

SVB FINANCIAL GROUP
Form 10-Q
August 07, 2015
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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 June 30, 2015
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 July 31, 2015, 51,475,662 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

ASC — Accounting Standards Codification
ASU – Accounting Standards Update
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
M&A – Merger and Acquisition
OTTI – Other Than Temporary Impairment
SEC – Securities and Exchange Commission
TDR – Troubled Debt Restructuring
UK – United Kingdom
VIE – Variable Interest Entity

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PART I - FINANCIAL INFORMATION

ITEM 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SVB FINANCIAL GROUP AND SUBSIDIARIES

INTERIM CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except par value and share data)	June 30, 2015 (Unaudited)	December 31, 2014
Assets		
Cash and cash equivalents	\$2,625,550	\$1,796,062
Available-for-sale securities, at fair value (cost of \$14,414,219 and \$13,497,945, respectively)	14,495,759	13,540,655
Held-to-maturity securities, at cost (fair value of \$7,730,811 and \$7,415,656, respectively)	7,735,891	7,421,042
Non-marketable and other securities (1)	645,506	1,728,140
Total investment securities	22,877,156	22,689,837
Loans, net of unearned income	14,261,430	14,384,276
Allowance for loan losses	(192,644)	(165,359)
Net loans	14,068,786	14,218,917
Premises and equipment, net of accumulated depreciation and amortization	88,284	79,845
Accrued interest receivable and other assets (1)	576,342	555,289
Total assets	\$40,236,118	\$39,339,950
Liabilities and total equity		
Liabilities:		
Noninterest-bearing demand deposits	\$27,734,720	\$24,583,682
Interest-bearing deposits	7,892,245	9,759,817
Total deposits	35,626,965	34,343,499
Short-term borrowings	2,537	7,781
Other liabilities	614,690	483,493
Long-term debt	802,454	453,443
Total liabilities	37,046,646	35,288,216
Commitments and contingencies (Note 13 and Note 16)		
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; 51,461,496 shares and 50,924,925 shares outstanding, respectively	51	51
Additional paid-in capital	1,162,508	1,120,350
Retained earnings (1)	1,824,626	1,649,967
Accumulated other comprehensive income	63,917	42,704
Total SVBFG stockholders' equity	3,051,102	2,813,072
Noncontrolling interests	138,370	1,238,662
Total equity	3,189,472	4,051,734
Total liabilities and total equity	\$40,236,118	\$39,339,950

(1) Prior period amounts have been revised to reflect the retrospective application of new accounting guidance adopted in the first quarter of 2015 related to our investments in qualified affordable housing projects (ASU 2014-01). See Note 1— "Basis of Presentation" of the "Notes to Interim Consolidated Financial Statements" under Part I, Item 1 in

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

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

(Dollars in thousands, except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015 (2)	2014
Interest income:				
Loans	\$ 167,252	\$ 147,680	\$ 332,753	\$ 295,852
Investment securities:				
Taxable	84,613	63,424		