

svb



Financial Group

SVB Financial Group to Acquire Healthcare Investment Bank Leerink Partners

Presentation to Investors

November 13, 2018

LEERINK 

Disclaimer

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts, and involve risks and uncertainties that could result in our actual results differing materially from those projected in the forward-looking statements. In this presentation, we makes forward-looking statements regarding our plans to acquire Leerink Holdings; the expected closing timeframe; the expected benefits to us as a result of the consummation of the acquisition; the expanded service and product offering contemplated after the acquisition; SVB Leerink's growth plans; and plans regarding Leerink's personnel.

There are various important factors that could cause actual events to differ from such forward-looking statements, including, among others, failure to complete the proposed transaction in a timely manner or at all, including to satisfy closing conditions (including ability to obtain required regulatory approvals) on a timely basis or at all; the effects of the transaction (or its announcement) on the business or operations of us or Leerink or on the employees, clients, business partners or investors of us or Leerink; the retention of Leerink personnel and customers; our ability to successfully integrate Leerink without material unanticipated costs or adverse results to our or Leerink's existing businesses and to achieve expected benefits and synergies associated with the acquisition within anticipated time frames or at all; the applicability of the Bank Holding Company Act (including the Volcker Rule) to Leerink; the potential for disruption to our existing plans and operation or diversion of management's attention from ongoing business concerns; risks related to unforeseen liabilities of Leerink; general economic and market conditions; and other risk factors described in documents filed by us with the U.S. Securities and Exchange Commission.

For information about other important factors that could cause actual results to differ materially from those discussed in the forward-looking statements contained in this presentation, please refer to our public reports filed with the U.S. Securities and Exchange Commission, including our most recently-filed quarterly or annual report. The forward-looking statements included in this presentation are made only as of the date of this presentation and we undertake no obligation to update any forward-looking statement to reflect events or circumstances that arise after the date such statements are made.



Strategic combination

- **The acquisition of Leerink strengthens SVB's position as the leading financial services provider to global Life Science and Healthcare Companies**
 - A leading life science and healthcare focused company adds expertise and clients to SVB's franchise
- **Expands our solutions available to support the most innovative companies in the sector**
 - Full suite of integrated financial services by adding equity capital markets, mergers & acquisitions, and convertible business
- **Enhances our deep sector expertise**
 - Top research capabilities and advisory expertise align with SVB's sector focus
- **Client-centric culture shared across the platform**
 - Focus on relationships rather than transactions, with a high percentage of repeat clients
- **Diversifies earnings stream**
 - Increases fee income contribution to total revenue
- **Strong financial returns with IRR > 20%, accretive to earnings, and additive to ROE**
 - Maintain strong capital position

SVB serves innovative companies of all sizes around the world

Technology + Life Science & Healthcare



Accelerator

Revenue
<\$5M



Growth

Revenue
\$5M–\$75M



Corp Fin

Revenue
>\$75M



Investors

Private Equity
Venture Capital



Individuals

Private Bank
Wealth Management



- SVB Financial Group's offices
 - SVB Financial Group's international banking network
- China | Germany | Israel | United Kingdom | United States

SVB is the financial partner of choice for innovative life science & healthcare companies

Sector expertise



HEALTHCARE IT / DIGITAL HEALTH



MEDICAL DEVICES



BIOPHARMA & DIAGNOSTICS



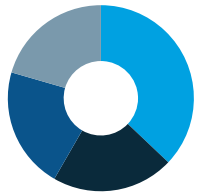
HEALTHCARE SERVICES

Client Funds & Loans portfolios



\$33.3B total client funds¹

\$27.5B Client investments (off-balance sheet)
\$4.8B Noninterest-bearing deposits
\$1.0B Interest-bearing deposits



\$2.7B total loan commitments¹

\$1.20B Biopharma and diagnostics
\$420M Healthcare services
\$570M Healthcare IT/digital health
\$520M Medical devices

Our clients

More than
2,680
 Life science and healthcare clients in the U.S., as of 3Q'18

More than
50%
 of U.S. life science and healthcare companies that have done a secondary in 2018 are SVB clients

66%
 of VC-backed life science and healthcare companies that went public in the U.S. in 2018 are SVB clients²

15%
 Year-over-year client growth since Q1 2016

*Additional clients in the UK, Germany, and China

65 public company clients with market cap over \$1B

AtriCure®

editas
MEDICINE

CSI.
CARDIOVASCULAR
SYSTEMS, INC.

ENDOCYTE

9f Halozyme

REATA
PHARMACEUTICALS

ultragenyx
pharmaceutical

Zogenix®



1. As reported on a consolidated basis as of September 30, 2018.
 2. Q3 2018 PitchBook-NVCA Venture Monitor.

Leerink is a leading life science & healthcare investment bank

Founded:	1995
Headquarters:	Boston, Massachusetts
Locations:	New York, San Francisco, and Charlotte
Founder and CEO:	Jeff Leerink
President and Head of Investment Banking:	Jim Boylan
Chief Administrative Officer:	Joe Gentile

Equity Capital Markets

Consistently ranked “Top 5”
Bookrunning Underwriter for IPOs
and Follow-on Offerings

Research

Experienced Healthcare research team
covering 180 companies across
therapeutics, life science tools, clinical
diagnostics, medical devices and
healthcare services / IT

Convertibles

Underwriting and structuring for corporate
clients, as well as sales & trading ideas and
execution across the universe of healthcare
convertibles for institutional clients



M&A Expertise

A leading M&A Advisor providing
strategic advice to leaders in this
dynamic market

Sales & Trading

Seasoned Sales and Trading Platform
covering over 900 institutions and
making a market in over 500
healthcare stocks

Asset Management

~\$750m AUM multi-strategy asset management
business that includes i) Leerink Revelation
Partners: secondary investing in healthcare,
and ii) Leerink Transformation Partners:
healthcare/ technology fund



Expands Our Solutions to Support Our Client Base



- Expansive client base
- Full suite of equity, convertible, and advisory solutions
- Top research franchise
- MEDAcop, a specialized knowledge asset
- Deep relationships with investors and strategic partners

Full suite of financial services		
	svb > Financial Group	LEERINK
Global Commercial Bank	⊙	
Treasury Management: FX, Cards, Payments	⊙	
Asset/Fund Management	⊙	⊙
Private Bank	⊙	
Wealth Management	⊙	
Equity Capital Markets		⊙
Convertible Capital Markets		⊙
M&A Advisory		⊙
Sales and Trading		⊙
Equity Research		⊙

Diversifies SVB's Earnings Profile

	Last Twelve Months as of September 30, 2018		
	Leerink	SVB	Combined ¹
Net interest income	\$ --	\$ 1,773	\$ 1,773
Noninterest income	263	711	974
Operating expense	227	1,145	1,372
Efficiency ratio ³	86.3%	46.1%	49.9%
Noninterest income / revenue ratio	100.0%	28.6%	35.5%

- Leerink provides revenue diversification and on a pro forma basis boosts our noninterest income / revenue ratio by approximately 700 basis points²
- Leerink will increase our efficiency ratio given their business model cost structure



1. Unaudited summary pro forma information. Excludes all potential merger adjustments.

2. Based on 12-month financials as of September 30, 2018. Excludes all potential merger adjustments.

3. Efficiency ratio: Ratio is calculated by dividing noninterest expense by total net interest income plus noninterest income.

Source: company documents, and 3Q'18 earnings release.

Summary of Key Transaction Terms

Purchase Price

- \$280 million of cash to Leerink unitholders¹

Branding

- Leerink to be re-branded as “SVB Leerink”

Management

- Jeff Leerink to remain CEO
- Jim Boylan to remain President and Head of Investment Banking
- Joe Gentile to remain CAO

Retention

- \$60 million retention pool paid over 5 years to key employees
- Key employees have signed employment and retention agreements

Approvals Required

- Leerink unitholder consent already obtained
- Customary regulatory approvals, FINRA and HSR

Expected Closing

- Q1 2019



1. Subject to delivery of agreed upon capital; Leerink will dividend any excess capital to unitholders prior to close.

Strong Financial Returns Expected

Revenue synergies identified but not included in our metrics; no cost savings assumed

IRR	<ul style="list-style-type: none">• >20%
EPS Accretion¹	<ul style="list-style-type: none">• 2019: 1.3%• 2020: 1.8%
TBV Impact²	<ul style="list-style-type: none">• 4% dilutive to tangible book value per share at close• ~5 year earnback
ROATCE Impact	<ul style="list-style-type: none">• +100 basis points accretive to our return on tangible common equity
Solid Pro Forma Capital Ratios	<ul style="list-style-type: none">• TCE / TA: ~35 basis point decline• CET1: ~60 basis point decline



1. Pro forma EPS is inclusive of intangible amortization, which is pending and subject to change.
2. Earnback measure is based on the 'crossover' method, which measures the time period in which it takes our pro forma tangible book value per share to exceed our projected standalone tangible book value per share.

Summary

- **The acquisition of Leerink strengthens SVB's position as the leading financial services provider to global Life Science and Healthcare Companies**
- **Expands our solutions available to support the most innovative companies in the sector**
- **Enhances our deep sector expertise**
- **Client-centric culture shared across the platform**
- **Diversifies earnings stream**
- **Strong financial returns with IRR > 20%, accretive to earnings, and additive to ROE**

Appendix

Leerink Partners U.S. Cumulative Ranking: By Deal Value & Deal Count

Bookrun Equity 2015 – 2018 YTD

Rank	Company	Deal Value
1	J.P. Morgan	\$11,924
2	Cowen & Company	\$8,781
3	Jefferies	\$7,927
4	LEERINK	\$7,823
5	Goldman Sachs	\$7,781
6	Bank of America Merrill Lynch	\$6,768
7	Morgan Stanley	\$5,946
8	Citi	\$4,125
9	Piper Jaffray	\$3,901
10	Credit Suisse	\$3,486

Rank	Company	Deal Count
1	J.P. Morgan	167
2	Cowen & Company	165
3	Jefferies	153
4	LEERINK	144
5	Goldman Sachs	101
6	Bank of America Merrill Lynch	95
7	Morgan Stanley	91
8	Citi	83
9	Piper Jaffray	79
10	Credit Suisse	63

Bookrun Convertibles 2016⁽¹⁾ – 2018 YTD

Rank	Company	Deal Value
1	J.P. Morgan	\$3,047
2	Goldman Sachs	\$1,676
3	Morgan Stanley	\$1,483
4	LEERINK	\$1,225
5	Bank of America Merrill Lynch	\$1,129
6	Jefferies	\$1,056
7	Cowen & Company	\$728
8	Wells Fargo Securities	\$537
9	RBC Capital Markets	\$510
10	Citi	\$500

Rank	Company	Deal Count
1	J.P. Morgan	24
2	Goldman Sachs	12
3	Morgan Stanley	10
4	LEERINK	10
5	Bank of America Merrill Lynch	8
6	Jefferies	8
7	Cowen & Company	6
8	Wells Fargo Securities	6
9	RBC Capital Markets	4
10	Citi	4

M&A 2015 – 2018 YTD

Rank	Company	Deal Value
1	Goldman Sachs	\$57,412
2	JPMorgan	\$50,350
3	Citi	\$37,724
4	Morgan Stanley	\$31,325
5	Bank of America Merrill Lynch	\$26,470
6	Centerview Partners	\$23,304
7	Jefferies	\$21,327
8	Guggenheim Partners	\$20,065
9	Lazard	\$18,236
10	Barclays	\$17,808
11	LEERINK	\$16,935

Rank	Company	Deal Count
1	J.P. Morgan	65
2	Jefferies	40
3	LEERINK	38
4	Goldman Sachs	34
5	Bank of America Merrill Lynch	27
6	Citi	27
7	Piper Jaffray & Co	27
8	Morgan Stanley	22
9	Lazard	22
10	Houlihan Lokey	22

Note: Healthcare equity rankings are apportioned evenly among bookrunners with a target market between \$50mm - \$250mm for IPOs and between \$50mm - \$500mm for Follow-Ons and Convertibles. Healthcare M&A transactions include corporate deals between \$50mm - \$5bn and PE deals between \$50mm - \$1bn.

(1) Cumulative ranking for convertibles represents 2016 to 2018YTD. Investment in Convertibles team in 2016.

Source: Dealogic as of 11/6/2018. Dollars are in millions.



The logo consists of the lowercase letters 'svb' in white on a dark blue rectangular background.

Financial Group

Q&A

Greg Becker, CEO

Mike Descheneaux, President of Silicon Valley Bank

Dan Beck, CFO