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## **COMMONWEALTH OF MASSACHUSETTS**

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### **DECISION RELATIVE TO THE MERGER OF BOSTON PRIVATE BANK & TRUST COMPANY, BOSTON, MASSACHUSETTS WITH AND INTO SILICON VALLEY BANK, SANTA CLARA, CALIFORNIA**

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Silicon Valley Bank, Santa Clara, California (Silicon Valley) has applied to the Division of Banks (Division) to merge with Boston Private Bank & Trust Company, Boston, Massachusetts (Boston Private) pursuant to the provisions of Massachusetts General Laws chapter 167I, section 3. Under the terms of an Agreement and Plan of Merger dated as of February 18, 2021, Boston Private will merge with and into Silicon Valley under the charter, bylaws, and name of Silicon Valley (Continuing Institution). The main office of Silicon Valley will remain the main office of the Continuing Institution, and the banking offices of Boston Private will become branch offices of the Continuing Institution. The bank merger application was filed in connection with a multi-step transaction in which Boston Private Financial Holdings, Inc., the holding company for Boston Private, will merge with and into SVB Financial Group, the holding company for Silicon Valley, pursuant to the terms of an Agreement and Plan of Merger dated as of January 4, 2021.

#### Legal and Procedural Requirements

Notice of Silicon Valley's application was posted and published as directed by the Division thereby affording opportunity for interested parties to submit comments. The period for filing comments has expired, and the Division has considered all submitted comments in evaluating the application. The Division reviewed the application and supplementary materials submitted by Silicon Valley in accordance with applicable law, including the statutory criteria of whether competition among banking institutions will be unreasonably affected and whether public convenience and advantage as well as "net new benefits" will

be promoted by approval of the proposed transaction. The Division considered both banks' records of performance under the Community Reinvestment Act (CRA) as well as financial and managerial factors.

Pursuant to Massachusetts General Laws chapter 167A, section 3, because Boston Private Financial Holdings, Inc. would merge with and into SVB Financial Group simultaneously with the merger of the subsidiary banks, and the bank merger requires the Division's approval, an application to the Commonwealth's Board of Bank Incorporation was not required for the merger of the holding companies. In reviewing the proposed transaction, the Division must receive notice from the Massachusetts Housing Partnership Fund (MHPF) that satisfactory arrangements have been made consistent with Massachusetts General Laws chapter 167A, section 4 and the MHPF's affordable housing loan programs. The Division received notice from the MHPF that satisfactory arrangements have been made for this transaction in a letter dated June 29, 2021.

#### The Parties

Silicon Valley is a California state-chartered commercial bank and is the sole banking subsidiary of SVB Financial Group. In addition to its main office in Santa Clara, California, Silicon Valley operates 4 branch offices in Northern California and a non-branch loan production office in Newton, Massachusetts. As of March 31, 2021, Silicon Valley reported total assets of approximately \$140.3 billion and total deposits of approximately \$125.3 billion.

Boston Private is a Massachusetts state-chartered trust company and is the sole banking subsidiary of Boston Private Financial Holdings, Inc. In addition to its main office, Boston Private operates 20 branch offices including nine branch offices in Massachusetts and 11 branch offices located in California. As of March 31, 2021, Boston Private had total assets of approximately \$10.5 billion and total deposits of approximately \$9.2 billion. Boston Private owns 6 subsidiaries including Boston Private Wealth, LLC, a registered investment advisor.

As an interstate transaction and pursuant to the requirements of chapter 167I, section 13, the reciprocity laws of Silicon Valley's home state must be reviewed by the Commissioner of Banks. Specifically, the Division must determine whether the proposed transaction for a Massachusetts state-

chartered institution is authorized under the laws of California under conditions no more restrictive than those imposed upon an interstate transaction by Massachusetts. A review of these California laws indicates that they are reciprocal and would authorize a similar transaction by a Massachusetts-chartered banking institution under conditions no more restrictive than those imposed by the above-referenced statute. Based on this review and consistent with previous Division rulings regarding the reciprocity of the California law in approving prior mergers of Massachusetts banking institutions with and into California state-chartered banking institutions, the proposed transaction has been determined to be permissible under the Commonwealth's reciprocity requirements for interstate mergers and for the resulting establishment of branch offices in Massachusetts by Silicon Valley as an out-of-state bank.

### Competition

Materials have been submitted to address the issue that competition among banks will not be unreasonably affected by the proposed transaction. In analyzing the impact of a proposed transaction on banking competition, the Division considers, but does not rely exclusively upon, the guidelines used by federal authorities to review bank mergers. Essentially, these guidelines define relevant markets and measure concentration, which is considered an important indicator of competitiveness. The starting point in the federal analysis is the Herfindahl-Hirschman Index (HHI), an arithmetic measure of market concentration that synthesizes the distribution of market shares and the number of banks in the affected market into a single value. In the case of the proposed Silicon Valley and Boston Private merger, the HHI analysis demonstrates that consummation of the transaction will not result in an undue concentration of banking resources. Silicon Valley does not have any branch offices located in Massachusetts and does not compete with Boston Private in any Massachusetts market. Silicon Valley and Boston Private compete in the San Francisco-Oakland-San Jose, California Banking Market (San Francisco Market), as that market is defined by the Federal Reserve Bank of San Francisco for purposes of the HHI analysis. The San Francisco Market is a moderately concentrated banking market under the HHI model and would remain a moderately concentrated market following this proposed multi-step transaction. Also, the small increase in the HHI

for the San Francisco Market resulting from the consolidation of Boston Private with and into Silicon Valley would not reflect a significant impact on banking competition under applicable HHI guidelines.

The Division further notes that this multi-step transaction required regulatory filings with both Silicon Valley's home state regulator and the applicable federal banking regulator granting opportunities to assess the competitive effects of this transaction on the banking market in California in which Silicon Valley and Boston Private compete; no objections have been raised to either the holding company merger or the subsidiary bank merger.

In addition to the HHI analysis, the Division considers the competitive impact of the proposed transaction on a community-by-community basis, as well as on the overall banking structure of the Commonwealth. Silicon Valley and Boston Private do not currently compete in any Massachusetts banking markets, and Silicon Valley will continue to operate from Boston Private's office locations following the consummation of the merger. The Division notes that after the merger application was filed, Boston Private separately filed two applications with the Division requesting approval to close Boston Private branch offices located at 800 Boylston Street, Suite 177, Boston, Massachusetts (Boylston Street Branch) and at 1666 Massachusetts Avenue, Lexington, Massachusetts (Massachusetts Avenue Branch). The Division approved the applications to close the Boylston Street Branch and the Massachusetts Avenue Branch by separate letters dated June 9, 2021; as such, following the closure of Boston Private's Boylston Street Branch and Massachusetts Avenue Branch, Silicon Valley's continued operation at Boston Private office locations in Massachusetts will be at the remaining Boston Private branches. Based upon the foregoing, the Division finds that the proposed transaction will not unreasonably impact competition among banking institutions.

#### Public Convenience and Advantage

The Division considered the record of the application to determine whether public convenience and advantage will be promoted by the proposed transaction. Silicon Valley indicates that current clients of both banks and prospective clients of the Continuing Institution will benefit from the proposed merger. As discussed further below, the customers of both banks will have access to additional products and services

that have not been available to their respective customers prior to the proposed combination of the two banking institutions.

In determining whether to approve a petition under the statutory criteria, the Division is required to consider a showing of “net new benefits” related to the transaction. That term as set out in Massachusetts General Laws chapter 167I, section 3 includes initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices, among other factors that the Division may deem necessary. Silicon Valley satisfactorily addressed this requirement of the statute. The Continuing Institution plans to make significant investments that will be intended to realize the benefits of the proposed merger including expanding the private bank and wealth management business lines, enhancing the digital platform, and improving and renovating branch offices in the combined branch network. With regard to employment, supplemental materials indicate that Silicon Valley anticipates retaining substantially all of Boston Private’s employees. Silicon Valley also expects that the Continuing Institution’s future growth will support increased employment to deliver expanded private banking and wealth management services.

The materials submitted as part of the application also indicate that current customers of Boston Private will benefit from a higher lending limit, expanded services, additional investment products, and access to broker-dealer capabilities. Silicon Valley expects that the complementary personnel expertise and product offerings of Boston Private and Silicon Valley will result in customers of both banks having access to an expanded and enhanced portfolio of products and services compared to the current offerings available through either bank operating independently. Silicon Valley customers will be granted access to the larger and more experienced financial advisor group currently serving Boston Private customers, an expanded portfolio of commercial and specialty lending operations, and an improved digital platform. Although it is expected that the Continuing Institution would undertake, to the extent necessary, any actions to complete the closings of the Boylston Street Branch and Massachusetts Avenue Branch, the Continuing Institution would retain all of Boston Private’s other banking offices resulting in a combined, expanded branch network for the Continuing Institution’s customer. Accordingly, the factors related to public

convenience and advantage, including net new benefits, are consistent with approval of Silicon Valley's application.

Related to the issue of public convenience and advantage is the record of Community Reinvestment Act (CRA) performance by the banks that are parties to this transaction. Such review for Massachusetts state-chartered banks includes examination by personnel of the Division. A publicly available descriptive rating and evaluation by a federal bank regulatory agency may also be considered. Silicon Valley received a "Satisfactory" rating in its most recent CRA performance evaluation conducted by the Federal Reserve Bank of San Francisco as of October 22, 2018. Boston Private received an "Outstanding" rating in its most recent CRA performance evaluation conducted by the Division as of April 23, 2018. The Division's consideration of the CRA performance of Silicon Valley and Boston Private also supports the approval of the proposed merger.

#### Financial and Managerial Considerations

The Division also reviews and considers the financial and managerial aspects of the proposed transaction. The consideration for this transaction will be a combination of cash and an exchange of Boston Private Financial Holdings, Inc. common stock for SVB Financial Group common stock in accordance with a negotiated exchange ratio. No financing arrangements were reported as necessary to complete this transaction. Materials provided indicate that upon consummation of the transaction, the Continuing Institution will continue to meet all regulatory capital requirements.

According to the application, no current members of the board of directors of Boston Private will become directors of the Continuing Institution. Similarly, there will be no changes among the principal executive officers of Silicon Valley in conjunction with the proposed transaction. However, several principal executive officers of Boston Private are expected to join the Continuing Institution, including Boston Private's Chief Executive Officer who will be retained by SVB Financial Group as the Chief Executive Officer of Private Banking and Wealth Management. Accordingly, upon review, the financial and managerial considerations support approval of the application.

### Conclusion

Upon review of the complete record of the application with reference to the relevant statutory and regulatory requirements, the Division concludes that all such requirements have been met and that consummation of the proposed transaction is in the public interest. On the basis of these considerations, and subject to the conditions set forth below, approval is granted for Boston Private to merge with and into Silicon Valley under the charter, bylaws, and name of Silicon Valley pursuant to Massachusetts General Laws chapter 167I, section 3 and chapter 167C, section 13. Upon consummation of the merger, the charter of Boston Private will cease to exist; the separate existence of Boston Private shall cease; and all rights, privileges, powers, franchises, properties, assets, liabilities, and obligations of Boston Private shall be vested in and assumed by Silicon Valley. Approval is also granted for Silicon Valley to maintain the banking offices of Boston Private as branch offices of the Continuing Institution pursuant to Massachusetts General Laws chapter 167I, section 3 and chapter 167C, section 13.

The approval granted herein is subject to the following conditions:

1. That the proposed merger shall not become effective until a Certificate signed by the Presidents and Clerks, or other duly authorized officers of each bank, indicating that each institution has complied with the provisions of Massachusetts General Laws chapter 167I, section 3 has been returned with my endorsement thereon;
2. That the proposed merger shall not become effective unless the Articles of Merger with my endorsement thereon are filed with the Massachusetts Secretary of State;
3. That in accordance with Massachusetts General Laws chapter 167C, section 13, the Massachusetts banking offices of Boston Private to be maintained as branch offices of Silicon Valley shall be subject to the supervision of the Division and must comply with all provisions of the Community Reinvestment Act and all other consumer protection and fair lending statutes in the Commonwealth; and
4. That the proposed merger shall be consummated within one year of the date of this decision.

Mary L. Gallagher  
Commissioner of Banks

June 29, 2021  
Date