Silvergate Capital Corporation
4Q20 Earnings Presentation
January 20, 2021

Forward Looking Statements

This presentation contains forward looking statements within the meaning of the Securities and Exchange Act of 1934, as amended, including statements of goals, intentions, and expectations as to future trends, plans, events or results of Company operations and policies and regarding general economic conditions. In some cases, forward-looking statements can be identified by use of words such as “may,” “will,” “anticipates,” “believes,” “expects,” “plans,” “estimates,” “potential,” “continue,” “should,” and similar words or phrases. These statements are based upon current and anticipated economic conditions, nationally and in the Company’s market, interest rates and interest rate policy, competitive factors and other conditions which by their nature, are not susceptible to accurate forecast and are subject to significant uncertainty. For details on factors that could affect these expectations, see the risk factors and other cautionary language included in the Company’s periodic and current reports filed with the U.S. Securities and Exchange Commission. Because of these uncertainties and the assumptions on which this discussion and the forward-looking statements are based, actual future operations and results may differ materially from those indicated herein. Readers are cautioned against placing undue reliance on any such forward-looking statements. The Company’s past results are not necessarily indicative of future performance. Further, given its ongoing and dynamic nature, it is difficult to predict the full impact of the COVID-19 outbreak on our business. The extent of such impact will depend on future developments, which are highly uncertain, including when the coronavirus can be controlled and abated and when and how the economy may be fully reopened. As the result of the COVID-19 pandemic and the related adverse local and national economic consequences, we could be subject to any of the following risks, any of which could have a material, adverse effect on our business, financial condition, liquidity, and results of operations: the demand for our products and services may decline, making it difficult to grow assets and income; if the economy is unable to fully reopen as planned, and high levels of unemployment continue for an extended period of time, loan delinquencies, problem assets, and foreclosures may increase, resulting in increased charges and reduced income; collateral for loans, especially real estate, may decline in value, which could cause loan losses to increase; our allowance for loan losses may increase if borrowers experience financial difficulties, which will adversely affect our net income; the net worth and liquidity of loan guarantors may decline, impairing their ability to honor commitments to us; as the result of the decline in the Federal Reserve Board’s target federal funds rate to near 0%, the yield on our assets may decline to a greater extent than the decline in our cost of interest-bearing liabilities, reducing our net interest margin and spread and reducing net income; our cyber security risks are increased as the result of an increase in the number of employees working remotely; and FDIC premiums may increase if the agency experiences additional resolution costs. The Company does not undertake to publicly revise or update forward-looking statements in this presentation to reflect events or circumstances that arise after the date of this presentation, except as may be required under applicable law. The Company makes no representation that subsequent to delivery of the presentation it was not altered. For the most current, accurate information, please refer to the investor relations section of the Company's website at https://ir.silvergatebank.com.

Silvergate

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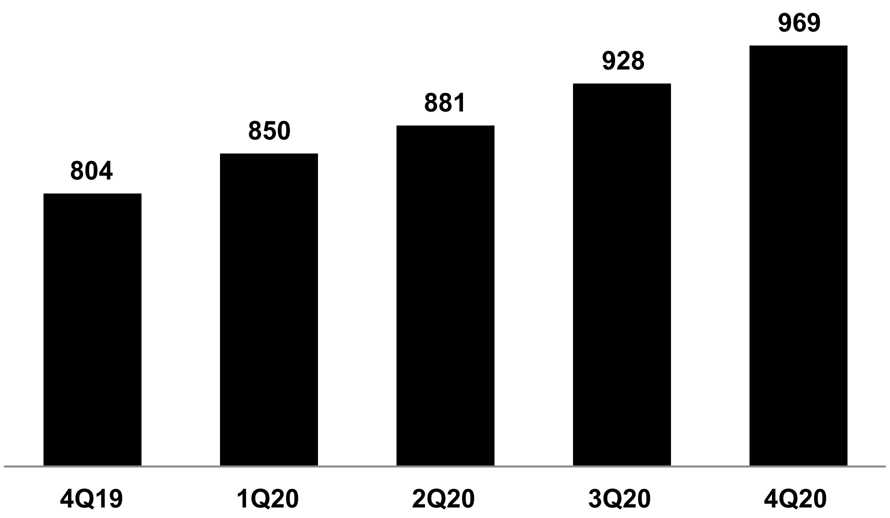
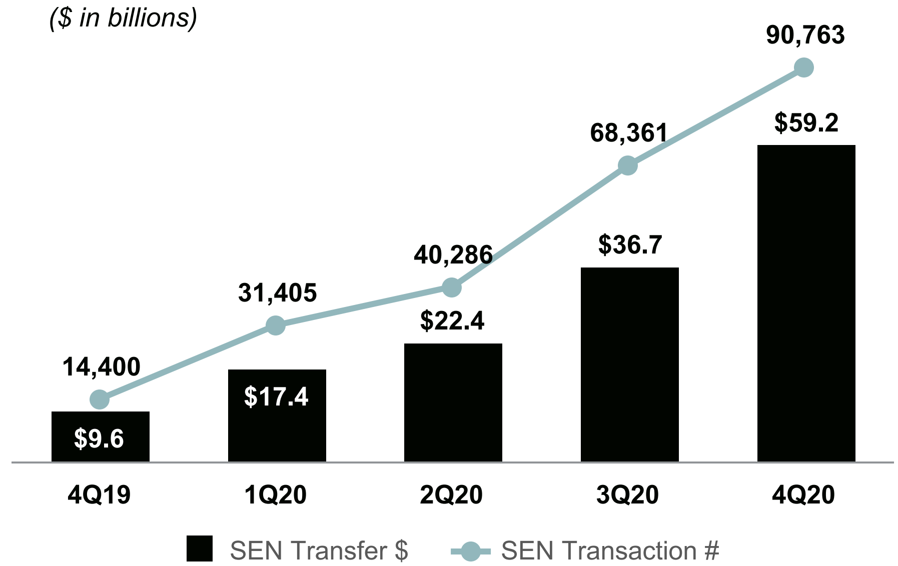
Growth Fueled by Powerful Network Effects

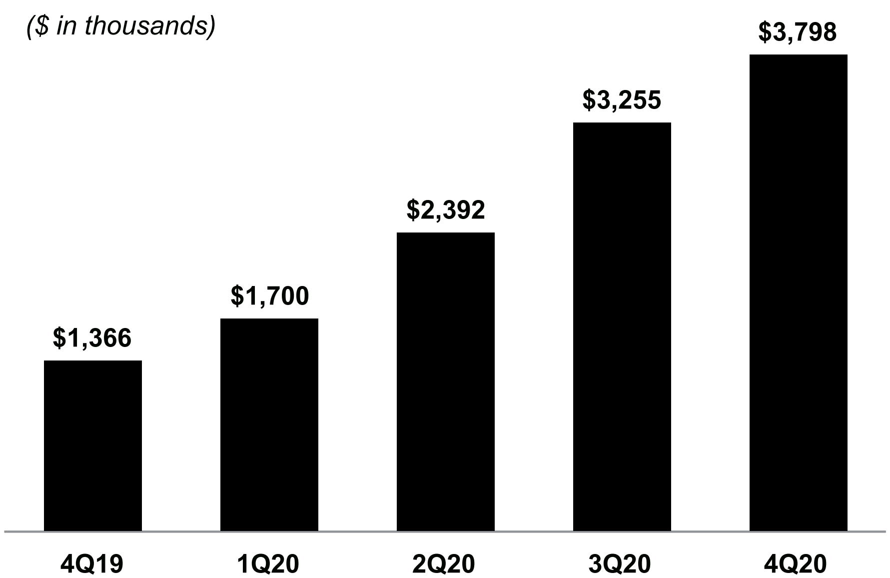
Digital Currency Customers



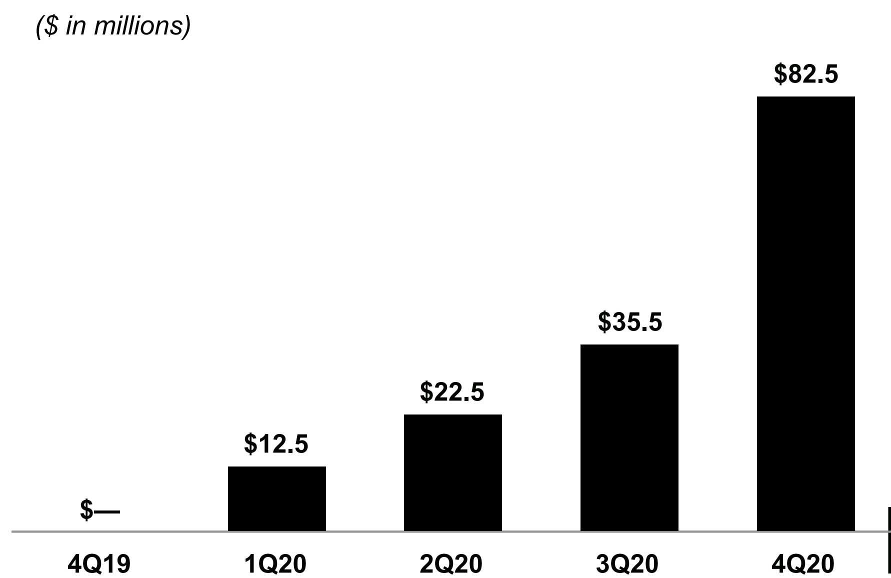
SEN Utilization (SEN Transfers)



Transaction Revenue



SEN Leverage



Note: Transaction revenue includes fee income from digital currency customers. SEN Leverage balances reflect total approved lines of credit.

4Q20 Financial Results

($ in millions, except per share data)

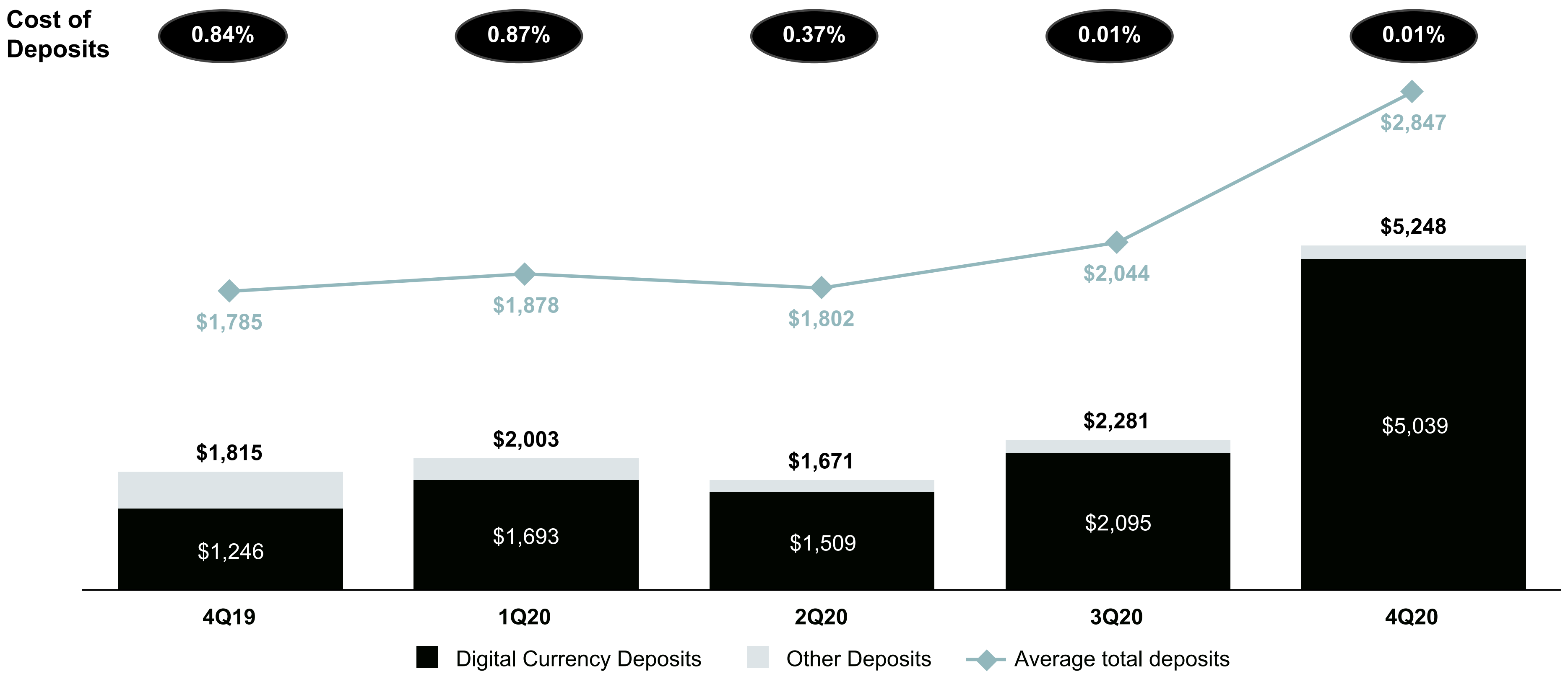
	4Q20	4Q20 vs 3Q20	4Q20 vs 4Q19	Highlights
		% Inc / (Dec)		
Income Statement				
Net interest income	$ 21.9	16 %	40 %	Increase driven by higher mortgage warehouse and SEN Leverage balances
Provision for loan losses	0.2	N/M	N/M	
Noninterest income	4.8	22 %	55 %	Grew fee income from digital currency customers and mortgage warehouse
Noninterest expense	17.6	25 %	29 %	Lease impairment charge of $2.3 million in 4Q20 for leased office space and fixed assets not in use
Pre-tax income	9.0	3 %	76 %	
Income tax benefit	(0.1)	(108)%	(109)%	Tax benefit of $2.1 million in 4Q20 from stock option exercises
Net income	$ 9.1	29 %	153 %	
Diluted EPS	$ 0.47			
Balance Sheet				
Securities	$ 939	(1)%	5 %	
Total loans	$ 1,613	15 %	55 %	
Total assets	$ 5,586	113 %	162 %	
Digital currency related deposits	$ 5,039	141 %	304 %	
Total shareholders' equity	$ 294	4 %	27 %	
Book value per share	$ 15.63	3 %	26 %	

Note: N/M - Not meaningful. Totals may not foot due to rounding.

Deposits

Digital Currency and Other Deposit Trends

($ in millions)



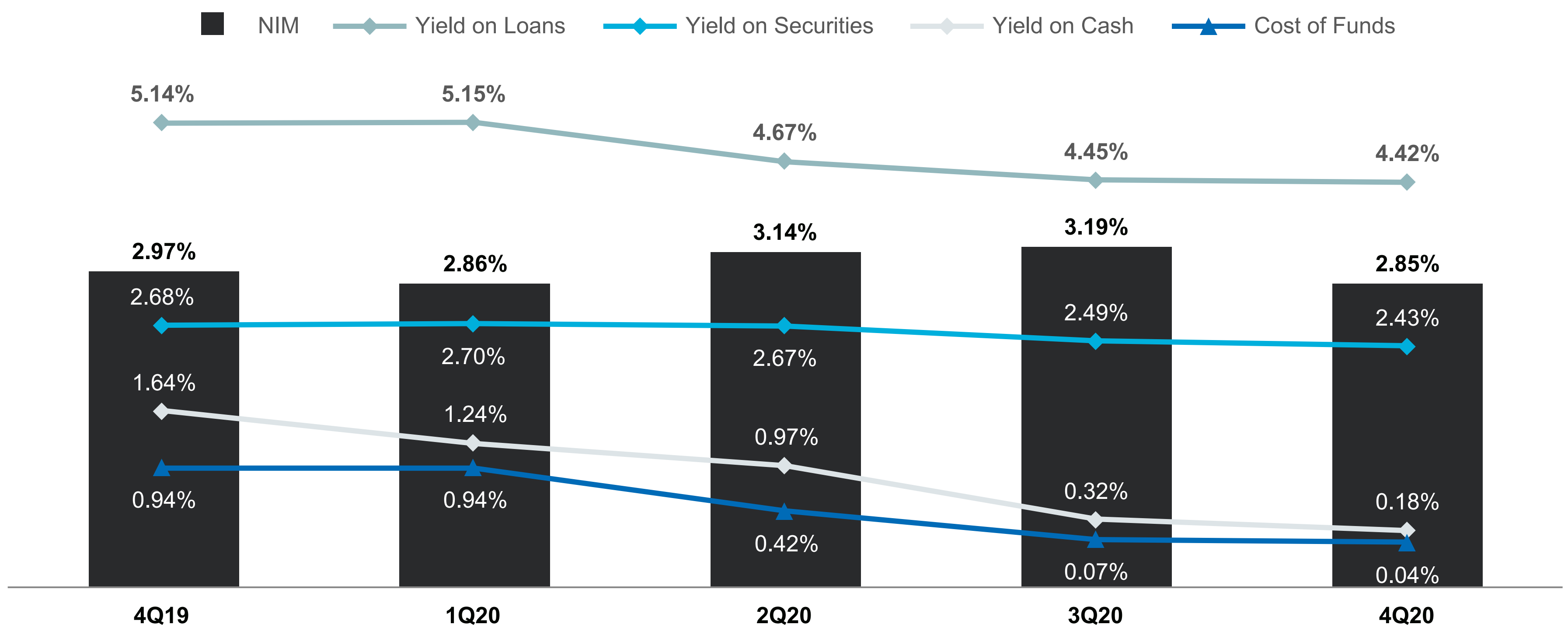
Commentary

- Digital currency deposits ended 4Q20 at $5.0 billion, with elevated client activity evidenced by the record volume of SEN transactions during the quarter
- Other deposits represent deposits from non-digital currency customers, including demand deposits, savings, money market and time deposits and callable brokered CDs
- As of June 30, 2020, all outstanding brokered CDs had been called, driving total cost of deposits down to 1 bp during 3Q20 and 4Q20

Note: Ratios have been annualized. Totals may not foot due to rounding.

Yields, Cost of Funds and Net Interest Margin Trends

Yields, Cost of Deposits and Net Interest Margin Trends



Commentary

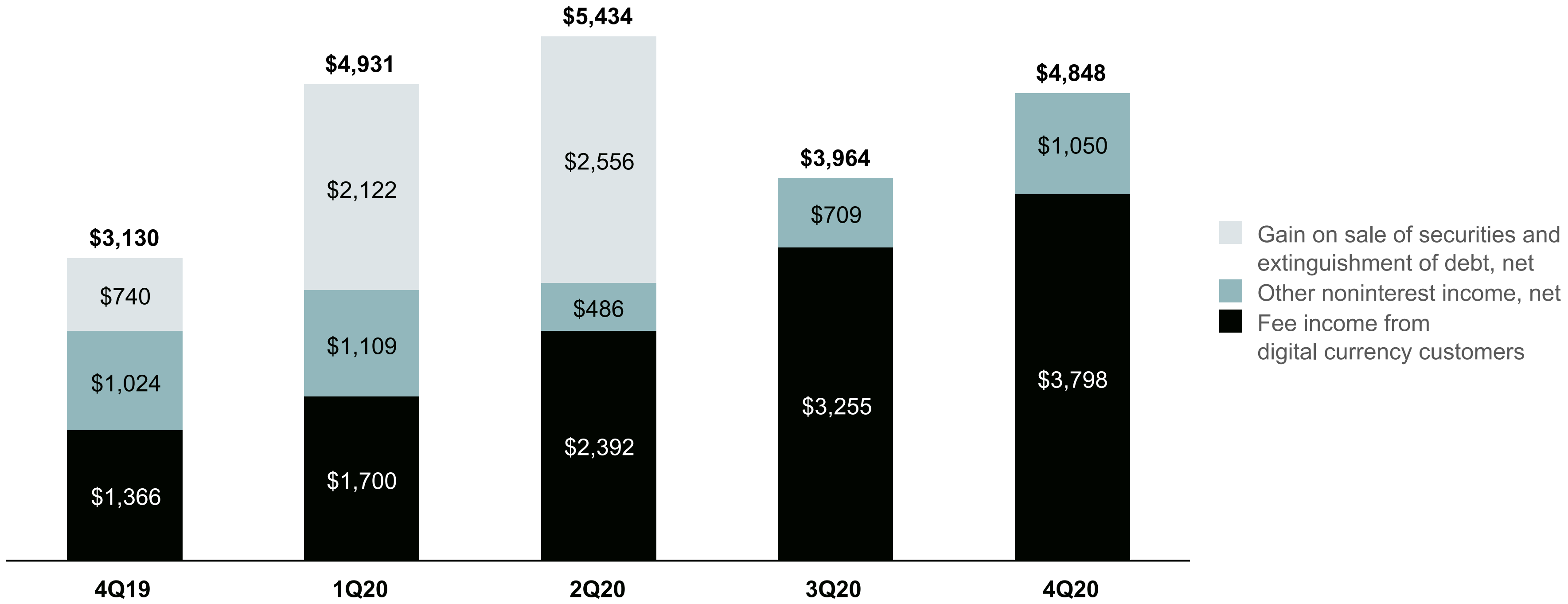
- Net interest margin decrease was driven by the increase of lower yielding interest earning cash as a proportion of interest earning assets, partially offset by lower cost of funds, both driven by an increase in noninterest bearing digital currency customer deposits

Note: Ratios have been annualized. NIM and yield on securities are presented on a taxable equivalent basis.

Noninterest Income

Noninterest Income

($ in thousands)



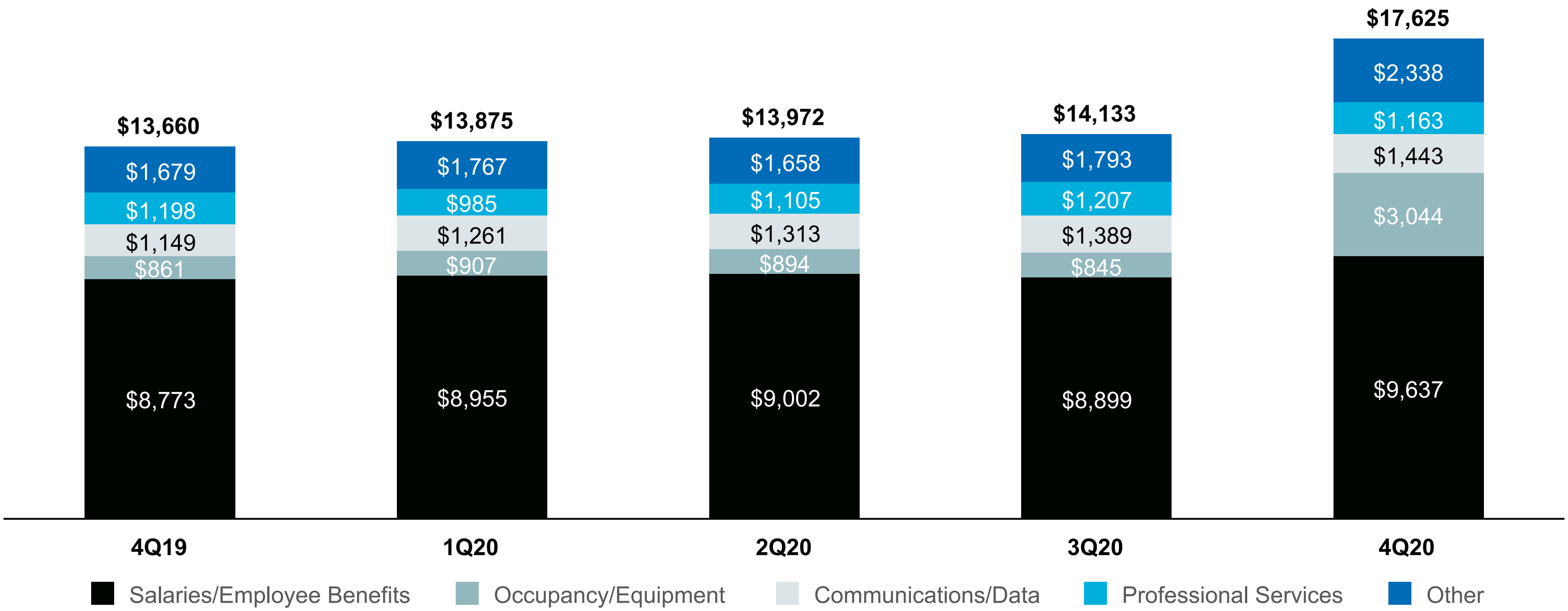
Commentary

- 4Q20 fee income from digital currency customers was up 178% year over year driven by increased transactional volume and related demand for cash management services
- Other noninterest income in 4Q20 is made up primarily of mortgage warehouse fee income of $0.9 million, up 25% from the prior quarter and up 145% from 4Q19

Noninterest Expense

Noninterest Expense

($ in thousands)

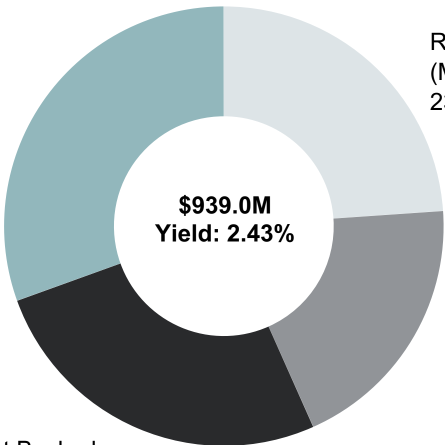


Commentary

- 4Q20 noninterest expense up 25% versus 3Q20 and 29% versus 4Q19 due to a $2.3 million occupancy and equipment related impairment charge in 4Q20 for leased office space and fixed assets no longer in use
- In addition, 4Q20 noninterest expense up due to higher salaries and employee benefits expense and increased FDIC insurance expense caused by a rate increase driven by the growth in deposits
- Headcount was 218 as of December 31, 2020 compared to 215 at September 30, 2020 and December 31, 2019

Securities and Loan Portfolio

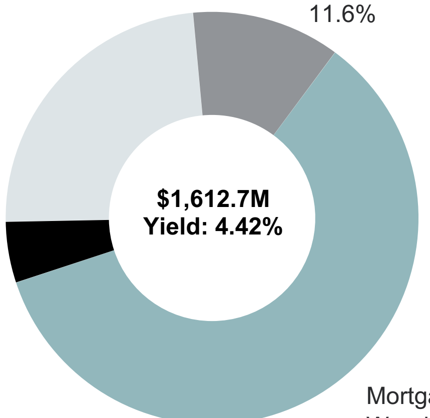
Securities Composition – 17% of Total Assets



Securities Commentary

- Securities portfolio is managed with the same disciplined credit approach as is applicable to our loan portfolio, with consideration for the underlying debt components and credit exposure to an asset class
- There was one bond purchased in 4Q20, a $5.1 million CRA eligible agency MBS
- Municipal bonds are all general obligation or revenue bonds with 95% rated AA- or better
- Commercial MBS/CMO are non-agency with 96% rated AAA
- Residential MBS/CMO are 99% agency backed
- 100% of asset backed securities are agency backed FFELP student loan bonds and rated AA+ or better

Loan Composition – 29% of Total Assets



Loan Commentary

- At December 31, 2020, total loans were up $211.0 million versus September 30, 2020 driven by an increase in mortgage warehouse loans
- Mortgage warehouse loans were $963.9 million representing 60% of total loans
- SEN Leverage loans were $77.2 million
- Nonperforming assets totaled $5.0 million, or 0.09% of total assets at December 31, 2020 compared to $4.1 million, or 0.16% of total assets at September 30, 2020

Note: Data as of December 31, 2020. Securities and loan yields are for 4Q20 and have been annualized.

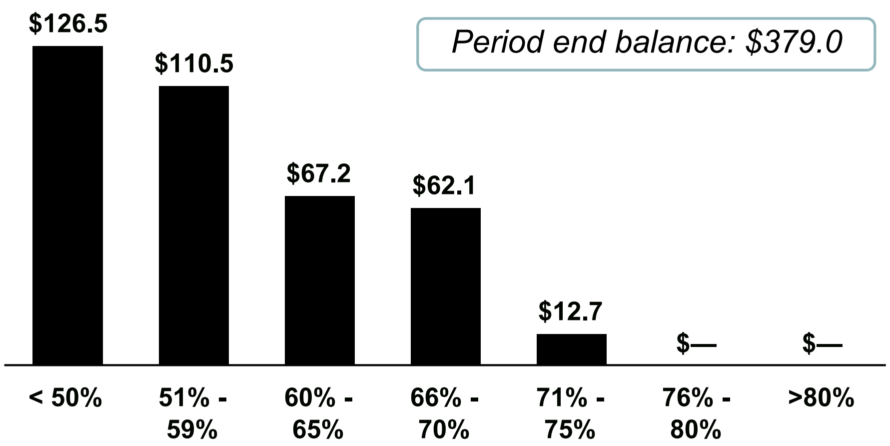
Credit Quality

Commercial & Multi-Family Real Estate Balances - LTV

($ in millions)

Weighted Average LTV: 53%

Period end balance: $379.0

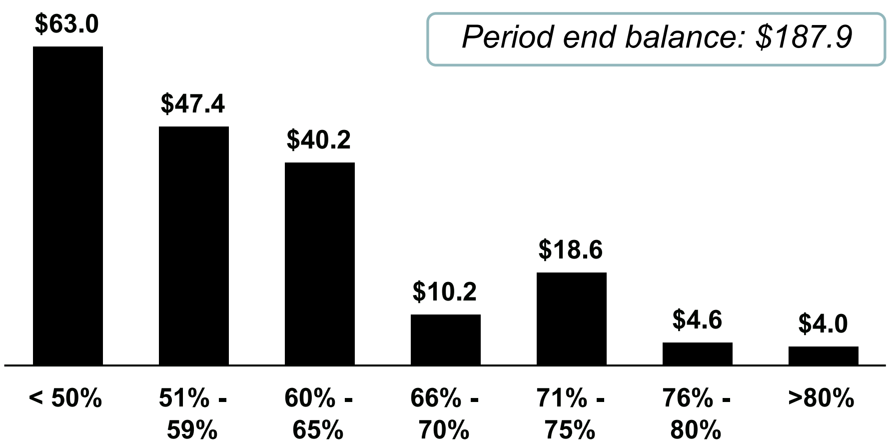


1-4 Family Residential Real Estate Balances - LTV

($ in millions)

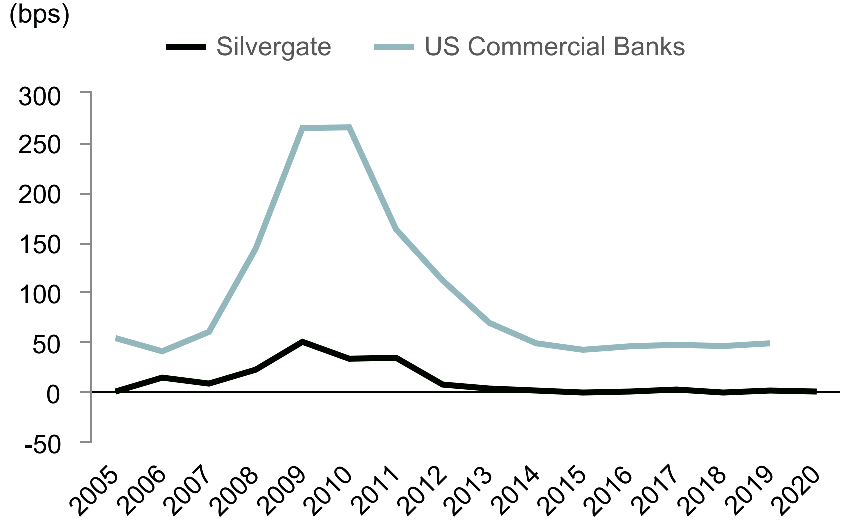
Weighted Average LTV: 54%

Period end balance: $187.9



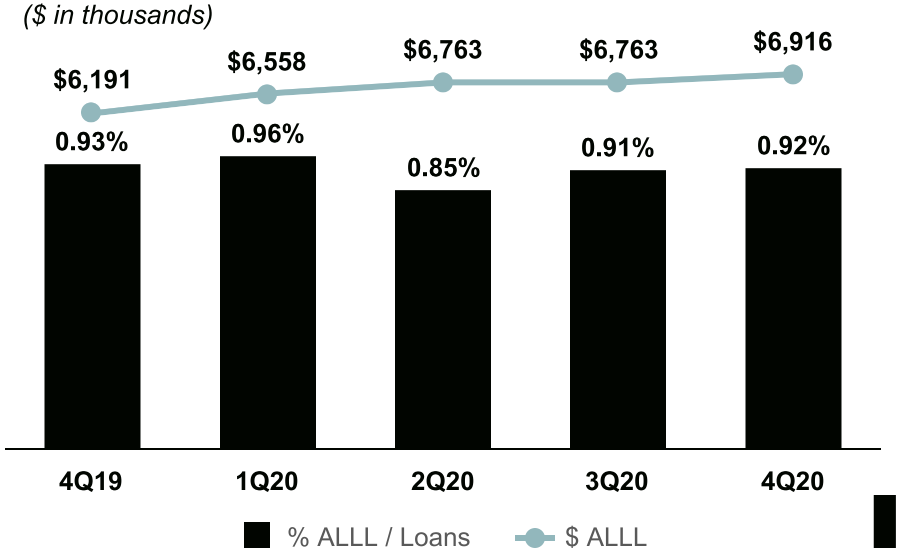
Net Charge-offs / Average Loans

(bps)



Allowance for Loan Losses

($ in thousands)



Note: Company LTV data as of December 31, 2020.

Source: FRED Economic Data. US Commercial Bank data represents aggregate data of charge-off rates on all U.S. Commercial Banks.

Loan Portfolio (HFI) & COVID-19 Related Modifications

Loan Segments at December 31, 2020

($ in millions)

Loan Segment	Loan Balance	WA LTV	% of Total Loans HFI
Real estate loans:			
One-to-four family	$ 188	54 %	25.0 %
Multi-family	77	51 %	10.3 %
Commercial:			
Retail	82	54 %	10.9 %
Hospitality	46	44 %	6.1 %
Office	50	63 %	6.6 %
Industrial	75	61 %	10.0 %
Other	48	44 %	6.5 %
Total commercial	302	54 %	40.2 %
Construction	6	59 %	0.8 %
Other	80	N/A	10.7 %
Mortgage warehouse	98	N/A	13.0 %
Total gross loans HFI	**$ 751**	**N/A**	**100.0 %**

COVID-19 Loan Modifications

In Modification	Loan Balance	% of Total Loans HFI
Real estate loans:		
One-to-four family	$ 6	0.8 %
Multi-family	—	—
Commercial:		
Retail	10	1.4 %
Hospitality	40	5.3 %
Office	8	1.0 %
Industrial	—	—
Other	—	—
Total commercial	58	7.7 %
Construction	—	—
Other	—	—
Mortgage warehouse	—	—
Total modifications	**$ 64**	**8.5 %**

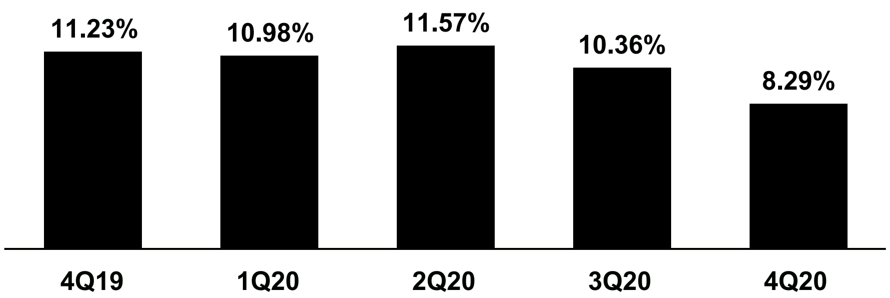
Commentary

- 8.5% of loan balances are in modification with either full payment deferral or resumed partial interest only payments as of December 31, 2020 compared to 4.4% as of September 30, 2020 and 15.5% as of June 30, 2020
- Both commercial and one-to four family borrowers, on a case by case basis, are provided up to 12 months of payment deferral based on demonstrated need from the effects of COVID-19

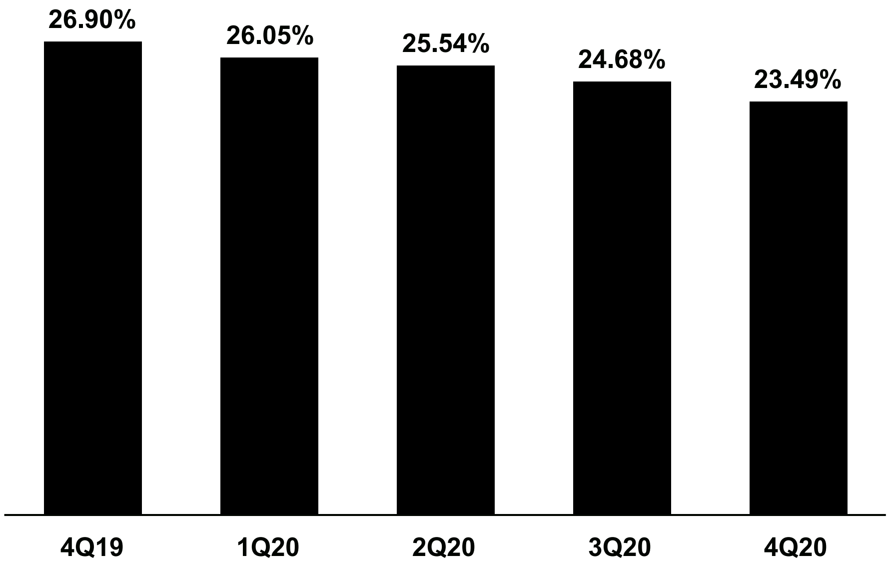
Note: COVID-19 loan modifications represent loans with payment deferrals as of December 31, 2020. Totals may not foot due to rounding.

Capital and Liquidity Ratios

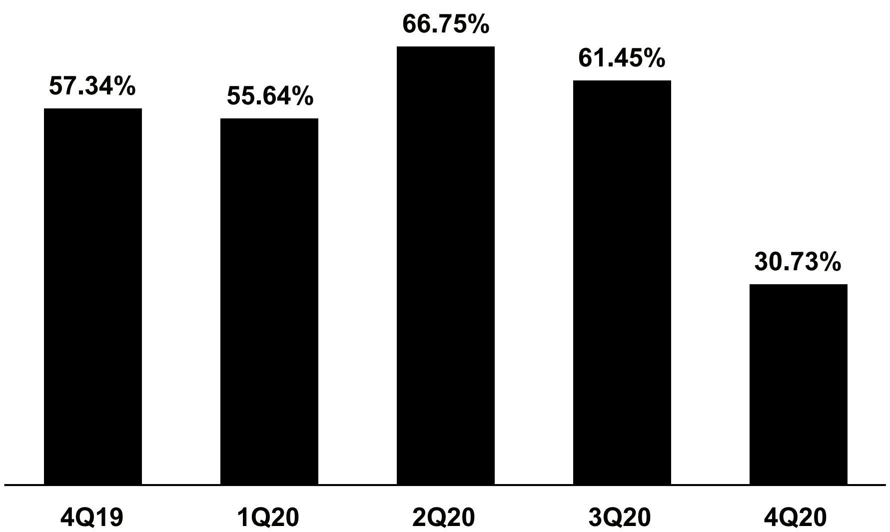
Tier 1 Leverage Ratio



Total Risk-Based Capital Ratio



Loans to Deposits



Commentary

- The Bank had a tier 1 leverage ratio of 8.22 %, a common equity tier 1 capital ratio of 22.71 %, a tier 1 risk-based capital ratio of 22.71 % and a total risk-based capital ratio of 23.32 % at December 31, 2020
- Bank capital ratios each exceeded the “well capitalized” standards defined by the federal banking regulations
- Decrease in loan to deposits ratio was driven by the increase in digital currency deposits partially mitigated by the increase in mortgage warehouse loans

Note: December 31, 2020 capital ratios are preliminary.

Appendix

Reconciliation of Non-GAAP Financial Measures

	Three Months Ended March 31, 2019	Six Months Ended June 30, 2019	Nine Months Ended September 30, 2019	Year Ended December 31, 2019
	($ in thousands)			
Net income				
Net income, as reported	$ 9,436	$ 14,592	$ 21,248	$ 24,846
Adjustments:				
Gain on sale of branch, net	(5,509)	(5,509)	(5,509)	(5,509)
Tax effect[1]	1,574	1,574	1,574	1,574
Adjusted net income	$ 5,501	$ 10,657	$ 17,313	$ 20,911
Noninterest income / average assets[2]				
Noninterest income	$ 7,871	$ 10,025	$ 12,624	$ 15,754
Adjustments:				
Gain on sale of branch, net	(5,509)	(5,509)	(5,509)	(5,509)
Adjusted noninterest income	2,362	4,516	7,115	10,245
Average assets	1,972,483	1,991,171	2,063,298	2,082,007
Noninterest income / average assets, as reported	1.62 %	1.02 %	0.82 %	0.76 %
Adjusted noninterest income / average assets	0.49 %	0.46 %	0.46 %	0.49 %
Return on average assets (ROAA)[2]				
Adjusted net income	$ 5,501	$ 10,657	$ 17,313	$ 20,911
Average assets	1,972,483	1,991,171	2,063,298	2,082,007
Return on average assets (ROAA), as reported	1.94 %	1.48 %	1.38 %	1.19 %
Adjusted return on average assets	1.13 %	1.08 %	1.12 %	1.00 %
Return on average equity (ROAE)[2]				
Adjusted net income	$ 5,501	$ 10,657	$ 17,313	$ 20,911
Average equity	195,989	200,996	208,775	215,338
Return on average equity (ROAE), as reported	19.53 %	14.64 %	13.61 %	11.54 %
Adjusted return on average equity	11.38 %	10.69 %	11.09 %	9.71 %
Efficiency ratio				
Noninterest expense	$ 13,486	$ 26,207	$ 38,818	$ 52,478
Net interest income	19,316	36,884	55,327	70,957
Noninterest income	7,871	10,025	12,624	15,754
Total net interest income and noninterest income	27,187	46,909	67,951	86,711
Adjustments:				
Gain on sale of branch, net	(5,509)	(5,509)	(5,509)	(5,509)
Adjusted total net interest income and noninterest income	21,678	41,400	62,442	81,202
Efficiency ratio, as reported	49.60 %	55.87 %	57.13 %	60.52 %
Adjusted efficiency ratio	62.21 %	63.30 %	62.17 %	64.63 %

(1) Amount represents the total income tax effect of the adjustment, which is calculated based on the applicable marginal tax rate of 28.58%.
(2) Data has been annualized.