March 13, 2023

UPDATE ON EXPOSURE TO SILICON VALLEY BANK, SIGNATURE BANK AND FIRST REPUBLIC BANK

Columbia Threadneedle Investments has been closely following the regional bank situation and provides the following update on this matter along with specifics on fund and ETF exposure.

Latest developments on Silicon Valley Bank, Signature Bank and First Republic Bank

- On March 10, 2023, U.S. regulators shut down Silicon Valley Bank (SIVB) after its depositors rushed to withdraw their funds. On Sunday, the FDIC announced full protection for all depositors with insured and uninsured balances. This action by the FDIC is expected to comfort the bank's clients.
- Also on Sunday, New York-based Signature Bank (SBNY) (approximately $110 billion in assets as of March 12, 2023 per New York Department of Financial Services) failed and was closed by New York State regulators. SBNY depositors will see the same deposit protections as SIVB depositors.
- Based on regulator statements, depositors of both SIVB and SBNY are expected to have access to 100% of their money starting March 13, 2023.
- Additionally, regulators have stated that no losses will be borne by U.S. taxpayers. All losses to FDIC to support uninsured depositors will be recovered by special assessments on the rest of the banking sector.
- The U.S. Federal Reserve has announced additional funding available to eligible banks to make sure they can meet withdrawal requests via the creation of a Bank Term Funding Program (BTFP).
  - BTFP offers loans of up to one year in length to banks, savings associations, credit unions and other eligible depository institutions in exchange for U.S. Treasuries, agency debt, mortgage-backed securities and other qualifying assets as collateral.
  - Importantly, pledged collateral will be valued at par (and not at current market value). Because of the rise in interest rates, most banks' bond investments are underwater, so lending at par prevents the banking industry from recognizing significant hits to equity and regulatory capital if sold to generate liquidity outside of this facility.
  - The Treasury department will backstop the BTFP with $25 billion from the Exchange Stabilization Fund.
  - The Fed says the BTFP is big enough to cover all uninsured deposits in the U.S.
- First Republic Bank (FRC) (approximately $213 billion in total assets as of December 31, 2022 per SEC filings) is receiving significant additional liquidity from the Federal Home Loan Bank and J.P. Morgan.

Columbia product exposure as of the close of market on February 28, 2023

We want to assure you that we are monitoring and will continue to monitor this situation closely. Our fund and ETF exposure for the above-mentioned regional banks is noted below.

Product name	Portfolio exposure to SIVB*	Portfolio Exposure to SBNY*	Portfolio Exposure to FRC*	Notes
Columbia Diversified Fixed Income Allocation ETF (DIAL)	0.04%	0.00%	0.00%	This ETF follows an index and therefore has exposure due to the index having exposure.
Columbia Large Cap Index Fund Columbia Variable Portfolio – Large Cap Index Fund	0.05%	0.02%	0.07%	These funds follow an index and therefore have exposure due to the index having exposure.

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Product name	Portfolio exposure to SIVB*	Portfolio Exposure to SBNY*	Portfolio Exposure to FRC*	Notes
Columbia Select Mid Cap Value Fund	1.85%	0.00%	0.00%	n/a
Columbia Variable Portfolio - Select Mid Cap Value Fund	1.93%	0.00%	0.00%	n/a
Columbia Trust Focused Mid Cap Value Fund	2.05%	0.00%	0.00%	n/a
Multi-Manager Growth Strategies Fund	0.22%	0.00%	0.00%	n/a
Multi-Manager Value Strategies Fund	0.00%	0.00%	0.39%	n/a

*Exposure percentage based on closing net asset values on February 28, 2023