resell, trade receivables purchased and other short-term investment securities	$ 621	$ 180	$ 801
Fixed income investment portfolio (taxable)	7,765	2,011	9,776
Fixed income investment portfolio (non-taxable)	(289)	19	(270)
Loans, net of unearned income	35,693	(3,252)	32,441
Increase (decrease) in interest income, net	43,790	(1,042)	42,748
Interest expense:			
Interest bearing checking and savings accounts	15	(79)	(64)
Money market deposits	23	(608)	(585)
Money market deposits in foreign offices	(9)	4	(5)
Time deposits	(15)	(22)	(37)
Sweep deposits in foreign offices	(73)	9	(64)
Total (decrease) in deposits expense	(59)	(696)	(755)
Short-term borrowings	1	29	30
3.50% Senior Notes	975	39	1,014
5.375% Senior Notes	4	3	7
Junior Subordinated Debentures	—	(1)	(1)
6.05% Subordinated Notes	(7)	58	51
Total increase in borrowings expense	973	128	1,101
Increase (decrease) in interest expense, net	914	(568)	346
Increase (decrease) in net interest income	$ 42,876	$ (474)	$ 42,402

Net Interest Income (Fully Taxable Equivalent Basis)

Three months ended March 31, 2016 and 2015

Net interest income increased by $42.4 million to $281.7 million for the three months ended March 31, 2016, compared to $239.3 million for the comparable 2015 period. Overall, our net interest income increased primarily from interest earned on loans, and to a lesser extent, our fixed income investments portfolios, reflective of higher average loan and fixed income investment balances driven by our deposit growth.

The main factors affecting interest income for the three months ended March 31, 2016, compared to the comparable 2015 period are discussed below:

- *Interest income* for the three months ended March 31, 2016 increased by $42.7 million primarily due to:
  - A $32.4 million increase in interest income on loans to $197.9 million for the three months ended March 31, 2016, compared to $165.5 million for the comparable 2015 period. This increase was reflective of an increase in average loan balances of $3.0 billion, partially offset by a decrease in both gross loan and loan fee yields. Gross loan yields, excluding loan interest recoveries and loan fees, decreased to 4.06 percent from 4.09 percent, reflective of a shift in the mix of our overall loan portfolio from the first quarter of 2015, partially offset by the 25 basis point increase in the target federal funds rate by the Federal Reserve in December 2015. The shift primarily includes increased growth in private equity/venture capital and SVB Private Bank loans, which tend to be higher credit quality, lower yielding loans. Loan fee yields decreased 6 basis points to 60 basis points, from 66 basis points in the comparable 2015 period. This decrease was primarily attributable to lower fee income as a percentage of our overall loan portfolio.
  - A $9.5 million increase in interest income on fixed income investment securities to $92.0 million for the three months ended March 31, 2016, compared to $82.5 million for the comparable 2015 period. The increase was reflective of an increase in average investment securities balances of $2.2 billion, primarily as a result of our deposit growth.

Net Interest Margin (Fully Taxable Equivalent Basis)

- Our net interest margin increased by 2 basis points to 2.67 percent for the three months ended March 31, 2016, compared to 2.65 percent for the comparable 2015 period. The higher margin during the first quarter of 2016 was reflective primarily of a shift in the mix of average interest-earning assets towards our higher yielding loan portfolio. Average loans represented 40 percent of interest earning assets for the first quarter of 2016 compared to 38 percent for the first quarter of 2015.

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

The average yield earned on interest-earning assets is the amount of annualized fully taxable equivalent interest income expressed as a percentage of average interest-earning assets. The average rate paid on funding sources is the amount of annualized interest expense expressed as a percentage of average funding sources. The following tables set forth average assets, liabilities, noncontrolling interests and SVBFG stockholders' equity, interest income, interest expense, annualized yields and rates, and the composition of our annualized net interest margin for the three months ended March 31, 2016 and 2015:

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Average Balances, Rates and Yields for the Three Months Ended March 31, 2016 and 2015

(Dollars in thousands)	Three months ended March 31, 2016 Average Balance	2016 Interest Income/ Expense	2016 Yield/ Rate	2015 Average Balance	2015 Interest Income/ Expense	2015 Yield/ Rate
Interest-earning assets:						
Federal Reserve deposits, federal funds sold, securities purchased under agreements to resell and other short-term investment securities (1) (2)	$ 2,130,958	$ 2,070	0.39%	$ 1,499,891	$ 1,269	0.34%
Investment securities: (3)						
Available-for-sale securities:						
Taxable	14,692,632	50,083	1.37	13,571,213	44,009	1.32
Held-to-maturity securities:						
Taxable	8,595,081	40,967	1.92	7,486,164	37,265	2.02
Non-taxable (4)	63,603	918	5.81	83,591	1,188	5.76
Total loans, net of unearned income (2) (5) (6)	17,012,435	197,942	4.68	14,048,285	165,501	4.78
Total interest-earning assets	42,494,709	291,980	2.76	36,689,144	249,232	2.75
Cash and due from banks (2)	402,433			239,905		
Allowance for loan losses	(225,344)			(171,222)		
Other assets (2) (7)	1,518,392			1,463,514		
Total assets	$ 44,190,190			$ 38,221,341		
Funding sources:						
Interest-bearing liabilities:						
Interest bearing checking and savings accounts	$ 313,460	$ 61	0.08%	$ 237,575	$ 125	0.21%
Money market deposits	6,097,575	946	0.06	5,947,877	1,531	0.10
Money market deposits in foreign offices	132,171	15	0.05	207,502	20	0.04
Time deposits	67,466	23	0.14	111,017	60	0.22
Sweep deposits in foreign offices	1,437,953	143	0.04	2,184,821	207	0.04
Total interest-bearing deposits	8,048,625	1,188	0.06	8,688,792	1,943	0.09
Short-term borrowings	44,752	42	0.38	43,618	12	0.11
3.50% Senior Notes	346,693	3,140	3.64	238,662	2,126	3.61
5.375% Senior Notes	347,063	4,842	5.61	346,522	4,835	5.66
Junior Subordinated Debentures	54,654	831	6.12	54,830	832	6.15
6.05% Subordinated Notes	48,295	194	1.62	50,015	143	1.16
Total interest-bearing liabilities	8,890,082	10,237	0.46	9,422,439	9,891	0.43
Portion of noninterest-bearing funding sources	33,604,627			27,266,705		
Total funding sources	42,494,709	10,237	0.10	36,689,144	9,891	0.11
Noninterest-bearing funding sources:						
Demand deposits	31,219,504			25,173,444		
Other liabilities	624,796			571,736		
SVBFG stockholders' equity	3,322,362			2,900,330		
Noncontrolling interests	133,446			153,392		
Portion used to fund interest-earning assets	(33,604,627)			(27,266,705)		
Total liabilities, noncontrolling interest, and SVBFG stockholders' equity	$ 44,190,190			$ 38,221,341		
Net interest income and margin (2)		$ 281,743	2.67%		$ 239,341	2.65%
Total deposits (2)	$ 39,268,129			$ 33,862,236		
Reconciliation to reported net interest income:						
Adjustments for taxable equivalent basis		(322)			(416)	
Net interest income, as reported		$ 281,421			$ 238,925	

(1) Includes average interest-earning deposits in other financial institutions of $566 million and $509 million for the three months ended March 31, 2016 and 2015, respectively. For the three months ended March 31, 2016 and 2015, balances also include $1.5 billion and $0.9 billion, respectively, deposited at the Federal Reserve Bank, earning interest at the Federal Funds target rate.

(2) Amounts for the three months ended March 31, 2015, have been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).

(3) Yields on available-for-sale securities are based on amortized cost, and therefore do not give effect to unrealized changes in fair value that are reflected in other comprehensive income.

(4) Interest income on non-taxable investment securities are presented on a fully taxable-equivalent basis using the federal statutory income tax rate of 35.0 percent for all periods presented.

(5) Nonaccrual loans are reflected in the average balances of loans.

(6) Interest income includes loan fees of $25 million and $23 million for the three months ended March 31, 2016 and 2015, respectively.
(7) Average investment securities of $781 million and $773 million for the three months ended March 31, 2016 and 2015, respectively, were classified as other assets as they were noninterest-earning assets. These investments primarily consisted of non-marketable and other securities.

Provision for Loan Losses

The following table summarizes our allowance for loan losses for the three months ended March 31, 2016 and 2015:

	Three months ended March 31,	
(Dollars in thousands)	**2016**	**2015**
Allowance for loan losses, beginning balance	$ 217,613	$ 165,359
Provision for loan losses	33,341	6,452
Gross loan charge-offs	(26,174)	(5,487)
Loan recoveries	5,469	1,551
Allowance for loan losses, ending balance	$ 230,249	$ 167,875
Provision for loan losses as a percentage of period-end total gross loans (annualized)	0.75%	0.18%
Gross loan charge-offs as a percentage of average total gross loans (annualized)	0.61	0.16
Net loan charge-offs as a percentage of average total gross loans (annualized)	0.49	0.11
Allowance for loan losses as a percentage of period-end total gross loans	1.29	1.15
Period-end total gross loans	$ 17,846,081	$ 14,554,854
Average total gross loans	17,123,718	14,148,842

Three months ended March 31, 2016 and 2015

Our provision for loan losses is primarily a function of our reserve methodology, which is used to determine an appropriate allowance for loan losses for the period. Our reserve methodology is based on our evaluation of the existing allowance for loan losses in relation to total gross loans using historical and other objective information, and on our qualitative assessment of the inherent and identified credit risk of the loan portfolio. Our provision for loan losses was $33.3 million for the three months ended March 31, 2016, compared to a provision of $6.5 million for the comparable 2015 period. The provision of $33.3 million was driven primarily by increases of $9.5 million in the provision requirements attributable to period-end loan growth and an increase in our overall reserves of $3.9 million for performing loans driven by a shift in the mix of our loan portfolio, as well as reflective of net charge-offs of $20.7 million.

The provision of $6.5 million for the first quarter of 2015 was driven primarily by an increase of $8.7 million in the reserve for nonaccrual loans, reflective primarily of an increase in the reserve for an existing nonaccrual loan, offset by a decrease of $6.8 million in the reserve due to the improvement in the credit quality of our performing loans, the remainder of the increase attributable to bringing our allowance for loan losses to a level deemed appropriate by management.

Gross loan charge-offs of $26.2 million for the first quarter of 2016 included $15.4 million from early stage client loans and $8.2 million from one late stage client loan. These charge-offs were primarily from our software and internet loan portfolio.

Net loan charge-offs of $20.7 million represented 0.49 percent of average total gross loans, compared to net charge-offs of $3.9 million, or 0.11 percent of average total gross loans for the comparable 2015 period. The increase in net loan charge-offs as a percentage of average total gross loans was reflective primarily of the increase in gross loan charge-offs as discussed above.

See “Consolidated Financial Condition—Credit Quality and Allowance for Loan Losses” below and Note 7—“Loans and Allowance for Loan Losses” of the “Notes to Interim Consolidated Financial Statements (unaudited)” under Part I, Item 1 of this report for further details on our allowance for loan losses.

Noninterest Income

Use of Non-GAAP Financial Measures

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

measure calculated and presented in accordance with GAAP. A non-GAAP financial measure may also be a financial metric that is not required by GAAP or other applicable requirement.

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

A summary of noninterest income for the three months ended March 31, 2016 and 2015 is as follows:

	Three months ended March 31,		
(Dollars in thousands)	2016	2015	% Change
Non-GAAP core fee income (1):			
Foreign exchange fees	$ 26,966	$ 17,678	52.5 %
Credit card fees	15,507	12,090	28.3
Deposit service charges	12,672	10,736	18.0
Client investment fees	7,995	4,482	78.4
Lending related fees	7,813	8,022	(2.6)
Letters of credit and standby letters of credit fees	5,589	5,202	7.4
Total non-GAAP core fee income	76,542	58,210	31.5
(Losses) gains on investment securities, net (2)	(4,684)	33,263	(114.1)
(Losses) gains on derivative instruments, net	(1,695)	39,729	(104.3)
Other	15,971	(7,678)	(308.0)
GAAP noninterest income	$ 86,134	$ 123,524	(30.3)

(1) This non-GAAP measure represents noninterest income, but excludes certain line items where performance is typically subject to market or other conditions beyond our control.

(2) Amount for the three months ended March 31, 2015, has been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).

Included in net income is income and expense attributable to noncontrolling interests. We recognize, as part of our investment funds management business through SVB Capital, the entire income or loss from funds consolidated in accordance with ASC Topic 810 as discussed in Note 1— "Basis of Presentation" of the "Notes to Interim Consolidated Financial Statements (Unaudited)" under Part I, Item 1 in this report. We are required under GAAP to consolidate 100% of the results of these entities, even though we may own less than 100% of such entities. The relevant amounts attributable to investors other than us are reflected under “Net Income Attributable to Noncontrolling Interests” on our statements of income. Where applicable, the tables below for noninterest income and net gains on investment securities exclude noncontrolling interests.

The following table provides a summary of non-GAAP noninterest income, net of noncontrolling interests for the three months ended March 31, 2016 and 2015:

	Three months ended March 31,		
Non-GAAP noninterest income, net of noncontrolling interests (Dollars in thousands)	2016	2015 (1)	% Change
GAAP noninterest income (as reported)	$ 86,134	$ 123,524	(30.3)%
Less: (loss) income attributable to noncontrolling interests, including carried interest	(2,671)	14,164	(118.9)
Non-GAAP noninterest income, net of noncontrolling interests	$ 88,805	$ 109,360	(18.8)

(1) Amounts for the three months ended March 31, 2015, have been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).

(Losses) Gains on Investment Securities, Net

Net gains and losses on investment securities include both gains and losses from our non-marketable and other securities, as well as gains and losses from sales of our available-for-sale securities portfolio, when applicable.

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

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

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

For the three months ended March 31, 2016, we had net losses on investment securities of $4.7 million, compared to net gains of $33.3 million for the comparable 2015 period. Net losses on investment securities, net of noncontrolling interests, were $2.0 million for the three months ended March 31, 2016, compared to net gains of $19.1 million.

Net losses on investment securities, net of noncontrolling interests, of $2.0 million for the three months ended March 31, 2016 were primarily driven by the following:

- Losses of $3.9 million from our managed funds of funds, related primarily to unrealized valuation decreases due to the decrease in market prices in public positions held by the fund investments in the portfolio.
- Gains of $2.4 million from our strategic and other investments, primarily driven by distribution gains from our strategic venture capital fund investments.
- Net losses of $0.8 million from our available-for-sale securities portfolio reflective of $2.2 million of losses on sales of shares from exercised warrants in public companies upon expiration of lock-up periods during the first quarter of 2016, offset by a $1.4 million gain from the sale of U.S. Treasury securities during the first quarter of 2016 as a result of cash management activities.

The following tables provide a summary of non-GAAP net (losses) gains on investment securities, net of noncontrolling interests, for the three months ended March 31, 2016 and 2015:

(Dollars in thousands)	Managed Funds of Funds	Managed Direct Venture Funds	Debt Funds	Available-For-Sale Securities	Strategic and Other Investments	Total
Three months ended March 31, 2016						
Total (losses) gains on investment securities, net	$ (6,481)	$ (634)	$ 855	$ (817)	$ 2,393	$ (4,684)
Less: losses attributable to noncontrolling interests, including carried interest	(2,587)	(129)	—	—	—	(2,716)
Non-GAAP net (losses) gains on investment securities, net of noncontrolling interests	$ (3,894)	$ (505)	$ 855	$ (817)	$ 2,393	$ (1,968)
Three months ended March 31, 2015						
Total gains on investment securities, net (1)	$ 10,659	$ 11,669	$ 916	$ 2,596	$ 7,423	$ 33,263
Less: income attributable to noncontrolling interests, including carried interest (1)	7,139	7,032	—	—	—	14,171
Non-GAAP net gains on investment securities, net of noncontrolling interests (1)	$ 3,520	$ 4,637	$ 916	$ 2,596	$ 7,423	$ 19,092

(1) Amounts for the three months ended March 31, 2015, have been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).

(Losses) Gains on Derivative Instruments, Net

A summary of (losses) gains on derivative instruments, net, for the three months ended March 31, 2016 and 2015 is as follows:

	Three months ended March 31,		
(Dollars in thousands)	2016	2015	% Change
Equity warrant assets (1)			
Gains on exercises, net	$ 6,849	$ 4,043	69.4 %
Cancellations and expirations	(616)	(292)	111.0
Changes in fair value	372	16,527	(97.7)
Net gains on equity warrant assets	6,605	20,278	(67.4)
(Losses) gains on foreign exchange forward contracts, net:			
(Losses) on client foreign exchange forward contracts, net (2)	(5,654)	(507)	NM
(Losses) gains on internal foreign exchange forward contracts, net (3)	(2,208)	20,018	(111.0)
Total (losses) gains on foreign exchange forward contracts, net	(7,862)	19,511	(140.3)
Changes in fair value of interest rate swaps	(17)	(3)	NM
Net losses on other derivatives	(421)	(57)	NM
(Losses) gains on derivative instruments, net	$ (1,695)	$ 39,729	(104.3)

NM—Not meaningful

(1) At March 31, 2016, we held warrants in 1,670 companies, compared to 1,525 companies at March 31, 2015. The total value of our warrant portfolio was $131 million at March 31, 2016 and $124 million at March 31, 2015. Warrants in 18 companies had values greater than $1.0 million and represented 32 percent of the fair value of the portfolio at March 31, 2016.

(2) Represents the net gains (losses) for foreign exchange forward contracts executed on behalf of clients, excluding any spread or fees earned in connection with these trades.

(3) Represents the change in the fair value of foreign exchange forward contracts used to economically reduce our foreign exchange exposure related to certain foreign currency denominated instruments. Refer to revaluation of foreign currency instruments included in the line item "other" within noninterest income for the amount we were able to partially offset.

Net losses on derivative instruments were $1.7 million for the three months ended March 31, 2016, compared to net gains of $39.7 million for the comparable 2015 period. Net losses on derivative instruments were primarily attributable to the following:

- Net gains on equity warrant assets of $6.6 million, which consisted of:
  - Net gains of $6.8 million from the exercise of equity warrant assets for the three months ended March 31, 2016, as a result of M&A activity during the quarter, compared to $4.0 million for the comparable 2015 period.
  - Net gains of $0.4 million from changes in warrant valuations for the three months ended March 31, 2016, compared to $16.5 million for the comparable 2015 period, reflective primarily of the downward pressure on our private equity warrant valuations as a result of the equity market environment during the first quarter of 2016.
- Net losses of $5.7 million on client foreign exchange forward contracts for the first quarter of 2016, compared to net losses of $0.5 million for the first quarter of 2015. The net losses of $5.7 million were partially offset by net gains of $3.7 million from the revaluation of foreign currency denominated financial instruments that are included in the line item "Other" within noninterest income. Also contributing to the loss is a reclassification of $2.8 million in unrealized gains on forward contracts to foreign exchange fee income (included in non-GAAP core fee income above) reflecting fees earned on forward contracts executed on behalf of our clients, which were previously recorded in gains (losses) on derivative instruments.
- Net losses of $2.2 million on internal foreign exchange forward contracts used to economically reduce our foreign exchange exposure to foreign currency denominated financial instruments for the three months ended March 31, 2016, compared to net gains of $20.0 million for the comparable 2015 period. The net losses of $2.2 million and net gains of $20.0 million were offset by net gains of $2.5 million and net losses of $20.2 million, respectively, from the revaluation of foreign currency denominated financial instruments that are included in the line item "other" within noninterest income as noted below.

Foreign Exchange Fees

Foreign exchange fees were $27.0 million for the three months ended March 31, 2016, compared to $17.7 million for the comparable 2015 period. The increase in foreign exchange fees was due primarily to increased volume related to an increase in our client count and market volatility. Also contributing to the increase was the one-time reclassification of $2.9 million in foreign exchange fee income from noninterest income gains (losses) on derivative instruments as noted above.

Credit Card Fees

Credit card fees were $15.5 million for the three months ended March 31, 2016, compared to $12.1 million for the comparable 2015 period. The increase reflected increased client utilization of our credit card products and custom payment solutions provided to new and existing clients. The increase was partially offset by higher rebate/rewards expense.

Deposit Service Charges

Deposit service charges were $12.7 million for the three months ended March 31, 2016, compared to $10.7 million for the comparable 2015 period. The increase was reflective of the increase in the number of deposit clients, as well as increases in transaction volumes and size, during the three months ended March 31, 2016.

Client Investment Fees

Client investment fees were $8.0 million for the three months ended March 31, 2016, compared to $4.5 million for the comparable 2015 period. The increase was attributable primarily from our clients' increased utilization of our off-balance sheet products managed by SVB Asset Management, and third-party sweep money market funds, reflective of the capital raising activity of our early-stage and mid-to-late stage clients during 2015, as well as from money fund rate increases across our off-balance sheet client investment fund platforms during the first quarter of 2016.

The following table summarizes average client investment funds for the three months ended March 31, 2016 and 2015:

	Three months ended March 31,		
(Dollars in millions)	2016	2015	% Change
Client directed investment assets (1)	$ 7,318	$ 7,017	4.3%
Client investment assets under management (2)	21,731	17,712	22.7
Sweep money market funds	13,423	8,896	50.9
Total average client investment funds (3)	$ 42,472	$ 33,625	26.3

(1) Comprised of mutual funds and Repurchase Agreement Program assets.
(2) These funds represent investments in third party money market mutual funds and fixed-income securities managed by SVB Asset Management.
(3) Client investment funds are maintained at third party financial institutions and are not recorded on our balance sheet.

The following table summarizes period-end client investment funds at March 31, 2016 and December 31, 2015:

(Dollars in millions)	March 31, 2016	December 31, 2015	% Change
Client directed investment assets	$ 7,512	$ 7,527	(0.2)%
Client investment assets under management	21,431	22,454	(4.6)
Sweep money market funds	13,331	14,011	(4.9)
Total period-end client investment funds	$ 42,274	$ 43,992	(3.9)

Other Noninterest Income

A summary of other noninterest income for the three months ended March 31, 2016 and 2015 is as follows:

	Three months ended March 31,		
(Dollars in thousands)	2016	2015	% Change
Fund management fees	$ 4,620	$ 3,722	24.1 %
Service-based fee income	2,092	2,106	(0.7)
Gains (losses) on revaluation of foreign currency instruments (1)	2,491	(20,159)	(112.4)
Other (2) (3)	6,768	6,653	1.7
Total other noninterest income	$ 15,971	$ (7,678)	(308.0)

(1) Represents the net revaluation of foreign currency denominated financial instruments issued and held by us, primarily loans, deposits and cash. Revaluation changes in these financial instruments are partially offset by the impact of revaluation changes in internal foreign exchange forward contracts. Refer to details on internal foreign exchange forward contracts, net, in the table on (Losses) Gains on Derivative Instruments, Net, as noted above.
(2) Includes dividends on FHLB/FRB stock, correspondent bank rebate income and other fee income.
(3) Amount for the three months ended March 31, 2015, has been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).

Total other noninterest income was $16.0 million for the three months ended March 31, 2016, compared to a loss of $7.7 million for the comparable 2015 period. The increase of $23.7 million for the three months ended March 31, 2016 was primarily due to the $2.5 million gain on revaluation of foreign currency instruments during the first quarter of 2016 compared to the loss of $20.2 million for the comparable 2015 quarter. The $2.5 million of gains and the $20.2 million of losses were partially offset by net losses of $2.2 million and net gains of $20.0 million for the three months ended March 31, 2016 and 2015, respectively, on internal foreign exchange forward contracts economically hedging certain of these instruments, which are included within noninterest income in the line item "(losses) gains on derivative instruments, net" as noted above.

Noninterest Expense

A summary of noninterest expense for the three months ended March 31, 2016 and 2015 is as follows:

	Three months ended March 31,		
(Dollars in thousands)	**2016**	**2015**	**% Change**
Compensation and benefits	$ 122,262	$ 115,770	5.6 %
Professional services	19,000	18,747	1.3
Premises and equipment	14,984	12,657	18.4
Business development and travel	12,246	11,112	10.2
Net occupancy	10,035	7,313	37.2
FDIC and state assessments	6,927	5,789	19.7
Correspondent bank fees	3,652	3,368	8.4
Provision for unfunded credit commitments	134	2,263	(94.1)
Other	14,793	13,522	9.4
Total noninterest expense	$ 204,033	$ 190,541	7.1

Included in noninterest expense is expense attributable to noncontrolling interests. See below for a summary of non-GAAP noninterest expense and non-GAAP operating efficiency ratio, both of which exclude noncontrolling interests.

Non-GAAP Noninterest Expense

We use and report non-GAAP noninterest expense, non-GAAP taxable equivalent revenue and non-GAAP operating efficiency ratio, which excludes noncontrolling interests. We believe these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by: (i) excluding certain items that represent expenses attributable to investors other than us and our subsidiaries, or certain items that do not occur every reporting period; or (ii) providing additional information used by management that is not otherwise required by GAAP or other applicable requirements. Our management uses, and believes that investors benefit from referring to, these non-GAAP financial measures in assessing our operating results and when planning, forecasting and analyzing future periods. However, these non-GAAP financial measures should be considered in addition to, not as a substitute for or preferable to, financial measures prepared in accordance with GAAP.

The table below provides a summary of non-GAAP noninterest expense and non-GAAP operating efficiency ratio, both net of noncontrolling interests for the three months ended March 31, 2016 and 2015:

	Three months ended March 31,		
Non-GAAP operating efficiency ratio, net of noncontrolling interests (Dollars in thousands, except ratios)	**2016**	**2015**	**% Change**
GAAP noninterest expense	$ 204,033	$ 190,541	7.1 %
Less: amounts attributable to noncontrolling interests	(91)	292	(131.2)
Non-GAAP noninterest expense, net of noncontrolling interests	$ 204,124	$ 190,249	7.3
GAAP net interest income	$ 281,421	$ 238,925	17.8
Adjustments for taxable equivalent basis	322	416	(22.6)
Non-GAAP taxable equivalent net interest income	$ 281,743	$ 239,341	17.7
Less: income attributable to noncontrolling interests	3	2	50.0
Non-GAAP taxable equivalent net interest income, net of noncontrolling interests	$ 281,740	$ 239,339	17.7
GAAP noninterest income (1)	$ 86,134	$ 123,524	(30.3)
Non-GAAP noninterest income, net of noncontrolling interests (1)	88,805	109,360	(18.8)
GAAP total revenue	$ 367,555	$ 362,449	1.4
Non-GAAP taxable equivalent revenue, net of noncontrolling interests	$ 370,545	$ 348,699	6.3
GAAP operating efficiency ratio	55.51%	52.57%	5.6
Non-GAAP operating efficiency ratio (2)	55.09	54.56	1.0

(1) Amounts for the three months ended March 31, 2015, have been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).
(2) The non-GAAP operating efficiency ratio is calculated by dividing non-GAAP noninterest expense, net of noncontrolling interests, by non-GAAP taxable-equivalent revenue, net of noncontrolling interests.

Compensation and Benefits Expense

The following table provides a summary of our compensation and benefits expense for the three months ended March 31, 2016 and 2015:

	Three months ended March 31,		
(Dollars in thousands, except employees)	**2016**	**2015**	**% Change**
Compensation and benefits			
Salaries and wages	$ 59,386	$ 51,425	15.5 %
Incentive compensation & ESOP	26,628	28,543	(6.7)
Other employee incentives and benefits (1)	36,248	35,802	1.2
Total compensation and benefits	$ 122,262	$ 115,770	5.6
Period-end full-time equivalent employees	2,170	1,965	10.4
Average full-time equivalent employees	2,160	1,955	10.5

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

Compensation and benefits expense was $122.3 million for the three months ended March 31, 2016, compared to $115.8 million for the comparable 2015 period. The key changes in factors affecting compensation and benefits expense were as follows:

- An increase of $8.0 million in salaries and wages, due primarily to an increase in the number of average full-time employees ("FTE"). Average FTEs increased by 205 to 2,160 FTEs for the three months ended March 31, 2016, compared to 1,955 FTEs for the comparable 2015 period. The increase in headcount was primarily to support our

product development, operations, sales and advisory functions, as well as to support our commercial banking initiatives.

- A decrease of $1.4 million in incentive compensation, reflective primarily of current expectations for our internal performance targets for 2016.

Our variable compensation plans consist primarily of our Incentive Compensation Plan, Direct Drive Incentive Compensation Plan, 401(k) and ESOP Plan, Retention Program and Warrant Incentive Plan (see descriptions in our 2015 Form 10-K). Total costs incurred under these plans were $35.6 million for the three months ended March 31, 2016, compared to $38.9 million for the comparable 2015 period. These amounts are included in total compensation and benefits expense discussed above.

Premises and Equipment

Premises and equipment expense was $15.0 million for the three months ended March 31, 2016, compared to $12.7 million for the comparable 2015 period. The increase was due primarily to increased spending to enhance and maintain our IT infrastructure.

Business Development and Travel

Business development and travel was $12.2 million for the three months ended March 31, 2016, compared to $11.1 million for the comparable 2015 period. The increase was due primarily to the increased business development efforts during the first quarter of 2016 to support the growth of our business.

Net Occupancy

Net occupancy expense was $10.0 million for the three months ended March 31, 2016, compared to $7.3 million for the comparable 2015 period. The increase was due primarily to lease renewals at higher costs, reflective of market conditions, and the expansion of certain offices, primarily our UK office, to support our growth.

FDIC and State Assessments

FDIC and state assessments expense was $6.9 million for the three months ended March 31, 2016, compared to $5.8 million for the comparable 2015 period. The increase was due primarily to the increase of $6.0 billion in quarterly average assets since the first quarter of 2015.

Provision for Unfunded Credit Commitments

We recorded a provision for unfunded credit commitments of $0.1 million for the three months ended March 31, 2016, compared to a provision of $2.3 million for the comparable 2015 period. The provision for the three months ended March 31, 2016 was reflective of total unfunded credit commitments remaining consistent with balances as of December 31, 2015. The provision of $2.3 million for the three months ended March 31, 2015, was reflective primarily of an increase in total unfunded credit commitments.

Other Noninterest Expense

A summary of other noninterest expense for the three months ended March 31, 2016 and 2015 is as follows:

	Three months ended March 31,		
(Dollars in thousands)	**2016**	**2015**	**% Change**
Lending and other client related processing costs	$ 4,295	$ 3,549	21.0 %
Telephone	2,233	1,959	14.0
Data processing services	1,829	1,833	(0.2)
Dues and publications	802	585	37.1
Postage and supplies	790	765	3.3
Other (1)	4,844	4,831	0.3
Total other noninterest expense	$ 14,793	$ 13,522	9.4

(1) Amount for the three months ended March 31, 2015, has been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).

Net Loss (Income) Attributable to Noncontrolling Interests

Included in net income is income and expense attributable to noncontrolling interests. The relevant amounts allocated to investors in our consolidated subsidiaries, other than us, are reflected under "Net (Loss) Income Attributable to Noncontrolling Interests" on our statements of income.

In the table below, noninterest loss (income) consists primarily of investment gains and losses from our consolidated funds. Noninterest expense is primarily related to management fees paid by our managed funds to SVB Financial's subsidiaries as the funds' general partners. A summary of net loss (income) attributable to noncontrolling interests for the three months ended March 31, 2016 and 2015 is as follows:

	Three months ended March 31,		
(Dollars in thousands)	**2016**	**2015 (3)**	**% Change**
Net interest income (1)	$ (3)	$ (2)	50.0 %
Noninterest loss (income) (1)	3,753	(14,053)	(126.7)
Noninterest expense (1)	(91)	292	(131.2)
Carried interest allocation (2)	(1,082)	(111)	NM
Net loss (income) attributable to noncontrolling interests	$ 2,577	$ (13,874)	(118.6)

NM—Not meaningful
(1) Represents noncontrolling interests' share in net interest income, noninterest income and noninterest expense.
(2) Represents the preferred allocation of income (or change in income) earned by us as the general partner of certain consolidated funds.
(3) Amounts for the three months ended March 31, 2015, have been revised to reflect the retrospective application of new accounting guidance adopted in the second quarter of 2015 related to our consolidated variable interest entities (ASU 2015-02).

Three months ended March 31, 2016 compared to the three months ended March 31, 2015

Net loss attributable to noncontrolling interests was $2.6 million for the first quarter of 2016, compared to net income of $13.9 million for the comparable 2015 period. Net loss attributable to noncontrolling interests of $2.6 million for the first quarter of 2016 was primarily a result of net losses on investment securities (including carried interest) attributable to noncontrolling interests of $2.7 million primarily from losses of $2.6 million from our managed funds of funds mainly due to unrealized valuation decreases in companies held by the funds. See "Results of Operations—Noninterest Income—(Losses) Gains on Investment Securities, Net".

Income Taxes

Our effective income tax expense rate was 40.4 percent for the three months ended March 31, 2016, compared to 41.6 percent for the three months ended March 31, 2015. The components of our tax rate were consistent for both the first quarter of 2016 and 2015. Our effective tax rate was lower for the three months ended March 31, 2016 due to a higher effective tax rate for the three months ended March 31, 2015 reflective of additional tax expense recognized attributable to unremitted earnings from the pending sale of SVB India Finance Private Limited ("SVBIF") at March 31, 2015.

Our effective tax rate is calculated by dividing income tax expense by the sum of income before income tax expense and the net income attributable to noncontrolling interests.

Operating Segment Results

We have three segments for which we report our financial information: Global Commercial Bank, SVB Private Bank and SVB Capital.

We report segment information based on the "management" approach, which designates the internal reporting used by management for making decisions and assessing performance as the source of our reporting segments. Please refer to Note 11—"Segment Reporting" of the "Notes to Interim Consolidated Financial Statements (unaudited)" under Part I, Item 1 of this report for additional details.

The following is our reportable segment information for the three months ended March 31, 2016 and 2015:

Global Commercial Bank

(Dollars in thousands)	Three months ended March 31, 2016	2015	% Change
Net interest income	$ 256,178	$ 203,749	25.7%
Provision for loan losses	(32,703)	(6,460)	NM
Noninterest income	74,759	63,193	18.3
Noninterest expense	(154,206)	(138,448)	11.4
Income before income tax expense	$ 144,028	$ 122,034	18.0
Total average loans, net of unearned income	$ 14,919,735	$ 12,505,385	19.3
Total average assets	41,533,434	35,581,252	16.7
Total average deposits	37,837,645	32,469,427	16.5

NM—Not meaningful

Three months ended March 31, 2016 compared to the three months ended March 31, 2015

Income before income tax expense from our Global Commercial Bank ("GCB") increased to $144.0 million for the three months ended March 31, 2016, compared to $122.0 million for the comparable 2015 period, which reflected the continued growth of our core commercial business and clients. The key components of GCB's performance for the three months ended March 31, 2016 compared to the comparable 2015 period are discussed below.

Net interest income from GCB increased by $52.4 million for the three months ended March 31, 2016, due primarily to a $27.5 million increase in loan interest income resulting mainly from an increase in average loan balances. Additionally GCB had a $14.9 million increase in the FTP earned for deposits from increases in market interest rates and a $10.0 million increase in the FTP earned for deposits due to strong average deposit growth.

GCB had a provision for loan losses of $32.7 million for the three months ended March 31, 2016, compared to $6.5 million for the comparable 2015 period. The provision of $32.7 million for the three months ended March 31, 2016 was driven primarily by increases of $9.5 million in the provision requirements attributable to period-end loan growth and an increase in our overall reserves of $3.9 million for performing loans driven by a shift in the mix of our loan portfolio, as well as reflective of net charge-offs of $20.7 million.

The provision of $6.5 million for the three months ended March 31, 2015 was driven primarily by an increase of $8.7 million in the reserve for nonaccrual loans, reflective primarily of an increase in the reserve for an existing nonaccrual loan, offset by a decrease of $6.8 million in the reserve due to the improvement in the credit quality of our performing loans, the remainder of the increase attributable to bringing our allowance for loan losses to a level deemed appropriate by management.

Noninterest income increased by $11.6 million for the three months ended March 31, 2016, related primarily to higher foreign exchange fees, credit card fees, and deposit service charges. The increase in foreign exchange fees was due primarily to an increase in our client count as well as volume related to increased market volatility. The increase in credit card fees reflects increased client utilization of our credit card products and custom payment solutions by new and existing clients. The increase in average deposits contributed to the increase in deposit service charges income.

Noninterest expense increased by $15.8 million for the three months ended March 31, 2016, due primarily to increases in compensation and benefits expenses related to our salaries and wages expenses and net occupancy expense. The increase in our salaries and wages expenses was due primarily to an increase in the average number of FTEs at GCB, which increased by 150 to 1,707 FTEs for the three months ended March 31, 2016, compared to 1,557 FTEs for the comparable 2015 period. The increase in average FTEs was attributable to increases in positions for product development, operational and sales and advisory, as well as to support our commercial banking operations and initiatives. The increase in net occupancy expense was primarily due to lease renewals at higher costs, reflective of market conditions, and the expansion of certain offices, primarily our UK office, to support our growth.

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SVB Private Bank

(Dollars in thousands)	Three months ended March 31, 2016	2015	% Change
Net interest income	$ 13,672	$ 9,723	40.6 %
Provision for loan losses	(638)	8	NM
Noninterest income	627	397	57.9
Noninterest expense	(3,405)	(2,876)	18.4
Income before income tax expense	$ 10,256	$ 7,252	41.4
Total average loans, net of unearned income	$ 1,871,820	$ 1,373,149	36.3
Total average assets	1,893,413	1,445,871	31.0
Total average deposits	1,130,736	1,251,939	(9.7)

NM—Not meaningful

Three months ended March 31, 2016 compared to the three months ended March 31, 2015

Net interest income from SVB Private Bank increased by $3.9 million for the three months ended March 31, 2016, due primarily to an increase in loan interest income resulting from an increase in average loan balances.

Private Bank had a provision for loan losses of $0.6 million for the three months ended March 31, 2016, compared to a reduction of loan losses for the comparable 2015 period. The provision of $0.6 million for the three months ended March 31, 2016 was driven primarily by period-end loan growth.

SVB Capital

(Dollars in thousands)	Three months ended March 31, 2016	2015	% Change
Net interest income	$ —	$ 1	(100.0)%
Noninterest income	2,453	20,678	(88.1)
Noninterest expense	(3,913)	(3,486)	12.2
(Loss) income before income tax expense	$ (1,460)	$ 17,193	(108.5)
Total average assets	$ 349,011	$ 269,982	29.3

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

We experience variability in the performance of SVB Capital from quarter to quarter due to a number of factors, including changes in the values of our funds' underlying investments, changes in the amount of distributions and general economic and market conditions. Such variability may lead to volatility in the gains and losses from investment securities and cause our results to differ from period to period.

Three months ended March 31, 2016 compared to the three months ended March 31, 2015

SVB Capital had noninterest income of $2.5 million for the three months ended March 31, 2016, compared to $20.7 million for the comparable 2015 period. The decrease in noninterest income was due primarily to net losses on investment securities and the related reduction of carried interest. SVB Capital's components of noninterest income primarily include the following:

- Fund management fees of $4.6 million compared to $3.7 million for the comparable 2015 period. The increase was due primarily to the addition of new managed funds at SVB Capital in 2015.
- Net losses on investment securities of $1.9 million for the three months ended March 31, 2016, compared to net gains of $14.9 million for the comparable 2015 period. The net losses on investment securities of $1.9 million for the three months ended March 31, 2016 were driven primarily by the decrease in market prices of public positions held by the fund investments in our managed funds of funds portfolio.

Consolidated Financial Condition

Our total assets, total liabilities and stockholders' equity were $43.6 billion at March 31, 2016 compared to $44.7 billion at December 31, 2015, a decrease of $1.1 billion, or 2.5 percent. Below is a summary of the individual components driving the changes in total assets, total liabilities and stockholders' equity.

Cash and Cash Equivalents

Cash and cash equivalents totaled $1.9 billion at March 31, 2016, an increase of $0.4 billion, or 24.3 percent, compared to $1.5 billion at December 31, 2015. The increase in cash at period-end resulted from cash management activities during the three months ended March 31, 2016.

As of March 31, 2016 and December 31, 2015, $479 million and $405 million, respectively, of our cash and due from banks was deposited at the Federal Reserve Bank and was earning interest at the Federal Funds target rate, and interest-earning deposits in other financial institutions were $793 million and $500

million, respectively.

Investment Securities

Investment securities totaled $23.5 billion at March 31, 2016, a decrease of $2.3 billion, or 8.9 percent, compared to $25.8 billion at December 31, 2015. Our investment securities portfolio consists of: (i) an available-for-sale securities portfolio and a held-to-maturity securities portfolio, both of which represent interest-earning investment securities; and (ii) a non-marketable and other securities portfolio, which primarily represents investments managed as part of our funds management business.

Available-for-Sale Securities

Our available-for-sale securities portfolio is a fixed income investment portfolio that is managed to earn an appropriate portfolio yield over the long-term while maintaining sufficient liquidity and credit diversification as well as addressing our asset/liability management objectives. Period-end available-for-sale securities were $14.3 billion at March 31, 2016 compared to $16.4 billion at December 31, 2015, a decrease of $2.1 billion, or 12.5 percent. During the quarter, to support loan growth and the liquidity needs of the Bank, we sold approximately $1.9 billion of our U.S. Treasury securities in our AFS portfolio. Additionally, the portfolio decreased due to principal paydowns and maturities of $364 million. The decreases were partially offset by an increase in the fair value of our AFS securities portfolio of $170.8 million as a result of a decrease in market interest rates at period-end. The $170.8 million increase in fair value was reflected as a $101.2 million (net of tax) increase in accumulated other comprehensive income.

Securities classified as available-for-sale are carried at fair market value with changes in fair market value recorded as unrealized gains or losses in a separate component of shareholders equity.

Held-to-Maturity Securities

Period-end held-to-maturity securities were $8.5 billion at March 31, 2016 compared to $8.8 billion at December 31, 2015, a decrease of $0.3 billion, or 2.8 percent. For the three months ending March 31, 2016, we made purchases of $116 million primarily in agency backed mortgage securities, which were offset by principal paydowns and maturities of $352 million.

Securities classified as held-to-maturity are accounted for at cost with no adjustments for changes in fair value. For securities previously re-designated as held-to-maturity from available-for-sale, the unrealized gains at the date of transfer will continue to be reported as a separate component of shareholders' equity and amortized as mentioned above.

Portfolio duration is a standard measure used to approximate changes in the market value of fixed income instruments due to a change in market interest rates. The measure is an estimate based on the level of current market interest rates, expectations for changes in the path of forward rates and the effect of forward rates on mortgage prepayment speed assumptions. As such, portfolio duration will fluctuate with changes in market interest rates. Changes in portfolio duration are also impacted by changes in the mix of longer versus shorter term-to-maturity securities. Our estimated fixed income securities portfolio duration was 2.6 years and 2.7 years at March 31, 2016 and December 31, 2015, respectively.

Non-Marketable and Other Securities

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

Non-marketable and other securities were $668.5 million at March 31, 2016 compared to $674.9 million at December 31, 2015, a decrease of $6.4 million, or 1.0 percent. Non-marketable and other securities, net of noncontrolling interests were $545.3 million at March 31, 2016 compared to $548.6 million at December 31, 2015. The following table summarizes the carrying value (as reported) of non-marketable and other securities compared to the amounts attributable to SVBFG (which generally represents the carrying value times our ownership percentage) at March 31, 2016 and December 31, 2015:

	March 31, 2016		December 31, 2015	
(Dollars in thousands)	Carrying value (as reported)	Amount attributable to SVBFG	Carrying value (as reported)	Amount attributable to SVBFG
Non-marketable securities (fair value accounting):				
Venture capital and private equity fund investments (1)	$ 145,649	$ 42,213	$ 152,237	$ 44,485
Other venture capital investments (2)	2,040	218	2,040	218
Other securities (fair value accounting) (3)	468	105	548	124
Non-marketable securities (equity method accounting):				
Venture capital and private equity fund investments	83,555	66,018	85,705	69,314
Debt funds	21,809	21,809	21,970	21,970
Other investments (4)	120,026	120,026	118,532	118,532
Non-marketable securities (cost method accounting):				
Venture capital and private equity fund investments	117,409	117,409	120,676	120,676
Other investments	19,797	19,797	18,882	18,882
Investments in qualified affordable housing projects	157,744	157,744	154,356	154,356
Total non-marketable and other securities	$ 668,497	$ 545,339	$ 674,946	$ 548,557

(1) The following table shows the amounts of venture capital and private equity fund investments held by the following funds and amounts attributable to SVBFG for each fund at March 31, 2016 and December 31, 2015:

	March 31, 2016		December 31, 2015	
(Dollars in thousands)	Carrying value (as reported)	Amount attributable to SVBFG	Carrying value (as reported)	Amount attributable to SVBFG
SVB Strategic Investors Fund, LP	$ 20,538	$ 2,580	$ 20,794	$ 2,612
SVB Capital Preferred Return Fund, LP	58,156	12,533	60,619	13,064
SVB Capital—NT Growth Partners, LP	59,744	19,889	62,983	20,967
Other private equity fund	7,211	7,211	7,841	7,842
Total venture capital and private equity fund investments	$ 145,649	$ 42,213	$ 152,237	$ 44,485

(2) The following table shows the amounts of other venture capital investments held by the following funds and amounts attributable to SVBFG for each fund at March 31, 2016 and December 31, 2015:

(Dollars in thousands)	March 31, 2016		December 31, 2015	
	Carrying value (as reported)	Amount attributable to SVBFG	Carrying value (as reported)	Amount attributable to SVBFG
Silicon Valley BancVentures, LP	$ 2,040	$ 218	$ 2,040	$ 218
Total other venture capital investments	$ 2,040	$ 218	$ 2,040	$ 218

(3) Investments classified as other securities (fair value accounting) represent direct equity investments in public companies held by our consolidated funds.

(4) The following table shows the amounts of our other investments (equity method accounting) at March 31, 2016 and December 31, 2015:

(Dollars in thousands)	March 31, 2016		December 31, 2015	
	Carrying value (as reported)	Amount attributable to SVBFG	Carrying value (as reported)	Amount attributable to SVBFG
Other investments:				
China Joint Venture investment	$ 79,260	$ 79,260	$ 78,799	$ 78,799
Other investments	40,766	40,766	39,733	39,733
Total other investments	$ 120,026	$ 120,026	$ 118,532	$ 118,532

Volcker Rule

As discussed in "Business - Supervision and Regulation" under Item 1 of Part I of our 2015 Form 10-K, the “Volcker Rule” under the Dodd-Frank Act restricts, among other things, a bank's proprietary trading activities and a bank's ability to sponsor or invest in certain privately offered funds, including certain venture capital, hedge and private equity funds. On December 10, 2013, the federal bank regulatory agencies, the SEC and the CFTC adopted final regulations implementing the Volcker Rule. The final regulations became effective on April 1, 2014, subject to a conformance timeline pursuant to which affected entities (referred to as "banking entities") are required to bring their activities and investments into conformance with the prohibitions and restrictions of the Volcker Rule and the final regulations thereunder.

Subject to certain exceptions, the Volcker Rule prohibits a banking entity from engaging in “proprietary trading,” which is defined as engaging in purchases or sales of securities or certain other financial instruments, as principal, for the “trading account” of the banking entity. Certain forms of proprietary trading may qualify as “permitted activities,” and thus not be subject to the ban on proprietary trading, such as market-making related activities, risk-mitigating hedging activities, trading in U.S. government or agency obligations, or certain other U.S. state or municipal obligations, and the obligations of Fannie Mae, Freddie Mac or Ginnie Mae. Based on this definition and the exceptions provided under the recently-issued regulations, we do not believe that we engage in any proprietary trading that is prohibited under the Volcker Rule.

Additionally, subject to certain exceptions, the rule prohibits a banking entity from sponsoring or investing in “covered funds,” which includes many venture capital, private equity and hedge funds. One such exception permits a banking entity to sponsor and invest in a covered fund that it organizes and offers to customers, provided that additional requirements are met. These permitted investments generally are limited to three percent of the total ownership interests in each covered fund. In addition, the aggregate investments a banking entity makes in all covered funds generally are limited to three percent of the institution’s Tier 1 capital.

Under the final regulations, the Volcker Rule’s prohibitions and restrictions apply to SVB Financial, the Bank and any affiliate of SVB Financial or the Bank. SVB Financial currently maintains investments in certain venture capital and private equity funds that it did not sponsor; maintains investments in sponsored funds that exceed three percent of each such fund’s total ownership interests; and maintains aggregate investments in all covered funds that may exceed three percent of its Tier 1 capital. SVB Financial (including its affiliates) expects, therefore, that it will be required to reduce the level of its investments in covered funds over time and to forego investment opportunities in certain funds in the future. SVB Financial is generally required by the final rules to come into conformance with the Volcker Rule’s requirements regarding covered funds by July 2016 with respect to covered funds in which SVB Financial invested or SVB Financial sponsored as of December 31, 2013. However, the Federal Reserve has indicated that it intends to extend this conformance deadline to July 2017. In addition, the Federal Reserve may extend the conformance deadline for up to an additional five years (until July 2022) for investments that are considered illiquid. We intend

to seek the maximum extensions (up to July 2022) available to us. However, there is no guarantee that the Federal Reserve Board will grant any of these extensions.

We estimate that our total venture capital and private equity fund investments deemed to be prohibited covered fund interests and therefore subject to the Volcker Rule's restrictions, had, as of March 31, 2016, an aggregate carrying value of approximately $204 million (and an aggregate fair value of $318 million). These covered fund interests are comprised of interests attributable, solely, to the Company in our consolidated managed funds and certain of our non-marketable securities.

We continue to assess the financial impact of these rules on our fund investments, as well as the impact of other Volcker Rule restrictions on other areas of our business. (See "Risk Factors" under Item 1A of Part I of our 2015 Form 10-K.)

Loans

Loans, net of unearned income increased by $1.0 billion to $17.7 billion at March 31, 2016, compared to $16.7 billion at December 31, 2015. Unearned income was $111 million at March 31, 2016 and $115 million at December 31, 2015. Total gross loans were $17.8 billion at March 31, 2016, an increase of $0.9 billion, compared to $16.9 billion at December 31, 2015. Period-end loans increased compared to December 31, 2015, primarily driven by the increases in our Private equity/venture capital portfolio. The breakdown of total gross loans and total loans as a percentage of total gross loans by category is as follows:

	March 31, 2016		December 31, 2015	
(Dollars in thousands)	**Amount**	**Percentage**	**Amount**	**Percentage**
Commercial loans:				
Software and internet	$ 5,494,872	30.8%	$ 5,482,110	32.5%
Hardware	1,064,745	6.0	1,080,231	6.4
Private equity/venture capital	6,346,089	35.6	5,511,929	32.7
Life science/healthcare	1,740,766	9.7	1,724,545	10.2
Premium wine	185,276	1.0	202,808	1.2
Other	360,243	2.0	314,813	1.9
Total commercial loans	15,191,991	85.1	14,316,436	84.9
Real estate secured loans:				
Premium wine	654,359	3.7	646,587	3.8
Consumer	1,652,344	9.3	1,543,340	9.2
Other	44,933	0.2	45,194	0.3
Total real estate secured loans	2,351,636	13.2	2,235,121	13.3
Construction loans	74,205	0.4	78,862	0.5
Consumer loans	228,249	1.3	226,712	1.3
Total gross loans	$ 17,846,081	100.0	$ 16,857,131	100.0

Loan Concentration

The following table provides a summary of loans by size and category. The breakout of the categories is based on total client balances (individually or in the aggregate) as of March 31, 2016:

	March 31, 2016					
(Dollars in thousands)	Less than Five Million	Five to Ten Million	Ten to Twenty Million	Twenty to Thirty Million	Thirty Million or More	Total
Commercial loans:						
Software and internet	$ 1,310,115	$ 937,245	$ 1,307,727	$ 885,691	$ 1,054,094	$ 5,494,872
Hardware	232,330	212,290	205,934	211,618	202,573	1,064,745
Private equity/venture capital	600,863	541,545	931,955	952,132	3,319,594	6,346,089
Life science/healthcare	337,575	396,795	392,762	460,797	152,837	1,740,766
Premium wine	76,054	22,659	68,606	17,957	—	185,276
Other	127,220	22,264	70,030	26,876	113,853	360,243
Commercial loans	2,684,157	2,132,798	2,977,014	2,555,071	4,842,951	15,191,991
Real estate secured loans:						
Premium wine	154,992	169,857	239,348	90,162	—	654,359
Consumer	1,453,720	170,115	28,509	—	—	1,652,344
Other	8,200	—	15,000	21,733	—	44,933
Real estate secured loans	1,616,912	339,972	282,857	111,895	—	2,351,636
Construction loans	10,226	36,449	27,530	—	—	74,205
Consumer loans	82,539	38,100	—	—	107,610	228,249
Total gross loans	$ 4,393,834	$ 2,547,319	$ 3,287,401	$ 2,666,966	$ 4,950,561	$ 17,846,081

At March 31, 2016, gross loans equal to or greater than $20 million to any single client (individually or in the aggregate) totaled $7.6 billion, or 43 percent of our portfolio. These loans represented 207 clients, and of these loans, $61.0 million were on nonaccrual status as of March 31, 2016 compared to $85.2 million as of December 31, 2015. The $24.2 million decrease in nonaccrual loans greater than $20 million to any single client was attributable to the repayment of a sponsored buyout loan as a result of an acquisition.

The following table provides a summary of loans by size and category. The breakout of the categories is based on total client balances (individually or in the aggregate) as of December 31, 2015:

	December 31, 2015					
(Dollars in thousands)	Less than Five Million	Five to Ten Million	Ten to Twenty Million	Twenty to Thirty Million	Thirty Million or More	Total
Commercial loans:						
Software and internet	$ 1,365,460	$ 974,946	$ 1,250,192	$ 844,092	$ 1,047,420	$ 5,482,110
Hardware	225,688	206,124	256,339	216,943	175,137	1,080,231
Private equity/venture capital	498,606	582,871	830,350	820,379	2,779,723	5,511,929
Life science/healthcare	309,877	426,619	367,879	410,281	209,889	1,724,545
Premium wine	76,372	29,823	74,319	22,294	—	202,808
Other	115,618	43,203	45,837	27,678	82,477	314,813
Commercial loans	2,591,621	2,263,586	2,824,916	2,341,667	4,294,646	14,316,436
Real estate secured loans:						
Premium wine	156,754	170,155	237,373	82,305	—	646,587
Consumer loans	1,340,750	175,750	26,840	—	—	1,543,340
Other	8,261	—	15,000	21,933	—	45,194
Real estate secured loans	1,505,765	345,905	279,213	104,238	—	2,235,121
Construction loans	9,728	37,924	31,210	—	—	78,862
Consumer loans	87,324	35,748	—	29,140	74,500	226,712
Total gross loans	$ 4,194,438	$ 2,683,163	$ 3,135,339	$ 2,475,045	$ 4,369,146	$ 16,857,131

At December 31, 2015, gross loans equal to or greater than $20 million to any single client (individually or in the aggregate) totaled $6.8 billion, or 41 percent of our portfolio. These loans represented 188 clients, and of these loans, $85.2 million were on nonaccrual status as of December 31, 2015.

The credit profile of our clients varies across our loan portfolio, based on the nature of the lending we do for different market segments. Our technology and life science/healthcare loan portfolios includes loans to clients at all stages of their life cycles, beginning with our SVB Accelerator practice, which serves our emerging or early-stage clients. Loans provided to early-stage clients represent a relatively small percentage of our overall portfolio at 7 percent of total gross loans at March 31, 2016, compared to 6 percent at December 31, 2015. Typically these loans are made to companies with modest or negative cash flows and no established record of profitable operations. Repayment of these loans may be dependent upon receipt by borrowers of additional equity financing from venture capitalist firms or others, or in some cases, a successful sale to a third party or an IPO. Venture capital firms may provide financing at lower levels, more selectively or on less favorable terms, which may have an adverse effect on our borrowers that are otherwise dependent on such financing to repay their loans to us. When repayment is dependent upon the next round of venture investment and there is an indication that further investment is unlikely or will not occur, it is often likely the company would need to be sold to repay debt in full. If reasonable efforts have not yielded a likely buyer willing to repay all debt at the close of the sale or on commercially viable terms, the account will most likely be deemed to be impaired.

At March 31, 2016, our lending to private equity/venture capital firms represented 36 percent of total gross loans, compared to 33 percent of total gross loans at December 31, 2015. Many of these clients have capital call lines of credit, the repayment of which is dependent on the payment of capital calls by the underlying limited partner investors in the funds managed by these firms.

At March 31, 2016, sponsored buyout loans represented 12 percent of total gross loans, compared to 13 percent of total gross loans at December 31, 2015. These loans are typically larger in nature and repayment is generally dependent upon the cash flows of the acquired company. The acquired companies are typically established, later-stage businesses of scale, backed by a select group of experienced private equity sponsors' and characterized by reasonable levels of leverage and loan structures that include meaningful financial covenants.

At March 31, 2016, our asset-based lending, which consists primarily of working capital lines and accounts receivable factoring represented 7 percent and 2 percent, respectively, of total gross loans, compared to 7 percent and 2 percent, respectively, at December 31, 2015. The repayment of these arrangements is dependent on the financial condition, and payment ability, of third parties with whom our clients do business.

Approximately 33 percent and 10 percent of our outstanding total gross loan balances as of March 31, 2016 were to borrowers based in California and New York, respectively, compared to 34 percent and 12 percent as of December 31, 2015. Other than California and New York, there are no states with gross loan balances greater than 10 percent.

See generally “Risk Factors–Credit Risks” set forth under Item 1A, Part I in our 2015 Form 10-K.

Credit Quality Indicators

As of March 31, 2016 and December 31, 2015, our criticized and impaired loans represented 6 percent of our total gross loans. Our SVB Accelerator practice serves our emerging or early-stage clients. Loans to early stage clients represent a relatively small percentage of our overall portfolio at 7 percent of total gross loans. It is common for an emerging or early stage client’s remaining liquidity to fall temporarily below the threshold for a pass-rated credit during its capital-raising period for a new round of funding. Based on our experience, for most early stage clients, this situation typically lasts a limited number of weeks and generally resolves itself with a subsequent round of venture funding, though there are exceptions, from time to time. As a result, we expect that each of our early-stage clients will be managed through our criticized portfolio during a portion of their life cycle.

Credit Quality and Allowance for Loan Losses

Nonperforming assets consist of loans on nonaccrual status, loans past due 90 days or more still accruing interest, and Other Real Estate Owned ("OREO") and other foreclosed assets. We measure all loans placed on nonaccrual status for impairment based on the fair value of the underlying collateral or the net present value of the expected cash flows. The table below sets forth certain data and ratios between nonperforming loans, nonperforming assets and the allowance for loan losses:

(Dollars in thousands)	March 31, 2016	December 31, 2015
Gross nonaccrual, past due, and restructured loans:		
Nonaccrual loans	$ 113,945	$ 123,392
Loans past due 90 days or more still accruing interest	27	—
Total nonperforming loans	113,972	123,392
OREO and other foreclosed assets	—	—
Total nonperforming assets	$ 113,972	$ 123,392
Performing TDRs	$ 1,895	$ 10,635
Nonperforming loans as a percentage of total gross loans	0.64%	0.73%
Nonperforming assets as a percentage of total assets	0.26	0.28
Allowance for loan losses	$ 230,249	$ 217,613
As a percentage of total gross loans	1.29%	1.29%
As a percentage of total gross nonperforming loans	202.02	176.36
Allowance for loan losses for nonaccrual loans	$ 50,353	$ 51,844
As a percentage of total gross loans	0.28%	0.31%
As a percentage of total gross nonperforming loans	44.18	42.02
Allowance for loan losses for total gross performing loans	$ 179,896	$ 165,769
As a percentage of total gross loans	1.01%	0.98%
As a percentage of total gross performing loans	1.01	0.99
Total gross loans	$ 17,846,081	$ 16,857,131
Total gross performing loans	17,732,109	16,733,739
Reserve for unfunded credit commitments (1)	34,541	34,415
As a percentage of total unfunded credit commitments	0.22%	0.22%
Total unfunded credit commitments (2)	$ 15,880,198	$ 15,614,359

(1) The “Reserve for unfunded credit commitments” is included as a component of other liabilities. See “Provision for Unfunded Credit Commitments” above for a discussion of the changes to the reserve.
(2) Includes unfunded loan commitments and letters of credit.

Our allowance for loan losses as a percentage of total gross loans held flat at 1.29 percent at March 31, 2016. Our allowance for loan losses for performing loans as a percentage of total gross performing loans increased 2 basis points to 1.01 percent at March 31, 2016 driven by a shift in the mix of our loan portfolio.

Our allowance for loan losses for nonaccrual loans was $50.4 million at March 31, 2016, compared to $51.8 million at December 31, 2015. Our allowance for nonaccrual loans included $11.0 million of reserves on new nonaccrual loans, and was offset by a reserve reduction of $7.2 million due to the repayment of a sponsored buyout loan as a result of an acquisition and $5.2 million of other reserve reduction as a result of charge-offs and loan repayments.

Our nonperforming loans were $114.0 million at March 31, 2016, compared to $123.4 million at December 31, 2015. Our nonaccrual loan balance decreased $9.4 million as a result of $6.8 million in charge-offs and $25.6 million in repayments, partially offset by $23.0 million in new nonaccrual loans. New nonaccrual loans of $23.0 million included $8.8 million from six early stage clients in our software and internet loan portfolio.

Nonaccrual loans at March 31, 2016, included $80.8 million from four clients (three software and internet clients represented $55.7 million and a life science/healthcare client represented $25.1 million). Nonaccrual loans at December 31, 2015, included $96.0 million from five clients (three software and internet clients represented $55.1 million and two life science/healthcare clients represented $40.9 million). None of these loans were from early stage clients.

Average nonaccrual loans for the three months ended March 31, 2016 were $111.5 million compared to $39.5 million for the comparable 2015 period. The increase in average impaired loans was primarily reflective of an increase in average impaired loans from our software and internet loan portfolio of $40.8 million for the three months ended March 31, 2016, compared to March 31, 2015. If the impaired loans had not been impaired, $1.5 million in interest income would have been recorded for the three months ended March 31, 2016, compared to $0.3 million for the comparable 2015 period.

Accrued Interest Receivable and Other Assets

A summary of accrued interest receivable and other assets at March 31, 2016 and December 31, 2015 is as follows:

(Dollars in thousands)	March 31, 2016	December 31, 2015	% Change
Derivative assets, gross (1)	$ 187,121	$ 175,083	6.9 %
Foreign exchange spot contract assets, gross	62,028	142,832	(56.6)
Accrued interest receivable	105,062	107,604	(2.4)
FHLB and Federal Reserve Bank stock	56,991	56,991	—
Accounts receivable	48,922	48,662	0.5
Deferred tax assets	11,154	73,941	(84.9)
Other assets	76,830	104,594	(26.5)
Total accrued interest receivable and other assets	$ 548,108	$ 709,707	(22.8)

(1) See “Derivatives” section below.

Foreign Exchange Spot Contract Assets

Foreign exchange spot contract assets represent unsettled client trades at the end of the period. The decrease of $80.8 million was due primarily to an overall decrease in activity at period-end.

Net Deferred Tax Assets

The decrease of $62.8 million in net deferred tax assets related primarily to the increase in the fair value of our available-for-sale securities portfolio.

Other Assets

The decrease of $27.8 million in other assets related primarily to a decrease in current tax receivables as a result of the recognition of our estimated tax provision for the first quarter of 2016.

Derivatives

Derivative instruments are recorded as a component of other assets and other liabilities on the balance sheet. The following table provides a summary of derivative assets and liabilities, net at March 31, 2016 and December 31, 2015:

(Dollars in thousands)	March 31, 2016	December 31, 2015	% Change
Assets:			
Equity warrant assets	$ 130,670	$ 137,105	(4.7)%
Foreign exchange forward and option contracts	47,619	31,237	52.4
Interest rate swaps	2,400	2,768	(13.3)
Client interest rate derivatives	6,432	3,973	61.9
Total derivative assets	$ 187,121	$ 175,083	6.9
Liabilities:			
Foreign exchange forward and option contracts	$ (45,428)	$ (26,353)	72.4
Client interest rate derivatives	(7,263)	(4,384)	65.7
Total derivative liabilities	$ (52,691)	$ (30,737)	71.4

Equity Warrant Assets

In connection with negotiating credit facilities and certain other services, we often obtain rights to acquire stock in the form of equity warrant assets in primarily private, venture-backed companies in the technology and life science/healthcare industries. At March 31, 2016, we held warrants in 1,670 companies, compared to 1,652 companies at December 31, 2015. Warrants in 18 companies had values greater than $1.0 million and represented 32 percent of the fair value of the portfolio at March 31, 2016. The change in fair value of equity warrant assets is recorded in gains on derivatives instruments, net, in noninterest income, a component of consolidated net income. The following table provides a summary of transactions and valuation changes for equity warrant assets for the three and three months ended March 31, 2016 and 2015:

(Dollars in thousands)	Three months ended March 31, 2016	2015
Balance, beginning of period	$ 137,105	$ 116,604
New equity warrant assets	2,386	2,487
Non-cash increases in fair value	372	16,527
Exercised equity warrant assets	(8,577)	(10,870)
Terminated equity warrant assets	(616)	(292)
Balance, end of period	$ 130,670	$ 124,456

Foreign Exchange Forward and Foreign Currency Option Contracts

We enter into foreign exchange forward contracts and foreign currency option contracts with clients involved in foreign activities, either as the purchaser or seller, depending upon the clients' need. For each forward or option contract entered into with our clients, we enter into an opposite way forward or option contract with a correspondent bank, which mitigates the risk of fluctuations in currency rates. We also enter into forward contracts with correspondent banks to economically reduce our foreign exchange exposure related to certain foreign currency denominated instruments. Revaluations of foreign currency denominated instruments are recorded on the line item "Other" as part of noninterest income, a component of consolidated net income. We have not experienced nonperformance by any of our counterparties and therefore have not incurred any related losses. Further, we anticipate performance by all counterparties. Our net exposure for foreign exchange forward and foreign currency option contracts at March 31, 2016 was $2.2 million and our net exposure at December 31, 2015 was $3.0 million. For additional information on our foreign exchange forward contracts and foreign currency option contracts, see Note 9- "Derivative Financial Instruments" of the "Notes to Interim Consolidated Financial Statements (unaudited)" under Part I, Item I in this report.

Interest Rate Swaps

For information on our interest rate swaps, see Note 9–"Derivative Financial Instruments" of the "Notes to Interim Consolidated Financial Statements (unaudited)" under Part I, Item 1 of this report.

Deposits

Deposits were $38.8 billion at March 31, 2016, a decrease of $0.3 billion, or 1.0 percent, compared to $39.1 billion at December 31, 2015. The overall decrease in deposits was a result of a decrease in interest-bearing deposits. At March 31, 2016, 20.2 percent of our total deposits were interest-bearing deposits, compared to 21.1 percent at December 31, 2015.

At March 31, 2016, the aggregate balance of time deposit accounts individually equal to or greater than $250,000 totaled $48.3 million, compared to $53.9 million at December 31, 2015. At March 31, 2016, $48.3 million of the time deposit accounts individually equal to or greater than $250,000 were scheduled to mature within one year. No material portion of our deposits has been obtained from a single depositor and the loss of any one depositor would not materially affect our business.

Short-Term Borrowings

We had no short-term borrowings at March 31, 2016, compared to $774.9 million at December 31, 2015. The decrease was due to an increase in our cash and cash equivalent balances at March 31, 2016 as compared to December 31, 2015 exceeding minimum cash balances without the need for overnight borrowings.

Long-Term Debt

Our long-term debt was $796.6 million at March 31, 2016 and $796.7 million at December 31, 2015.

As of March 31, 2016, long-term debt included our 3.50% Senior Notes, 5.375% Senior Notes, 6.05% Subordinated Notes and 7.0% Junior Subordinated Debentures. For more information on our long-term debt, see Note 8–"Short-term Borrowings and Long-Term Debt" of the "Notes to Interim Consolidated Financial Statements (unaudited)" under Part I, Item I in this report.

Other Liabilities

A summary of other liabilities at March 31, 2016 and December 31, 2015 is as follows:

(Dollars in thousands)	March 31, 2016	December 31, 2015	% Change
Foreign exchange spot contract liabilities, gross	$ 83,436	$ 154,699	(46.1)%
Accrued compensation	49,893	151,134	(67.0)
Reserve for unfunded credit commitments	34,541	34,415	0.4
Derivative liabilities, gross (1)	52,691	30,737	71.4
Other	286,010	268,109	6.7
Total other liabilities	$ 506,571	$ 639,094	(20.7)

(1) See "Derivatives" section above.

Foreign Exchange Spot Contract Liabilities

Foreign exchange spot contract liabilities represent unsettled client trades at the end of the period. The decrease of $71.3 million was due primarily to decreased client trade activity at period-end.

Accrued Compensation

Accrued compensation includes amounts for our Incentive Compensation Plan, Direct Drive Incentive Compensation Plan, Retention Program, Warrant Incentive Plan, ESOP/profit sharing and other compensation arrangements. The decrease of $101.2 million was primarily the result of 2015 incentive compensation payouts during the first quarter of 2016, partially offset by lower accruals for the three months ended March 31, 2016 based on current expectations to meet our internal performance targets for fiscal 2016.

Reserve for Unfunded Credit Commitments

Our reserve for unfunded credit commitments increased to $34.5 million at March 31, 2016, compared to $34.4 million at December 31, 2015. An increase of $265.8 million in our total unfunded credit commitments contributed to the increase in the reserve.

Noncontrolling Interests

Noncontrolling interests totaled $130.0 million and $135.1 million at March 31, 2016 and December 31, 2015, respectively. The decrease was due to net losses attributable to noncontrolling interests of $2.6 million and distributions of $2.5 million to limited partners from one of our managed funds of funds for the three months ended March 31, 2016.

Fair Value Measurements

The following table summarizes our financial assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2016 and December 31, 2015.

	March 31, 2016		December 31, 2015	
(Dollars in thousands)	Total Balance	Level 3	Total Balance	Level 3
Assets carried at fair value	$ 14,662,357	$ 131,022	$ 16,710,656	$ 137,208
As a percentage of total assets	33.6%	0.3%	37.4%	0.3%
Liabilities carried at fair value	$ 52,691	$ —	$ 30,737	$ —
As a percentage of total liabilities	0.1%	—%	0.1%	—%
As a percentage of assets carried at fair value		0.9%		0.8%

Financial assets valued using Level 3 measurements consist of our non-marketable securities (investments in venture capital and other investment securities in shares of public company stock subject to certain sales restrictions for which the sales restriction has not been lifted) and equity warrant assets (shares of private and public company capital stock). The valuation methodologies of our non-marketable securities carried under fair value accounting and equity warrant assets involve a significant degree of management judgment. Refer to Note 14—"Fair Value of Financial Instruments" of the "Notes to Interim Consolidated Financial

Statements (unaudited)" under Part I, Item 1 of this report for a summary of the valuation techniques and significant inputs used for each class of Level 3 assets.

The inherent uncertainty in the process of valuing securities for which a ready market does not exist may cause our estimated values of these securities to differ significantly from the values that would have been derived had a ready market for the securities existed, and those differences could be material. The timing and amount of changes in fair value, if any, of these financial instruments depend upon factors beyond our control, including the performance of the underlying companies, fluctuations in the market prices of the preferred or common stock of the underlying companies, general volatility and interest rate market factors, and legal and contractual restrictions. The timing and amount of actual net proceeds, if any, from the disposition of these financial instruments depend upon factors beyond our control, including investor demand for IPOs, levels of M&A activity, legal and contractual restrictions on our ability to sell, and the perceived and actual performance of portfolio companies. All of these factors are difficult to predict and there can be no assurances that we will realize the full value of these securities, which could result in significant losses (See "Risk Factors" set forth in our 2015 Form 10-K).

During the three months ended March 31, 2016, the Level 3 assets that are measured at fair value on a recurring basis experienced net realized and unrealized gains of $7.1 million, primarily due to gains on exercised warrant assets during the period. During the three months ended March 31, 2015, the Level 3 assets that are measured at fair value on a recurring basis experienced net realized and unrealized gains of $20.2 million.

Capital Resources

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

SVBFG Stockholders' Equity

SVBFG stockholders' equity totaled $3.4 billion at March 31, 2016, an increase of $182.9 million, or 5.7 percent, compared to $3.2 billion at December 31, 2015. This increase was due primarily to net income of $79.2 million for the three months ended March 31, 2016. Additionally, the increase in the net balance of our accumulated other comprehensive income to $115.4 million from $15.4 million at December 31, 2015, was driven primarily by a $170.8 million increase in the fair value of our fixed income security portfolios ($101.2 million net of tax), which resulted from a decrease in the period-end market interest rates for the three months ended March 31, 2016.

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

Capital Ratios

Both SVB Financial and the Bank are subject to various regulatory capital requirements administered by state and federal banking agencies.

Regulatory capital ratios for SVB Financial and the Bank exceeded minimum federal regulatory guidelines for a well-capitalized depository institution as of March 31, 2016 and December 31, 2015. Capital ratios for SVB Financial and the Bank, compared to the minimum regulatory ratios applicable to bank holding companies and banks to be considered "well capitalized" and "adequately capitalized", are set forth below:

			Minimum Ratios under Applicable Regulatory Capital Adequacy Requirements	
	March 31, 2016	December 31, 2015	"Well Capitalized"	"Adequately Capitalized"
SVB Financial:				
CET 1 risk-based capital ratio	12.38%	12.28%	6.5%	4.5%
Tier 1 risk-based capital ratio	12.86	12.83	8.0	6.0
Total risk-based capital ratio	13.90	13.84	10.0	8.0
Tier 1 leverage ratio	7.69	7.63	N/A	4.0
Tangible common equity to tangible assets ratio (1)	7.76	7.16	N/A	N/A
Tangible common equity to risk-weighted assets ratio (1)	12.82	12.34	N/A	N/A
Bank:				
CET 1 risk-based capital ratio	12.57%	12.52%	6.5%	4.5%
Tier 1 risk-based capital ratio	12.57	12.52	8.0	6.0
Total risk-based capital ratio	13.66	13.60	10.0	8.0
Tier 1 leverage ratio	7.19	7.09	5.0	4.0
Tangible common equity to tangible assets ratio (1)	7.55	6.95	N/A	N/A
Tangible common equity to risk-weighted assets ratio (1)	13.03	12.59	N/A	N/A

(1) See below for a reconciliation of non-GAAP tangible common equity to tangible assets and tangible common equity to risk-weighted assets.

Both SVB Financial's and the Bank's capital ratios (CET 1, tier 1, total risk-based capital and tier 1 leverage) increased as of March 31, 2016, compared to the same ratios as of December 31, 2015. The increases are a result of the proportionally higher increase in our capital compared to the increases in risk-weighted and average assets during the first quarter of 2016. Increased capital is reflective primarily of quarterly earnings. The growth in period-end risk-weighted assets was primarily from loan growth, partially offset by a decrease in fixed income securities, while growth in average assets during the first quarter of 2016 was primarily from loan growth and deposit growth, partially offset by decreases in fixed income securities and cash balances. All of our reported capital ratios remain above the levels considered to be "well capitalized" under applicable banking regulations.

The tangible common equity to tangible assets ratio and the tangible common equity to risk-weighted assets ratios are not required by GAAP or applicable bank regulatory requirements. However, we believe these ratios provide meaningful supplemental information regarding our capital levels. Our management uses, and believes that investors benefit from referring to, these ratios in evaluating the adequacy of the Company's capital levels; however, these financial measures should be considered in addition to, not as a substitute for or preferable to, comparable financial measures prepared in accordance with GAAP. These ratios are calculated by dividing total SVBFG stockholders' equity, by total period-end assets and risk-weighted assets, after reducing both amounts by acquired intangibles, if any. The manner in which this ratio is calculated varies among companies. Accordingly, our ratio is not necessarily comparable to similar measures of other companies.

The following table provides a reconciliation of non-GAAP financial measures with financial measures defined by GAAP for SVB Financial and the Bank for the periods ended March 31, 2016 and December 31, 2015:

	SVB Financial		Bank	
Non-GAAP tangible common equity and tangible assets (dollars in thousands, except ratios)	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
GAAP SVBFG stockholders' equity	$ 3,381,044	$ 3,198,134	$ 3,246,536	$ 3,059,045
Tangible common equity	$ 3,381,044	$ 3,198,134	$ 3,246,536	$ 3,059,045
GAAP Total assets	$ 43,573,902	$ 44,686,703	$ 42,990,146	$ 44,045,967
Tangible assets	$ 43,573,902	$ 44,686,703	$ 42,990,146	$ 44,045,967
Risk-weighted assets	$ 26,382,154	$ 25,919,594	$ 24,922,140	$ 24,301,043
Tangible common equity to tangible assets	7.76%	7.16%	7.55%	6.95%
Tangible common equity to risk-weighted assets	12.82	12.34	13.03	12.59

Both the tangible common equity to tangible assets ratio and tangible common equity to risk-weighted assets ratio increased for SVB Financial and the Bank. The increases are a result of the proportionally higher increase in our capital compared to the increases in total and risk-weighted assets during the first quarter of 2016. Increased capital is reflective primarily of quarterly

earnings. The growth in total and risk-weighted assets was primarily from loan growth and was partially offset by the decrease in our fixed income securities. See "SVBFG Stockholders' Equity" above for further details on changes to the individual components of our equity balance.

Off-Balance Sheet Arrangements

In the normal course of business, we use financial instruments with off-balance sheet risk to meet the financing needs of our customers. These financial instruments include commitments to extend credit, commercial and standby letters of credit and commitments to invest in venture capital and private equity fund investments. These instruments involve, to varying degrees, elements of credit risk. Credit risk is defined as the possibility of sustaining a loss because other parties to the financial instrument fail to perform in accordance with the terms of the contract. For details of our commitments to extend credit, and commercial and standby letters of credit, please refer to Note 12—"Off-Balance Sheet Arrangements, Guarantees, and Other Commitments" of the "Notes to Interim Consolidated Financial Statements (unaudited)" under Part I, Item 1 of this report.

Commitments to Invest in Venture Capital/Private Equity Funds

Subject to applicable regulatory requirements, including the Volcker Rule, we make investments. We make commitments to invest in venture capital and private equity funds, which in turn make investments generally in, or in some cases make loans to, privately-held companies. Commitments to invest in these funds are generally made for a 10-year period from the inception of the fund. Although the limited partnership agreements governing these investments typically do not restrict the general partners from calling 100% of committed capital in one year, it is customary for these funds to generally call most of the capital commitments over 5 to 7 years; however in certain cases, the funds may not call 100% of committed capital over the life of the fund. The actual timing of future cash requirements to fund these commitments is generally dependent upon the investment cycle, overall market conditions, and the nature and type of industry in which the privately held companies operate.

For further details on our commitments to invest in venture capital and private equity funds, refer to Note 12—"Off-Balance Sheet Arrangements, Guarantees, and Other Commitments" of the "Notes to Interim Consolidated Financial Statements (unaudited)" under Part I, Item 1 of this report.

Liquidity

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

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

Our deposit base is, and historically has been, our primary source of liquidity. Our deposit levels and cost of deposits may fluctuate from time to time due to a variety of factors, including market conditions, prevailing interest rates, changes in client deposit behaviors, availability of insurance protection, and our offering of deposit products. We may also offer more investment alternatives off the balance sheet which may impact deposit levels. At March 31, 2016, our period-end total deposit balances decreased to $38.8 billion, compared to $39.1 billion at December 31, 2015.

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

On a stand-alone basis, SVB Financial's primary liquidity channels include dividends from the Bank, its portfolio of liquid assets, cash proceeds from the sale of equity warrants and fund investments and its ability to raise debt and capital. The ability of the Bank to pay dividends is subject to certain regulations described in "Business—Supervision and Regulation—Restriction on Dividends" under Part I, Item 1 of our 2015 Form 10-K.

Consolidated Summary of Cash Flows

Below is a summary of our average cash position and statement of cash flows for the three months ended March 31, 2016 and 2015. For further details, see our "Interim Consolidated Statements of Cash Flows (Unaudited)" under Part I, Item 1 of this report.

(Dollars in thousands)	March 31, 2016	March 31, 2015
Average cash and cash equivalents	$ 2,533,391	$ 1,739,496
Percentage of total average assets	5.7%	4.6%
Net cash provided by operating activities	$ 56,061	$ 53,206
Net cash provided by (used for) investing activities	1,474,078	(538,210)
Net cash used for financing activities	(1,164,884)	(62,164)
Net increase (decrease) in cash and cash equivalents	$ 365,255	$ (547,168)

Average cash and cash equivalents increased by $0.8 billion, or 45.6 percent, to $2.5 billion for the three months ended March 31, 2016, compared to $1.7 billion for the comparable 2015 period. During the first quarter of 2015, we purchased $1.3 billion of fixed income securities which contributed to the lower average cash position during the first quarter of 2015.

Cash provided by operating activities was $56.1 million for the three months ended March 31, 2016, reflective primarily of net income before noncontrolling interests of $76.6 million. These net inflows also included $32.3 million of non-cash adjustments to reconcile net income to net cash and were partially offset by $101.2 million of incentive compensation payouts during the first quarter of 2016.

Cash provided by investing activities of $1.5 billion for the three months ended March 31, 2016 included $2.6 billion in proceeds from the sale of $1.9 billion of U.S. Treasury securities and $0.7 billion from maturities and principal paydowns from our fixed income securities investments, partially offset by $1.0 billion of loan disbursements to fund loan growth.

Cash used for financing activities was $1.2 billion for the three months ended March 31, 2016, primarily reflective of $0.8 billion of payments on our overnight short-term borrowings and a net decrease of $0.3 billion in deposits.

Cash and cash equivalents were $1.9 billion and $1.3 billion, respectively, at March 31, 2016 and March 31, 2015.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk Management

Market risk is defined as the risk of adverse fluctuations in the market value of financial instruments due to changes in market interest rates. Interest rate risk is our primary market risk and can result from timing and volume differences in the repricing of our rate-sensitive assets and liabilities, widening or tightening of credit spreads, changes in the general level of market interest rates and changes in the shape and level of the benchmark LIBOR/SWAP yield curve. Additionally, changes in interest rates can influence the rate of principal prepayments on mortgage securities which affects the rate of amortization of purchase premiums and discounts. Other market risks include foreign currency exchange risk and equity price risk. These risks are not considered significant compared to interest rate sensitivity risks and no separate quantitative information concerning them is presented herein.

Interest rate risk is managed by our ALCO. ALCO reviews the market valuation and 12-month forward looking earnings sensitivity of assets and liabilities to changes in interest rates, structural changes in investment and funding portfolios, loan and deposit activity and current market conditions. Adherence to relevant policies is monitored on an ongoing basis.

Management of interest rate risk is carried out primarily through strategies involving our fixed income securities portfolio, available funding channels and capital market activities. In addition, our policies permit the use of off-balance sheet derivative instruments to assist in managing interest rate risk.

We utilize a simulation model to perform sensitivity analysis on the economic value of equity and net interest income under a variety of interest rate scenarios, balance sheet forecasts and proposed strategies. The simulation model provides a dynamic assessment of interest rate sensitivity embedded in our balance sheet which measures the potential variability in forecasted results relating to changes in market interest rates over time. We review our interest rate risk position on a quarterly basis at a minimum.

Model Simulation and Sensitivity Analysis

One application of the aforementioned simulation model involves measurement of the impact of changes in market interest rates on our economic value of equity ("EVE"). EVE is defined as the market value of assets, less the market value of liabilities, adjusted for any off-balance sheet items. A second application of the simulation model measures the impact of changes in market interest rates on our net interest income ("NII") assuming a static balance sheet as of the period-end reporting date. Changes in market interest rates that affect us are principally short-term interest rates and include the following: (i) National Prime and SVB

Prime rates; (ii) 1-month and 3-month LIBOR; and (iii) Fed Funds target rate. Changes in these short-term rates impact interest earned on our variable rate loans, variable rate investment securities and balances held as cash and cash equivalents. Additionally, deposit pricing generally follows overall changes in short-term interest rates.

The following table presents our EVE and NII sensitivity exposure at March 31, 2016 and December 31, 2015 related to an instantaneous and sustained parallel shift in market interest rates of 100 and 200 basis points.

Change in interest rates (basis points) (Dollars in thousands)	Estimated EVE	Estimated Increase/(Decrease) In EVE		Estimated NII	Estimated Increase/ (Decrease) In NII	
		Amount	Percent		Amount	Percent
March 31, 2016:						
200	$ 5,462,887	$ 1,732,836	46.5%	$ 1,474,724	$ 310,033	26.6 %
100	4,474,499	744,448	20.0	1,317,238	152,547	13.1
—	3,730,051	—	—	1,164,691	—	—
-100	4,403,220	673,169	18.0	1,115,822	(48,869)	(4.2)
-200	4,381,627	651,576	17.5	1,106,418	(58,273)	(5.0)
December 31, 2015:						
200	$ 6,007,061	$ 1,783,649	42.2%	$ 1,454,889	$ 268,242	22.6 %
100	5,166,410	942,998	22.3	1,318,584	131,937	11.1
—	4,223,412	—	—	1,186,647	—	—
-100	4,350,421	127,009	3.0	1,127,223	(59,424)	(5.0)
-200	4,548,417	325,005	7.7	1,095,854	(90,793)	(7.7)

Economic Value of Equity

The estimated EVE in the preceding table is based on a combination of valuation methodologies including a discounted cash flow analysis and a multi-path lattice based valuation. Both methodologies use publicly available market interest rates. The model simulations and calculations are highly assumption-dependent and will change regularly as our asset/liability structure changes, as interest rate environments evolve, and as we change our assumptions in response to relevant market or business circumstances. These calculations do not reflect the changes that we anticipate or may make to reduce our EVE exposure in response to a change in market interest rates as a part of our overall interest rate risk management strategy.

As with any method of measuring interest rate risk, certain limitations are inherent in the method of analysis presented in the preceding table. We are exposed to yield curve risk, prepayment risk and basis risk, which cannot be fully modeled and expressed using the above methodology. Accordingly, the results in the preceding table should not be relied upon as a precise indicator of actual results in the event of changing market interest rates. Additionally, the resulting EVE and NII estimates are not intended to represent, and should not be construed to represent the underlying value. In addition, we assume different deposit balance decay rates for each interest rate scenario based on a historical deposit study of our clients.

Our base case EVE as of March 31, 2016 decreased from December 31, 2015 by $493 million as a result of balance sheet mix changes, as well as yield curve changes. Lower rates at the long end of the yield curve resulted in a relatively flat curve compared to December 31, 2015. This contributed a net negative impact of $392 million to base EVE, while balance sheet mix changes contributed an additional negative $101 million change in base EVE. Total deposits, primarily interest bearing non-maturity deposits, decreased by $373 million. During the three months ended March 31, 2016, we sold $1.9 billion of AFS investment securities to support $1.0 billion of loan growth, as well as the deposit outflow noted previously. EVE sensitivity increased in all rate scenarios due to the change in balance sheet composition as well as the flattening yield curve. Changes in the yield curve resulted in the discount rates for NIB non-maturity deposits hitting floors in the downward rate shock modeling scenarios.

12-Month Net Interest Income Simulation

Our estimated 12-month NII forecast at March 31, 2016 decreased from December 31, 2015 by $22 million due primarily to the sale of $1.9 billion of AFS investment securities as mentioned above. However, the decrease is partially offset by $1.0 billion of growth in the loan portfolio. NII sensitivity at March 31, 2016 increased in the upward interest rate shock scenarios relative to December 31, 2015 due to loan growth, and decreased in the downward rate shock scenarios due to a $373 million decrease in interest bearing deposits.

The simulation model used in the above analysis embeds floors in our interest rate scenarios, which prevent model benchmark rates from moving below 0.0% on certain variable interest rate assets and liabilities. Additionally, interest rate floors embedded in certain loan agreements will impact the repricing magnitude of these assets as benchmark rates move higher. In

addition, we assume different deposit balance decay rates for each interest rate scenario based on a historical deposit study of our clients. These assumptions may change in future periods based on management discretion. Actual changes in our deposit pricing strategies may differ from our current model assumptions and may have an impact on our overall sensitivity.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are the controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms. Disclosure controls and procedures include, among other things, processes, controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of our most recently completed fiscal quarter, pursuant to Exchange Act Rule 13a-15(b). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

Changes in Internal Control

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II–OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Please refer to Note 15–"Legal Matters" of the "Notes to Interim Consolidated Financial Statements (unaudited)" under Part I, Item 1 of this report.

ITEM 1A. RISK FACTORS

There are no material changes from the risk factors set forth in our 2015 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See Index to Exhibits at end of report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SVB Financial Group

Date: May 10, 2016

/s/ MICHAEL DESCHENEAUX

Michael Descheneaux
Chief Financial Officer
(Principal Financial Officer)

SVB Financial Group

Date: May 10, 2016

/s/ KAMRAN HUSAIN

Kamran Husain
Chief Accounting Officer
(Principal Accounting Officer)

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INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
*10.1	2006 Equity Incentive Plan**					X
31.1	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Executive Officer					X
31.2	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Financial Officer					X
32.1	Section 1350 Certifications					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

* Denotes management contract or any compensatory plan, contract or arrangement

** Plan corrected to reflect the appropriate maximum aggregate number of shares of common stock that may be awarded and sold under the plan. The previously-filed version of the plan contained an administrative error.



SVB FINANCIAL GROUP

2006 EQUITY INCENTIVE PLAN

Adopted by the Board of Directors as of February 21, 2006
Approved by Shareholders as of May 11, 2006, April 21, 2011 and April 26, 2012
Amended by the Compensation Committee of the Board of Directors as of June 29, 2006, April 26, 2007, October 22, 2008, March 7, 2011, December 15, 2011, January 8, 2014, January 7, 2015 and December 8, 2015 and by the Board of Directors as of February 22, 2011 and
February 21, 2012

1. Purposes of the Plan. The purposes of this Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,
- to provide incentives to individuals who perform services to the Company,
- to align with stockholder interests, and
- to promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units, Performance Shares and other stock or cash awards as the Administrator may determine.

2. Definitions. As used herein, the following definitions will apply:

(a) "Administrator" means the Board or any of its Committees, including its Compensation Committee, as will be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Affiliate" means any corporation or any other entity (including, but not limited to, partnerships and joint ventures) controlling, controlled by, or under common control with the Company.

(c) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(d) "Award" means, individually or collectively, a grant under the Plan of Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units, Performance Shares and other stock or cash awards as the Administrator may determine.

(e) "Award Agreement" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(f) "Board" means the Board of Directors of the Company.

(g) "Cause" means:

(i) An act of embezzlement, fraud, dishonesty, or breach of fiduciary duty to the Company; or

(ii) A deliberate disregard of the rules of the Company which results in loss, damage or injury to the Company, or

(iii) Any unauthorized disclosure of any of the secrets or confidential information of the Company, or

(iv) Inducing any client or customer of the Company to break any contract with the Company or inducing any principal for whom the Company acts as agent to terminate such agency relations; or

(v) Engaging in any conduct which constitutes unfair competition with the Company; or

(vi) Any act which results in the Participant being removed from any office of the Company by any bank regulatory agency.

(h) "Change in Control" means the consummation of any of the following transactions:

(i) A merger or consolidation of Silicon Valley Bank (the "Bank") or the Company with any other corporation, other than a merger or consolidation which would result in beneficial owners of the total voting power in the election of directors represented by the voting securities ("Voting Securities") of the Bank or the Company (as the case may be) outstanding immediately prior thereto continuing to beneficially own securities representing (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total Voting Securities of the Bank or the Company, or of such surviving entity, outstanding immediately after such merger or consolidation;

(ii) The filing of a plan of liquidation or dissolution of the Bank or the closing of the sale, lease, exchange or other transfer or disposition by the Bank or the Company of all or substantially all of the Bank's assets;

(iii) Any person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act, other than (A) a trustee or other fiduciary holding securities under an employee benefit plan of the Bank or the Company, (B) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their beneficial ownership of stock in the Company, or (C) the Company (with respect to the Company's ownership of the stock of the Bank), is or becomes the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, of the securities of the Bank or the Company representing fifty percent (50%) or more of the Voting Securities; or

(iv) Any person (as such term is used in Sections 13(d) or 14(d) of the Exchange Act), other than (A) a trustee or other fiduciary holding securities under an employee benefit plan of the Bank or the Company, (B) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock in the Bank, or (C) the Company (with respect to the Company's ownership of the stock of the Bank) is or becomes the beneficial owner (within the meaning or Rule 13d-3 under the Exchange Act), directly or indirectly, of the securities of the Bank or the Company representing twenty-five percent (25%) or more of the Voting Securities of such corporation, and within twelve (12) months of the occurrence of such event, a change in the composition of the Board occurs as a result of which sixty percent (60%) or fewer of the Directors are Incumbent Directors. For purposes of this definition, Incumbent Directors will mean Directors who either (A) are Directors as of the date hereof, (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Directors who are Incumbent Directors described in (A) above at the time of such election or nomination, or (C) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Directors who are Incumbent Directors described in (A) or (B) above at the time of such election or nomination. Notwithstanding the foregoing, "Incumbent Directors" will not include an individual whose election or nomination to the Board occurs in order to provide representation for a person or group of related persons who have initiated or encouraged an actual or threatened proxy contest relating to the election of Directors.

(i) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

(j) "Committee" means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board in accordance with Section 4 hereof.

(k) "Common Stock" means the common stock of the Company.

(l) "Company" means SVB Financial Group, a Delaware corporation, or any successor thereto.

(m) "Consultant" means any natural person, including an advisor, engaged by the Company or its Affiliates to render bona fide services to such entity, provided the services: (i) are not in connection with the offer or sale of securities in a capital-raising transaction, and (ii) do not directly promote or maintain a market for the Company's securities, in each case, within the meaning of Form S-8 promulgated under the Securities Act, and provided, further, that a Consultant will include only

those persons to whom the issuance of Shares may be registered under Form S-8 promulgated under the Securities Act.

(n) "Covered Employee" has the meaning given to such term in Section 12(c).

(o) "Determination Date" means the latest possible date that will not jeopardize the qualification of an Award granted under the Plan as "performance-based compensation" under Section 162(m) of the Code.

(p) "Director" means a member of the Board.

(q) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(r) "Employee" means any person, including Officers and Directors, employed by the Company or its Affiliates. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

(s) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(t) "Fair Market Value" means, as of any date, the value of Common Stock as the Administrator may determine in good faith by reference to the price of such stock on any established stock exchange or a national market system on the day of determination if the Common Stock is so listed on any established stock exchange or a national market system. If the Common Stock is not listed on any established stock exchange or a national market system, the value of the Common Stock will be determined by the Administrator in good faith.

(u) "Fiscal Year" means the fiscal year of the Company.

(v) "Full Value Award" means an Award granted with an exercise price, if any, less than the Fair Market Value on the date of grant of such Award and generally will be in the form of Awards of Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units.

(w) "Incentive Stock Option" means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(x) "Nonstatutory Stock Option" means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(y) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(z) "Option" means a stock option granted pursuant to the Plan.

(aa) "Outside Director" means a Director who is not an Employee.

(ab) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(ac) "Participant" means the holder of an outstanding Award.

(ad) "Performance Goals" will have the meaning set forth in Section 12 of the Plan.

(ae) "Performance Period" means any Fiscal Year of the Company or such other period as determined by the Administrator in its sole discretion.

(af) "Performance Share" means an Award denominated in Shares which may be earned in whole or in part upon attainment of Performance Goals or other vesting criteria as the Administrator may determine pursuant to Section 11.

(ag) "Performance Unit" means an Award which may be earned in whole or in part upon attainment of Performance Goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 11.

(ah) "Period of Restriction" means the period during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

(ai) "Plan" means this 2006 Equity Incentive Plan.

(aj) "Restricted Stock" means Shares issued pursuant to an Award of Restricted Stock under Section 9 of the Plan, or issued pursuant to the early exercise of an Option.

(ak) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 10. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(al) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(am) "Section 16(b)" means Section 16(b) of the Exchange Act.

(an) "Securities Act" means the Securities Act of 1933, as amended.

(ao) "Service Provider" means an Employee, Director or Consultant.

(ap) "Share" means a share of the Common Stock, as adjusted in accordance with Section 16 of the Plan.

(aq) "Stock Appreciation Right" means an Award, granted alone or in connection with an Option, that pursuant to Section 8 is designated as a Stock Appreciation Right.

(ar) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(as) "Successor Corporation" has the meaning given to such term in Section 16(c) of the Plan.

3. Stock Subject to the Plan.

(a) Stock Subject to the Plan. Subject to the provisions of Section 16 of the Plan, the maximum aggregate number of Shares that may be awarded and sold under the Plan is 9,528,505 Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

(b) Full Value Awards. Any Shares subject to Full Value Awards will be counted against the numerical limits of this Section 3 as two Shares for every one Share subject thereto. Further, if Shares acquired pursuant to any such Award are forfeited or repurchased by the Company and would otherwise return to the Plan pursuant to Section 3(c), two times the number of Shares so forfeited or repurchased will return to the Plan and will again become available for issuance.

(c) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, or, with respect to Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units, is forfeited to or repurchased by the Company, the unpurchased Shares (or for Awards other than Options and Stock Appreciation Rights, the forfeited or repurchased Shares) which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, all of the Shares covered by the Award (that is, Shares actually issued pursuant to a Stock Appreciation Right, as well as the Shares that represent payment of the exercise price) will cease to be available under the Plan. However, Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if unvested Shares of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are repurchased by the Company or are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares used to pay the exercise price of an Award will not become available for future grant or sale under the Plan. Shares used to satisfy the tax withholding obligations related to an Award (other than an Option or Stock Appreciation Right) will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment provided in Section 16, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Section 422 of the Code, any Shares that become available for issuance under the Plan under this Section 3(c).

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. Different Committees with respect to different groups of Service Providers may administer the Plan.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as "performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan will be administered by a Committee of two or more "outside directors" within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration. Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder;

(iv) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(v) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws;

(vi) to modify or amend each Award (subject to Section 6(c) and 21(c) of the Plan);

(vii) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(viii) to allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award pursuant to such procedures as the Administrator may determine; and

(ix) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards.

5. Eligibility. Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units, Performance Shares and such other cash or stock awards as the Administrator determines may be granted to Service Providers. Incentive Stock Options may be granted only to employees of the Company or any Parent or Subsidiary of the Company.

6. Limitations.

(a) Incentive Stock Option $100,000 Rule. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds $100,000, such Options will be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

(b) Section 162(m) Limitations. The following limitations shall apply to Awards under the Plan: during any Fiscal Year, no Employee will be granted: (i) Options to purchase more than 250,000 Shares; (ii) Stock Appreciation Rights covering more than 250,000 Shares; (iii) more than an aggregate of 125,000 Shares of Restricted Stock; (iv) more than an aggregate of 125,000 Restricted Stock Units; and (v) Performance Units having an initial value greater than $4,000,000, and more than 125,000 Performance Shares.

(c) Repricings/Modifications. The Administrator may not, without first obtaining stockholder approval: (A) modify or amend an Option or Stock Appreciation Right to reduce the exercise price of such Option or Stock Appreciation Right after it has been granted (except for adjustments made pursuant to Section 16), or (B) cancel any outstanding Option or Stock Appreciation Right and immediately replace it with a new Option or Stock Appreciation Right with a lower exercise price. This will include, without limitation, a repricing of the Option or Stock Appreciation Right as well as an exchange program whereby the Participant agrees to cancel an existing Option or Stock Appreciation Right in exchange for an Option, Stock Appreciation Right or other Award.

(d) Outside Director Award Limitations. No Outside Director may be granted, in any Fiscal Year, Awards covering Shares having an initial value greater than $500,000. Awards granted to an individual while he or she was an Employee or Consultant, but not an Outside Director, shall not

count for purposes of these limitations. The foregoing limitations will be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 16.

(e) Limitations on Vesting and Acceleration.

(i) Options and Stock Appreciation Rights. With respect to Options or Stock Appreciation Rights granted to Employees or Consultants, and except as otherwise provided in Section 16(c), no Options or Stock Appreciation Rights granted hereunder shall vest and become exercisable prior to the one (1) year anniversary of the date of grant (or, if applicable, the date an Employee or Consultant begins his or her employment or service with the Company or any Parent or Subsidiary of the Company). Notwithstanding the foregoing sentence and subject to Section 6(e)(iv), the Administrator, in its sole discretion, may provide at the time of or following the date of grant for accelerated vesting of an Option or Stock Appreciation Right.

(ii) Full Value Awards. With respect to Full Value Awards granted to Employees or Consultants, and except as otherwise provided in Section 16(c), Full Value Awards will not vest more rapidly than one-third (1/3rd) of the total number of Shares subject to the Full Value Award each year from the date of grant (or, if applicable, the date an Employee or Consultant begins his or her employment or service with the Company or any Parent or Subsidiary of the Company), unless the Administrator determines that the Full Value Award is to vest upon the achievement of performance criteria and the period for measuring such performance will cover at least twelve (12) months. Notwithstanding the foregoing sentence and subject to Section 6(e)(iv), the Administrator, in its sole discretion, may provide at the time of or following the date of grant for accelerated vesting for Full Value Awards.

(iii) Vesting of Awards Granted to Directors. Awards that are granted on an annual basis to Directors following the Company's Annual Meeting of Stockholders, shall become fully vested no earlier than the last day of the Director's then current annual term of service as a member of the Board. Notwithstanding the foregoing, Awards granted pursuant to the 5% Limit or Awards that accelerate in connection with a Change in Control or upon or in connection with a Director's termination of service due to death, Disability or retirement are not subject to the vesting provisions contained in this Section 6(e)(iii).

(iv) Generally. Awards that result in issuing up to 5% of the maximum aggregate number of Shares authorized for issuance under the Plan (the "5% Limit") may be granted to any one or more Service Providers without respect to any minimum vesting provisions included in the Plan. Further, all Awards that have their vesting discretionarily accelerated by the Administrator other than upon or in connection with a Change in Control or upon or in connection with a Participant's termination of service due to death, Disability or retirement, are subject to the 5% Limit. Notwithstanding the foregoing, the Administrator may, in its discretion, accelerate the vesting of Awards such that the Plan minimum vesting requirements still must be met, without such vesting acceleration counting toward the 5% Limit. The 5% Limit shall be considered as one aggregate limit applying to the granting of Awards to Service Providers without respect to Plan minimum vesting requirements and to the discretionary vesting acceleration of Awards.

7. Stock Options.

(a) Term of Option. The Administrator will determine the term of each Option in its sole discretion. Any Option granted under the Plan will not be exercisable after the expiration of seven (7) years from the date of grant or such shorter term as may be provided in the Award Agreement. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(b) Option Exercise Price and Consideration.

(i) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, but will be no less than 100% of the Fair Market Value per Share on the date of grant. In addition, in the case of an Incentive Stock Option granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than 110% of the Fair Market Value per Share on the date of grant. Notwithstanding the foregoing provisions of this Section 7(b), Options may be granted with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(ii) Waiting Period and Exercise Dates. Subject to the terms and conditions of the Plan, at the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

(iii) Form of Consideration. The Administrator will determine the acceptable form(s) of consideration for exercising an Option, including the method of payment, to the extent permitted by Applicable Laws.

(c) Exercise of Option.

(i) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (i) notice of exercise (in such form as the Administrator specifies from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with an applicable withholding taxes). No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 16 of the Plan.

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's termination for Cause or as the result of the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for three (3) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following Participant's death. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(v) Termination for Cause. If a Participant's status as a Service Provider is terminated for Cause, then the Option will immediately terminate, and the Shares covered by such Option will revert to and again become available for issuance under the Plan.

(vi) Other Termination. A Participant's Award Agreement may also provide that if the exercise of the Option following the termination of Participant's status as a Service Provider (other than upon the Participant's death or Disability) would result in liability under Section 16(b), then the Option will terminate on the earlier of (A) the expiration of the term of the Option set forth in the Award Agreement, or (B) the 10th day after the last date on which such exercise would result in such liability under Section 16(b). Finally, a Participant's Award Agreement may also provide that if the exercise of the Option following the termination of the Participant's status as a Service Provider (other than upon the Participant's death or disability) would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Securities Act, then the Option will terminate on the earlier of (A) the expiration of the term of the Option, or (B) the expiration of a period of three (3) months after the termination of the Participant's status as a Service Provider during which the exercise of the Option would not be in violation of such registration requirements.

7. Stock Appreciation Rights.

(a) Grant of Stock Appreciation Rights. Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion.

(b) Number of Shares. Subject to the provisions of Section 6(b), the Administrator will have complete discretion to determine the number of Stock Appreciation Rights granted to any Participant.

(c) Exercise Price and Other Terms. The Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan, provided, however, that the exercise price will be not less than 100% of the Fair Market Value of a Share on the date of grant.

(d) Stock Appreciation Right Agreement. Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(e) Expiration of Stock Appreciation Rights. The Administrator will determine the term of each Stock Appreciation Right in its sole discretion. Any Stock Appreciation Right granted under the Plan will not be exercisable after the expiration of seven (7) years from the date of grant or such shorter term as may be provided in the Award Agreement. Notwithstanding the foregoing, the rules of Section 7(c) also will apply to Stock Appreciation Rights.

(f) Payment of Stock Appreciation Right Amount. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon Stock Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

8. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Restricted Stock Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Unless the Administrator determines otherwise, Shares of Restricted Stock will be held by the Company as escrow agent until the restrictions on such Shares have lapsed.

(c) Transferability. Except as provided in this Section 9, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

(d) Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) Removal of Restrictions. Except as otherwise provided in this Section 9, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction. Subject to the terms and conditions of the Plan, the restrictions will lapse at a rate determined by the Administrator.

(f) Voting Rights. During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) Dividends and Other Distributions. During the Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares unless otherwise provided in the Award Agreement. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(h) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

(i) Section 162(m) Performance Restrictions. For purposes of qualifying grants of Restricted Stock as "performance-based compensation" under Section 162(m) of the Code, the

Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals will be set by the Administrator on or before the Determination Date. In granting Restricted Stock which is intended to qualify under Section 162(m) of the Code, the Administrator will follow any procedures determined by it from time to time to be necessary or appropriate to ensure qualification of the Award under Section 162(m) of the Code (e.g., in determining the Performance Goals).

9. Restricted Stock Units.

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. Each Restricted Stock Unit grant will be evidenced by an Award Agreement that will specify such other terms and conditions as the Administrator, in its sole discretion, will determine, including all terms, conditions, and restrictions related to the grant, the number of Restricted Stock Units and the form of payout, which, subject to Section 10(d), may be left to the discretion of the Administrator.

(b) Vesting Criteria and Other Terms. Subject to the terms and conditions of the Plan, the Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. Each Award of Restricted Stock Units will be evidenced by an Award Agreement that will specify the vesting criteria, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as specified in the Award Agreement.

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) set forth in the Award Agreement. The Administrator, in its sole discretion, may pay earned Restricted Stock Units in cash, Shares, or a combination thereof. Shares represented by Restricted Stock Units that are fully paid in cash again will be available for grant under the Plan.

(e) Cancellation. On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

(f) Section 162(m) Performance Restrictions. For purposes of qualifying grants of Restricted Stock Units as "performance-based compensation" under Section 162(m) of the Code, the Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals will be set by the Administrator on or before the Determination Date. In granting Restricted Stock Units which are intended to qualify under Section 162(m) of the Code, the Administrator will follow any procedures determined by it from time to time to be necessary or appropriate to ensure qualification of the Award under Section 162(m) of the Code (e.g., in determining the Performance Goals).

10. Performance Units and Performance Shares.

(a) Grant of Performance Units/Shares. Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. Subject to the provisions of Section 6(b), the Administrator will have complete discretion in determining the number of Performance Units/Shares granted to each Participant.

(b) Value of Performance Units/Shares. Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

(c) Performance Objectives and Other Terms. Subject to the terms and conditions of the Plan, the Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units/Shares that will be paid out to the Participant. The Administrator may set performance objectives based upon the achievement of Company wide, divisional, or individual goals, or any other basis determined by the Administrator in its discretion. Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(d) Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved.

(e) Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

(f) Cancellation of Performance Units/Shares. On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

(g) Section 162(m) Performance Restrictions. For purposes of qualifying grants of Performance Units/Shares as "performance-based compensation" under Section 162(m) of the Code, the Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals will be set by the Administrator on or before the Determination Date. In granting Performance Units/Shares which are intended to be qualify under Section 162(m) of the Code, the Administrator will follow any procedures determined by it from

time to time to be necessary or appropriate to ensure qualification of the Award under Section 162(m) of the Code (e.g., in determining the Performance Goals).

11. Performance Based Compensation Under Section 162(m).

(a) General. If the Administrator, in its discretion, decides to grant an Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the provisions of this Section 12 will control over any contrary provision in the Plan; provided, however, that the Administrator may in its discretion grant Awards that are not intended to qualify as "performance-based compensation" under Section 162(m) of the Code to such Participants that are based on Performance Goals or other specific criteria or goals but that do not satisfy the requirements of this Section 12.

(b) Performance Goals. Awards of Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units and other incentives under the Plan may be made subject to the attainment of performance goals relating to one or more business criteria within the meaning of Section 162(m) of the Code and may provide for a targeted level or levels of achievement ("Performance Goals") including assets; bond rating; cash flow; cash position; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per Share; economic profit; economic value added; equity or stockholder's equity; earnings; revenue; market share; net income; net profit; net sales; noninterest income as percent of total income; operating earnings; operating income; profit before tax; ratio of debt to debt plus equity; ratio of operating earnings to capital spending; results of regulatory reviews and examinations; return on equity; return on net assets; return on sales; sales; total return to stockholders; book value; ratio of nonperforming assets to performing assets; credit quality; loan balances; deposit balances; or measures of regulatory capital. With respect to the Company as a whole or a business unit of the Company, any Performance Goals may be: (i) used to measure specific performance levels or growth over certain performance periods, and (ii) may be measured relative to a peer group or index. The Performance Goals may differ from Participant to Participant and from Award to Award. Prior to the Determination Date, the Administrator, will determine whether any significant element(s) will be included in or excluded from the calculation of any Performance Goal with respect to any Participant. In all other respects, Performance Goals will be calculated in accordance with the Company's financial statements, generally accepted accounting principles, or under a methodology established by the Administrator prior to the issuance of an Award, which is consistently applied and identified in the financial statements, including footnotes, or the management discussion and analysis section of the Company's annual report.

(c) Procedures. To the extent necessary to comply with the performance-based compensation requirements of Section 162(m) of the Code, with respect to any Award granted subject to Performance Goals, no later than the Determination Date, the Administrator will, in writing, (a) designate one or more Service Providers who would be considered a "covered employee" within the meaning of Section 162(m) of the Code (hereinafter a "Covered Employee"), (b) select the Performance Goals applicable to the Performance Period, (c) establish the Performance Goals, and amounts or methods of computation of such Awards, as applicable, which may be earned for such Performance Period, and (d) specify the relationship between Performance Goals and the amounts or methods of computation of such Awards, as applicable, to be earned by each Covered Employee for such

Performance Period. Following the completion of each Performance Period, the Administrator will certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. In determining the amounts earned by a Covered Employee, the Administrator will have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Administrator may deem relevant to the assessment of individual or corporate performance for the Performance Period. A Participant will be eligible to receive payment pursuant to an Award for a Performance Period only if the Performance Goals for such period are achieved.

(d) Additional Limitations. Notwithstanding any other provision of the Plan, any Award which is granted to a Participant and is intended to constitute qualified performance based compensation under Section 162(m) of the Code will be subject to any additional limitations set forth in the Code (including any amendment to Section 162(m) of the Code) or any regulations and ruling issued thereunder that are requirements for qualification as qualified performance-based compensation as described in Section 162(m) of the Code, and the Plan will be deemed amended to the extent necessary to conform to such requirements.

12. Compliance With Code Section 409A. Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A of the Code such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A of the Code, except as otherwise determined in the sole discretion of the Administrator. Each payment or benefit under this Plan and under each Award Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. The Plan and each Award Agreement under the Plan is intended to meet the requirements of Section 409A of the Code and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A of the Code the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A of the Code, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A of the Code.

13. Leaves of Absence. Unless the Administrator provides otherwise, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Participant who is an Employee will not cease to be an Employee in the case of (i) any leave of absence approved by the Company of the Affiliate employing the Participant or (ii) transfers between locations of the Company or between the Company and its Affiliates.

For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months and one day following the commencement of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

14. Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other

than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

15. Adjustments; Dissolution or Liquidation; Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award, and the numerical Share limits set forth in Sections 3, 6, 7, 8, 9, 10, and 11.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Change in Control. In the event of a merger of the Company with or into another company or Change in Control, each outstanding Award will be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation (the "Successor Corporation"). In the event that the Successor Corporation refuses to assume or substitute for the Award, the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and Stock Appreciation Rights, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock will lapse, and, with respect to Restricted Stock Units, Performance Shares and Performance Units, all Performance Goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met. In addition, if an Option or Stock Appreciation Right becomes fully vested and exercisable in lieu of assumption or substitution in the event of a Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or Stock Appreciation Right will be fully vested and exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right will terminate upon the expiration of such period.

For the purposes of this subsection (c), an Award will be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) or, in the case of a Stock Appreciation Right upon the exercise of which the Administrator determines to pay cash or a Restricted Stock Unit, Performance Share or Performance Unit which the Administrator can determine to pay in cash, the fair market value of the consideration received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control is not solely common stock of

the Successor Corporation, the Administrator may, with the consent of the Successor Corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, Performance Share or Performance Unit, for each Share subject to such Award (or in the case of Performance Units, the number of implied shares determined by dividing the value of the Performance Units by the per share consideration received by holders of Common Stock in the Change in Control), to be solely common stock of the Successor Corporation equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

Notwithstanding anything in this Section 16(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more Performance Goals will not be considered assumed if the Company or its successor modifies any of such Performance Goals without the Participant's consent; provided, however, a modification to such Performance Goals only to reflect the Successor Corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

Notwithstanding anything in this Section 16(c) to the contrary, if a payment under an Award Agreement is subject to Section 409A of the Code and if the change in control definition contained in the Award Agreement does not comply with the definition of "change of control" for purposes of a distribution under Section 409A of the Code, then any payment of an amount that is otherwise accelerated under this Section 16 will be delayed until the earliest time that such payment would be permissible under Section 409A of the Code without triggering any penalties applicable under Section 409A of the Code.

16. Tax Withholding

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (a) paying cash, (b) electing to have the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the amount required to be withheld, (c) delivering to the Company already-owned Shares having a Fair Market Value equal to the amount required to be withheld, or (d) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. The amount of the withholding requirement will be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state or local marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

17. No Effect on Employment or Service. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor will they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

18. Date of Grant. The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

19. Term of Plan. Subject to Section 24 of the Plan, the Plan will become effective upon its adoption by the Administrator. It will continue in effect until April 24, 2024, unless terminated earlier under Section 21 of the Plan.

20. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Administrator may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

21. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

22. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority will not have been obtained.

23. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

24. Clawback Policy. Notwithstanding anything contained herein to the contrary, all Awards granted under the Plan will be subject to the terms and conditions of any clawback policy adopted by the Company and as may be in effect from time to time, which will survive the Participant's termination as a Service Provider.

EXHIBIT 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Greg Becker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SVB Financial Group;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2016

/s/ GREG BECKER

Greg Becker

President and Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Michael Descheneaux, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SVB Financial Group;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2016

/s/ MICHAEL DESCHENEAUX

Michael Descheneaux

Chief Financial Officer

(Principal Financial Officer)

EXHIBIT 32.1

SECTION 1350 CERTIFICATIONS

I, Greg Becker, certify, pursuant to 18 U.S.C. Section 1350, that, to my knowledge, the quarterly report of SVB Financial Group on Form 10-Q for the quarterly period ended March 31, 2016, (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) that the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of SVB Financial Group.

Date: May 10, 2016

/s/ GREG BECKER

Greg Becker

President and Chief Executive Officer

(Principal Executive Officer)

I, Michael Descheneaux, certify, pursuant to 18 U.S.C. Section 1350, that, to my knowledge, the quarterly report of SVB Financial Group on Form 10-Q for the quarterly period ended March 31, 2016, (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) that the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of SVB Financial Group.

Date: May 10, 2016

/s/ MICHAEL DESCHENEAUX

Michael Descheneaux

Chief Financial Officer

(Principal Financial Officer)