

# **Guest Viewpoint: Silicon Valley Bank alive and open for business six months after collapse**

Sean Randolph – September 14, 2023

Having read about the demise of Silicon Valley Bank last Spring, most people if asked would say the bank is dead and gone: a sad end to a storied institution felled by investment blunders and fintech-enabled depositor flight.

Some saw its fall as yet another blow to the region's tech sector, as startups and their investors asked who could replace SVB services that were uniquely tailored to serve the Bay Area's tech sector and its global partners. First Citizens Bank, a regional bank out of North Carolina, bought SVB's assets and there the story ends. Right?

Not so fast. It turns out that SVB is very much alive and open for business. I recently attended a conference at its Santa Clara office hosted by the same bank executives I've worked with for years. The sign on the building says SVB and so do employees' web accounts. So what's going on?

In some ways the bank has changed, but in most respects it's the same. SVB's overseas offices, which ran lending operations serving clients outside the U.S., are gone. Its UK arm was notably sold to HSBC. But overseas businesses can still work with the U.S. bank, which maintains the same business lines that it previously supported including its mainstay, venture debt. In the United States SVB retains locations in sixteen states, with the largest in the Bay Area.

First Citizens Bank deserves credit here. Recognizing a good business model that is additive to its operations, it has encouraged SVB to continue its pioneering work in the technology and innovation sector. That leaves in place a team of more than 1,000 commercial bankers. Clients are a mix of those who never left, those who moved their accounts during the crisis but have since returned, and new clients. Part of the reason is SVB's distinctive service platform, which offers services tailored for startups and venture capital that aren't easily replicated at traditional financial institutions.

With that, lending has resumed with loans in the tens to hundreds of millions being extended to emerging technology companies in the Bay Area and across the United

States. In Q2 alone SVB's healthcare commercial banking division added over 100 new clients and more than \$1B in loan commitments. That's less than the bank's historical average but was achieved in the midst of reorganization and leadership change. Over the last six months it has retained, lost, and added clients, leaving the Bank smaller than it was in early 2022 but with significant market share.

Asked about the bank's current position Marc Cadieux, the president of SVB Commercial Banking, says "What our clients need and expect in every sector, segment, and life stage is still here. First Citizens recognizes SVB's critical role in the innovation economy and intends to maintain and build on Silicon Valley Bank's client-centric, innovation-focused strategy and model. First Citizens' strategy is to run SVB as SVB."

That appears to be the case. Cadieux is a 30-year veteran of the bank, having served most of that time as its chief credit officer. Joan Parsons, another thirty-year veteran, has stepped up to lead Technology and Healthcare Banking. Jesse Hurley continues as head of Global Funds Banking, Gagan Kanjila as Chief Product Officer, and Andy Tsao as head of the Global Gateway Program. Collectively the Commercial Banking leadership team averages 21 years with the bank.

This is good news for the Silicon Valley and the Bay Area, which have been taking media hits as tech companies pare their workforces and for the moment venture investment retreats. As always, the region's economy is highly cyclical but also resilient. Fortunately, as the current cycle plays out Silicon Valley Bank is still part of the region's ecosystem and an asset to its innovators.

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