SVB Financial Group

To our stockholders,
clients, and employees,

This past year marked our 26th consecutive year of financing the innovation sector. Helping technology and life science entrepreneurial companies and their investors succeed continues to drive our strategy and motivate our growth.

Going into 2009, we had three core objectives that we succeeded in meeting. First and foremost, we wanted to remain open for business and continue lending to our clients in support of their growth objectives. We knew this would be a task, but we had prepared ourselves financially to weather a severe storm, which we have done to date.

Our second objective was to continue to invest in our business despite the downturn. As we will outline, we succeeded in balancing strategic investment in our business with caution and prudence in light of the economy at large. Having studied the histories of established and successful businesses, we believe that those that invest in bad times are more likely to prevail when economic conditions improve. We fully expect that our continued investments in the business will put us far ahead as conditions improve.

Finally, we wanted to remain profitable. We strove to produce positive returns, fully knowing that it would be a challenge. We are pleased to report that we were profitable in 2009.

The year was perhaps the most challenging in SVB Financial Group's history — for the global economy, for the industries we serve, for the markets in which we operate and for our clients, employees and shareholders.

Although we met our primary objectives, the market we specialize in did experience significant declines in many of the areas core to our business and that of our clients:

- The lowest level of venture capital (VC) investment since 1997 — $17.7 billion[1]
- A mere 13 initial public offering exits — valued at $1.9 billion[2]
- A six-year low in VC fund-raising — U.S. firms raised just $13 billion, less than half of the $28.7 billion they raised in 2008[3]
- Sudden and significant company belt-tightening by virtually all companies in response to the global–recession — leading to a decline of 5.2 percent in information technology spending[4]

We felt the majority of the effects of these trends in the early part of the year, which included a $11.8 million consolidated net loss (applicable to common stockholders) in the first quarter. Yet despite the challenges, we are proud of our performance and ended the year in the black. This was no small feat given the economic environment of the financial services community to which we belong.

Positioning to Increase Returns

Net income available to common stockholders for 2009 was $22.7 million or $0.66 per diluted common share. Excluding non-tax deductible charges of $11.4 million related to the U.S. Treasury's Capital Purchase Program repayment and a goodwill impairment charge of $4.1 million, net income for 2009 was $38.2 million, or $1.12 per diluted common share. We were able to be profitable because we had put ourselves in the best position to respond to the rapidly changing world around us.

In the wake of a few problem loans, we pulled in additional resources to help us better review our entire loan portfolio, and we identified opportunities to enhance our already rigorous underwriting and credit monitoring. This included modeling a broader set of future economic scenarios to better understand how extreme changes in the economy would affect each individual credit. We also introduced more executive oversight into the review and the approval of larger credits.

Through this persistent and consistent effort, we resolved the few issues we had in the early months of 2009 and significantly reduced our levels of classified and impaired loans as the year went on — all while ensuring that we remained a supportive financial partner.

In an economy like the one we've been experiencing, capital and liquidity play a critical role, and we focused on ensuring that we had plenty of each. In December 2008, we joined many other stable and profitable banks by borrowing from the U.S. Treasury's Capital Purchase Program.

With this capital, we strengthened our balance sheet and continued to operate from a position of strength. Most importantly, the Capital Purchase Program helped us continue to lend comfortably and remain open for business at a time when many of our clients' financial needs were particularly sensitive and other lenders were tightening their lending practices.

Overall loan outstandings declined in 2009, primarily due to client deleveraging and lower demand for venture capital call lines. Despite this we continued to lend and gain market share among venture-backed and mature companies.

In 2009 we added more than 400 new loan clients that were responsible for nearly $1 billion of new borrowings. All told, we added nearly 1,000 new clients and increased our market share. We think this type of growth, especially against the economic backdrop, is something to be proud of. These market share gains promise to increase our earning power once the economy and the demand for leverage recover.

As the year progressed and the economy began to stabilize, the debt and equity markets opened once again to companies like ours seeking capital to support their clients while continuing to grow. In November we took advantage of such an opportunity, afforded to us by our sound financial situation, to complete a successful $307 million total equity raise.

Following the equity raise, we used a portion of the net proceeds to repay $235 million in Capital Purchase Program funds to the U.S. Treasury.

These have certainly been extraordinary times, and the Capital Purchase Program, as misaligned as it may be in some people's perspectives, served a worthwhile purpose. It did what it set out to do. It helped healthy banks like SVB remain confident in our capital reserves, allowing us to continue to lend comfortably in an unstable environment. Today our liquidity and capital ratios put us among the top U.S. banks. We are proud to have actively supported our clients throughout the downturn as they grew, created jobs and continued to bring innovations to market.

Investing for the Future

We did not let the challenges of the present distract us from investing in the infrastructure, projects and people that will define our future.

On the international front, we continued to execute on our global strategy and made considerable progress toward adding to our product platform in each of our geographies.

In the United Kingdom, Israel and Europe, we hired veteran banker Phil Cox to lead our efforts to become a full-service bank for technology, life science and venture capital clients in those regions. In 2010 we will continue to build the infrastructure and address the compliance requirements to pursue the necessary approvals to become a full-service bank in the United Kingdom.

In China we celebrated the opening of our representative office in Shanghai's Yangpu District at an impressive event attended by more than 175 people, including senior members of the Chinese government. The addition of a representative office in Shanghai is our next step toward building a banking platform focused on technology and life science companies in China.

On the infrastructure side of our business, we continued to invest in our new Universal Banking System and successfully implemented the most significant component of our new core banking platform with the addition of multi-currency account capabilities. We also began a project to replace SVBeConnect, our online banking platform, in an effort to improve our clients' experience with us. Both of these projects position us well for future growth.

On the products and services front, we brought our credit card product in-house and from it collected fees that had previously been paid to our outsourced provider. Credit card fees increased 50 percent year over year.

We continue to make progress in our efforts to capitalize on the expertise we've developed working with thousands of venture-backed companies over the years. We are now working to leverage the valuation data and the operational metrics from these companies on behalf of a whole new generation of growing companies. This too will ultimately lead to revenue opportunities.

Positioning Ourselves for Growth

While we continued to invest in the infrastructure to support our future growth, we also focused on ensuring that we approach the market in a way that helps us best meet the needs of our clients.

For more than a year now, we have been extensively analyzing our clients and the markets we serve. This analysis has included research on the characteristics of our existing clients, surveying them regarding satisfaction levels, creating client personas, developing more systematic competitive intelligence and helping define a product/service road map.

Our findings make it clear that our most loyal clients are in the segments where we have highly specialized teams. As a result, we are increasing our focus on clients by repositioning our product and service offerings for technology clients in a more dedicated fashion and by creating more focused approaches to support our three primary client segments:

- SVB Accelerator will serve pre-VC-backed and early-stage VC-backed companies and leverage our position in the VC and entrepreneurial networks
- SVB Growth will serve growing companies and leverage our unique lending expertise
- SVB Corporate Finance will serve maturing companies with more complex needs (generally public and expanding globally) and leverage our ability to advise them on a wide range of financial strategies

We believe that by bringing a more focused approach to the market we will be better able to emphasize our unique ability to add value to each client segment and, consequently, drive greater client acquisition and retention.

In fact, this work is already paying off. We continued to meet our clients' needs and gained market share among venture-backed and mature companies this past year, adding nearly 1,000 new clients.

Of the hundreds of early-stage companies we added to our client roster in 2009, many will grow and become larger consumers of our products. Similarly, already established clients will benefit from our work to expand our portfolio of products and services for larger companies. We expect a significant part of our long-term growth to come from these initiatives.

On the Horizon

As we stated before, we are poised to emerge from this economic downturn a far stronger company. Despite the economic challenges, we continued to invest our resources toward expanding our product set and pursuing our global banking strategy.

We were proud to end the year on a high note. In an article titled "America's Best and Worst Banks," SVB Financial Group ranked fifth among the top 100 banks in the country. In its January 18, 2010, issue, *Forbes* magazine identified the "Best" by looking at eight financial measures, including return on average equity, net interest margin, nonperforming loans (NPLs) as a percentage of loans, nonperforming assets as a percentage of assets, reserves as a percentage of NPLs, two capital ratios (Tier 1 and risk-based) and the leverage ratio.

This tribute wouldn't have been possible without the support of several key constituencies. We'd like to thank our employees for their determination, our stockholders for their support, our clients for their dedication and confidence in us, and our business partners for their continued commitment.

We are looking forward to another year full of challenges and, most importantly, opportunities to support our dynamic, innovative client base.

Sincerely,

Kenneth P. Wilcox
President and
Chief Executive Officer
SVB Financial Group

Alex W. "Pete" Hart
Chairman of the Board
SVB Financial Group

[1] PWC MoneyTree Report, full year 2009.
[2] PWC MoneyTree Report, full year 2009.
[3] Dow Jones LP Source 2010.
[4] Gartner Symposium/Itxpo, October 2009.

SVB> *Find a way* | SVB Financial Group

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This letter contains forward looking statements within the meaning of applicable federal securities laws. Such statements are predictions and actual results may differ materially. Information about factors that could cause actual results to differ materially from our forward looking statements is provided in our 2009 Annual Report on Form 10-K.