

A large, stylized, light gray letter 'S' is centered in the background of the slide. The 'S' is composed of two main vertical strokes connected by a curved middle section. The overall design is minimalist and modern.

Silvergate Capital Corporation
2Q21 Earnings Presentation
July 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>.

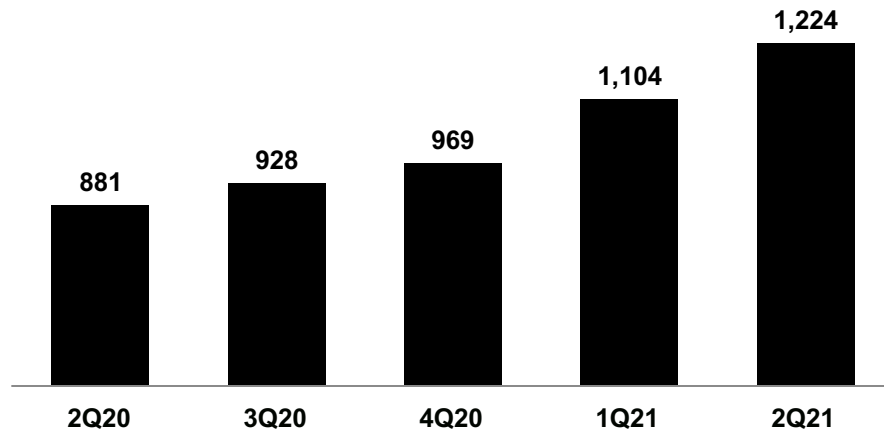
Silvergate

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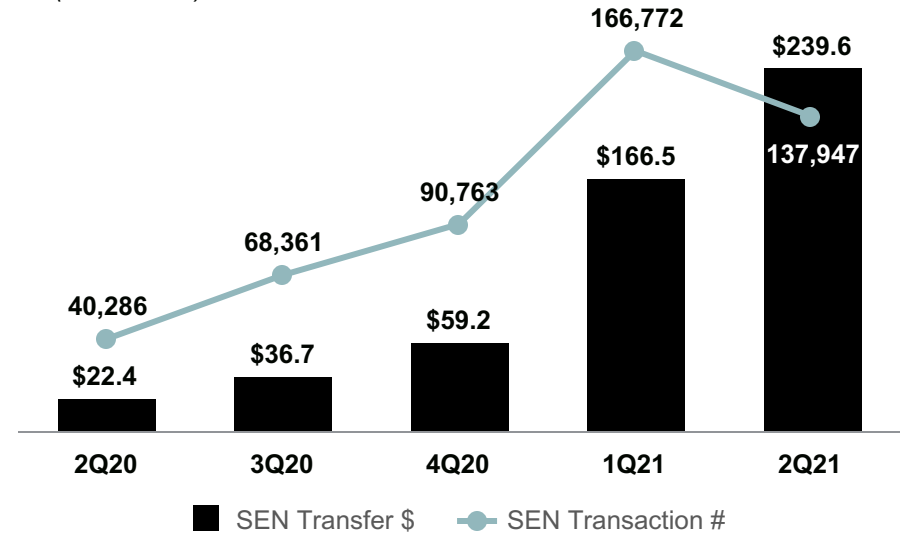
Growth Fueled by Powerful Network Effects

Digital Currency Customers



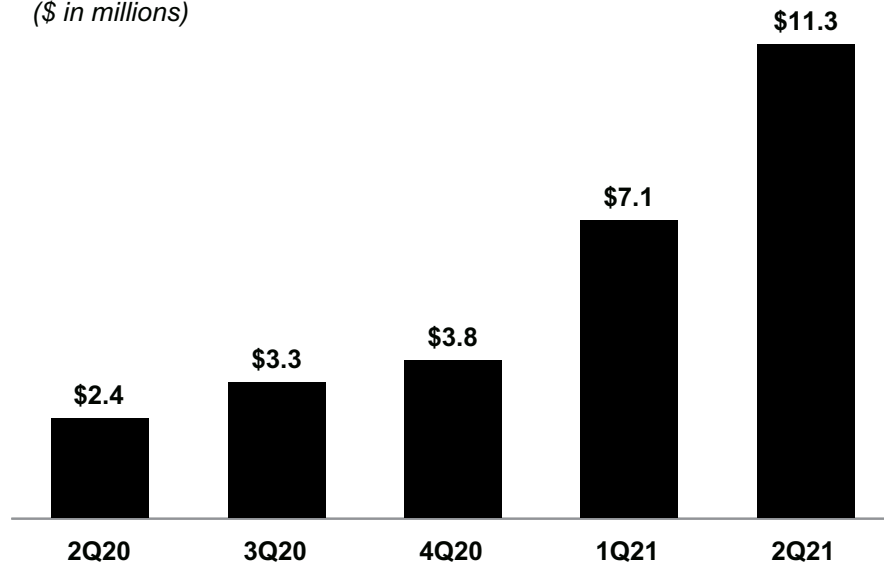
SEN Utilization (SEN Transfers)

(\$ in billions)



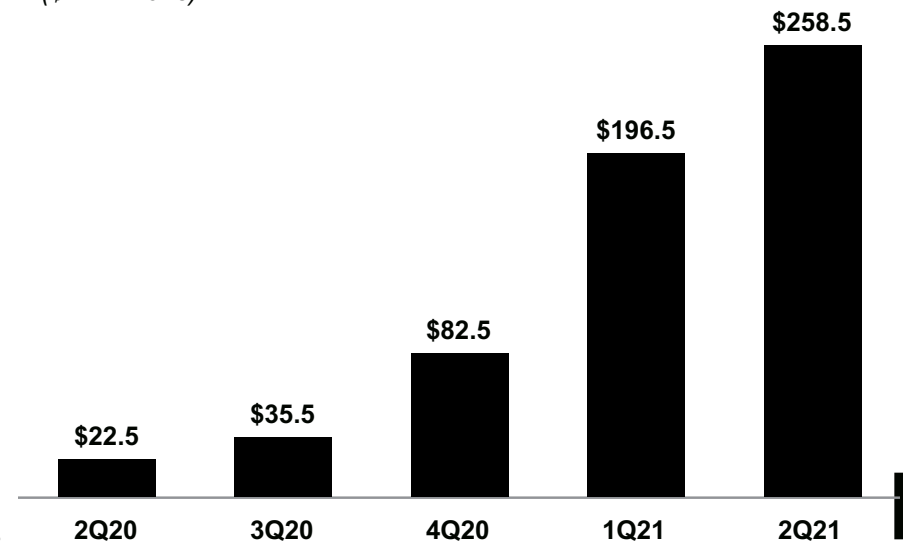
Transaction Revenue

(\$ in millions)



SEN Leverage

(\$ in millions)



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



2Q21 Financial Results

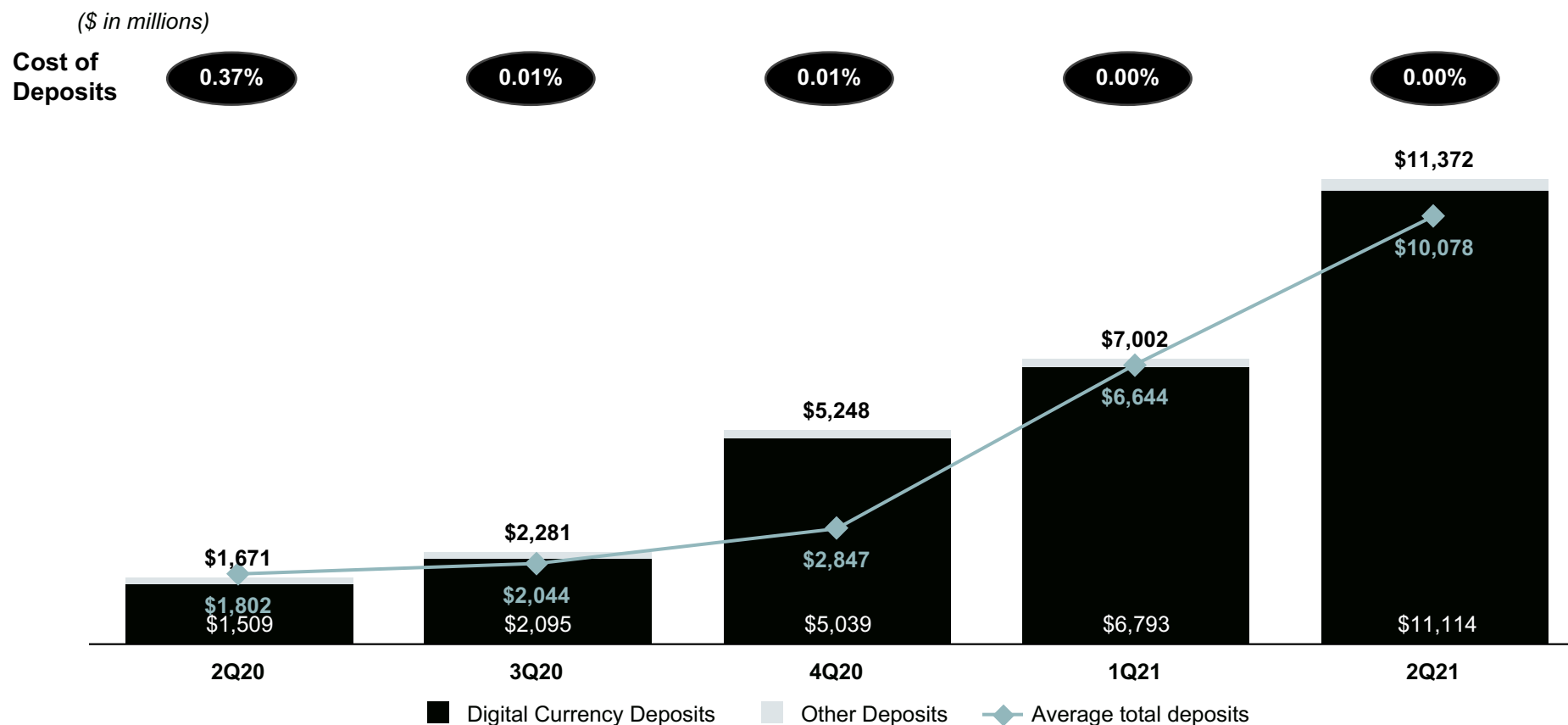
(In millions, except per share data)

	2Q21	2Q21 vs		Highlights
		1Q21	2Q20	
		% Inc / (Dec)		
Income Statement				
Net interest income	\$ 30.4	32 %	89 %	➔ Increase driven by higher securities and SEN Leverage balances
Provision for loan losses	—	—	N/M	
Noninterest income	12.1	49 %	122 %	➔ Grew fee income from digital currency customers
Noninterest expense	<u>21.5</u>	10 %	54 %	➔ Investments for strategic growth and higher FDIC insurance expense related to deposit growth
Pre-tax income	20.9	82 %	187 %	
Income tax expense	<u>—</u>	N/M	(100)%	➔ Income taxes benefited from stock option exercises and tax-exempt municipal bonds
Net income	<u>\$ 20.9</u>	65 %	283 %	
Diluted EPS	<u>\$ 0.80</u>			
Balance Sheet				
Securities available-for-sale	\$ 6,177	260 %	549 %	
Total loans	\$ 1,489	(8)%	33 %	
Total assets	\$ 12,289	58 %	425 %	
Digital currency related deposits	\$ 11,114	64 %	637 %	
Total shareholders' equity	\$ 871	22 %	225 %	
Book value per share	\$ 32.84	14 %	129 %	
Outstanding shares	26.5			
Weighted average diluted shares	26.1			➔ Completed ATM equity offering



Deposits

Digital Currency and Other Deposit Trends



Commentary

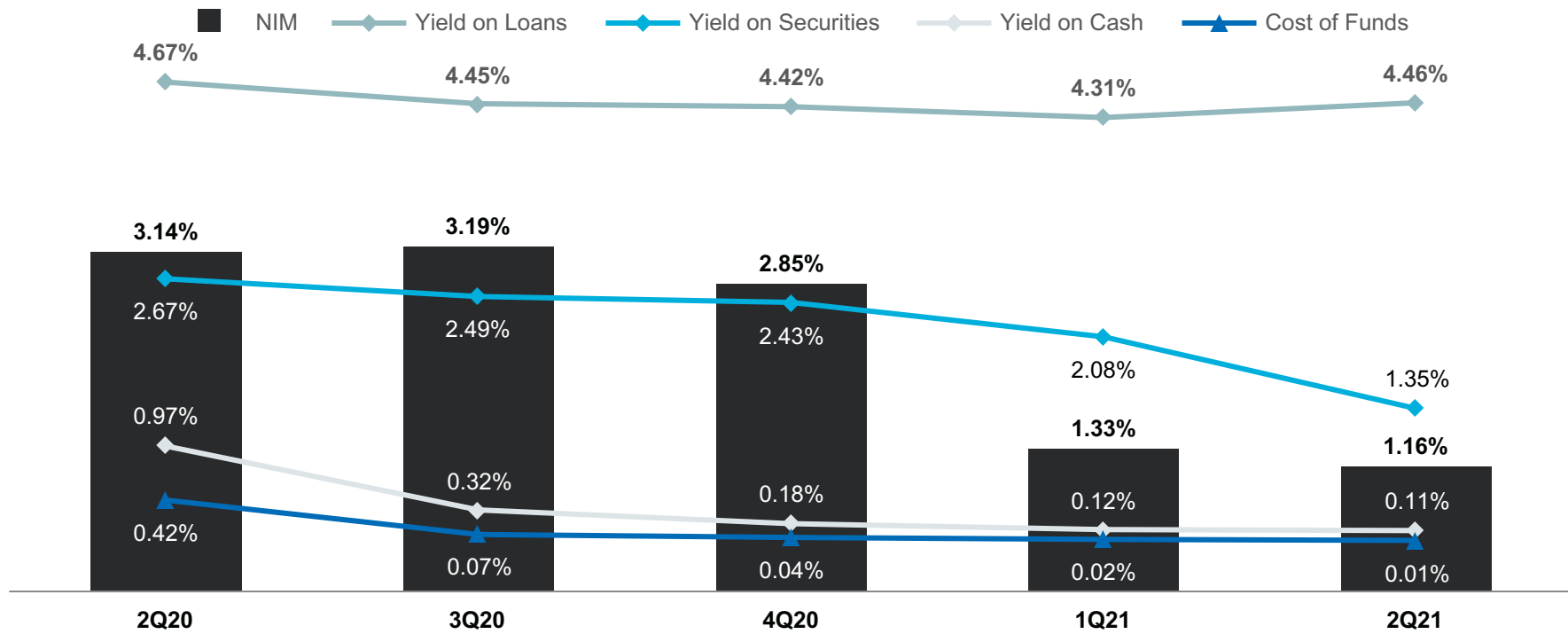
- Digital currency deposits ended 2Q21 at \$11.1 billion, driven by the record volume of SEN transfers during the quarter
- Other deposits represent deposits from non-digital currency customers, including demand deposits, savings, money market and certificates of deposit
- The cost of deposits was 0.00% in 2Q21, reflecting the Company's digital currency deposit gathering strategy

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



Yields, Cost of Funds and Net Interest Margin Trends

Yields, Cost of Funds and Net Interest Margin Trends



Commentary

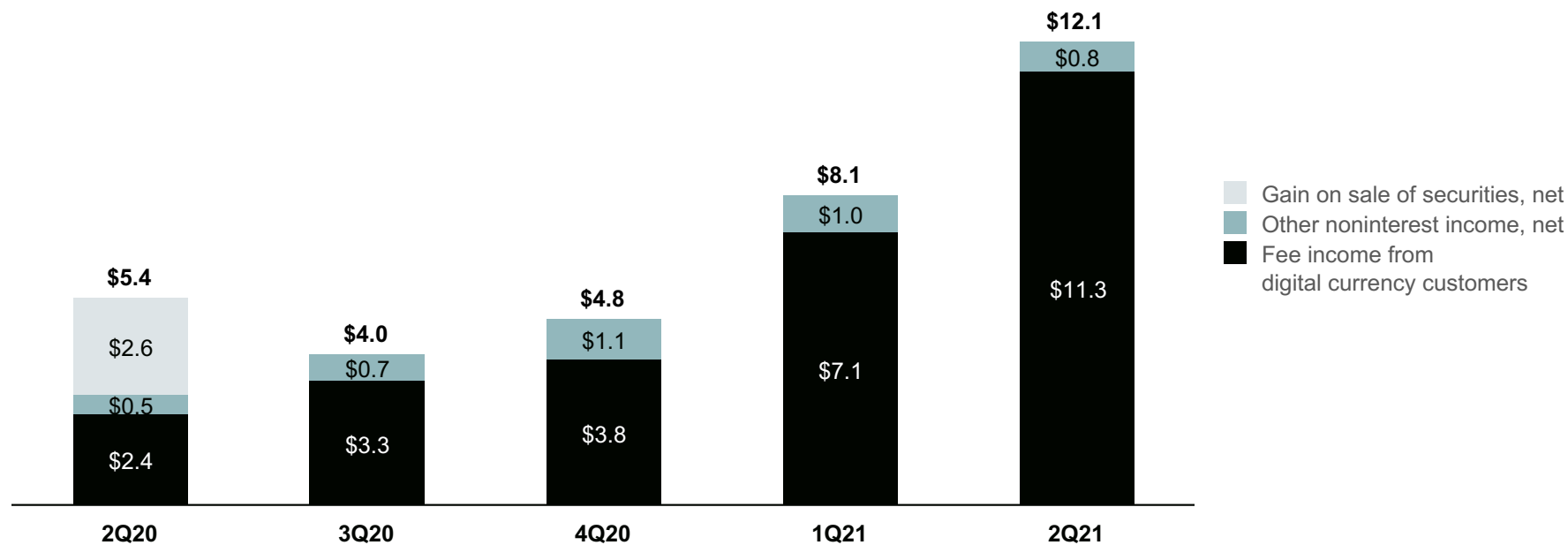
- Net interest margin decrease was driven by a higher proportion of lower yielding securities and interest earning deposits
- Yield on securities impacted by lower interest rates on new securities purchases in 2Q21



Noninterest Income

Noninterest Income

(\$ in millions)



Commentary

- 2Q21 fee income from digital currency customers was up 371% year over year driven by increased transactional volume and related demand for cash management and foreign exchange services
- Other noninterest income in 2Q21 is made up primarily of mortgage warehouse fee income of \$0.8 million, up 67% from 2Q20

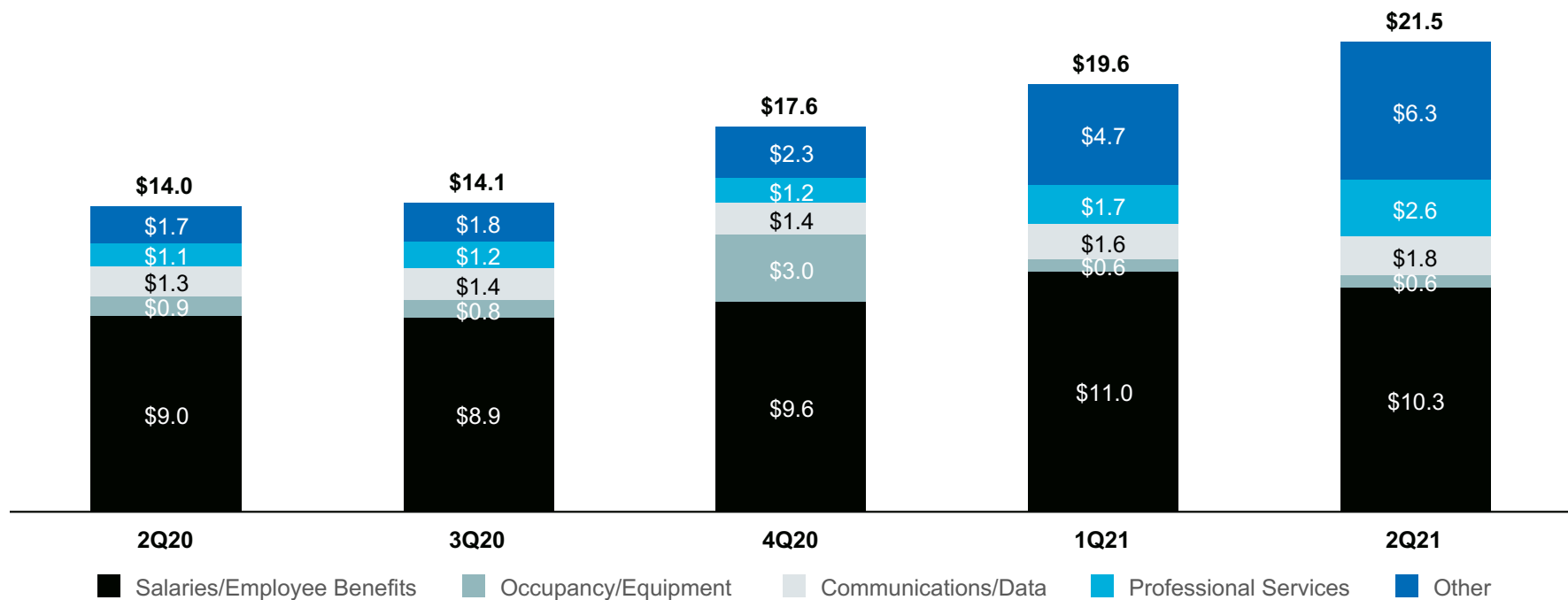
Note: Totals may not foot due to rounding.



Noninterest Expense

Noninterest Expense

(\$ in millions)



Commentary

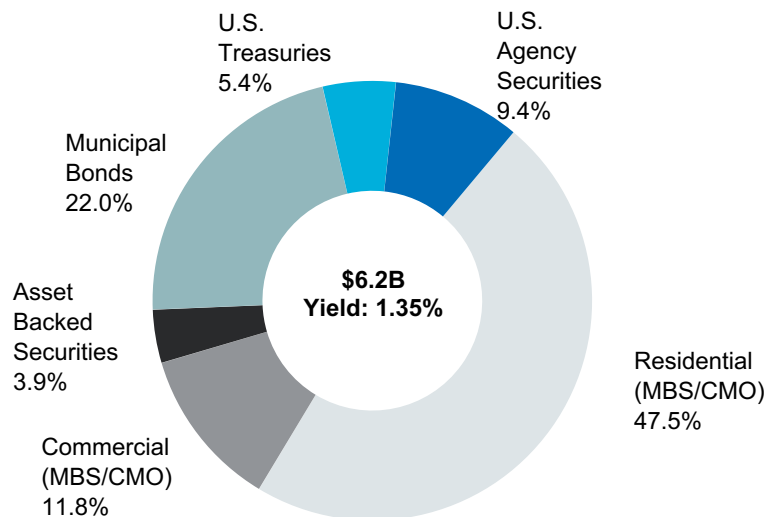
- 2Q21 noninterest expense up 10% versus 1Q21 and 54% versus 2Q20 driven by ongoing investments related to strategic growth initiatives and increased FDIC insurance expense resulting from the growth in digital currency deposits
- Headcount was 221 as of June 30, 2021 compared to 222 at March 31, 2021 and 213 at June 30, 2020

Note: Totals may not foot due to rounding.



Securities and Loan Portfolio

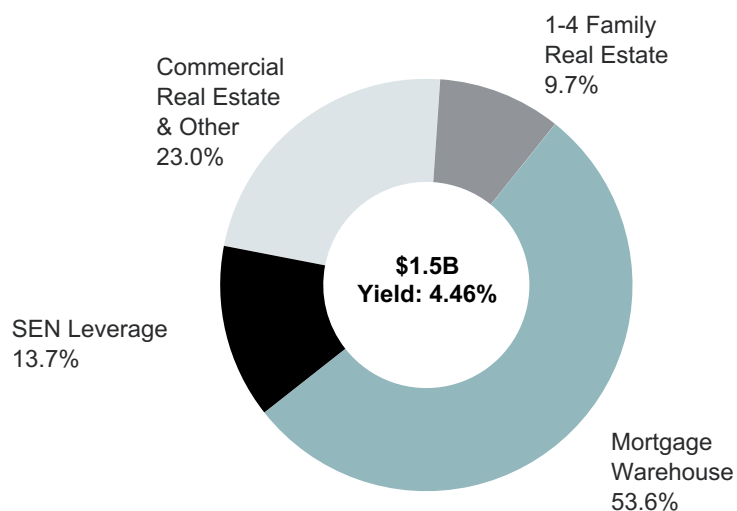
Securities Composition – 50% of Total Assets



Securities Commentary

- There were \$4.5 billion of securities purchased in 2Q21 with a weighted average yield of 1.10%
- Residential MBS/CMO are 99% agency backed while Commercial MBS/CMO are 66% agency backed and 34% non-agency, of which 97% are rated AAA
- Municipal bonds are all general obligation or revenue bonds with 98% rated AA- or better
- 100% of asset backed securities are agency backed FFELP student loan bonds and rated AA+ or better

Loan Composition – 12% of Total Assets



Loan Commentary

- At June 30, 2021, total loans were down \$136.9 million versus March 31, 2021 driven by a decrease in mortgage warehouse loans, offset by an increase in SEN Leverage loans
- Mortgage warehouse loans were \$798.5 million representing 54% of total loans
- SEN Leverage loans were \$203.4 million, up 73% from \$117.3 million at March 31, 2021
- Nonperforming assets totaled \$7.5 million, or 0.06% of total assets at June 30, 2021



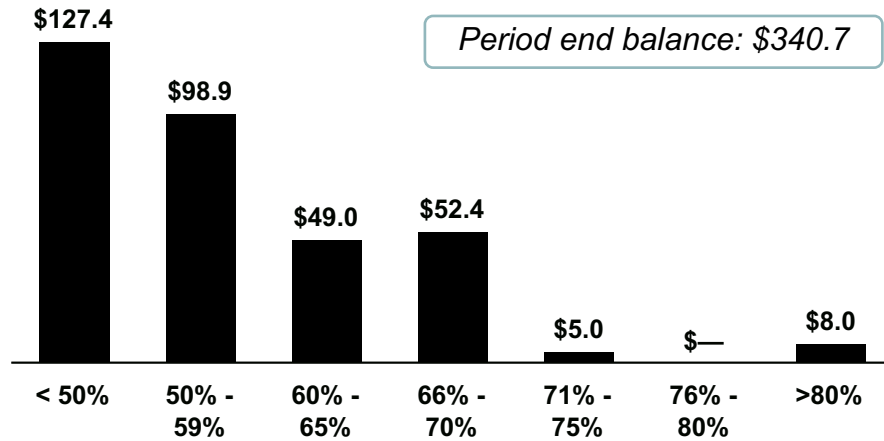
Credit Quality

Commercial & Multi-Family Real Estate Balances - LTV

(\$ in millions)

Weighted Average LTV: 52%

Period end balance: \$340.7

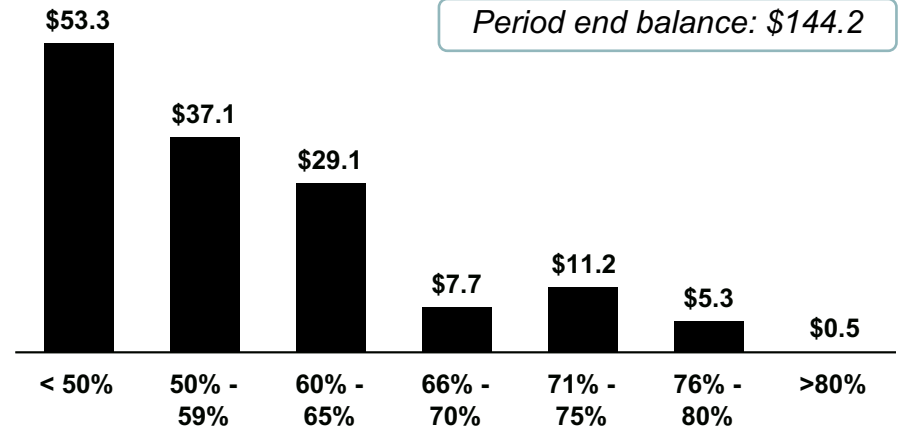


1-4 Family Residential Real Estate Balances - LTV

(\$ in millions)

Weighted Average LTV: 53%

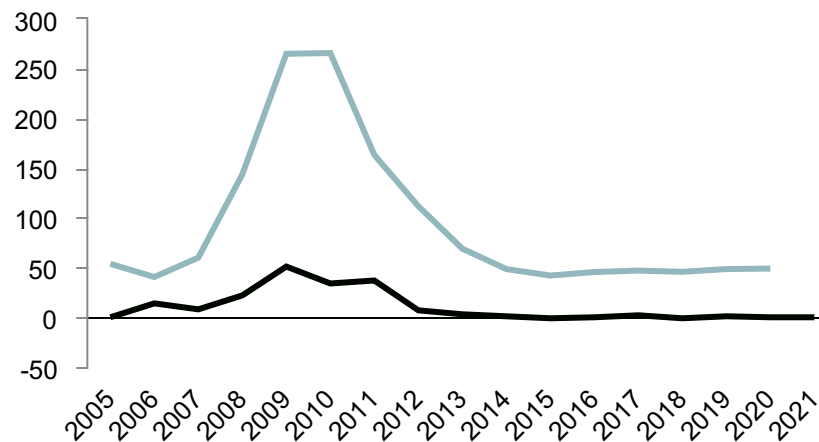
Period end balance: \$144.2



Net Charge-offs / Average Loans

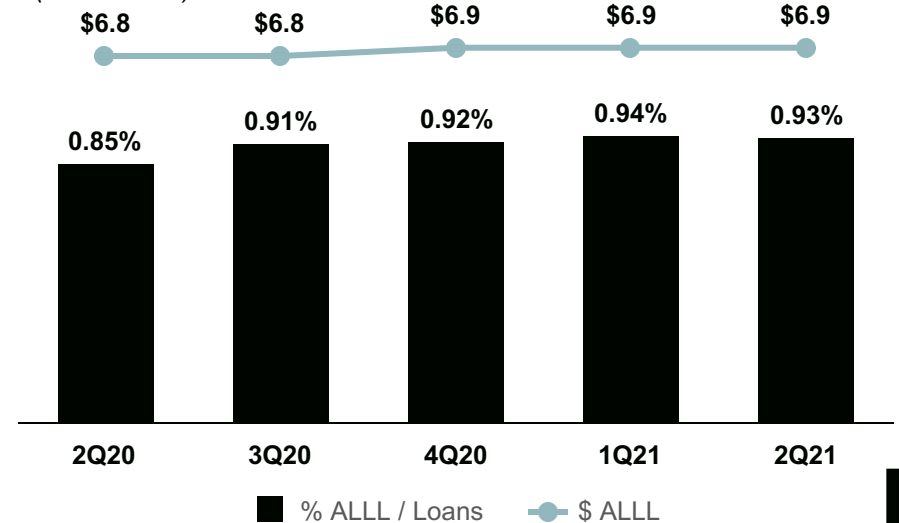
(bps)

— Silvergate — US Commercial Banks



Allowance for Loan Losses

(\$ in millions)



Note: Company LTV data as of June 30, 2021.

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 June 30, 2021

(\$ in millions)

Loan Segment	Loan Balance	WA LTV	% of Total Loans HFI
Real estate loans:			
One-to-four family	\$ 144.2	53 %	19.3 %
Multi-family	67.7	50 %	9.1 %
Commercial:			
Retail	78.3	53 %	10.5 %
Hospitality	46.5	44 %	6.2 %
Office	47.4	65 %	6.4 %
Industrial	50.9	58 %	6.8 %
Other	49.9	43 %	6.7 %
Total commercial	272.9	53 %	36.6 %
Construction	5.5	60 %	0.7 %
Other	255.5	N/A	34.3 %
Total gross loans HFI	\$ 745.9	N/A	100.0 %

COVID-19 Loan Modifications

In Modification	Loan Balance	% of Total Loans HFI
Real estate loans:		
One-to-four family	\$ 0.2	0.0 %
Multi-family	—	—
Commercial:		
Retail	10.6	1.4 %
Hospitality	4.6	0.6 %
Office	8.0	1.1 %
Industrial	—	—
Other	—	—
Total commercial	23.2	3.1 %
Construction	—	—
Other	—	—
Total modifications	\$ 23.4	3.1 %

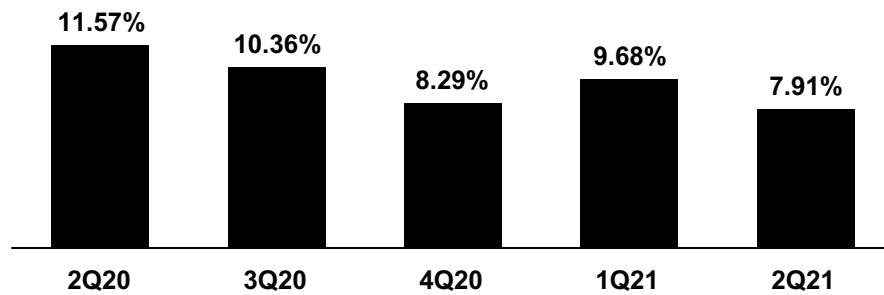
Commentary

- 3.1% of loan balances are in modification with either full payment deferral or resumed partial interest only payments as of June 30, 2021 compared to 8.9% as of March 31, 2021
- Both commercial and one-to four family borrowers, on a case by case basis, were provided payment deferral based on demonstrated need from the effects of COVID-19
- Other includes SEN Leverage, reverse mortgage and mortgage warehouse loans, not subject to loan modifications

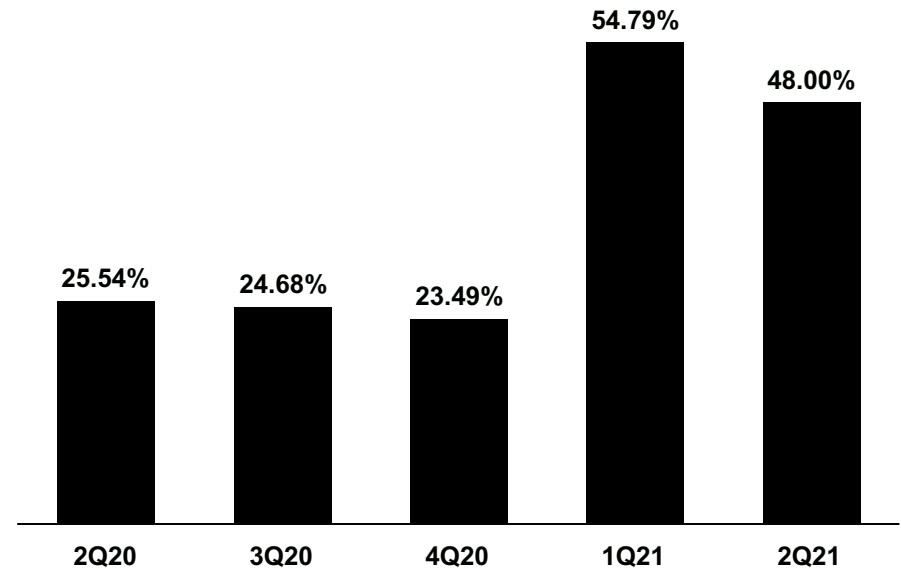


Capital and Liquidity Ratios

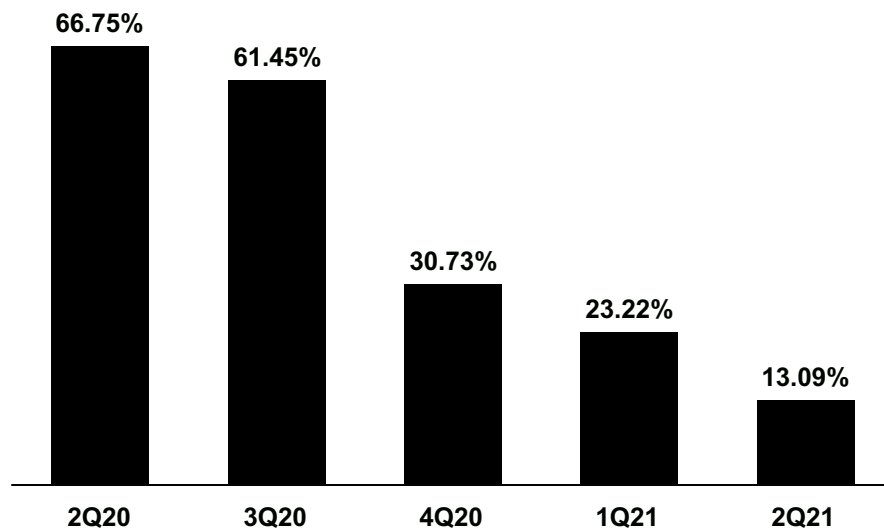
Tier 1 Leverage Ratio



Total Risk-Based Capital Ratio



Loans to Deposits



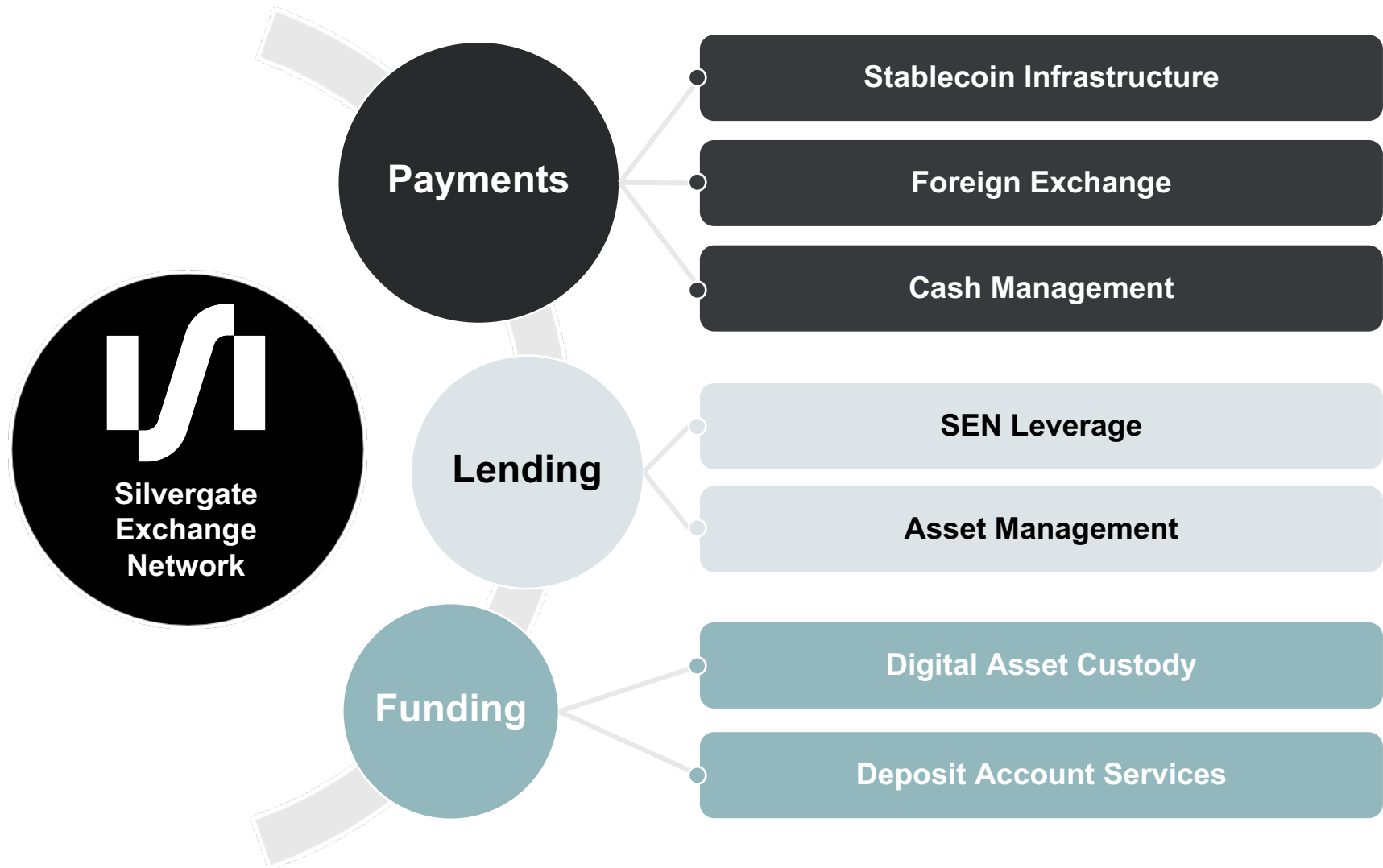
Commentary

- The Bank had a tier 1 leverage ratio of 7.86%, a common equity tier 1 capital ratio of 47.29%, a tier 1 risk-based capital ratio of 47.29% and a total risk-based capital ratio of 47.69% at June 30, 2021
- Bank capital ratios each exceeded the “well capitalized” standards defined by the federal banking regulations
- Decrease in tier 1 leverage ratio and loan to deposits ratio driven by the increase in digital currency deposits

Note: June 30, 2021 capital ratios are preliminary.



Network Effects of the SEN Create Multiple Avenues for Growth



The network effects of the SEN reinforce the strength of our product offerings, create a platform to launch new customer solutions, and enable high-quality revenues