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For Immediate Release

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SILVERGATE BANK REPORTS FOURTH QUARTER AND FULL YEAR 2015 RESULTS

LA JOLLA, CA, March 1, 2016 – Silvergate Bank today announced financial results for the quarter and fiscal year ended December 31, 2015, with net income of \$1.7 million and \$8.1 million, respectively. The Bank's total assets increased to \$948.2 million from \$864.7 million at year end 2014 and equity grew to \$83.5 million from \$75.6 million over the same time period.

"Our outstanding success in 2015 directly reflects the strong partnerships we've developed with our clients, and the successes they achieved during the year," said Alan Lane, the Bank's chief executive officer. "We are grateful for their support and continue to focus on providing valued services to help them achieve their goals. We are also pleased to report that 2015 was the Bank's eighteenth consecutive year of profitability and the highest net income year in its history."

Financial Performance

The Bank's net income for the quarter was \$1.7 million, compared to \$2.3 million for the prior quarter and \$1.7 million for the fourth quarter last year. For the year ended December 31, 2015, net income totaled \$8.1 million, compared to \$5.1 million for the prior year, a 59% increase. Total loans increased by \$75.3 million from year-end 2014 reflecting increased growth in commercial, single-family, and construction loans. Total deposits increased by \$88.1 million over the same period, including \$31.0 million in non-interest bearing demand deposits and \$18.9 million in other transaction, money market and savings accounts.

The Bank's net interest income for the quarter ended December 31, 2015 was \$8.1 million, compared to \$7.7 million in the prior quarter and \$7.6 million in the fourth quarter last year. The Bank's net interest margin for the fourth quarter was 3.64%, compared to 3.59% for the prior quarter, and 3.80% for the fourth quarter last year. The increase in net interest income from prior quarters reflected higher loan volumes than in prior periods. Net interest income totaled \$31.5 million for the year ended 2015, a \$7.9 million, or 33%, increase over the same period in 2014, as both loan volumes and asset yields improved over the prior period.

The Bank's provision for loan losses totaled \$679 thousand in the fourth quarter and \$1.9 million for all of 2015, compared to \$671 thousand and \$1.1 million for the fourth quarter and full year of 2014, respectively. The Bank added to its allowance for loan losses in 2015 in response to strong loan growth and the expansion of its commercial lending activities. The Bank experienced net charge-offs of \$15 thousand in the fourth quarter of 2015 compared to net recoveries of \$17 thousand in the previous quarter, and net charge-offs of \$12 thousand in the fourth quarter of 2014. Total charge-offs in 2015 were \$56 thousand and recoveries were \$94 thousand, resulting in a net recovery of \$38 thousand for the year. Over the same period last year, net charge-offs were \$55 thousand and recoveries were \$18 thousand.

Noninterest income totaled \$375 thousand for the quarter ended December 31, 2015, compared to \$1.5 million for the prior quarter, and \$792,000 in the final quarter of 2014. The decrease from prior periods reflects gains on sales of loans and other assets recorded in the prior periods. For all of 2015, the Bank generated \$4.8 million in noninterest income, compared to \$5.6 million in 2014. The reduction from 2014 reflects lower income from asset sales.

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Noninterest expense was \$5.1 million for the fourth quarter of 2015, compared to \$5.2 million for the prior quarter and \$4.9 million for the same period last year. For the year ended December 31, 2015, noninterest expense totaled \$21.0 million, a 6.0% increase over the same period last year. The increase reflects higher compensation expense resulting from stronger production activity, and increases in communications and data processing expense.

“Robust loan production at more attractive yields continued to drive our earnings success in the final quarter of 2015,” noted Derek Eisele, the Bank’s president. “Through the efforts of our seasoned bankers, we continue to find attractive lending opportunities in southern California and in our national residential lending niches.”

Balance Sheet Activity

The Bank’s total loan balance was \$835.5 million at December 31, 2015, a 6.2% increase from September 30, 2015, and a 9.9% increase from December 31, 2014. The Bank’s Mortgage Warehouse Lending Division continued to produce strong volumes, with \$839.0 million and \$3.9 billion in loans funded in the fourth quarter and full year of 2015, respectively. This compares to \$858.8 million and \$2.6 billion in loans funded during the same periods last year.

Total commercial and commercial real estate loan balances increased 11.2% from last quarter, totaling \$280.9 million at December 31, 2015, compared to \$252.7 million and \$200.1 million as of September 30, 2015 and December 31, 2014, respectively. Residential loan balances, including reverse mortgage loans, totaled \$351.4 million at December 31, 2015, compared to \$335.4 million and \$405.2 million at September 30, 2015 and December 31, 2014, respectively.

At December 31, 2015, deposits totaled \$634.3 million, compared to \$639.4 million at the prior quarter end and \$546.2 million at December 31, 2014. Deposit balances have decreased by 0.8% since September 30, 2015 and increased by 16% from December 31, 2014. The year-over-year growth in deposits reflects focused marketing efforts, including increases of \$31.0 million in non-interest bearing demand deposits, \$18.9 million in other transaction, money market and savings accounts, and \$38.1 million in time deposits.

At December 31, 2015, Silvergate Bank’s Tier 1 Leverage Capital Ratio was 9.40% and Total Risk-Based Capital Ratio was 14.04%, both substantially exceeding “well capitalized” minimums of 5.00% and 10.00%. The Bank’s ratio of nonperforming loans to total loans decreased from the prior quarter to 0.48% while the nonperforming assets to total assets ratio remained the same at 0.56%.

About Silvergate Bank

Silvergate Bank is a San Diego-based bank that specializes in meeting the needs of businesses and residential loan producers through a comprehensive offering of lending products and personalized banking services. Silvergate Bank opened in 1988 and is a subsidiary of Silvergate Capital Corporation. Bank branches are located in Carlsbad, Escondido, La Jolla, and La Mesa and a loan production office is located in Seal Beach in Orange County. Silvergate Bank’s headquarters office is located at 4275 Executive Square, Suite 800, La Jolla, CA 92037. The Bank’s website is www.silvergatebank.com.

Statements concerning future performance, developments or events, expectations for growth and income forecasts, and any other guidance on future periods, constitute forward-looking statements that are subject to a number of risks and uncertainties. Actual results may differ materially from stated expectations. When used in this release, the words or phrases such as “will continue,” “is anticipated,” “estimate,” “expect,” “projected,” “believe,” “seeking,” or similar expressions, are intended to identify “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Readers should not place undue reliance on the forward-looking statements, which reflect views only as of the date hereof. Neither Silvergate Capital Corporation nor Silvergate Bank undertakes any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

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Silvergate Bank Selected Financial and Operating Data
(Dollars in Thousands - Unaudited)

	Three Months Ended			Annual Change	Twelve Months Ended		Annual Change
	December 31, 2015	September 30, 2015	December 31, 2014		December 31, 2015	December 31, 2014	
INCOME STATEMENT							
Interest Income	\$ 9,420	\$ 8,997	\$ 8,832	7%	\$ 36,708	\$ 28,520	29%
Interest Expense	<u>1,350</u>	<u>1,280</u>	<u>1,248</u>	8%	<u>5,175</u>	<u>4,837</u>	7%
Net Interest Income	8,070	7,717	7,584	6%	31,533	23,683	33%
Provision for Loan Losses	679	247	671	1%	1,906	1,068	79%
Total Noninterest Income	375	1,499	792	-53%	4,797	5,630	-15%
Total Noninterest Expense	<u>5,135</u>	<u>5,193</u>	<u>4,915</u>	4%	<u>21,047</u>	<u>19,832</u>	6%
Income Before Taxes	2,631	3,775	2,790	-6%	13,378	8,413	59%
Income Tax Expense	<u>979</u>	<u>1,496</u>	<u>1,110</u>	-12%	<u>5,235</u>	<u>3,304</u>	58%
Net Income	<u>\$ 1,652</u>	<u>\$ 2,279</u>	<u>\$ 1,680</u>	-2%	<u>\$ 8,142</u>	<u>\$ 5,109</u>	59%

Performance Ratios

Net Interest Margin	3.64%	3.59%	3.80%	3.61%	3.36%
Return on Average Assets	0.74%	1.06%	0.84%	0.93%	0.72%
Return on Average Equity	7.90%	11.14%	8.90%	10.11%	6.97%
Efficiency Ratio	60.81%	56.35%	58.68%	57.93%	67.66%
Net Loan Charge-Offs to Average Total Loans	0.01%	-0.01%	0.01%	0.00%	0.01%

BALANCE SHEET

	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	Annual Change
Cash and Due from Banks	\$ 46,477	\$ 33,684	\$ 45,404	\$ 46,062	\$ 38,138	22%
Investments	<u>54,416</u>	<u>58,915</u>	<u>58,014</u>	<u>58,368</u>	<u>57,112</u>	-5%
Total Cash & Investments	100,893	92,599	103,418	104,430	95,250	6%
Securitized Loans, at fair value	28,785	29,914	29,814	29,460	29,635	-3%
Loans Held for Investment ("HFI")	644,410	596,397	617,221	675,798	628,392	3%
Allowance for Loan Losses	<u>(6,900)</u>	<u>(6,228)</u>	<u>(5,972)</u>	<u>(5,340)</u>	<u>(4,957)</u>	39%
Loans HFI, net	637,510	590,169	611,249	670,458	623,435	2%
Loans Held for Sale	169,190	166,795	181,471	139,165	107,068	58%
Real Estate Owned ("REO")	1,292	920	630	117	-	n/a
Other Assets	<u>10,500</u>	<u>9,248</u>	<u>9,930</u>	<u>9,464</u>	<u>9,304</u>	13%
Total Assets	<u>\$ 948,170</u>	<u>\$ 889,645</u>	<u>\$ 936,512</u>	<u>\$ 953,094</u>	<u>\$ 864,692</u>	10%
Noninterest Bearing Demand Deposits	\$ 119,664	\$ 141,049	\$ 125,610	\$ 93,179	\$ 88,660	35%
Interest Bearing Demand Deposits	14,831	20,884	24,219	8,900	8,811	68%
NOW, Money Market, and Savings Accounts	229,717	214,475	188,769	190,054	216,796	6%
Certificates of Deposit	<u>270,078</u>	<u>262,971</u>	<u>290,714</u>	<u>243,200</u>	<u>231,941</u>	16%
Total Deposits	634,290	639,379	629,312	535,333	546,208	16%
FHLB Advances and Other Borrowings	199,000	135,000	193,000	309,000	210,000	-5%
Payables under Securitizations	27,536	29,375	27,917	28,297	29,177	-6%
Other Liabilities	<u>3,880</u>	<u>3,848</u>	<u>6,376</u>	<u>3,729</u>	<u>3,740</u>	4%
Total Liabilities	864,706	807,602	856,605	876,359	789,125	10%
Total Shareholder's Equity	<u>83,464</u>	<u>82,043</u>	<u>79,907</u>	<u>76,735</u>	<u>75,567</u>	10%
Total Liabilities and Shareholder's Equity	<u>\$ 948,170</u>	<u>\$ 889,645</u>	<u>\$ 936,512</u>	<u>\$ 953,094</u>	<u>\$ 864,692</u>	10%

Asset Quality Ratios

Nonperforming Loans to Total Loans	0.48%	0.51%	0.58%	0.69%	0.63%
Loss Allowance to Nonperforming Loans	171.63%	153.96%	123.89%	92.19%	103.27%
Allowance for Loan Losses to Loans HFI	1.07%	1.04%	0.97%	0.79%	0.79%
Nonperforming Assets to Total Assets	0.56%	0.56%	0.58%	0.62%	0.56%

Capital Ratios

Tier I Leverage Capital Ratio	9.40%	9.53%	8.61%	9.09%	9.45%
Total Risk-Based Capital Ratio	14.04%	14.40%	14.11%	13.08%	14.75%