

A large, dark gray, stylized 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, creating a modern, geometric look.

# Silvergate Capital Corporation

## 1Q22 Earnings Presentation

April 19, 2022

# Forward Looking Statements

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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 the 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 presentation 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. While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ materially from those contained or implied in the forward-looking statements: changes in general economic, political, or industry conditions; geopolitical concerns, including the ongoing war in Ukraine; the magnitude and duration of the COVID-19 pandemic and related variants and mutations and their impact on the global economy and financial market conditions and our business, results of operations, and financial condition; uncertainty in U.S. fiscal and monetary policy, including the interest rate policies of the Board of Governors of the Federal Reserve System; inflation/deflation, interest rate, market, and monetary fluctuations; volatility and disruptions in global capital and credit markets; the transition away from USD LIBOR and uncertainty regarding potential alternative reference rates, including SOFR; competitive pressures on product pricing and services; success, impact, and timing of our business strategies, including market acceptance of any new products or services; the impact of changes in financial services policies, laws, and regulations, including those concerning taxes, banking, securities, digital currencies and insurance, and the application thereof by regulatory bodies; cybersecurity threats and the cost of defending against them, including the costs of compliance with potential legislation to combat cybersecurity at a state, national, or global level; and other factors that may affect our future results.

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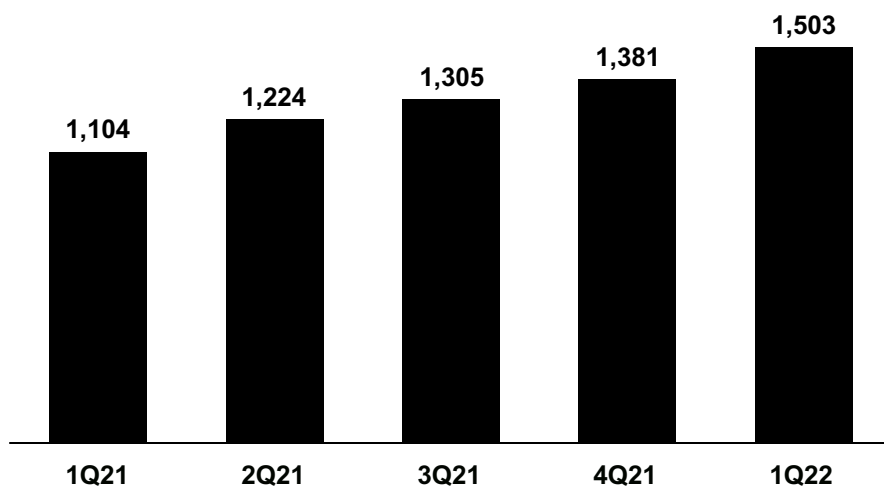
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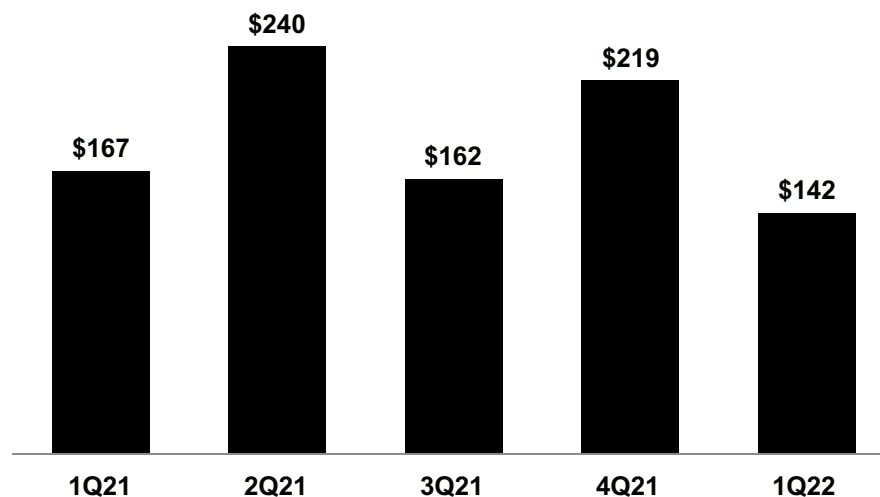
# Platform Fueled by Powerful Network Effects

## Digital Currency Customers



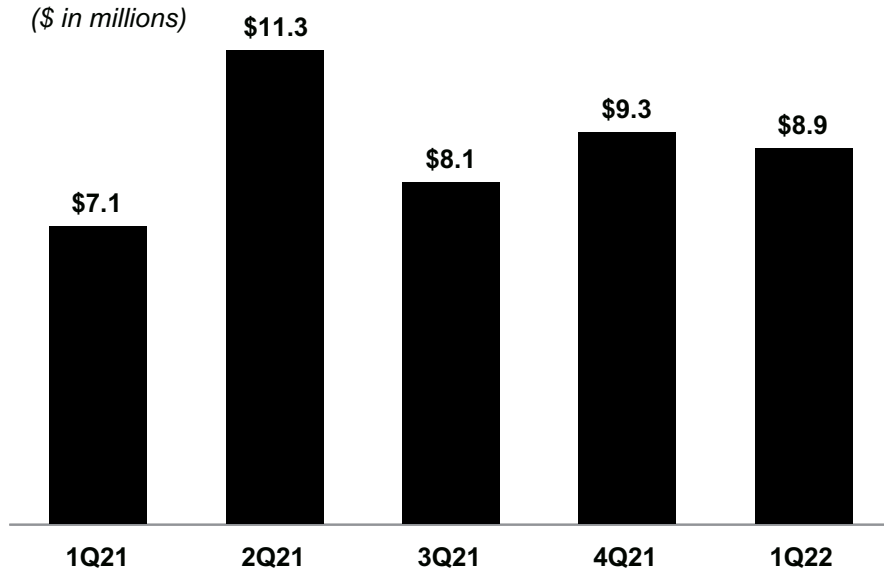
## SEN Transfers

(\$ in billions)



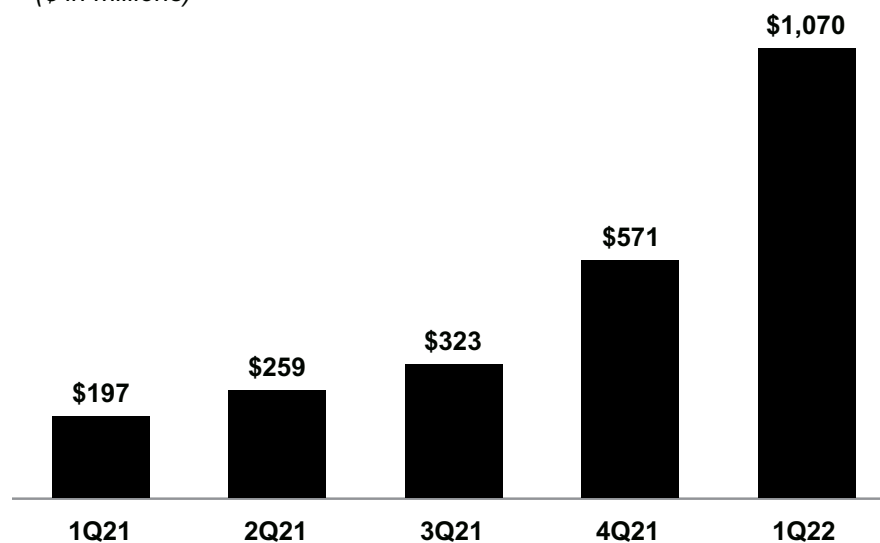
## Transaction Revenue

(\$ in millions)



## SEN Leverage

(\$ in millions)



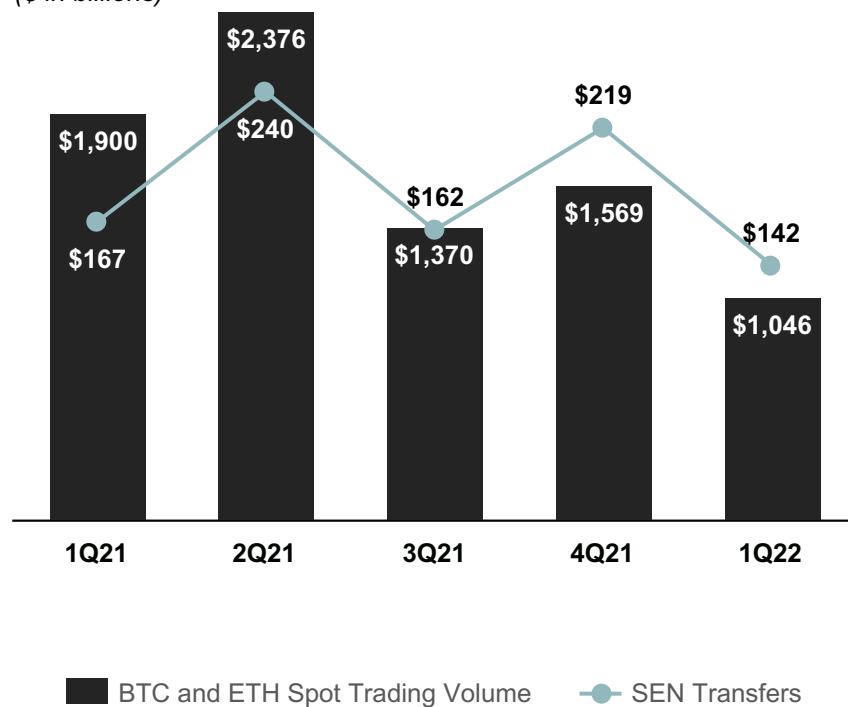
Note: Transaction revenue represents fee income from digital currency customers. SEN Leverage balances reflect total commitments.



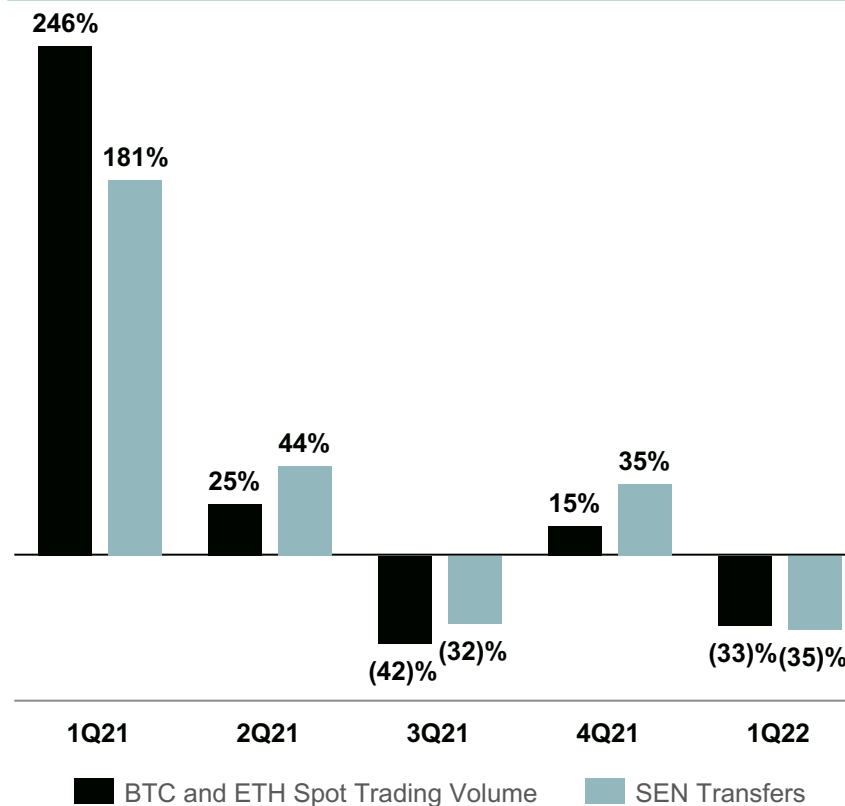
# Broader Crypto Industry Trends

## Dollar Trading Volume

(\$ in billions)



## % Change in Dollar Volume by Quarter



## Commentary

- Industry volume is based on Bitcoin and Ethereum daily trusted spot volume as defined by Coin Metrics from exchanges that they consider the most accurate and trustworthy
- Strong correlation between SEN dollar volume and industry volume by quarter



## 1Q22 Financial Results

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**\$24.7M**

**+34%** vs PQ

**+94%** vs PY

**Net Income Available  
to Common Shareholders**

**\$59.9M**

**+22%** vs PQ

**+93%** vs PY

**Revenue**

**9.68%**

**-13%** vs PQ

**Flat** vs PY

**Tier 1 Leverage Ratio**

**\$0.79**

**+20%** vs PQ

**+44%** vs PY

**Diluted EPS**

**\$28.0M**

**+9%** vs PQ

**+43%** vs PY

**Noninterest Expense**

**\$15.8B**

**-1%** vs PQ

**+104%** vs PY

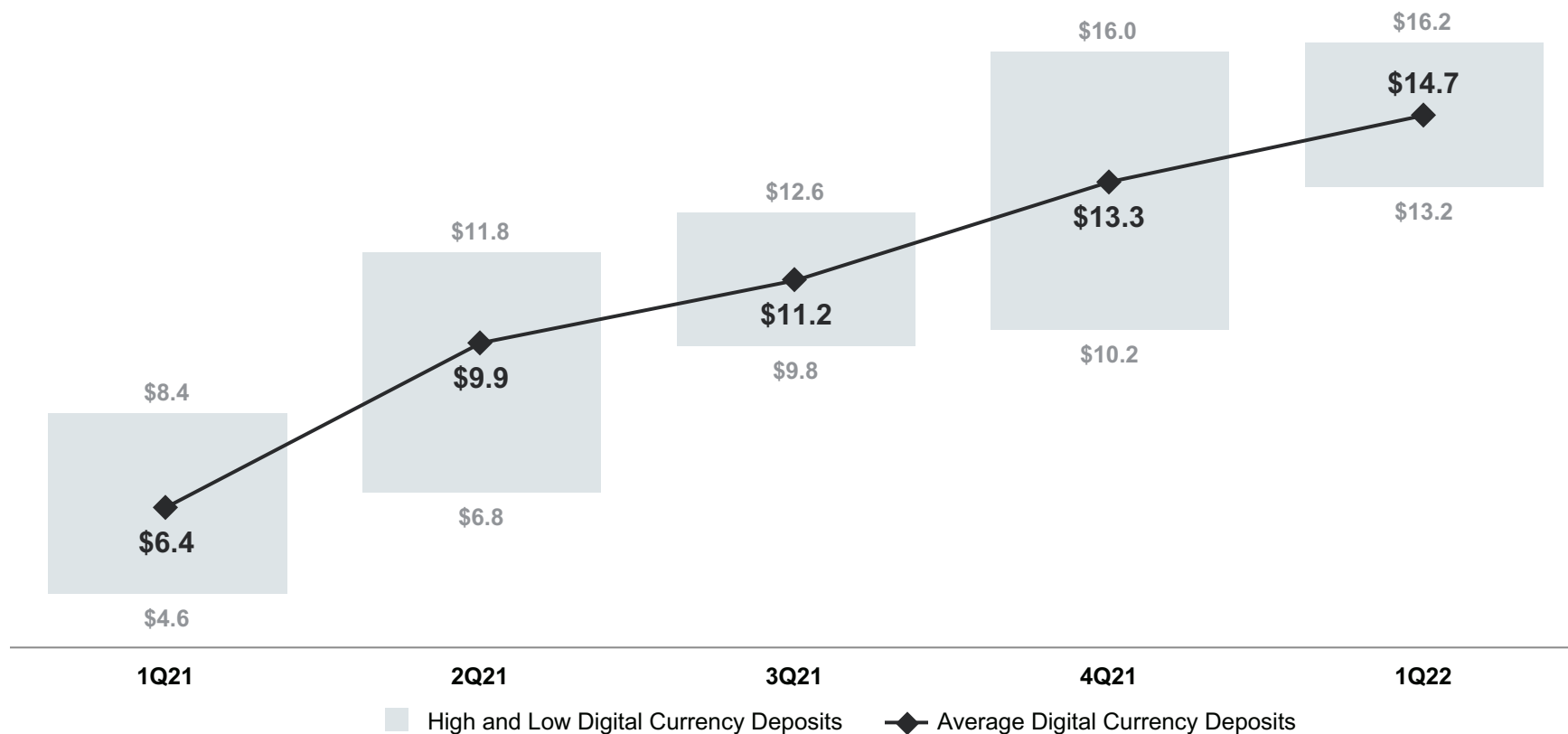
**Total Assets**



# Digital Currency Deposits

## Deposit Trends

(\$ in billions)



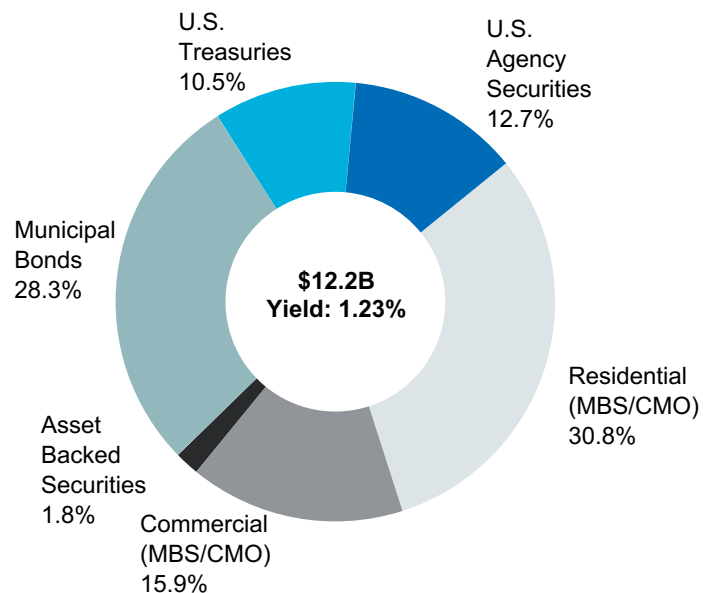
## Commentary

- The year-over-year increase in average digital currency deposits was driven by growth in deposits from digital currency exchanges, institutional investors in digital assets and other fintech related customers
- The annualized cost of deposits was 0.00% in 1Q22, reflecting the Company's digital currency deposit gathering strategy

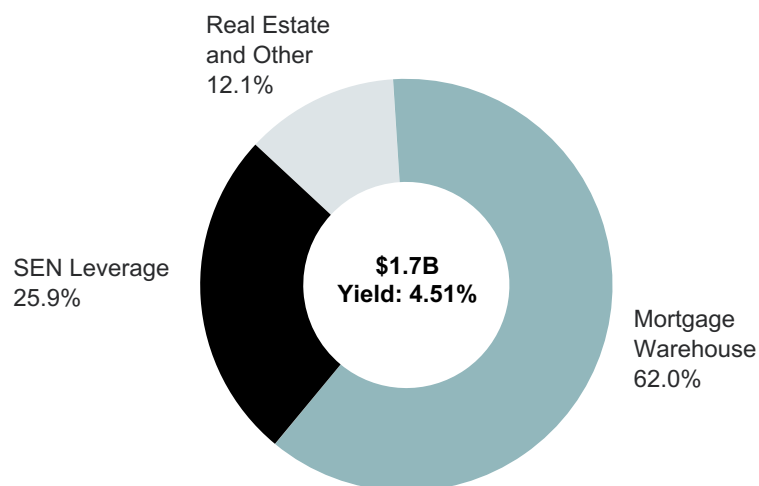


# Asset Composition and Net Interest Income

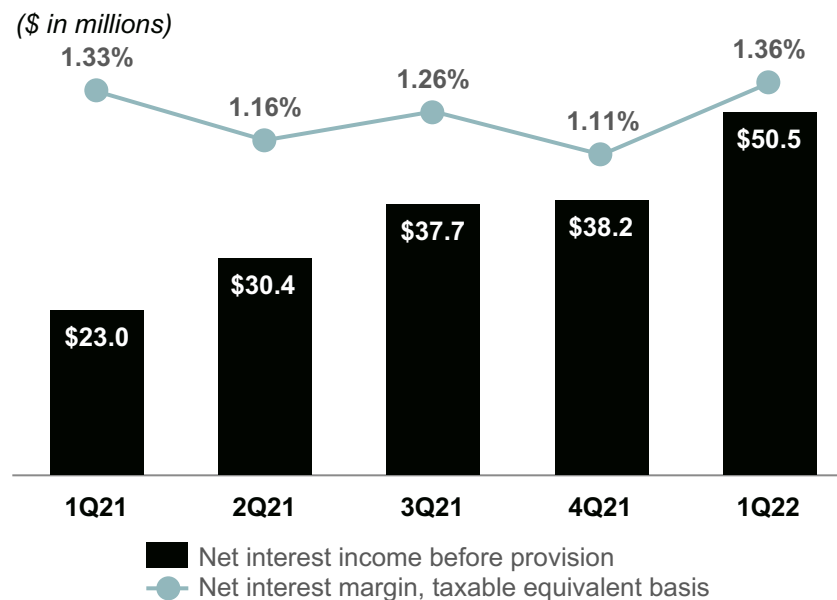
## Securities Composition – 77% of Total Assets



## Loan Composition – 11% of Total Assets



## Net Interest Income and Margin



## Commentary

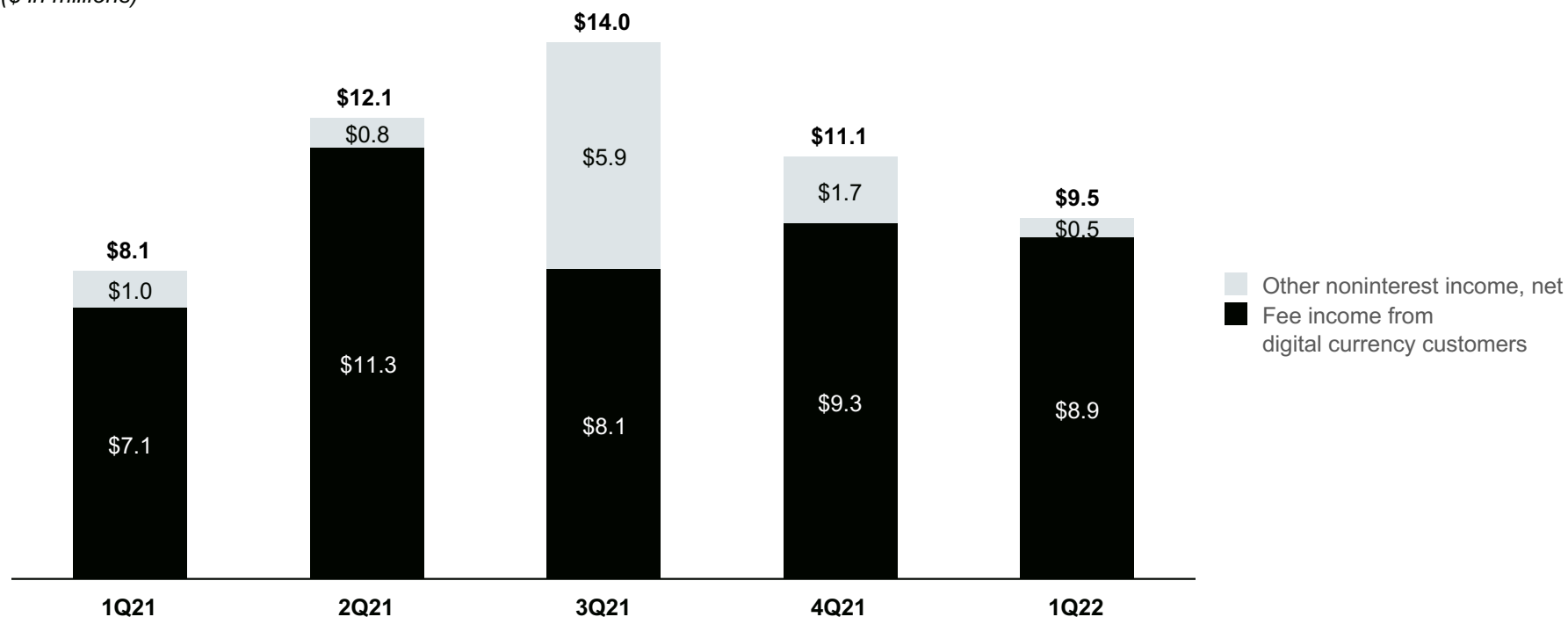
- 55% of securities were floating-rate
- High quality securities portfolio with 98% rated AA- or better
- 90% of loans held-for-investment were floating-rate, and a substantial majority of SEN Leverage and mortgage warehouse loans are floating-rate
- For each +25bps increase in interest rates, net interest income is estimated to increase approximately \$23 million over a 12-month period (based on a static balance sheet rate shock)



# Noninterest Income

## Noninterest Income

(\$ in millions)



## Commentary

- 1Q22 fee income from digital currency customers was up 26% year over year driven by increased transactional volume and related demand for cash management and foreign exchange services
- Other noninterest income consists primarily of mortgage warehouse fee income and other gains and losses including:
  - 3Q21 - \$5.2 million gain on sale of securities, net
  - 4Q21 - \$0.9 million gain on sale of interest rate derivatives
  - 1Q22 - \$0.6 million loss on sale of securities, net and \$0.4 million gain on sale of interest rate derivatives

Note: Totals may not foot due to rounding.

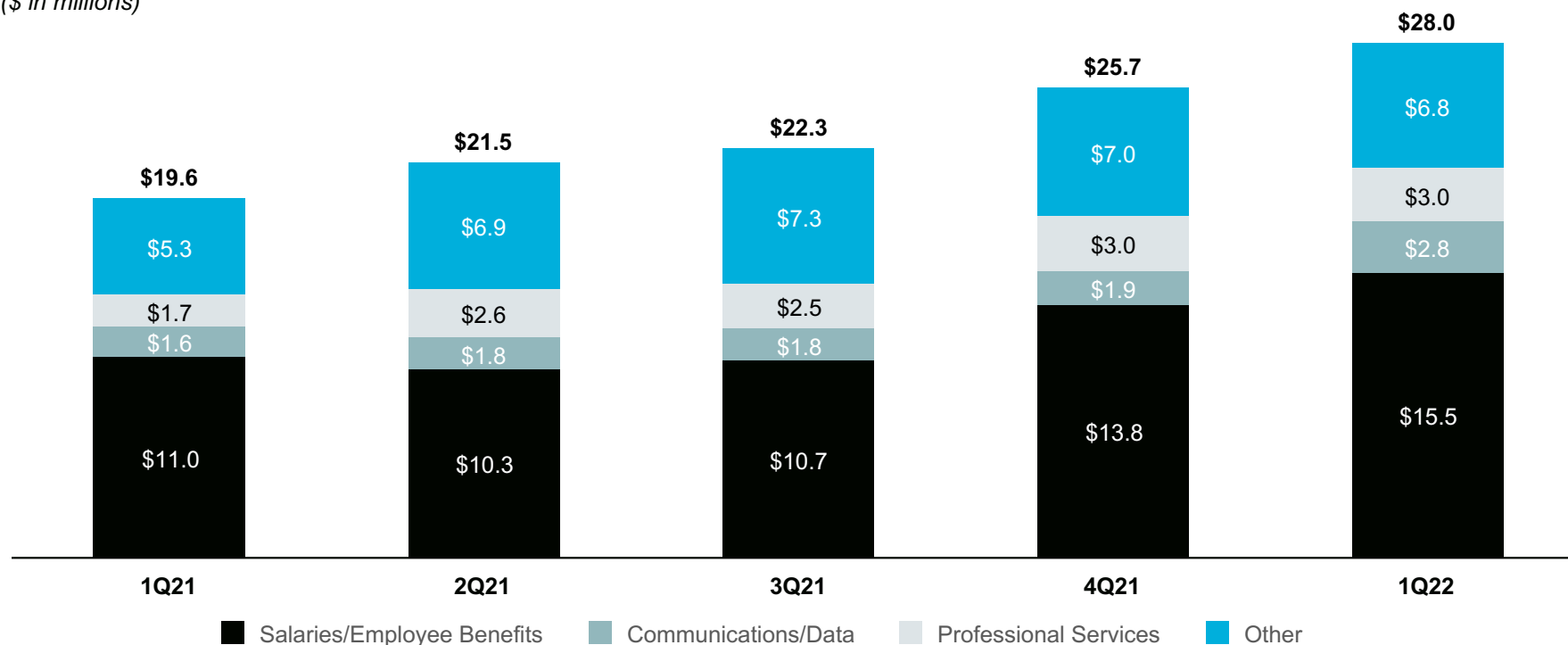




# Noninterest Expense

## Noninterest Expense

(\$ in millions)



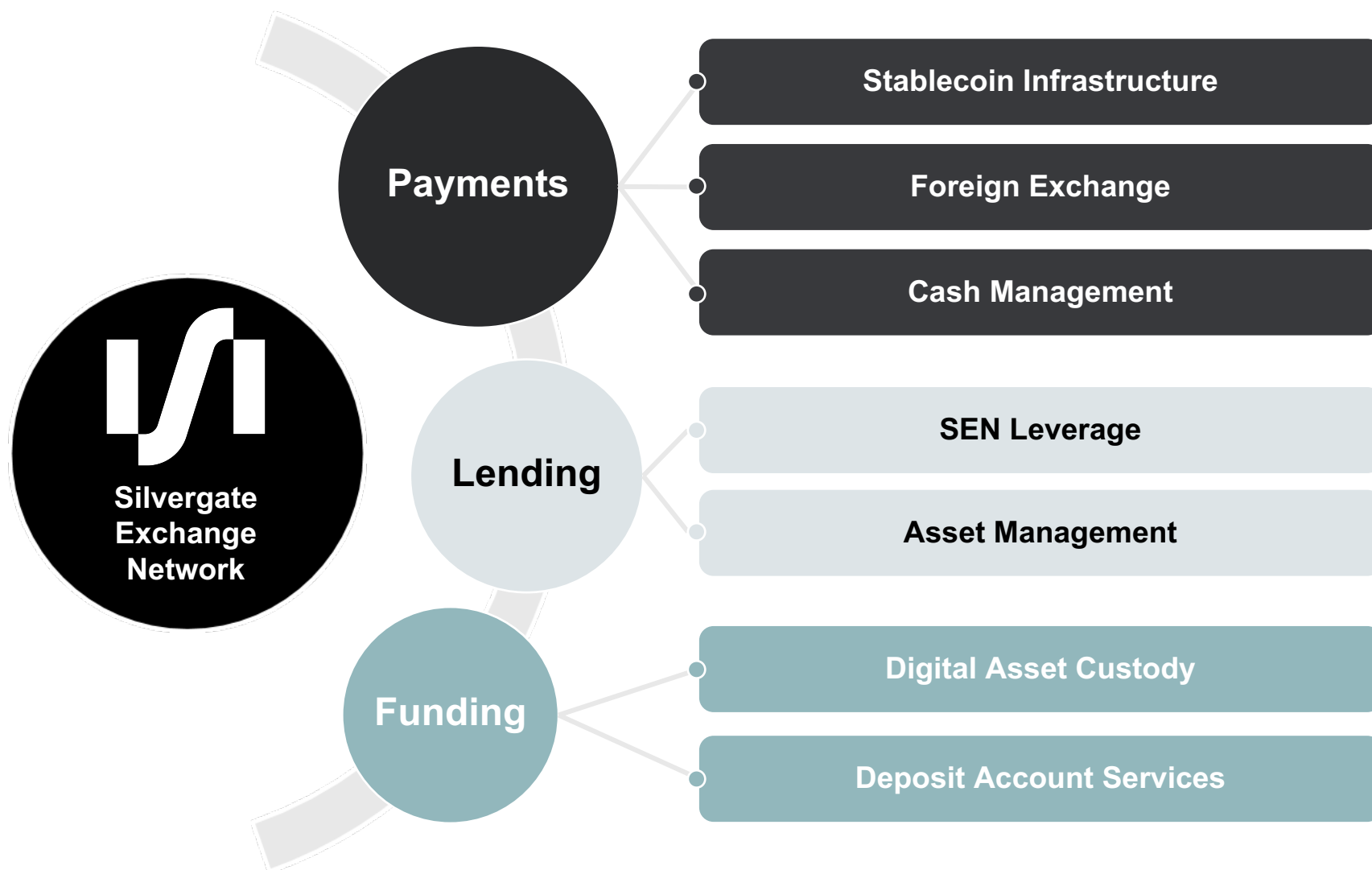
## Commentary

- 1Q22 noninterest expense up 9% versus 4Q21 and 43% versus 1Q21 attributable to increased Salaries/Employee Benefits and Communication/Data due to ongoing investments related to strategic growth initiatives
- Other primarily includes FDIC insurance expense and in 1Q22, a \$1.0M provision for off-balance sheet SEN Leverage commitments (\$0.4M in 4Q21 and \$0.2M in 1Q21)
- Headcount was 308 as of March 31, 2022 compared to 279 at December 31, 2021 and 222 at March 31, 2021
- Full year 2022 noninterest expense expected to be approximately \$130-140 million, excluding intangible amortization

Note: Totals may not foot due to rounding.



## 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 revenue streams