

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

**SILVERGATE CAPITAL CORPORATION,
*et al.***

Debtors.¹

Chapter 11

Case No. 24- 12158 (KBO)

(Jointly Administered)

Re Docket No. 11 & 811

**NOTICE OF FILING OF BLACKLINE OF DISCLOSURE STATEMENT
PURSUANT TO 11 U.S.C. § 1125 WITH RESPECT TO FIRST AMENDED JOINT
CHAPTER 11 PLAN OF SILVERGATE CAPITAL CORPORATION
AND ITS AFFILIATED DEBTORS**

PLEASE TAKE NOTICE that, on September 18, 2024, the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) filed the *Disclosure Statement Pursuant to 11 U.S.C. § 1125 with Respect to Joint Chapter 11 Plan of Silvergate Capital Corporation and Its Affiliated Debtors* [Docket No. 11] (as may be amended, modified, or supplemented, the “Disclosure Statement”) with the United States Bankruptcy Court for the District of Delaware (the “Court”).

PLEASE TAKE FURTHER NOTICE that, contemporaneously herewith, the Debtors filed an amended version of the Disclosure Statement [Docket No. 811] (as may be amended, modified, or supplemented, the “Amended Disclosure Statement”).

PLEASE TAKE FURTHER NOTICE that, for the convenience of the Court and all parties in interest, a blackline comparison of the Amended Disclosure Statement marked against the Disclosure Statement is attached hereto as Exhibit 1.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are as follows: Silvergate Capital Corporation (7337), Silvergate Liquidation Corporation (4449) and Spring Valley Lots, LLC (0474). The Debtors’ mailing address is 4225 Executive Square, Suite 600, La Jolla, CA 92037.

PLEASE TAKE FURTHER NOTICE that the Debtors reserve the right to amend, modify, or supplement the Amended Disclosure Statement and that the Amended Disclosure Statement remains subject to further review and comment from interested parties engaged in discussions with the Debtors. To the extent that the Debtors make further revisions to the Amended Disclosure Statement, the Debtors will file a further revised copy of such document with the Court.

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Dated: June 24, 2025
Wilmington, Delaware

Respectfully Submitted,

RICHARDS, LAYTON & FINGER, P.A.

/s/ Colin A. Meehan

Paul N. Heath (No. 3704)
Michael J. Merchant (No. 3854)
David T. Queroli (No. 6318)
Emily R. Mathews (No. 6866)
Colin A. Meehan (No. 7237)
One Rodney Square
920 North King Street
Wilmington, DE 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701
Email: heath@rlf.com
merchant@rlf.com
queroli@rlf.com
mathews@rlf.com
meehan@rlf.com

-and-

CRAVATH, SWAINE & MOORE LLP

George E. Zobitz (admitted *pro hac vice*)
Paul H. Zumbro (admitted *pro hac vice*)
Lauren A. Moskowitz (admitted *pro hac vice*)
Two Manhattan West
375 Ninth Avenue
New York, NY 10001
Telephone: (212) 474-1000
Facsimile: (212) 474-3700
Email: jzobitz@cravath.com
pzumbro@cravath.com
lmoskowitz@cravath.com

*Co- Counsel for Debtors and Debtors
in Possession*

EXHIBIT 1

Blackline

THIS PROPOSED DISCLOSURE STATEMENT IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS OF THE PLAN MAY NOT BE SOLICITED UNTIL THE BANKRUPTCY COURT HAS APPROVED A DISCLOSURE STATEMENT. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT TO DATE. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES AND IS NOT A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

Silvergate Capital Corporation., et al.,¹

Debtors.

Chapter 11

Case No. ————— [24-12158](#) (— [KBO](#))

([Joint Administration Requested](#))

([Jointly Administered](#))

**DISCLOSURE STATEMENT PURSUANT TO 11 U.S.C. § 1125 WITH
RESPECT TO [FIRST AMENDED](#) JOINT CHAPTER 11 PLAN OF
SILVERGATE CAPITAL CORPORATION AND ITS AFFILIATED DEBTORS**

George E. Zobitz ([admitted](#) *pro hac vice* [pending](#))
Paul H. Zumbro ([admitted](#) *pro hac vice* [pending](#))
Alexander Gerten ([admitted](#) *pro hac vice* [pending](#))
CRAVATH, SWAINE & MOORE LLP
375 Ninth Avenue
New York, NY 10001
Telephone: (212) 474-1000
Facsimile: (212) 474-3700
Email: jzobitz@cravath.com
pzumbro@cravath.com
agerten@cravath.com

Paul N. Heath (No. 3704)
Michael J. Merchant (No. 3854)
David T. Queroli (No. 6318)
Emily R. Mathews (No. 6866)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King Street
Wilmington, DE 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701
Email: heath@rlf.com
merchant@rlf.com
queroli@rlf.com
mathews@rlf.com

Proposed Counsel and Co-Counsel to the

Dated: [September 18](#) [June 24](#), [2024](#) [2025](#)

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are as follow: Silvergate Capital Corporation (7337), Silvergate Liquidation Corporation (4449) and Spring Valley Lots, LLC (0474). The Debtors' mailing address is 4225 Executive Square, Suite 600, La Jolla, CA 92037.

Debtors and Debtors in Possession

Wilmington, Delaware

TABLE OF CONTENTS

ARTICLE I:	INTRODUCTION	<u>74</u>
A.	Definitions.....	<u>74</u>
B.	Exhibits	<u>74</u>
C.	Purpose of this Disclosure Statement	<u>74</u>
D.	Important Notices and Disclaimers.....	<u>85</u>
E.	Brief Overview of the Plan	<u>97</u>
 ARTICLE II: <u>OVERVIEW OF THE DEBTORS</u>		<u>108</u>
A.	The Debtors' Background and Prepetition Business Operations.....	<u>108</u>
B.	The Debtors' Corporate Structure.....	<u>1210</u>
C.	The Debtors' Assets.....	<u>1310</u>
D.	The Debtors' Capital Structure	<u>1411</u>
E.	The Debtors' Workforce and Facilities.....	<u>1412</u>
F.	The Debtors' Data Retention and Production Obligations	<u>1512</u>
G.	Prepetition Litigation	<u>1513</u>
H.	Circumstances Leading to the Commencement of the Chapter 11 Cases	<u>1816</u>
 ARTICLE III: <u>OVERVIEW OF THE CHAPTER 11 CASES.....</u>		<u>1917</u>
A.	Commencement of the Chapter 11 Cases	<u>1917</u>
B.	First Day and Second Day Relief.....	<u>1918</u>
C.	Retention of Debtors' Chapter 11 Professionals.....	<u>2019</u>
D.	Schedules and Statements and Claims Bar Dates	<u>2119</u>
E.	Exclusivity	<u>2120</u>
F.	<u>The Adversary Proceeding</u>	<u>21</u>
G.	<u>The Estimation Proceedings</u>	<u>21</u>
H.	<u>The Examiner Motion</u>	<u>22</u>
I.	<u>The Examiner Report and the Investigation Committee Response</u>	<u>23</u>
J.	<u>The Motion to Expand the Examiner's Scope</u>	<u>26</u>
K.	<u>The D&O Policies</u>	<u>27</u>
L.	<u>The Claims Objections</u>	<u>27</u>
M.	<u>FTX Disputed Claims Sub-Reserve</u>	<u>30</u>
N.	<u>The Bhatia Litigation Settlement</u>	<u>31</u>
O.	<u>The Global Settlement</u>	<u>32</u>
P.	<u>The Common Stock Settlement</u>	<u>38</u>
 ARTICLE IV: <u>THE PLAN</u>		<u>2238</u>
A.	Overview of the Plan	<u>2238</u>
B.	Unclassified Claims	<u>2339</u>
C.	Classification and Treatment Under the Plan	<u>2643</u>
D.	Acceptance or Rejection of the Plan; Effect of Rejection By One or More Classes of Claims or Interests	<u>3557</u>

E.	Means of Implementation of the Plan	<u>36</u> <u>58</u>
F.	Liquidation Trust	<u>41</u> <u>72</u>
G.	Provisions Regarding Distributions	<u>48</u> <u>80</u>
H.	Procedures for Disputed Claims and Interests	<u>53</u> <u>85</u>
I.	Settlement, Release, Injunction, and Related Provisions	<u>55</u> <u>88</u>
J.	Executory Contracts	<u>59</u> <u>92</u>
K.	Conditions Precedent to Confirmation and the Effective Date	<u>62</u> <u>95</u>
L.	Modification of the Plan	<u>63</u> <u>97</u>
M.	Effect of Confirmation	<u>64</u> <u>98</u>
N.	Retention of Jurisdiction	<u>64</u> <u>98</u>
ARTICLE V: CERTAIN TAX CONSEQUENCES OF THE PLAN		<u>66</u> <u>100</u>
A.	Certain Tax Consequences to the Debtors	<u>68</u> <u>102</u>
B.	Consequences for Holders of Allowed Preferred Stock Interests	<u>68</u> <u>102</u>
C.	Tax Treatment of the Liquidation Trust and Liquidation Trust Beneficiaries	<u>69</u> <u>103</u>
D.	Information Reporting and Backup Withholding	<u>72</u> <u>106</u>
ARTICLE VI: SOLICITATION AND VOTING PROCEDURES.....		<u>72</u> <u>106</u>
A.	Holders of Claims and Interests Entitled to Vote on the Plan	<u>73</u> <u>107</u>
B.	Voting Record Date	<u>73</u> <u>107</u>
C.	Solicitation Package	<u>73</u> <u>107</u>
D.	Voting on the Plan	<u>74</u> <u>108</u>
E.	Special Notice Concerning Releases Associated with Voting	<u>74</u> <u>108</u>
ARTICLE VII: RISK FACTORS TO CONSIDER BEFORE VOTING		<u>77</u> <u>110</u>
A.	Risk of Amendment, Waiver, Modification or Withdrawal of the Plan	<u>77</u> <u>110</u>
B.	Parties May Object to the Plan's Classification of Claims and Interests	<u>77</u> <u>110</u>
C.	The Debtors May Not Be Able to Obtain Confirmation of the Plan	<u>77</u> <u>110</u>
<u>D.</u>	<u>The Ad Hoc Preferred Stockholder Group May Exercise the Opt-Out Condition</u>	<u>110</u>
<u>E.</u>	<u>Claims Litigation</u>	<u>111</u>
<u>F.</u>	<u>Disputed Claims Reserve</u>	<u>111</u>
<u>G.</u>	<u>The Conditions Precedent to the Effective Date of the Plan May Not Occur</u>	<u>77</u> <u>111</u>
<u>H.</u>	<u>Holders of Claims and Interests May Recover Less Than Projected</u>	<u>78</u> <u>111</u>
<u>I.</u>	<u>The Allowed Amount of Claims May Differ from Current Estimates</u>	<u>78</u> <u>112</u>
<u>J.</u>	<u>Risks Related to Income Taxation</u>	<u>78</u> <u>112</u>
<u>K.</u>	<u>Certain Risks to Holders of Interests</u>	<u>78</u> <u>112</u>
<u>L.</u>	<u>Litigation</u>	<u>79</u> <u>112</u>

ARTICLE VIII: <u>ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN</u>	<u>79</u> <u>112</u>
A. Dismissal <u>79</u> <u>or</u> <u>Conversion</u>	<u>113</u>
B. Alternative Chapter 11 Plan.....	<u>80</u> <u>113</u>
ARTICLE IX: <u>CONFIRMATION OF THE PLAN</u>	<u>80</u> <u>113</u>
A. Acceptance of the Plan.....	<u>80</u> <u>114</u>
B. Best Interests Test.....	<u>81</u> <u>115</u>
C. Feasibility.....	<u>81</u> <u>115</u>
D. Confirmation Hearing and Plan Objection Deadline	<u>81</u> <u>115</u>
E. Payment of Statutory Fees	<u>83</u> <u>116</u>
F. Governing Law	<u>83</u> <u>117</u>
G. Notice of <u>Effective Date</u> , Entry of Confirmation Order and Relevant Dates	<u>83</u> <u>117</u>
H. Revocation, Withdrawal or Non-Consummation of Plan.....	<u>83</u> <u>117</u>
I. Binding Effect.....	<u>84</u> <u>117</u>
J. Severability of Plan Provisions.....	<u>84</u> <u>117</u>
K. No Admissions.....	<u>84</u> <u>118</u>
L. Time	<u>84</u> <u>118</u>
M. Successors and Assigns.....	<u>84</u> <u>118</u>
N. Conflict between Plan, Disclosure Statement and Plan Documents.....	<u>85</u> <u>118</u>
O. Substantial Consummation	<u>85</u> <u>118</u>
P. Plan Exhibits	<u>85</u> <u>118</u>
ARTICLE X: <u>CONCLUSION AND RECOMMENDATION</u>	<u>85</u> <u>119</u>

EXHIBITS

EXHIBIT A: Plan

EXHIBIT B: Organizational Chart

EXHIBIT C: Liquidation Analysis

ARTICLE I **INTRODUCTION**

This is the disclosure statement (the “Disclosure Statement”) of Silvergate Capital Corporation (“SCC”) and its affiliated debtors (collectively, the “Debtors” or the “Company”), in the above-captioned chapter 11 cases (collectively, the “Chapter 11 Cases”) pending in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”), filed pursuant to section 1125 of title 11 of the United States Code (the “Bankruptcy Code”) and in connection with the First Amended Joint Chapter 11 Plan of Silvergate Capital Corporation and its Affiliated Debtors (the “Plan”), a copy of which is annexed to this Disclosure Statement as Exhibit A. The Plan constitutes a separate chapter 11 plan for each Debtor; *provided that* the estates of the various Debtors shall be consolidated for the purposes of effectuating distributions under the Plan.

A. Definitions

Unless otherwise defined herein, capitalized terms used in this Disclosure Statement shall have the meanings ascribed to such terms in the Plan or as the context otherwise requires.

B. Exhibits

The following exhibits to this Disclosure Statement are incorporated as if fully set forth herein and made part of this Disclosure Statement:

- **Exhibit A** – Plan
- **Exhibit B** – Organizational Chart
- **Exhibit C** – Liquidation Analysis

C. Purpose of this Disclosure Statement

The purpose of this Disclosure Statement is to provide information that (i) summarizes the Plan, (ii) advises holders Holders of Claims or Interests of their rights under the Plan, (iii) assists parties entitled to vote on the Plan in making informed decisions as to whether they should vote to accept or reject the Plan, and (iv) assists the Bankruptcy Court in determining whether the Plan complies with the provisions of chapter 11 of the Bankruptcy Code and should be confirmed.

By Order dated [●] [Docket No. [●]] (the “Disclosure Statement Order”), the Bankruptcy Court approved the Disclosure Statement finding, among other things, that it contains “adequate information,” as that term is used in section 1125(a)(1) of the Bankruptcy Code. The Bankruptcy Court’s approval of this Disclosure Statement is not an endorsement of the Plan.

The Debtors believe that confirmation and implementation of the Plan is in the best interests of the Debtors’ estates, creditors, and equity interest holders. The Debtors urge that all persons entitled to vote on the Plan vote to accept the Plan.

The Plan, pursuant to the Restructuring Support Agreement, is supported by the an ad hoc group of certain holders (or managers or investment managers to entities that are

holders) of Series A 5.375% Fixed Rate Non-cumulative Perpetual Preferred Stock of Silvergate Capital Corporation (the “Ad Hoc Preferred Stockholder Group, which represents”), representing holders of approximately 63% of the Preferred Stock Interests, the sole class of Holders of Claims or Interests entitled to vote on the Plan.:

In addition, pursuant to that certain settlement (the “Common Stock Settlement”) reached by and between Stilwell Activist Investments, L.P. (“Stilwell Activist”), Exploration Capital Fund LP (“Exploration Capital” and, together with Stilwell Activist, the “Common Stock Sponsors”), the Ad Hoc Preferred Stockholder Group and the Debtors, subject to the Opt-Out Condition (as defined herein), the Common Stock Sponsors support the Plan.

D. Important Notices and Disclaimers

THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN. PLEASE READ AND CAREFULLY CONSIDER THE ENTIRE DISCLOSURE STATEMENT, THE PLAN, AND ANY ATTACHMENTS, EXHIBITS, SUPPLEMENTS, AND ANNEXES RELATED TO THE PLAN BEFORE SUBMITTING BALLOTS IN RESPONSE TO SOLICITATION OF THE PLAN. THE INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED PLAN AND RELATED DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (“SEC”), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT SUCH SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE ACTUAL TERMS AND PROVISIONS OF THE PLAN. TO THE EXTENT THERE ARE ANY INCONSISTENCIES BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN SHALL CONTROL. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(B) AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER APPLICABLE NON-BANKRUPTCY LAW. PERSONS TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS OF THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AGAINST, AND HOLDERS

OF INTERESTS IN THE DEBTORS (INCLUDING THOSE HOLDERS OF CLAIMS OR INTERESTS WHO DID NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN.

IF THE PLAN IS NOT CONFIRMED, OR IS CONFIRMED BUT DOES NOT BECOME EFFECTIVE, THIS DISCLOSURE STATEMENT AND THE STATEMENTS CONTAINED HEREIN SHALL HAVE NO FORCE OR EFFECT. NEITHER THE DISCLOSURE STATEMENT NOR ANY STATEMENT CONTAINED HEREIN CONSTITUTES AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PERSON, NOR ARE THEY ADMISSIBLE IN ANY COURT OR LEGAL FORUM FOR ANY PURPOSE WHATSOEVER. NOTHING IN THIS DISCLOSURE STATEMENT SHALL BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTORS AND DEBTORS-IN-POSSESSION IN THESE CASES.

APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT OF THE FAIRNESS OR MERITS OF THE PLAN OR OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

HOLDERS OF CLAIMS OR INTERESTS SHOULD CAREFULLY READ AND CONSIDER THE PLAN AND THIS DISCLOSURE STATEMENT. EACH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, FINANCIAL AND TAX ADVISOR(S) WITH RESPECT TO MATTER CONCERNING THIS DISCLOSURE STATEMENT, THE PLAN, AND THE TRANSACTIONS CONTEMPLATED THEREBY.

BALLOTS FOR VOTING TO ACCEPT AND REJECT THE PLAN MUST BE RECEIVED BY [•], 2025 AT 4:00 P.M. (PREVAILING EASTERN TIME) [•], 2024. THE HEARING TO CONSIDER CONFIRMATION OF THE PLAN IS SCHEDULED TO BE HELD ON [•], 2025 AT []. (PREVAILING EASTERN TIME) BEFORE THE HONORABLE [•] KAREN B. OWENS.

The information contained in this Disclosure Statement has been obtained from the Debtors' books and records and from motions and other papers filed with the Bankruptcy Court by the Debtors. Reasonable efforts have been made to present accurate information and such information is believed to be correct as of the date hereof, unless otherwise specified. This Disclosure Statement is intended, among other things, to summarize the Plan and must be read in conjunction with the Plan and its exhibits.

E. Brief Overview of the Plan²

The Debtors² filed their Chapter 11 Cases, among other things, to expeditiously resolve all outstanding claims against them, recover value for their remaining non-cash assets and distribute funds to their stakeholders in accordance with their legal priorities. The Plan is consistent with these purposes. It provides a mechanism (i) to resolve or reserve for Claims against the Debtors, the prompt distribution of the Debtors' Cash to creditors and ~~holders~~Holders of Preferred Stock Interests, and (ii) to reinstate the Common Stock Interests, for the continued existence of the Debtors as Reorganized Silvergate and for the contribution of certain of the Debtors' assets to Reorganized Silvergate, and (iii) for the creation of a Liquidation Trust to fulfill the Debtors' remaining legal obligations and liquidate their remaining assets, in accordance with Common Stock Settlement.

As further described in Article IV below, the Plan classifies all Claims and Interests, except for Administrative Claims, in accordance with section 1123(a)(1) of the Bankruptcy Code. The following table summarizes the classification and treatment of Claims and Interests under the Plan and is qualified in its entirety by reference to the full text of the Plan:

Class	Claim / Interest	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
2	Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
3	General Unsecured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
4	Subordinated Note <ins>Notes</ins> Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
<u>5</u>	<u>Indemnified Individuals</u> <u>Indemnifiable Claims</u>	<u>IMPAIRED</u>	<u>ENTITLED TO VOTE</u>
<u>56</u>	Intercompany Claims	Impaired / Unimpaired	Not Entitled to Vote (Deemed to Accept or Deemed to Reject)
<u>67</u>	Intercompany Interests	Impaired / Unimpaired	Not Entitled to Vote (Deemed to Accept or Deemed to Reject)
<u>78</u>	Preferred Stock Interests	<u>Impaired</u> <ins>IM PAIRED</ins>	<u>Entitled to Vote</u> <ins>ENTITLED TO VOTE</ins>
<u>89</u>	Common Stock Interests	<u>Impaired</u> <ins>Uni mpaired</ins>	Not Entitled to Vote (Deemed to Reject <ins>Accept</ins>)
<u>910</u>	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)

² This overview is qualified in its entirety by reference to the Plan. The treatment of Claims and Interests under the Plan is not intended to, and will not, waive, compromise, or limit any rights, claims, or causes of action if the Plan is not confirmed. You should read the Plan in its entirety before voting to accept or reject the Plan.

Class	Claim / Interest	Status	Voting Rights
<u>1011</u>	Bhatia Litigation Class Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)

ARTICLE II OVERVIEW OF THE DEBTORS

A. The Debtors' Background and Prepetition Business Operations

For several years, Silvergate Bank³ was one of the leading banks providing services to the digital asset industry. Silvergate Bank was able to secure some of the largest cryptocurrency-related businesses as customers due to its reputation as a trustworthy, regulated institution that welcomed digital asset customers. Silvergate Bank rapidly grew in connection with the expansion of the digital asset ecosystem, with its deposits increasing from \$1.8 billion at the end of 2019 to approximately \$14.3 billion at the end of 2021. As of December 31, 2021, deposits from its 94 digital asset exchange customers represented approximately 58% of Silvergate Bank's overall deposits. Noninterest bearing deposits, substantially all of which were deposits from customers in the digital asset industry, totaled \$14.2 billion (approximately 99.5% of total deposits) at December 31, 2021 and \$13.4 billion (approximately 99.5% of total deposits) at June 30, 2022. During this period of growth in digital asset deposits, Silvergate Bank was subject to regular supervision by the Federal Deposit Insurance Corporation (the “FDIC”) and the California Department of Financial Protection and Innovation (the “DFPI”).

However, as the digital asset industry came under stress during 2022, spurred by the rapid collapse of FTX Trading Ltd. (“FTX”), Silvergate Bank’s business also started to contract. In mid-2022, certain large digital asset investment funds and exchanges, including Three Arrows Capital, Voyager Digital Holdings and Celsius Network LLC, commenced formal insolvency proceedings, which had a contagion effect on the digital asset industry as a whole, including on the exchanges that represented a substantial portion of Silvergate Bank’s depositor base.

Pressure on Silvergate Bank’s business continued to build following the rapid collapse of FTX Trading Ltd. (“FTX”) and Alameda Research LLC, as The FTX collapse in the fall of 2022 brought further troubles within the digital asset industry came to the forefront and continued to chill the crypto markets and generate increased regulatory scrutiny and restrictions on banks with a digital asset customer base. FTX and certain of its subsidiaries and affiliates filed for relief under chapter 11 of the Bankruptcy Code on November 11, 2022. Following FTX’s chapter 11 filing and the exposure of FTX’s fraud and violations of state and federal law, customers and investors lost confidence in the ability of financial services providers to FTX, including Silvergate Bank, to continue paying their liabilities as they came due. Silvergate Bank was unaware of FTX’s pattern

³ The entity formerly known as Silvergate Bank changed its name to Silvergate Liquidation Corporation on July 5, 2024 in connection with the return of its bank charter to the DFPI, at which time it legally ceased to be a “bank” and was no longer permitted to use the word “bank” in its corporate name. In this Disclosure Statement, Silvergate Liquidation Corporation shall be referred to as “SLC” when describing its current operations and circumstances on and after July 5, 2024 and shall be referred to as “Silvergate Bank” when describing its historical operations and circumstances prior to July 5, 2024.

of fraud, and provided banking services to FTX on the basis of deceptive and false statements made by FTX, but was nevertheless affected by the general loss of confidence in parties related to FTX and in the digital asset industry as a whole following the above events.

Although Silvergate Bank possessed more than sufficient assets to cover its liabilities to depositors and had no lending or other business relationship with FTX beyond holding deposits and providing bank account services, the perception of risk and fear of contagion, ~~likely as a result of the string of cryptocurrency-related insolvency proceedings,~~ led to substantial withdrawals of deposits from Silvergate Bank, with Silvergate Bank's non-interest bearing deposits falling to approximately \$3.852 billion on December 31, 2022, compared to approximately \$12.005 billion on September 30, 2022. The FTX collapse-driven crisis of confidence across the digital asset industry, along with similar problems faced by banks across the country, caused a "run on the bank." Silvergate Bank was able to manage this bank run and pay all its depositors as they withdrew funds as a result of its liquidity risk management and planning.

Silvergate Bank's contraction in deposits from the FTX-related bank run was exacerbated by the general rise in interest rates in the economy at large. Faced with high inflation, in March 2022, the Federal Reserve raised the federal interest rate by 25 basis points, which was followed by several more interest rate hikes such that by the end of 2022, the federal funds rate was 4.5%. Silvergate Bank's non-interest bearing accounts were significantly less appealing for depositors in this higher interest rate environment. In addition, this general rise in interest rates drove down the value of Silvergate Bank's highly rated long-term bond investments, as even supposed safe haven investments held by Silvergate Bank such as treasury bonds, agency securities and municipal bonds fell significantly in value during 2022. As a result, Silvergate Bank realized substantial losses when it sold these securities to pay withdrawing depositors. Silvergate's consolidated business reported a net loss of \$948.7 million for the year ended December 31, 2022 as compared to net income of \$75.5 million for the year ended December 31, 2021, largely driven by sales of long-dated securities impaired by rising interest rates.

In light of Silvergate Bank's substantially reduced depositor base and realized losses on sales of long-dated securities, it began reducing the size of its operations to maintain cash liquidity and its ability to satisfy further deposit outflows. Despite the losses it had incurred, at the beginning of 2023, Silvergate Bank still held assets valued in excess of deposits and met its regulatory capital requirements.

On January 5, 2023, SCC and Silvergate Bank announced plans to restructure their business to account for the economic realities facing the digital asset industry, including reducing headcount by 200 employees (approximately 40% of their total number of employees at that time) and eliminating products such as Silvergate Bank's digital asset custody and certain cash management services that were no longer economical with a reduced depositor base.

After careful consideration of potential go-forward strategies, on March 8, 2023, the Debtors announced their intent to wind down operations and voluntarily liquidate Silvergate Bank.

On May 23, 2023, SCC and Silvergate Bank entered into a Cease and Desist Order (the "C&D Order") with the Supervisors that imposed prohibitions and other requirements on SCC and SLC. The C&D order required, among other terms, the use of SCC's financial and managerial

resources to serve as a source of strength to Silvergate Bank, restrictions on dividends and other capital distributions by SCC and Silvergate Bank, the preservation of the Debtors' cash assets and the submission of, and adherence to, a plan of liquidation of Silvergate Bank approved by the Supervisors. Pursuant to its plan of liquidation, Silvergate Bank has wound down all its banking operations and has ceased to be a bank in any legal, regulatory or business sense. On July 1, 2024, the Debtors announced they had settled with the Federal Reserve for \$43 million in full and final resolution of a Federal Reserve investigation of Silvergate Bank. Similarly, on July 1, 2024, the Debtors announced a settlement of \$20 million with DFPI to fully and finally resolve the DFPI's related investigation. On July 5, 2024, the entity that was formerly known as Silvergate Bank changed its name to Silvergate Liquidation Corporation.

Following the wind down of Silvergate Bank's former banking ~~business and with no current revenue generating~~ business, the Debtors have been evaluating how to wind down their remaining affairs to enable them to distribute value to their stakeholders as expeditiously as possible in the order of their legal priorities. After discussion with their advisors, the Debtors filed their Chapter 11 Cases on September 17, 2024 with the intention of expeditiously resolving all outstanding claims against them, recovering value for their remaining non-cash assets and distributing funds to their stakeholders in accordance with their legal priorities.

B. The Debtors' Corporate Structure

The Debtors' corporate structure is comprised of the three entities that are Debtors in these Chapter 11 Cases (SCC; Silvergate Liquidation Corporation, a subsidiary of SCC which was formerly a California State-chartered bank known as Silvergate Bank; and Spring Valley Lots, LLC, a subsidiary of SLC) and two non-debtor Delaware Statutory Trusts (Silvergate Capital Trust I and Silvergate Capital Trust II) formed for the purpose of issuing the SC Trust I Preferred Securities and the SC Trust II Capital Securities, respectively. A corporate structure chart depicting the Debtors' overall ownership structure is attached hereto as **Exhibit B**.

C. The Debtors' Assets

As of the Petition Date, the Debtors' primary assets consisted of approximately \$163.1 million in cash and cash equivalents.

The Debtors also possess intellectual property and other technology assets related to a blockchain-based payment network, which they purchased in January of 2022 from the Diem Group ("Diem"). A thorough marketing process for Diem was undertaken by the Company's former investment banker, Centerview Partners LLC ("Centerview"), which is a firm with substantial experience marketing financial technology assets. As part of the marketing process, Centerview contacted 53 strategic and financial parties that it believed might have interest in the Diem technology. Of those parties, 24 were provided with a non-disclosure agreement ("NDA") and "teaser" materials that communicated non-confidential information about the Diem technology. Six of the parties executed NDAs and received a technical, operational and legal presentation relating to Diem. Two of those parties participated in a meeting with Accenture (which acted as a technical advisor to the Company with respect to Diem) to discuss technical matters relating to Diem. Despite the large number of parties contacted, the Company did not receive any actionable proposals to sell the asset. Given the absence of a viable offer, the Company

determined that it was unlikely that there would be value to be had from extending the marketing process. Therefore, the Company's Board of Directors decided to "mothball" the Diem asset on June 16, 2023. Taking this action reduced the cost of operating and maintaining the asset to a *de minimis* amount, while preserving the ability of the Company to sell the asset at some point in the future. ~~In the event that no actionable proposals arise for the Diem assets prior to confirmation of the Plan, it is intended that the Diem assets would vest in the Liquidating Trust and the Liquidating Trustee would be empowered to sell these assets or abandon them in his or her business judgment.~~

Consistent with their duty to maximize the value of their estates, the Debtors and their advisors have continued during the duration of these cases to engage in discussions with potentially interested bidders and provide diligence materials to those parties, where appropriate. While the Debtors engaged with multiple parties, including conducting diligence sessions with and delivering marketing materials to interested bidders, they have yet to receive an actionable proposal to purchase Diem. In connection with the Common Stock Settlement, Reorganized Silvergate will retain, among other assets, the Diem Assets (subject to the Opt-Out Condition).

Additionally, the Debtors possess claims and causes of action against third parties. These claims have uncertain value, and the Debtors intend to take appropriate action in these Chapter 11 Cases to assert, prosecute or vest such causes of action in a Liquidating Trust to maximize distributable value to ~~holders~~Holders of Claims and Interests in accordance with the Plan. These claims include proofs of claim filed by the Debtors in the FTX Trading Ltd. bankruptcy proceedings, ~~and~~ any and all claims and causes of action against vendors and professional services firms providing BSA/AML compliance or audit services, including Verafin Inc. and RSM US LLP, ~~and any and all claims and causes of action against any non-released current or former employee, officer or director, pending completion of investigation by the Special Investigations Committee (as defined below).~~

In addition, the Debtors believe that, as of July 31, 2024, they had federal NOL carryforwards in the amount of approximately \$1,370,000,000, state NOL carryforwards in the amount of approximately \$1,290,000,000 and certain other tax attributes. ~~(collectively, the "Tax Attributes~~Silvergate NOLs~~"),~~ The Debtors have also continued to incur or accrue relevant federal and state ~~Tax Attributes~~Silvergate NOLs, including NOLs, since July 31, 2024. ~~As the Debtors no longer possess a revenue generating business, the Debtors do not believe that the realization of material value from their Tax Attributes is actionable.~~In connection with the Common Stock Settlement, Reorganized Silvergate will retain, among other assets, the Silvergate NOLs.

The Debtors' D&O insurance program in effect from November 6, 2022 to November 6, 2024 are claims-made policies consisting of \$25 million in total coverage under the Side ABC policies ("ABC Policies"), and Side A DIC policies ("Side A DIC Policies) with an additional \$15 million in excess coverage (together, the "D&O Liability Insurance Policies"). The excess policies under both the ABC Policies and the Side A Policies follow the form of the primary policies. ~~To date, \$10 million has been paid under the ABC Policies, leaving \$15 million of remaining coverage under the Side ABC policies and \$15 million of coverage under the Side A DIC Policies. As of today, and as detailed further herein, \$27.5 million of coverage remains available under the D&O Liability Insurance Policies, all of which will be utilized under the Securities Litigation Settlement to resolve the Securities Litigation Claims.~~

D. The Debtors' Capital Structure

As of the Petition Date, the Debtors had outstanding funded debt of approximately \$18,281,107 of principal plus accrued and unpaid interest (approximately \$549,117 of which is attributable to capital provided by SCC) attributable to subordinated debentures (“Debentures”), consisting of (i) approximately \$14,790,662 (principal plus accrued and unpaid interest) of Debentures issued under an indenture, dated as of July 16, 2001 (the “2001 Indenture”) between SCC, as issuer, and The Bank of New York, a New York banking corporation, as trustee, and (ii) approximately \$3,490,444 (principal plus accrued and unpaid interest) of Debentures issued under an indenture, dated as of January 27, 2005 (the “2005 Indenture” and together with the 2001 Indenture, the “Indentures”) between SCC, as issuer, and Wilmington Trust Company, a Delaware banking corporation, as trustee. The Debentures were issued in connection with “trust preferred securities” (“TruPS”) in a series of transactions that were historically used by bank holding companies to take advantage of favorable regulatory, tax, and accounting treatment while allowing the bank holding companies to raise capital.

As of the Petition Date, there were 31,729,832 issued and outstanding shares of Class A Common Stock. As of the Petition Date, there were 0 shares of Class B common stock issued and outstanding. SCC’s Articles of Incorporation, as in effect on the Petition Date, also authorize the issuance of up to 10,000,000 shares of 5.375% Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A (the “Preferred Stock”). On August 4, 2021, SCC issued 200,000 shares of the Preferred Stock, and issued and sold 8,000,000 depository shares, each representing a 1/40th ownership interest in the 200,000 shares of Preferred Stock SCC had issued. The Preferred Stock has a liquidation preference to the common stock of \$1,000 per share of Preferred Stock, for a total liquidation preference Preferred Stock Liquidation Preference of \$200 million. The Debtors expect that the distributions expected to be made under the Plan will not satisfy the Preferred Stock Liquidation Preference ~~and that; however, therefore~~ in accordance with the Common Stock Settlement, no distribution will be made to Holders of Common Stock Interests and as discussed in greater detail below, the Liquidation Trust shall issue two priorities of Liquidation Trust Beneficial Interests, and the holders of First Priority Liquidation Trust Beneficial Interests (holders of Preferred Stock Interests) have agreed to a distribution allocation with the holder of the Second Priority Liquidation Trust Beneficial Interest (Reorganized Silvergate).

E. The Debtors' Workforce and Facilities

~~As of the Petition Date, the~~ The Debtors have approximately 11 employees, serving a variety of corporate functions, who are jointly employed by SLC and AlphaStaff, Inc., a professional employer organization (PEO). In addition to its employees, the Debtors have ~~three~~ two independent contractors who are retained by Apex Staffing ~~and one additional independent contractor paid directly by the Debtors.~~⁴

The rapid contraction of the business of Silvergate Bank and the subsequent decision to wind down operations and voluntarily liquidate SLC has resulted in a significant downsizing of the Debtors’ workforce. The employees and independent contractors remaining are those that the

⁴ All employee estimates in this paragraph are as of the date of filing of this Disclosure Statement.

Debtors have determined are necessary to complete the wind down and liquidation of the Debtors' businesses as efficiently as possible and distribute their remaining assets to stakeholders.

The Debtors' remaining employees are based ~~in the Debtors' remaining office space in La Jolla, CA and~~ remotely.

F. The Debtors' Data Retention and Production Obligations

Pursuant to the Consent Order entered into between the Commissioner of Financial Protection and Innovation of the DFPI and SCC and SLC on June 26, 2024, SCC is required to ensure that SLC's records are preserved and maintained in a form and accessible by the Commissioner of Financial Protection and Innovation, the Federal Reserve Board of Governors, law enforcement, and other state and federal regulators until July 8, 2031 (the "Data Retention and Production Obligations"). As described further in the Plan, on or prior to the Effective Date of the Plan, a reserve (the "Data Retention and Production Reserve"), which amount shall be determined by the Debtors and the Required Preferred Stockholders, will be formed to ensure the Liquidation Trustee has sufficient resources to comply with the Data Retention and Production Obligations. The Plan provides that the Debtors and Preferred Stockholders shall agree on the amount of the Data Retention and Production Reserve, which is currently unknown.

G. Prepetition Litigation

As of the Petition Date, the Debtors and/or their current and former directors and officers were party to numerous civil actions, including in various state and U.S. federal courts, and subjects of investigations by the government agencies (collectively, the "Prepetition Litigation"), as described below.

1. Bhatia Litigation

On February 14, 2023, Soham Bhatia, on behalf of himself and other plaintiffs, filed a complaint in the U.S. District Court for the Northern District of California captioned *Bhatia et al. v. Silvergate Capital Corporation, Silvergate Bank and Lane*, asserting claims against SCC, Silvergate Bank and former CEO of Silvergate Bank, Alan J. Lane (the "Bhatia Litigation"). On the same day, two similar complaints were filed in the U.S. District Court for the Northern District of California captioned *Magleby v. Silvergate Bank and Silvergate Capital Corporation* and *Keane v. Silvergate Bank and Silvergate Capital Corporation*. The three cases were consolidated, and defendants' motion to transfer the action to the Southern District of California was granted. This matter consists of a putative class action alleging that the defendants knew of and aided and abetted FTX's fraud and breaches of fiduciary duties by failing to establish and/or properly execute a due diligence program and prevent improper "misdirection" of billions of dollars of funds from FTX client accounts to Alameda Research LLC. The ~~Aiding and Abetting Action~~ Bhatia Litigation is currently stayed as against the Debtors due to the commencement of the Chapter 11 Cases. ~~The As discussed more fully below, the~~ Debtors ~~have~~ reached an agreement on the ~~material~~ terms of a settlement as a class action with the plaintiffs in the Bhatia Litigation (the "Bhatia Litigation Settlement"), ~~and intend to stipulate to relief from moved to lift~~ the automatic stay in order to ~~allow the Bhatia plaintiffs to~~ seek approval of the Bhatia Litigation Settlement in the U.S. United States District Court for the Southern District of California ~~for~~ (the Bhatia Litigation Settlement "S.D.

~~The settlement shall be subject to Cal. District Court”), and obtained~~ Bankruptcy Court approval of the Bhatia Litigation Settlement under Bankruptcy Rule 9019. Pursuant to the Bhatia Litigation Settlement, the Debtors will pay \$10 million to a settlement fund (the “Settlement Fund”) that will be applied to payment of class member claims, notice and administration expenses, service awards, and attorneys’ fees and expenses.

2. Word of God Fellowship Litigation

On June 14, 2023, Word of God Fellowship, Inc (“Word of God”) filed a complaint in the Superior Court of California, County of San Diego, captioned *Word of God Fellowship, Inc v. Silvergate Bank, Silvergate Capital Corporation, Alan J. Lane and Does 1 through 50*, asserting claims against SCC, Silvergate Bank and former CEO of Silvergate Bank, Alan J. Lane (the “Word Of God Fellowship Litigation”) on a substantially similar basis as those claims asserted in the Bhatia Litigation on behalf of a single plaintiff, seeking damages no less than \$25 million, the amount allegedly deposited in FTX by plaintiff through Silvergate Bank. Plaintiff Word of God Fellowship, Inc. is a class member in the Bhatia Litigation, but has previously stated it would opt out of any settlement of that case. On March 15, 2024, the court granted defendants’ motion to stay and on September 11, 2024, plaintiff filed a petition for writ of mandate or other appropriate relief in the California Court of Appeal that seeks to compel the Superior Court to vacate its stay order. The Debtors believe the Word of God Fellowship Litigation is unmeritorious. The Word of God Fellowship Litigation is currently stayed as against the Debtors due to the commencement of the Chapter 11 Cases. As discussed in more detail below, the Debtors sought, and the Bankruptcy Court approved, estimation of the claims against the Debtors underlying the Word of God Fellowship Litigation at \$0.00. On May 20, 2025, Word of God dismissed the Word of God Fellowship Litigation with prejudice.

3. Securities Litigation

On December 7, 2022, Steven Rosa, on behalf of himself and certain putative stockholders of SCC, filed a complaint in the U.S. District Court for the Southern District of California captioned *Rosa v. Silvergate Capital Corporation, Alan J. Lane and Antonio Martino*. Three similar securities class action cases were filed in the Southern District of California on December 10, 2022, January 10, 2023 and January 19, 2023, and were ultimately consolidated on January 18, 2023 and February 14, 2023. The case is referred to as *In re Silvergate Capital Corporation Securities Litigation* (the “Securities Litigation”). An The lead plaintiffs appointed in the Securities Litigation (the “Securities Plaintiffs”) filed an amended consolidated securities class action complaint was filed on May 11, 2023. The Securities Litigation consists of a putative class action alleging that SCC’s public disclosures relating to Silvergate Bank’s due diligence and monitoring of customers, including FTX and other crypto exchanges, was materially misleading and that SCC’s stock price fell once Silvergate Bank’s failure to do so was discovered. The motions to dismiss filed by the Debtors and the other defendants have been under submission since the hearing on November 29, 2023. The Debtors believe that the Securities Litigation is unmeritorious. The Securities Litigation is currently stayed as against the Debtors due to their commencement of their Chapter 11 Cases. To the extent any claims arising from the Securities Litigation are Allowed (including claims for indemnification or reimbursement from co-defendants of SCC), such claims will constitute Section 510(b) Claims and receive no distributions under the Plan. As discussed in greater depth below, the Debtors have reached an agreement with

the Securities Plaintiffs, the Indemnified Individuals named as defendants in the Securities Litigation and the Underwriters, to settle the Securities Litigation, in connection with the Global Settlement.

4. Derivative Action⁵

4. Derivative Litigation

A lawsuit has also been brought derivatively on behalf of SCC and/or Silvergate Bank in a case captioned *Nkonoki, derivatively on behalf of Silvergate Capital Corporation and Silvergate Bank v. Brassfield, Dircks, Reed, Lane, Colucci, Fraher, Reynolds, Eisele, Lempres, Jai, Gupta, Campbell, and Sullivan* (the “Derivative Action”). This litigation was brought in California Superior Court, and alleges (1) failure to ensure that Silvergate Bank operated in accordance with all state and federal laws and had adequate controls to manage risk and ensure compliance with applicable laws and safe and sound banking practices, (2) materially misleading statements concerning SCC’s compliance, risks, controls, reporting systems, and sustainability of its business model, and (3) that certain defendants are subject to insider trading claims under the California Corporations Code. The parties agreed to a stay of the action until 30 days after a ruling on the motions to dismiss in the Securities Litigation, which are still pending. The Derivative Action is currently stayed due to the commencement of the Chapter 11 Cases. As discussed in greater detail below, in connection with the Indemnification Settlement, the Debtors will be releasing the claims asserted in the Derivative Action.

5. JPMorgan Third-Party Complaint

On July 30, 2024, JPMorgan Chase Bank, N.A. (“Chase”) filed a third party complaint against SCC and SLC alleging that SCC and SLC are required to indemnify Chase for damages in a case filed by a Chase customer against Chase for alleged fraud committed through Binance, in which Binance instructed Silvergate to pull \$300,000 in a series of ACH transfers from the plaintiff’s Chase bank account without the plaintiff’s permission (the “Chase Litigation”). The Debtors believe the Chase Action is unmeritorious. The Chase Litigation is currently stayed as against the Debtors due to the commencement of the Chapter 11 Cases.

6. Annual Meeting

On February 16, 2024, Stilwell Activist Investments, L.P. (“Stilwell”) filed a petition for writ of mandamus in the Circuit Court for Baltimore County, Maryland seeking (a) to compel SCC to schedule an annual meeting of stockholders to occur within 120 days of entry of a mandamus order, and (b) to alter the quorum requirements of SCC’s governing documents by providing that shares of stock represented at such meeting shall constitute a quorum regardless of contrary provisions in SCC’s bylaws and applicable Maryland statutory authority. On March 18, 2024, SCC filed a Motion to Dismiss Stilwell’s Activist’s petition. On May 23, 2024, the Maryland Circuit Court held a hearing both on SCC’s Motion to Dismiss and also on SCC’s Petition, at the

⁵ On March 6, 2023, Nikhil Bhayani, as custodian for Krish Bhayani, a purported Silvergate stockholder, submitted to SCC a “Demand for Board Action” demanding that SCC investigate claims similar to those asserted in the Litigations (the “Shareholder Demand”). As discussed in greater detail below, in connection with the Indemnification Settlement, the Debtors will be releasing the claims asserted in the Shareholder Demand.

conclusion of which the court announced its intention to deny SCC's Motion to Dismiss and to grant the requested petition. On May 30, 2024, the Circuit Court entered an order ("Circuit Court Order") denying SCC's Motion to Dismiss and granting Stilwell's Activist's Petition, ordering (1) that SCC was "to hold an annual meeting of its stockholders no later than 120 days after the date of this order" (i.e., by September 27, 2024); (2) that SCC is to "provide notice of the date, time, and place of the annual meeting of stockholders in accordance with Silvergate's bylaws and Maryland law"; and (3) "that the quorum for the Silvergate annual meeting will comprise the shares of stock represented at said annual meeting, either in person or by proxy." On June 10, 2024, SCC moved to alter and amend the Circuit Court Order primarily to restore the quorum requirement specified in SCC's governing documents and under state law, as well as to provide a modest extension of the date by which SCC was directed to hold the annual meeting. However, on July 10, 2024, the Circuit Court summarily denied SCC's motion to alter or amend. On August 1, 2024, SCC timely appealed the Circuit Court Order, and the Appellate Court of Maryland (the Appellate Court) entered an order to proceed with the appeal without a prehearing conference. However, the Appellate Court set deadlines for more than a month after the September 27, 2024 deadline for the stockholder meeting set by the Circuit Court. On September 3, 2024, SCC filed motions to stay the Circuit Court order pending its appeal and to expedite briefing and consideration, and Stilwell Activist filed its opposition to the motion for expedited briefing the next day. On September 6, 2024, the Circuit Court denied SCC's motion for expedited briefing and consideration. Because SCC's underlying motion to stay at the Circuit Court will unlikely be ruled on by the Annual Meeting, on September 12, 2024, SCC filed with the Appellate Court of Maryland a motion to stay the Circuit Court Order. SCC's motion to stay remains pending. As of the Petition Date, SCC's motion to stay remained pending. As discussed below, on September 25, 2024, the Bankruptcy Court held a hearing in the adversary proceeding *Silvergate Capital Corporation v. Stilwell Activist Investments, L.P.*, Adv. Proc. No. 24-50132 (Bankr. D. Del.), during which it denied the Debtors' request to enjoin its upcoming annual meeting. On September 27, 2024, Mr. Stilwell was elected to SCC's board.

7. Special Investigations Internal Investigation Committee

On August 23, 2024, the Board of SCC appointed a special investigations committee (the "Special Investigations Internal Investigation Committee (the "Investigation Committee") consisting solely of Director Ivona Smith, who is disinterested and independent with respect to all claims asserted in the Derivative Action and the Shareholder Demand. The Board determined that it was advisable and in the best interests of the Company to constitute the Special Investigations Investigation Committee to (i) investigate any potential claims and causes of action the Company may hold against the Company's current and former directors, officers, managers, insiders, principals, employees and other related parties, including, but not limited to, those claims and allegations asserted in the Derivative Action, including the Shareholder Demand, and (ii) determine what actions, if any, should be taken with respect to any such potential claims and causes of action, including regarding initiation of litigation, entry into settlements or provision of releases.

The Special Investigations Investigation Committee has been empowered by the board of Silvergate Capital Corporation Board of SCC to investigate and take all action to commence litigation, settle or release any claims held by the Debtors against their current or former directors, officers and employees, including the claims asserted in the Derivative Action, and including the Shareholder Demand (the "IC Investigation"). The Special Investigations Investigation

Committee has the full power and authority of the Board to carry out the IC Investigation and to take action in response to or with respect to the Investigation. ~~The Debtors understand that the Special Investigations Committee intends to resolve such claims (including claims asserted in the Derivative Action) during the course of the Chapter 11 Cases or recommend such claims vest in the Liquidation Trust. RLF (as defined below) is acting as counsel the Special Investigations Committee with respect to the Investigation. The Investigation has been ongoing since on or about August 23, 2024. IC Investigation.~~

On December 24, 2024, after months of investigation, including interviews of key witnesses and access to millions of documents, the Investigation Committee issued a comprehensive 128-page report (the “IC Report”) providing detailed legal and factual analysis on the claims and causes of action that were, or could be, asserted by the estates, including but not limited to those claims asserted in the Derivative Action and the Shareholder Demand. Among other claims, the Investigation Committee evaluated claims for lack of oversight against the Debtors’ directors, lack of oversight claims against the Debtors’ officers, insider trading claims against the Debtors’ directors and officers, claims related to public disclosures concerning the BSA/AML compliance program, and claims related to the Debtors’ OTTI calculations and disclosures. The Investigation Committee also considered the cost and risk of pursuing claims, including increasing potential indemnification claims against the Debtors, and the potential insurance proceeds available to recover any judgment. After a thorough investigation, the Investigation Committee concluded that pursuing claims and causes of action against the Debtors’ current and former directors and officers would not be in the best interests of the Debtors. Accordingly, after the conclusion of the IC Investigation, the Investigation Committee found that it was in the Debtors’ best interest to provide releases to the Debtors’ current and former directors and officers. As a result, the claims that were, or could be, asserted under the Derivative Action, including the Shareholder Demand, will be subject to the releases in the Plan. The IC Investigation and the Examiner Report are discussed further herein.

H. Circumstances Leading to the Commencement of the Chapter 11 Cases

These Chapter 11 Cases are the culmination of a successful process led by the Debtors’ directors and management to repay all of Silvergate Bank’s depositors and wind down its operations as a result of headwinds within the digital asset industry followed by a shift in regulatory approach that made Silvergate Bank’s business model untenable. Over the ~~past~~ two years preceding the Petition Date, the Debtors took decisive action, first to stem the tide of a bank run in the midst of industry crisis, then, following the shift in regulatory approach, in the liquidation of Silvergate Bank in a manner that would protect depositors from suffering losses and avoid any claims against the Federal Deposit Insurance Corporation (the “FDIC”) Deposit Insurance Fund (the “DIF”), while enabling Silvergate Bank to preserve capital for other stakeholders. The Debtors have done so, as all of Silvergate Bank’s depositors’ funds have been returned and the Debtors have reached resolutions with their banking regulators.

As discussed further above, following the rapid contraction of Silvergate Bank’s business, Silvergate Bank had stabilized, was able to meet regulatory capital requirements, and had the capability to continue to serve its customers that had kept their deposits with Silvergate Bank. However, the increased supervisory pressure on Silvergate Bank and other banks focused on servicing digital asset businesses forced Silvergate Bank to a point where it would have needed to

remake its business model away from its focus on digital asset businesses, seek to sell itself as a going concern in the shadow of the regulatory overhang or begin winding down its affairs with the goal of preserving as much value as possible for stakeholders.

The Debtors and their financial advisors conducted a thorough review of potential go-forward strategies, including having Silvergate Bank pivot to a new business model and selling Silvergate Bank as a going concern. The Debtors and their financial advisors concluded that a liquidation of Silvergate Bank would best protect depositors and the FDIC DIF from suffering any losses and would best allow Silvergate Bank to avoid a potential FDIC receivership and preserve any remaining capital for the Debtors' residual claimants. After careful consideration of these options, on March 8, 2023, the Debtors announced their intent to wind down operations and voluntarily liquidate Silvergate Bank.

Pursuant to its plan of liquidation, Silvergate Bank has wound down all its banking operations and has ceased to be a bank in any legal, regulatory or business sense. Silvergate Bank has not accepted any deposits since March 13, 2023. On November 22, 2023, Silvergate Bank announced that it had repaid all depositors with the exception of *de minimis* funds that were blocked from transfer at that time by the U.S. Treasury Department's Office of Foreign Assets Control. The remaining *de minimis* deposits were paid out on June 28, 2024. On July 1, 2024, Silvergate Bank's FDIC insurance was terminated, and importantly, all Silvergate Bank depositors had been paid in full with no losses imposed on the DIF. On July 5, 2024, the entity that was formerly known as Silvergate Bank changed its name to Silvergate Liquidation Corporation. And on July 8, 2024, Silvergate Liquidation Corporation successfully relinquished its banking charter to the DFPI.

The Debtors commenced these Chapter 11 Cases to resolve expeditiously all outstanding claims against them, recover value for their remaining non-cash assets and distribute funds to their stakeholders in accordance with their legal priorities. [The Debtors' Plan provides for the \(i\) reorganization of certain of the Debtors' affairs and provides for the continuation of certain operations, including the SEN and Diem businesses, and preserves the Silvergate NOLs for the benefit of its common shareholders, and \(ii\) establishment of the Liquidation Trust to wind down the remainder of the Debtors' business and liquidate the Liquidation Trust Assets for the benefit of the holders of Liquidation Trust Beneficial Interests.](#)

ARTICLE III **OVERVIEW OF THE CHAPTER 11 CASES**

A. Commencement of the Chapter 11 Cases

On September 17, 2024 (the “Petition Date”), the Debtors commenced the Chapter 11 Cases. The Debtors continue managing their properties and ~~operating~~ operate their businesses as debtors in possession pursuant to section 1107(a) and 1108 of the Bankruptcy Code.

B. First Day and Second Day Relief

1. Operational First Day Motions and Relief Granted

On the Petition Date, the Debtors filed operational motions with the Bankruptcy Court seeking various forms of relief designed to facilitate a smooth transition for the Debtors into chapter 11 (collectively, the “First Day Motions”) including, among others, motions granted by the Bankruptcy Court:

- Authorizing, but not directing, the Debtors to continue using their cash management system and other related relief, both on an interim [Docket No. •]43, second interim [Docket No. 141], third interim [Docket No. 221] and a final basis [Docket No. •]338];
- Authorizing, but not directing, the Debtors to pay employee wages and related obligations, both on an interim [Docket No. •]46] and a final basis [Docket No. •]132];
- Authorizing, but not directing, the Debtors to pay certain taxes, both on an interim [Docket No. •]46] and a final basis [Docket No. •]131]; and
- Authorizing, but not directing, the Debtors to maintain their insurance programs, both on an interim [Docket No. •]44] and a final basis [Docket No. •]133].

2. Procedural First and Second Day Motions

On and after the Petition Date, the Debtors also filed various procedural motions and applications regarding procedural issues in connection with the Chapter 11 Cases. The Bankruptcy Court granted substantially all of the relief requested in those procedural motions and entered, among others, orders:

- Directing the joint administration of the Chapter 11 Cases for procedural purposes only [Docket No. •]23];
- Authorizing the Debtors to redact personally identifiable information for individuals and file a consolidated creditor matrix and waiving the requirement for the Debtors to file a list of equity security holders, ~~both on an interim~~ [Docket No. •]41] ~~and a final basis [Docket No. •]41~~;
- Authorizing and establishing procedures and restrictions regarding the trading of the Debtors’ equity interests [Docket No. 134] (the “NOL Order”);
- Authorizing the appointment of Stretto, Inc. (“Stretto”) as claims and noticing agent [Docket No. •]39];
- Establishing procedures authorizing interim compensation of professionals retained by the Debtors pursuant to section 327 of the Bankruptcy Code [Docket No. •]156]; and
- Establishing procedures for the retention and compensation of professionals used by the Debtors in the ordinary course of their business [Docket No. •]137].

C. Retention of Debtors' Chapter 11 Professionals

On [●]September 24, 2024, October 11, 2024, October 17, 2024 and December 27, 2024, the Debtors filed applications to retain certain professionals to assist the Debtors in carrying out their duties under the Bankruptcy Code during the Chapter 11 Cases. [Docket Nos. [●]77, 78, 80 150, 151, 163 & 416]. The Debtors' professionals include: (i) Cravath, Swaine & Moore LLP ("Cravath") as bankruptcy counsel; (ii) Richards, Layton & Finger, PA ("RLF") as proposed bankruptcy co-counsel; (iii) Ellerman Enzinna Levy PLLC ("EEL"), as regulatory counsel; (iv) Sheppard, Mullin, Richter & Hampton LLP ("SMRH"), as special litigation counsel; and (v) AlixPartners, LLP ("AlixPartners"), as financial advisor; (vi) Stretto, as administrative advisor; and (vii) Ross Aronstam & Moritz LLP ("RAM") as bankruptcy conflicts counsel. On [●], 2024, the Bankruptcy Court entered the orders approving the retention of [●]. RLF [Docket Nos. [●]Docket No. 138], AlixPartners [Docket No. 139], and Stretto [Docket Nos. 135], on October 10, 2024; EEL [Docket No. 218], on October 30, 2024; Cravath [Docket No. 267], on November 13, 2024; SMRH [Docket No. 401] on December 20, 2024; and RAM [Docket No. 459], on January 15, 2025.

~~The retention applications remain subject to Bankruptcy Court approval as of the date of filing this Disclosure Statement.~~

D. Schedules and Statements and Claims Bar Dates

On [●]September 20, 2024, the Debtors filed a motion [Docket No. [●]61] (the "Bar Date Motion") requesting that the Bankruptcy Court establish certain deadlines related to filing proofs of claim. On [●]October 2, 2024, the Bankruptcy Court entered an order granting the Debtors' Bar Date Motion and established the following deadlines for parties to file proofs of claim: ~~as set forth in the Notice of Deadline for Filing Proofs of Claim, Including for Claims Asserted Under Section 503(b)(9) of the Bankruptcy Code~~ [Docket No. 107]:

- [●]October 31, 2024 at (i)[●] 5:00 p.m. (Prevailing Eastern Time) as the deadline for all persons and entities (excluding governmental units as defined in section 101(27) of the Bankruptcy Code) to file proofs of claim in the Chapter 11 Cases (the "General Bar Date");
- [●], 2024 at (ii)[●] March 17, 2025 at 5:00 p.m. (Prevailing Eastern Time) as the deadline for governmental units (as defined in section 101(27) of the Bankruptcy Code) to file proofs of claim in the Chapter 11 Cases (the "Governmental Bar Date");
- (iii) ~~thirty (30) days following the Effective Date as the deadline for requests for payment of Administrative Claims (the "Administrative Claims Bar Date");~~
- (iv) the later of (x) the General Bar Date or the Governmental Bar Date, as applicable, and (y) 5:00 p.m. (Prevailing Eastern Time), on the date that is ~~thirty twenty-one (3021)~~ days following ~~the service entry~~ of an order approving ~~the~~ rejection of any executory contract or unexpired lease of the Debtors ~~as the deadline by which persons or entities asserting claims resulting from such rejection must file proofs of claim in the Chapter 11 Cases (the "the (the "Rejection Damages Bar Date")~~; and

- (v) the Amended Schedule Bar Date (as defined in the Bar Date Order, and together with the General Bar Date, the Governmental Bar Date, and the Rejection Damages Bar Date, the “Bar Dates”) as the later of (a) the General Bar Date or the Governmental Bar Date (if the applicable amendment relates to a claim of a Governmental Unit) and (b) [●] 5:00 p.m. (Prevailing Eastern Time) on the date that is 30 days after the claimant is served with notice of the applicable amendment or supplement to the Bankruptcy Schedulestwenty-one (21) days from the date on which the Debtors mail notice of the amendment to the Schedules (or another time period as may be fixed by the Court).

On October 4 and 7, 2024, the Debtors filed redacted and sealed versions of their schedules of assets and liabilities and statements of financial affairs. See Docket Nos. 101, 103, 105, 108, 110 & 112. On February 6, 2025, the Debtors filed amended schedules E/F for Debtors Silvergate Capital Corporation and Silvergate Liquidation Corporation. See Docket Nos. 512 & 513.

E. Exclusivity

Section 1121(b) of the Bankruptcy Code provides for an initial period of 120 days after the commencement of a chapter 11 case during which a debtor has the exclusive right to file a plan of reorganization (the “Exclusive Plan Period”). In addition, section 1121(c)(3) of the Bankruptcy Code provides that if a debtor files a plan within the Exclusive Plan Period, it has a period of 180 days after commencement of the chapter 11 case to obtain acceptances of such plan (the “Exclusive Solicitation Period,” and together with the Exclusive Plan Period, the “Exclusive Periods”). Pursuant to section 1121(d) of the Bankruptcy Code, the Bankruptcy Court may, upon a showing of cause, extend the Exclusive Periods.

On December 5, 2024, Stilwell Activist filed a motion [Docket No. 351] (the “Exclusivity Termination Motion”), among other things, seeking to terminate the Debtors’ Exclusive Periods. On December 9, 2024, Exploration Capital filed a joinder [Docket No. 357] (the “Joinder”) to Stilwell Activist’s Exclusivity Termination Motion. On December 12, 2024, the Debtors and the Ad Hoc Preferred Stockholder Group each filed an objection to the Exclusivity Termination Motion [Docket Nos. 368 and 367, respectively]. On December 16, 2024, the Debtors filed an objection [Docket No. 373] to the Joinder. On December 16, 2024, Stilwell Activist filed a reply [SEALED Docket No. 375; REDACTED Docket No. 392] in support of the Exclusivity Termination Motion. Among other arguments, Stilwell Activist argued that the Debtors’ proposed plan was not appropriate because, in Stilwell Activist’s view, (i) the Debtors could reorganize, (ii) the Holders of Preferred Stock Interests would receive amounts that exceed the Preferred Stock Liquidation Preference, (iii) the Plan sought to avoid Maryland law, (iv) the Debtors owed fiduciary duties to Holders of Common Stock Interests, and (v) the Debtors would use exclusivity as a negotiation tactic. On December 19, 2024, the Bankruptcy Court held a hearing to consider, among other things, the Exclusivity Termination Motion and related pleadings. At the conclusion of the hearing, the Bankruptcy Court denied the Exclusivity Termination Motion, concluding that the Debtors deserve the opportunity to pursue confirmation of their Plan and that nothing raised at the hearing undermined that belief. Dec. 19, 2024 Hr’g Tr. at 116-17.

On January 15, 2025, the Debtors filed a motion [Docket No. 461] (the “Initial Exclusivity Extension Motion”), seeking to extend the (i) Exclusive Plan Period by ninety days, through and including April 15, 2025, and (ii) Exclusive Solicitation Period by approximately ninety days.

through and including July 14, 2025. On January 31, 2025, the Bankruptcy Court entered an order [Docket No. 500] (the “Initial Exclusivity Extension Order”) granting the Initial Exclusivity Extension Motion. On April 15, 2025, the Debtors filed a motion [Docket No. 656] (the “Second Exclusivity Extension Motion”), seeking to extend the (i) Exclusive Plan Period by ninety days, through and including July 14, 2025, and (ii) Exclusive Solicitation Period by approximately ninety days, through and including October 13, 2025. On May 2, 2025, the Bankruptcy Court entered an order [Docket No. 685] (the “Second Exclusivity Extension Order” and, together with the Initial Exclusivity Extension Order, the “Extension Orders”) granting the Second Exclusivity Extension Motion.

The Exclusive Periods currently remain in effect. On September 17, 2024, the Debtors filed an initial form of the Plan, and on June 24, 2025, the Debtors filed the current version of the Plan. Given that the Debtors filed the Plan initially within 120 days of the Petition Date, under section 1121(e)(2) of and subsequently in accordance with the Bankruptcy ~~Code~~ Court’s Extension Orders, absent an order of the Bankruptcy Court, no other party-in-interest can file a competing plan in these Chapter 11 Cases at this time.

F. The Adversary Proceeding

As set forth above, on May 30, 2024, the Circuit Court entered the Circuit Court Order ordering that SCC was “to hold an annual meeting of its stockholders no later than 120 days after the date of this order” (i.e., by September 27, 2024). Thereafter, SCC commenced prosecution of its post-judgment and appellate rights, including before the Appellate Court. Despite its diligent prosecution of its rights, the Maryland Courts did not render decisions on SCC’s post-judgment and appellate actions prior to the Petition Date.

Given the Circuit Court’s mandate to hold the annual meeting by September 27, 2024 and the unresolved and pending actions before the Maryland Courts, on September 19, 2024, the Debtors commenced an adversary proceeding against Stilwell Activist (Case No. 24-50132 (KBO), filed a motion seeking a temporary restraining order (the “TRO”) and sought to expedite the hearing on the TRO. On September 20, 2024, the Bankruptcy Court entered an order [Adv. Docket No. 7] setting the hearing for the TRO on September 25, 2024 (the “TRO Hearing”). At the conclusion of the TRO Hearing, the Bankruptcy Court entered an order denying the TRO [Adv. Docket No. 33].

On September 27, 2024, SCC held its annual shareholders’ meeting in La Jolla, California, and Stilwell Activist’s founder—Joseph Stilwell—was elected to SCC’s board.

G. The Estimation Proceedings

On October 8, 2024, the Debtors filed a motion seeking to estimate the claims filed by Word of God Fellowship (the “WoG Claims”). On October 24, 2024, the Court entered an order [Docket No. 182] estimating the WoG Claims against the Debtors at \$0.00 for purposes of allowance and distribution.

On October 8, 2024, the Debtors filed a motion seeking to estimate the Indemnified Individuals’ Indemnifiable Claims [Docket No. 116], and on November 15, 2024, the Debtors filed

an amended form thereof [Docket No. 273] (the “Amended Estimation Motion”). On November 22 and 25, 2024, certain Indemnified Individuals and the Debtors respectively filed letters with the Court regarding the scheduling for the Amended Estimation Motion. See Docket Nos. 321 & 329, respectively. At the conclusion of a status conference held before the Court on November 26, 2024, the Court directed the parties to submit a form of scheduling order bifurcating the issues to be addressed under the Amended Estimation Motion. On December 12, 2024, the Court entered a scheduling order [Docket No. 364] (the “Estimation Scheduling Order”) scheduling a hearing for January 22, 2025 (the “Stage 1 Hearing”) to consider the following two issues: (i) whether the fixing or liquidation of the Indemnified Individuals Indemnifiable Claims would unduly delay the administration of the Debtors’ chapter 11 cases and (ii) the impact of the solvency or insolvency status of the Debtors, if any, on the Court’s ability to estimate the Indemnified Individuals Indemnifiable Claims under section 105(a) or 502(c) of the Bankruptcy Code. All other issues relating to the Amended Estimation Motion would be considered, if necessary, after the Stage 1 Hearing. Since the Court entered the Estimation Scheduling Order, the Debtors, the Ad Hoc Preferred Stockholder Group and the Indemnified Individuals have been engaged in discussions regarding the Amended Estimation Motion and the Indemnification Reserves under the Plan, and the parties have amended the Estimation Scheduling Order and adjourned the hearing on the Amended Estimation Motion several times as settlement discussions among parties progressed. As discussed below in greater detail, the Debtors have utilized the time provided by the adjournments to reach a Global Settlement, resolving their Indemnification obligations in the Chapter 11 Cases.

H. The Examiner Motion

On October 10, 2024, Stilwell Activist filed a motion [Docket No. 130] (the “Examiner Motion”) seeking the appointment of an examiner (the “Examiner”) in these Chapter 11 Cases, to among other things, investigate certain claims and causes of action held by the Debtors. Attached to the Examiner Motion as Exhibit A was a proposed form of order providing for the appointment on an Examiner (“Stilwell’s Proposed Examiner Order”). While the Debtors disputed the need for an Examiner and believed (and still believe) that the IC Investigation, discussed above and below, was the appropriate and most efficient mechanism by which to investigate the Debtors’ potential claims and causes of action, the Debtors acknowledged that binding Third Circuit law mandated the appointment of the Examiner irrespective of the Debtors’ belief. To that end, on October 23, 2024, the Debtors filed a response to the Examiner Motion [Docket No. 178] seeking to limit the scope and budget for the Examiner, to minimize duplicative work and additional administrative costs. On October 24, 2024, the U.S. Trustee filed a statement [Docket No. 183] regarding the appointment of the Examiner. On December 16, 2024, Exploration Capital filed a joinder [Docket No. 377] to the Examiner Motion, and Stilwell Activist filed a reply in support of the Examiner Motion [SEALED Docket No. 374; REDACTED Docket No. 391]. Attached to the reply as Exhibit B-1 was a revised version of Stilwell Activist’s Proposed Examiner Order (the “Revised Stilwell Proposed Examiner Order”). On December 18, 2024, the Debtors filed a sur-reply [Docket No. 384] in support of the Debtors’ objection to the Examiner Motion. Attached as Exhibit A to the sur-reply was the Debtors’ proposed form of order (the “Debtors’ Proposed Order”) appointing the Examiner in the Chapter 11 Cases. On December 19, 2024, the Bankruptcy Court held a hearing to consider, among other things, the Examiner Motion and related pleadings. At the hearing, the Bankruptcy Court indicated that it would not enter the Revised Stilwell Proposed Examiner Order and that it would enter the Debtors’ Proposed Order subject to certain

revisions being made consistent with the record made at the hearing. On December 19, 2024, after the hearing, the Debtors' filed a revised version of the Debtors' Proposed Order [Docket No. 400] and, on December 20, 2024, the Bankruptcy Court entered such order appointing the Examiner [Docket No. 402] (the "Examiner Order").

On January 10, 2025, the U.S. Trustee filed the *Notice of Appointment of Examiner* [Docket No. 435], appointing Stephanie Wickouski to serve as the Examiner, subject to Court approval. Also on January 10, 2025, the U.S. Trustee filed the *Application of the United States Trustee for Order Approving Appointment of Stephanie Wickouski as Examiner* [Docket No. 439] (the "Examiner Appointment Motion"). On January 31, 2025, the Bankruptcy Court entered an order approving the Examiner Appointment Motion and appointing Stephanie Wickouski as Examiner [Docket No. 499] (the "Examiner Appointment Order"). On February 18, 2025, the Examiner filed a motion [Docket No. 527] (the "Examiner Work Plan Motion") seeking Court approval of the proposed scope, workplan, and budget for the Examiner's Investigation (as defined below), increasing the budget for the Examiner's Investigation and amending the Examiner Appointment Order. Subsequent to the filing of the Examiner Work Plan Motion, the Debtors and the Ad Hoc Preferred Stockholder Group engaged in discussions with the Examiner regarding the relief requested in the Examiner Work Plan Motion. On March 4, 2025, the Examiner filed a revised proposed order approving the Examiner Scope Motion reflecting an agreement reached between the Debtors, the Ad Hoc Preferred Stockholder Group and the Examiner, and the Bankruptcy Court entered such order on March 5, 2025 [Docket No. 571] (the "Examiner Work Plan Order").

I. The Examiner Report and the Investigation Committee Response

Pursuant to the Examiner Order and the Examiner Work Plan Order, the Court limited the Examiner's scope to reviewing "the independence of Ivona Smith and the Debtors' [] Investigation Committee", including but not limited to its investigation, the []IC's use and reliance on the Debtors' professionals, the thoroughness of the []IC's investigation, and [the] reasonableness of its conclusions with respect to potential claims of the estates." (the "Examiner's Investigation"). See Examiner's Order, ¶ 2. On April 1, 2025 and April 4, 2025, the Examiner filed her corrected report [Docket Nos. 632 and 634] (the "Examiner's Report") under seal and in redacted form, respectively.

The Examiner's Report sets forth the Examiner's conclusions with respect to the Examiner's Investigation. The Examiner first concluded that the appointment of independent director Ms. Smith as the sole member of the Investigation Committee was proper and that Ms. Smith met the criteria for independence at the time of her appointment. However, the Examiner concluded that the Investigation Committee's use of Debtors' counsel to advise it in the investigation created an "inevitable conflict of interest." The Examiner also concluded that because the Investigation Committee voted to approve the initial Plan before completing its investigation, there were "obvious questions as to the [] Investigation Committee's objectives."

Proceeding on the basis that the Investigation Committee was conflicted and acting with an improper objective, the Examiner concluded that the IC Investigation was not reasonable. The Examiner critiqued the IC Investigation's process and substance, including: (a) the Investigation Committee's selection of RLF as its advisor; (b) Ms. Smith's description of the initial Plan's release language as "boilerplate"; (c) the Investigation Committee's selection of documents to

review and witnesses to interview; (d) the Investigation Committee’s analysis of the merits of potential claims; (e) the Investigation Committee’s alleged lack of analysis of settlement value; (f) the standard of review applied by the Investigation Committee in assessing claims; (g) alleged gaps in the Investigation Committee’s analysis; and (h) the lack of an analysis discussing plan release confirmation standards.

The Investigation Committee strongly disagrees with the Examiner’s conclusions, which the committee believes do not accurately or fairly reflect the IC Investigation or its conclusions. Accordingly, on May 5, 2025, the Investigation Committee filed the *Internal Investigation Committee’s Statement in Response to Report of Stephanie Wickouski, as Examiner* [Docket Nos. 688 & 689] (the “Investigation Committee Response”), under seal and in redacted form, respectively. The Investigation Committee Response sets forth the Investigation Committee’s responses to the Examiner’s critiques, including the following:

- *Conflict of Interest.* An independent committee’s use of debtor’s counsel as its advisor does not create an inherent conflict of interest. A debtor’s counsel is unconflicted and may advise an independent committee of the debtors if the firm (1) has no preexisting relationship with the company or the underlying events to be investigated and (2) does not represent any investigation targets. Here, RLF was newly retained in connection with the Chapter 11 Cases and does not represent any investigation targets. RLF thus stands on one side of the investigation, the substance of which involves events in which RLF had no involvement. RLF therefore was conflict-free. The Investigation Committee also noted in the Investigation Committee Response that it is common practice in bankruptcy for debtor’s counsel to advise an independent committee if counsel is otherwise unconflicted, and cited an illustrative list of 22 recent bankruptcy cases where that has occurred.
- *Improper Objective.* The Examiner’s conclusion that the Investigation Committee acted with questionable objectives is premised on the view that the Plan’s releases could not be changed once filed. That is a false premise, because the Investigation Committee controlled the power to alter (or remove) the Plan releases based on the outcome of the IC Investigation. In addition, the Plan’s definition of “Released Parties” expressly stated that the releases would be subject to the investigation’s outcome. (“This definition and any related provision in this Plan remain subject to an ongoing investigation.”). The Examiner appears to have missed these words, and more generally the Investigation Committee’s power to alter (or remove) the Plan releases. The Examiner’s conclusion that the Investigation Committee had questionable objectives therefore is not defensible.
- *Boilerplate Releases.* The Examiner’s criticism of Ms. Smith for calling the initial Plan release language “boilerplate” took the statement out of context. The Plan’s release language was “boilerplate” in the sense that it was a placeholder that was subject to change depending on the outcome of the IC Investigation.

- *Selection of Documents.* The Examiner did not accurately characterize the documents reviewed by the Investigation Committee. The Investigation Committee received access to the same productions made to government regulators, collected broad categories of documents, and ran searches on a large electronic database. Although the Examiner implies that the Investigation Committee had no power to choose its own documents, that is incorrect and contradicted by the record, including formal minutes of the committee's meetings and the IC Report itself, which show that the documentary record was much broader than what the Examiner states.
- *Interviews.* The Investigation Committee selected witnesses to interview based on its view of which individuals were the key actors for any claim. The Examiner named only one witness that she faults the Investigation Committee for not interviewing—the company's general counsel—but the Investigation Committee opted not to interview general counsel because of her low involvement in the underlying events as they unfolded. The Investigation Committee discussed which individuals to interview at numerous formal meetings and exercised reasonable judgment in its selections.
- *Analysis on the Merits.* The Examiner's analysis of claims relies on certain key factual misunderstandings and in some cases, misapplication of the legal standards, as discussed more fully in the Investigation Committee Response. In addition, the claims that the Examiner identifies as gaps are duplicative of the claims that the Investigation Committee reviewed, or are necessarily already addressed by the Investigation Committee's existing analysis.
- *Substituting Allegations for Facts.* The Examiner repeatedly discounted factual conclusions that the Investigation Committee reached in favor of pleaded allegations in the various prepetition lawsuits. The Investigation Committee analyzed those lawsuits in detail. In the Investigation Committee's view, allegations in a complaint are not facts that can be accepted without question. In places where the Investigation Committee's conclusions differ from allegations asserted in the prepetition complaints, it is because the committee considered the evidence and followed the facts, not because the Investigation Committee ignored the allegations. Ultimately the Investigation Committee must assess whether claims have enough merit to warrant pursuing based on the developed record, not pleaded allegations.
- *Settlement Value.* The Examiner's criticism of the Investigation Committee for not assessing settlement value is based on the view that a claim must be valuable if it can survive a motion to dismiss. In the Investigation Committee's view, this conflates holdup value with a neutral assessment of a claim's merit. As importantly, the Investigation Committee also considered practical factors such as the lack of available insurance to recover against and the risk of incurring indemnification obligations that the estate would bear at 100 cents on the dollar. In

the Investigation Committee's view, these considerations rendered pursuit of a claim (even if purely for settlement value) uneconomic.

- Standard of Review. The standard of review applied by the Investigation Committee asked whether a release of claims would be a valid exercise of business judgment and in the best interest of the estate. The Investigation Committee evaluated the legal merits of each potential claim against the cost and risk of pursuing the claims, measured against practical factors such as availability of insurance and indemnification obligations. In the Investigation Committee's view, that was an appropriate standard to apply in the IC Investigation.
- Plan confirmation standard. Determining whether the Plan's release provisions satisfy the Bankruptcy Code's confirmation standards was beyond the scope of the IC Investigation and is a judgment the Court will make. The IC Investigation provided a basis for the Investigation Committee to exercise its business judgment that a release would be in the estate's best interest. It is not the Investigation Committee's job to go further and assess how the Court would then evaluate that decision, as the Court will make up its own mind at the confirmation hearing. When the appropriate time comes, the Debtors will show that the Plan's release provision satisfies the appropriate plan confirmation standard.

The Investigation Committee believes that the Examiner's conclusion that the IC Investigation was conflicted colored the Examiner's review of the IC Investigation's process and substance. The Investigation Committee followed a thorough process that included broad document review, witness interviews, and the development of over 30 pages of factual conclusions. The Investigation Committee then applied the legal framework for the likeliest claims that a plaintiff could allege based on that record, and memorialized its conclusions in the 128-page IC Report. The Investigation Committee stands by its analysis, and it has publicly filed the IC Report (redacted for confidential information) as an exhibit to the Investigation Committee Response.

The Investigation Committee continues to believe that a release of the estates' derivative claims would be fair, reasonable, and in the best interests of the Debtors.

The Common Stock Sponsors, the proponents of the Examiner Motion, disagree with the Investigation Committee and reserve all rights with respect to the discussion of the Investigation Committee, the IC Investigation, IC Report and the Investigation Committee Response contained in this Disclosure Statement, and nothing contained herein shall prejudice the Common Stock Sponsors from contesting the statements herein or opposing confirmation of the Plan in the event the Opt-Out Condition is exercised.

J. The Motion to Expand the Examiner's Scope

On April 29, 2025, Stilwell Activist and Exploration Capital filed the *Joint Motion of Exploration Capital Fund LP and Stilwell Activist Investments, L.P., to Expand the Scope of the Examiner's Investigation* [Docket No. 676] (the "Motion to Expand the Examiner's Scope"), wherein Stilwell Activist and Exploration Capital requested that the Examiner receive an

additional 90 days to supplement the Examiner Investigation and an additional budget of \$1.5 million.

On May 5, 2025, the Investigation Committee filed the Investigation Committee Response, and on May 6, 2025, the Debtors filed the *Debtors' Opposition to Stilwell Activist Investments, L.P.'s and Exploration Capital Fund LP's Joint Motion to Expand the Scope of the Examiner's Investigation* [Docket No. 696] and the Ad Hoc Preferred Stockholder Group filed the *Objection and Joinder of the Ad Hoc Preferred Stockholder Group Debtors' Opposition to Stilwell Activist Investments, L.P.'s and Exploration Capital Fund LP's Joint Motion to Expand the Scope of the Examiner's Investigation* [Docket No. 697]. On May 8, 2025, Stilwell Activist and Exploration Capital filed the *Reply in Support of Joint Motion to Expand the Scope of the Examiner's Investigation*.

On May 13, 2025, the Court held a hearing to consider, among other things, the Global Settlement Motion (as defined herein) and the Motion to Expand the Examiner's Scope. As discussed more fully in Article IV.3.F below, Stilwell Activist and Exploration have agreed to hold the Motion to Expand the Examiner's Scope in abeyance pending implementation of the Common Stock Settlement pursuant to the Plan.

K. The D&O Policies

On November 11, 2024, the Debtors filed a motion seeking relief from the automatic stay to permit their insurers (collectively, the "Insurance Carriers") to advance and/or reimburse fees under applicable insurance policies [Docket No. 258] (the "D&O Insurance Lift-Stay Motion"). As set forth in the D&O Insurance Lift-Stay Motion, the Debtors maintain an insurance tower composed of eight D&O Liability Insurance Policies with an aggregate coverage amount of \$40 million. Approximately \$27.5 million in insurance remains available under the D&O Liability Insurance Policies. The D&O Liability Insurance Policies contain a "priority of payments" provision, which states that, where available insurance is insufficient to cover liabilities of both the Indemnified Individuals, on the one hand, and the Debtors, on the other hand, the Insurance Carriers must first provide coverage to the Indemnified Individuals. Accordingly, the Debtors' rights to proceeds under the D&O Liability Insurance Policies are subject to and subordinate to the Indemnified Individuals' rights to recover policy proceeds. As such, the proceeds of the D&O Liability Insurance Policies are not property of the Debtors' estates. On November 21, 2024, the Court entered an order [Docket No. 294] lifting the stay to allow the Insurance Carriers to make payments to Indemnified Induvial under the D&O Liability Insurance Policies. The Debtors will use the remaining proceeds under their D&O Liability Insurance Policies in connection with resolving the Securities Litigation.

L. The Claims Objections

1. The 510(b) Claims Objection

The Securities Litigation gives rise to two sets of indemnification obligations. First, under its organizational documents, SCC has indemnification obligations in favor of the Indemnified Individuals named as defendants in the Securities Litigation. In addition, SCC has indemnification obligations in favor of the following defendants in the Securities Litigation: Goldman Sachs &

Co. LLC (“Goldman”), Keefe, Bruyette & Woods, Inc. (“Keefe”), Citigroup Global Markets Inc. (“Citi”), Canaccord Genuity LLC (“Canaccord”), Compass Point Research & Trading, LLC (“Compass Point”), Craig-Hallum Capital Group LLC (“Craig-Hallum”), J.P. Morgan Securities LLC (“JPM Securities”), and Wedbush Securities LLC (“Wedbush” and, together with Goldman, Keefe, Citi, Canaccord, Compass Point, Craig-Hallum, JPM Securities, collectively, the “Underwriters”), pursuant to the underwriting and equity distribution agreements entered into by the Debtors and the Underwriters in connection with SCC’s engagement of the Underwriters to assist in the issuance of SCC’s common and preferred stock (the “Underwriting Agreements”), pursuant to which, among other things, SCC agreed to indemnify the Underwriters for any losses, claims, damages or liability incurred pursuant to the applicable Underwriting Agreement. As a result of being named defendants in the Securities Litigation, the Debtors believe that the indemnification claims in favor of the named Indemnified Individuals and the Underwriters (collectively, the “510(b) Claims”) are subject to mandatory subordination pursuant to section 510(b) of the Bankruptcy Code. To that end, on November 19, 2024, the Debtors filed the *First Omnibus Objection (Substantive) of the Debtors to Reclassify Certain Indemnification Claims Pursuant to Section 510(b) of the Bankruptcy Code* [Docket No. 291] (the “510(b) Claim Objection”).⁶

After the filing of the 510(b) Claim Objection, the Underwriters and the Indemnified Individuals each asserted that Bankruptcy Code section 510(b) is not available to the Debtors. In addition, the Indemnified Individuals and Underwriters propounded discovery on the Debtors. The Underwriters asserted their intention to file a motion to dismiss the Chapter 11 Cases and an objection to the Disclosure Statement asserting that the Initial Plan was patently unconfirmable. The Debtors have engaged with the Ad Hoc Preferred Stockholder Group, the Indemnified Individuals and the Underwriters on these issues. As discussions progressed, the Debtors have adjourned the hearing on the 510(b) Claim Objection several times. As set forth below, part of the Global Settlement involves the resolution of the Securities Litigation via the Securities Litigation Stipulation of Settlement (which has superseded the Securities Litigation Term Sheet) and the resolutions of all objections the Underwriters may have to the Plan.

2. The O’Keefe Claims Objection

On March 3, 2025, the Debtors filed the *Debtors’ Objection to Proofs of Claim Nos. 48, 29 and 50 Filed by Connor O’Keefe* [Docket No. 565] (the “O’Keefe Claims Objection”). By the O’Keefe Claims Objection, the Debtors sought to disallow and expunge claim numbers 48-50 (the “O’Keefe Claims”) filed by Connor O’Keefe on October 30, 2024, on behalf of himself and purportedly on behalf of all other similarly situated based upon the allegations made in the lawsuit *O’Keefe v. Sequoia Capital Operations, LLC*, Case Number 1:23-cv-20700 (the “O’Keefe Action”), which sought to recover for alleged economic losses stemming from the account activity of FTX Trading Ltd. and its affiliates at Silvergate Bank (n/k/a SLC). The O’Keefe Claims were asserted in the amount of \$9 billion. On March 26, 2025, the Bankruptcy Court entered an order sustaining the O’Keefe Claims Objection and disallowing and expunging the O’Keefe Claims [Docket No. 608].

⁶ On November 22, the Debtors filed a revised form of schedule to the proposed form of order attached to the 510(b) Claim Objection adding one Underwriter’s Claim that was inadvertently omitted from the original filing. See Docket No. 328.

3. The NYDIG Claim Objection

On March 3, 2025, the Debtors filed the *Debtors' Objection to Proof of Claim No. 103 Filed by NYDIG Servicing LLC* [SEALED Docket No. 566; REDACTED Docket No. 577] (the "NYDIG Claim Objection"). By the NYDIG Claim Objection, the Debtors sought to disallow and expunge Proof of Claim No. 103 (the "NYDIG Claim") filed by NYDIG Servicing LLC ("NYDIG") on October 31, 2024, based upon Silvergate Bank's (n/k/a SLC) purported breaches of a non-binding term sheet and alleged inequitable actions including alleged misrepresentation, fraud willful misconduct and/or negligence in connection therewith. The NYDIG Claim asserts damages in the amount of no less than \$88,745,570. The Debtors dispute all liability under the NYDIG Claim and expect to prevail on all, or substantially all, of the defenses and issues raised in the NYDIG Claim Objection.

The Debtors believe that the Bankruptcy Court may resolve the NYDIG Claim Objection by making rulings on solely matters of law. NYDIG disagrees and believes that the Bankruptcy Court must make factual determinations, which precludes the Bankruptcy Court from considering only matters of law. Thus, NYDIG believes that a factual record must be developed necessitating discovery. After the Debtors filed the NYDIG Claim Objection, NYDIG's counsel and Debtors' counsel met and conferred twice regarding these disputes, including scheduling for discovery, briefing and trial regarding the NYDIG Claim Objection, but could not reach agreement. On March 18, 2025, the Debtors filed a letter [Docket No. 588] (the "Scheduling Letter"), requesting the Bankruptcy Court enter a proposed form of order consistent with the Debtors' proposed form of scheduling order, a copy of which was attached to the Scheduling Letter. That same day, NYDIG filed a motion [Docket No. 589] (the "NYDIG Discovery Motion"), seeking entry of an order denying consideration of the Letter, adjourning the hearing on the NYDIG Claim Objection until after all discovery and briefing is completed in accordance with NYDIG's proposed litigation schedule, and extending the deadline for NYDIG to respond to the NYDIG Claim Objection in accordance with NYDIG's proposed litigation schedule.

On April 2, 2025, the Bankruptcy Court held a hearing to consider the NYDIG Claim Objection, the Scheduling Letter and the NYDIG Discovery Motion (the "Scheduling Hearing"). At the conclusion of the Scheduling Hearing, the Bankruptcy Court concluded that it would proceed as requested by the Debtors and would consider several matters of law prior to discovery proceeding. Since the Scheduling Hearing, the Debtors and NYDIG have exchanged several proposals regarding scheduling for discovery, briefing and trial regarding the NYDIG Claim Objection, NYDIG filed Amended Proof of Claim No. 154 (amending Proof of Claim No. 103) on April 14, 2024, and the Debtors and NYDIG have met and conferred several more times.

On May 20, 2025, the Debtors and NYDIG reached agreement regarding discovery and the scheduling for the NYDIG Claim Objection and entered into that certain *Stipulation Relating to Scheduling With Respect to Proofs of Claim Nos. 103 and 154 Filed By NYDIG Servicing LLC and the Debtors' Objection Thereto* (the "NYDIG Scheduling Stipulation"), which the Debtors submitted under certification of counsel. On May 21, 2025, the Bankruptcy Court entered an order [Docket No. 756] approving the NYDIG Scheduling Stipulation. Pursuant to the NYDIG Scheduling Stipulation, the Debtors expect that discovery will be completed on or before June 27,

2025, and that the Bankruptcy Court will hold an evidentiary hearing on July 29, 2025 at 9:30 a.m. (ET) to consider the NYDIG Claim Objection.

As discussed more fully below, the resolution of the NYDIG Claim Objection is related to the Common Stock Settlement. Under certain circumstances, an adverse ruling against the Debtors and in favor of NYDIG may provide the Ad Hoc Preferred Stockholder Group with the option to exercise the Opt-Out Condition (as defined herein), which would modify the vesting of Assets and funding for Reorganized Silvergate.

4. The EJF Omnibus Claim Objection

On May 5, 2025, the Debtors filed the *Fourth Omnibus (Substantive) Objection to Certain No Liability Claims (EJF Claims)* [Docket No. 693 (sealed) and 708 (redacted)] (the “EJF Claim Objection”). By the EJF Claim Objection, the Debtors seek to disallow and expunge claim numbers 116 and 120 (the “EJF Claims”) filed by EJF Ventures GP LLC and EJF Ventures Fund LP (together, “EJF”) on October 31, 2024, based upon, among other things, SCC’s purported breaches of contract in connection with its role as a limited partner in EJF Silvergate Ventures Fund LP. EJF asserts damages in the amount of no less than \$8,755,265. The Debtors dispute all liability under the EJF Claims and expect to prevail on all, or substantially all, of the defenses and issues raised in the EJF Claim Objection. The Debtors and EJF are engaged in discussions regarding discovery and the scheduling of an evidentiary hearing before the Bankruptcy Court to resolve the EJF Claim Objection.

5. Omnibus Claim Objections

On November 19, 2024, the Debtors filed the *Second Omnibus Objection (Non-Substantive) of the Debtors to Certain Amended and Superseded Claims* [Docket No. 292] (the “Second Omnibus Claim Objection”). On December 11, 2024, the Court entered an order [Docket No. 61] sustaining the Second Omnibus Claim Objection.

On May 5, 2025, the Debtors filed the *Third Omnibus Objection (Non-Substantive) of the Debtors to Certain (I) Equity Claims, (II) Duplicate Claims, (III) Late Filed Claims and (IV) Insufficient Documentation Claims* [Docket No. 690] (the “Third Omnibus Claim Objection”). On May 29, 2025, the Court entered an order [Docket No. 773] sustaining the Third Omnibus Claim Objection.

M. FTX Disputed Claims Sub-Reserve

On November 11, 2022 and November 14, 2022, FTX Trading Ltd. and 101 affiliated debtors (collectively, “FTX”) each filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code with the Bankruptcy Court pending under the case captioned *In re FTX Trading Ltd.*, Case No. 22-11068 (KBO) (the “FTX Chapter 11 Cases”). In connection with the FTX Chapter 11 Cases, SCC and SLC filed proofs of claim (the “Silvergate FTX Claims”) against each debtor in the FTX Chapter 11 Cases, asserting (a) among other claims, (i) fraud, (ii) breach of contract, (iii) contractual indemnification, (iv) civil violations of the RICO Act, 18 U.S.C. § 1962(c), and (v) civil conspiracy to violate the RICO Act 18 U.S.C. § 1962, for damages in an unliquidated amount, and (b) setoff and recoupment in connection therewith. Additionally,

SCC and SLC reserved all rights against the FTX Debtors. To date, the FTX Debtors have not objected to any of the Silvergate FTX Claims, each of which is a *prima facie* valid claim against the FTX Debtors.

On October 31, 2024, in connection with the Debtors' Chapter 11 Cases, FTX filed proofs of claim against SCC, SLC and SVL for claims for aiding and abetting breach of fiduciary duty, aiding and abetting conversion and unjust enrichment, in unliquidated amounts (the "FTX Silvergate Claims").

Having reviewed the Silvergate FTX Claims and the FTX Silvergate Claims, the Debtors reasonably and in good faith believe that the Silvergate FTX Claims must necessarily exceed the FTX Silvergate Claims because the conduct underlying and originating the claims is the well documented fraud perpetrated by FTX. Moreover, the Debtors reasonably and in good faith believe that certain defenses may apply which entirely bar any possible recovery for FTX on account of the FTX Silvergate Claims.

Based on their analysis of the FTX Silvergate Claims, the Debtors have created, as part of the Disputed Claims Reserve under the Plan, the FTX Disputed Claims Sub-Reserve. The FTX Disputed Claims Sub-Reserve shall be funded with the net Claim remaining in favor of FTX, if any, after applying the Silvergate FTX Claims against the FTX Silvergate Claims.

The Debtors expect that the Liquidation Trustee will evaluate and determine appropriate actions to take with respect to (i) the Silvergate FTX Claims, including but not limited to prosecution thereof, and (ii) the FTX Silvergate Claims, including but not limited to objection thereto.

N. The Bhatia Litigation Settlement

As set forth in the First Day Declaration, prior to commencing their Chapter 11 Cases, the Debtors reached an agreement in principle regarding the Bhatia Litigation. At the time of settlement on or about September 4, 2024, though, the Debtors understood that their chapter 11 filings were imminent, leaving the parties with insufficient time to finalize the terms of the Settlement Agreement. Accordingly, the parties understood that discussions regarding the final form of Settlement Agreement would continue after the Petition Date. On November 15, 2024, the parties to the Bhatia Litigation entered into that certain *Settlement Agreement*, dated November 15, 2024 (the "Bhatia Settlement Agreement") providing for the resolution of the Bhatia Litigation upon the approval of the Bankruptcy Court and S.D. Cal. District Court.

On February 6, 2025, the Debtors filed the *Debtors' Motion Pursuant to Section 362(d) of the Bankruptcy Code for Limited Relief from the Automatic Stay* [Docket No. 514] (the "Bhatia Lift Stay Motion"), seeking to lift the automatic stay solely for the purpose of allowing the parties to the Bhatia Litigation to obtain approval of the Bhatia Settlement Agreement (as defined below) before the D. Cal. District Court, including by seeking class certification and settlement approval. On February 25, 2025, the Bankruptcy Court entered an order [Docket No. 540] approving the Bhatia Lift Stay Motion. On February 27, 2025, the plaintiffs in the Bhatia Litigation filed a *Motion for Preliminary Settlement Approval* in the D. Cal. District Court, seeking preliminary settlement approval, and commencing the class certification and settlement approval process.

On February 13, 2025, the Debtors filed a motion [Docket No. 522] (the “Bhatia 9019 Motion”), seeking Bankruptcy Court authority and approval for the Debtors’ entry into and performance under the Bhatia Settlement Agreement. On March 3, 2025, the Bankruptcy Court entered an order [Docket No. 561] (the “Bhatia 9019 Order”), approving the Bhatia 9019 Motion. As a result, the Debtors expect that the S.D. Cal. District Court will approve the Bhatia Litigation Settlement Agreement and that such settlement will be consummated in accordance with its terms.

On February 27, 2025, the Bhatia Plaintiffs filed a motion (the “Bhatia Preliminary Approval Motion”) with the S.D. Cal. District Court seeking preliminary approval of the Bhatia Settlement Agreement. On May 12, 2025, the S.D. Cal. District Court entered an order directing the Bhatia Plaintiffs to file supplemental briefing regarding, among other things, the Bhatia Plaintiffs’ noticing and allocation plans by no later than May 29, 2025. The Bhatia Plaintiffs subsequently withdrew the Bhatia Preliminary Approval Motion, without prejudice, and expect to file a revised form of the Bhatia Preliminary Approval Motion by July 11, 2025. As of today, the Bhatia Preliminary Approval Motion remains pending before the S.D. Cal. District Court.

O. The Global Settlement

Indemnification claims have always been one of the key gating items in these Chapter 11 Cases. As discussed above, the Debtors have a variety of indemnification obligations owing to the Indemnified Individuals and their Underwriters, in connection with the Prepetition Litigations. As discussed above, on October 8, 2024, the Debtors commenced estimation proceedings against certain litigation parties and the Indemnified Individuals and, on November 19, 2024, filed their 510(b) Claim Objection seeking to subordinate certain of the Indemnification Claims. The Debtors’ 510(b) Claim Objection sought to subordinate all securities-related indemnification claims of the Indemnified Individuals and Underwriters—including with respect to a class action Securities Litigation pending in S.D. Cal. District Court against the Debtors, the Underwriters and numerous Indemnified Individuals—to the level of common stock and the estimation motion sought to estimate all remaining indemnification obligations at a combined \$10 million. In response to estimation, the Indemnified Individuals asserted no less than \$300 million in potential Indemnification Claims arising from the Prepetition Litigations.

The Indemnified Individuals and Underwriters each opposed the Debtors’ requested relief and sought extensive discovery for the purpose of adjudicating the disputes. For their part, the Indemnified Individuals asserted that, under the facts of these Chapter 11 Cases, estimation is unavailable to the Debtors. The Underwriters aggressively opposed subordination on similar grounds, raised several challenges to confirmation of the Debtors’ Initial Plan, and threatened to seek dismissal of the Chapter 11 Cases. Given the costly and uncertain outcome of adjudicating these issues, the Debtors chose to adjourn the estimation and claims subordination proceedings in favor of engaging in further discussions with the Indemnified Individuals and Underwriters.

The Debtors have worked tirelessly with various constituencies, each with overlapping—and at times competing—interests, in an effort to bring the parties to a global resolution. Given the size and attendant litigation risk associated with the pending claims against the Indemnified Individuals, it was nearly impossible to reach an agreement on the amount of appropriate reserves and use of remaining D&O insurance proceeds without also resolving some of the underlying

matters giving rise to such risks. On parallel tracks, the Debtors have been engaged with various combinations of the Indemnified Individuals, the Ad Hoc Preferred Stockholder Group, the Underwriters, the Insurance Carriers responsible for the remaining \$27.5 million of D&O insurance coverage, and the Securities Plaintiffs regarding potential resolution of the Indemnification Reserves under the Plan and the Securities Litigation. With these various constituencies, the Debtors have engaged in months of correspondence, including multiple daily calls, email exchanges, letter briefs, and, with respect to the Securities Litigation, a lengthy adversarial mediation before a skilled mediator. During the pendency of these negotiations, the Debtors responded to the extensive discovery requests of the Indemnified Individuals and Underwriters, including with respect to discussions over the scope of Rule 30(b)(6) and other depositions. These tireless efforts have resulted in a Global Settlement composed of two interconnected settlements: the Indemnification Settlement Term Sheet and the Securities Litigation Settlement.

The Global Settlement involves two separate but mutually dependent, and nonseverable Settlements that resolve the Debtors' indemnification obligations in two steps. Step one seeks this Court's approval of the Debtors' entry into the Securities Litigation Settlement followed by approval of the Securities Litigation Settlement before the S.D. Cal. District Court pursuant to Fed. R. Civ. P. 23. On behalf of themselves and the class, the Securities Plaintiffs have agreed, after extensive mediation and via the Securities Litigation Settlement Term Sheet, to resolve the Securities Litigation in exchange for \$37.5 million, composed of (a) the remaining \$27.5 million of coverage available under the Debtors' D&O Policies, (b) a \$4.68 million payment by the Underwriters, and (c) a \$5.32 million payment from the cash distributions to be made by the Debtors to the Holders of Preferred Stock Interests, which will be funded on the Effective Date of the Plan, to resolve the litigations that would ensue from not resolving the Prepetition Litigations. Settlement of the Securities Litigation (i) resolves the Securities Plaintiffs' class action claims, (ii) resolves disputes among the Debtors, the Indemnified Individuals, and the Ad Hoc Preferred Stockholder Group over the use of D&O insurance proceeds (which presented the most significant challenge to establishing reserves for the indemnification obligations), (iii) eliminates further indemnification obligations arising in favor of the Indemnified Individuals and Underwriters named as defendants in the Securities Litigation, and (iv) resolves the Indemnified Individuals' Indemnifiable Claims related to the Securities Litigation and all of the Underwriters' Indemnification Claims. Moreover, and of equal significance, the Underwriters have also waived the right to raise their previously asserted (but not yet filed) Plan objections and case dispositive motions. As contemplated by the Securities Litigation Settlement Term Sheet and discussed further below, on May 19, 2025, the parties entered into the Securities Litigation Stipulation of Settlement, which memorialized the full terms contemplated by and superseded the Securities Litigation Settlement Term Sheet.

Step two of the Global Settlement, the Indemnification Settlement Term Sheet, is made possible, in part, by the Securities Litigation Settlement, the approval of which is a condition precedent to the effectiveness of the Indemnification Settlement Term Sheet. Without the Securities Litigation Settlement, the Debtors, the Indemnified Individuals and the Ad Hoc Preferred Stockholder Group would not have been able to reach agreement on appropriate funding for the Indemnification Reserves. But with the Securities Litigation resolved, the Debtors can establish appropriate and consensually agreed Indemnification Reserves under the Plan without

the need for further costly and time-consuming litigation. The Indemnification Reserves will be funded by the Debtors' cash on hand, as well as by the acquisition of an additional D&O policy with respect to the DOJ Investigation. As a condition to each component of the Global Settlement, the Debtors have agreed not to pursue claims against, and provide releases to, the Indemnified Individuals. After reviewing the IC Report, the Debtors found that the record supported the Investigation Committee's finding and believe that the releases are appropriate components of the Global Settlement. Additionally, the Debtors modified the Plan to include a separate class of claims for Indemnified Individuals' Indemnifiable Claims, and the Indemnified Individuals have agreed to support the Plan. Accordingly, the Global Settlement resolves all the Debtors' material indemnification obligations and obviates the need to litigate the Amended Estimation Motion and the 510(b) Claim Objection, saving the estate potentially millions of dollars in legal fees and, if needed, expert costs while also eliminating the material risk on the merits of any such litigation.

On April 22, 2025, the Debtors, filed the *Motion of Debtors for Entry of an Order (I) Approving Global Settlement, Including Indemnification Settlement and Securities Litigation Settlement, Pursuant to Bankruptcy Rule 9019, and (II) Granting Related Relief* [Docket No. 664] (the "Global Settlement Motion"), seeking approval of the Global Settlement composed of (i) the Indemnification Settlement Term Sheet and (ii) the Securities Litigation Settlement Term Sheet. The hearing on the Global Settlement Motion was held on May 13, 2025 at 1:00 p.m. (ET) (the "Global Settlement Hearing"). In tandem with the filing of the Global Settlement Motion, and as contemplated by the Securities Litigation Settlement Term Sheet, on April 29, 2025, the Debtors filed the *Debtors' Motion Pursuant to Section 362(d) of the Bankruptcy Code for Limited Relief from the Automatic Stay with Respect to the Securities Litigation Settlement* [Docket No. 669] (the "Securities Lift-Stay Motion") seeking to lift the automatic stay for the limited purpose of allowing the Debtors and the Securities Plaintiffs to seek and obtain approval of the Securities Litigation Settlement in the S.D. Cal. District Court.

On May 6, 2025, Stilwell Activist and Exploration Capital each filed objections to the Global Settlement Motion, see Docket Nos. 694 & 695 (the "Global Settlement Objections"), respectively, and, on May 7, 2025, NYDIG filed a reservation of rights, see Docket No. 702. The Debtors also received certain informal comments to the proposed form of order (the "Proposed Global Settlement Order") approving the Global Settlement Motion from EJF and the U.S. Trustee. On May 9, 2025, the Debtors filed a revised form of Proposed Global Settlement Order (the "Revised Global Settlement Order"), resolving the informal comments from EJF and the U.S. Trustee. On May 12, 2025, the Debtors filed their reply in support of the Global Settlement, and the Ad Hoc Preferred Stockholder Group and the Indemnified Individuals each filed their statement in support of the Global Settlement Motion. See Docket Nos. 714, 718 & 720, respectively.

On May 13, 2025, prior to the start of the Global Settlement Hearing, Stilwell Activist and Exploration Capital (the "Common Stock Sponsors"), the Ad Hoc Preferred Stockholder Group, and the Debtors engaged in discussions regarding the potential resolution of the Global Settlement Objections and the Motion to Expand the Examiner's Scope. After engaging in such discussions, which included the exchange of several settlement proposals and the Debtors' agreement to further revise the Revised Global Settlement Order to reflect that it was a "preliminary order" (the "Preliminary Global Settlement Order"), the parties agreed, in principle and subject to further

documentation, to a settlement framework outlined on the record made at the Global Settlement Hearing (the “Common Stock Settlement”), which is discussed further herein at Article IV.3.F. Among other things, the Common Stock Settlement contemplates that the Debtors will continue to exist and operate after the Effective Date as Reorganized Silvergate, and pending the Effective Date of the Plan, the Motion to Expand the Examiner’s Scope shall be held in abeyance and the Common Stock Sponsors shall not object to the Plan.

At the conclusion of the Global Settlement Hearing, the Court entered an order approving the Securities Lift-Stay Motion, lifting the automatic stay as set forth therein. See Docket No. 728. And, on May 14, 2025, the Court entered the Preliminary Global Settlement Order. See Docket No. 732. For the avoidance of any doubt, the Preliminary Global Settlement Order provides that (i) entry of the Preliminary Global Settlement Order and its preliminary approval of the Settlements shall neither authorize nor approve any release of estate claims or causes of action or any claims to be released subject to final approval of the Securities Litigation Settlement, (ii) except to the extent provided in the Indemnification Settlement Term Sheet and/or the Securities Litigation Settlement Term Sheet for the parties thereto, including any member of the Settlement Classes, or their successors, assigns, executors, administrators, representatives, attorneys, and agents, in their capacities as such, nothing in the Preliminary Global Settlement Order shall be deemed to waive, or affect in any way, the rights of any party in interest to object to the Plan, and all confirmation objections (including without limitation objections to any debtor releases in the Plan) are fully reserved and preserved, and (iii) the funding of the Martino SEC Dedicated Reserve, Dedicated Indemnity Reserves, the Shared Indemnity Reserve, and the DOJ Indemnification Reserve shall be subject to the occurrence of the Effective Date of the Plan and the terms and conditions of the Indemnification Settlement Term Sheet. Accordingly, the Global Settlement remains subject to confirmation of the Plan and the occurrence of the Effective Date thereafter.

0. The Securities Litigation Settlement

On January 19, 2023, the International Union of Operating Engineers, Local No. 793, Members Pension Benefit Trust of Ontario (the “Local 793”), on behalf of itself and all others similarly situated, filed a class action complaint in the S.D. Cal. District Court, Case No. 23-cv-0099-CAB-MSB (the “Union Case”), against the Silvergate Defendants,⁷ the Former Directors,⁸ Fraher and Reynolds, and the Underwriters. On February 14, 2023, the S.D. Cal. District Court entered an order consolidating the Union Case under the Securities Litigation, and on February 28, 2023, the S.D. Cal. District Court entered an order, among other things, approving the appointment of Local 793 and certain additional institutional plaintiffs as lead plaintiffs (collectively, the “Securities Plaintiffs”).

On May 11, 2023, the Securities Plaintiffs filed the *Amended Consolidated Class Action Complaint for Violation of the Federal Securities Laws* (the “Consolidated Complaint”) asserting claims arising under the Exchange Act and the Securities Act. The Silvergate Defendants, the Former Directors, and the Underwriters each filed a motion to dismiss the Consolidated Complaint,

⁷ The Silvergate Defendants are SCC, Lane, Martino, Lempres, Brassfield, Colucci, Dircks, Reed, Sullivan, and Gupta.

⁸ The Former Directors are Campbell and Frank.

which automatically stayed discovery under the Private Securities Litigation Reform Act of 1995. The motions to dismiss were fully briefed and the S.D. Cal. District Court took the matter under advisement after a hearing held on November 29, 2023.

Since before the commencement of, and throughout the course of, the Chapter 11 Cases, the Debtors, the Indemnified Individuals named as defendants in the Securities Litigation, the Underwriters and the Ad Hoc Preferred Stockholder Group have been engaged in discussions regarding the potential consensual resolution of the Securities Litigation. In mid-2024, the Securities Plaintiffs, the Debtors, the Indemnified Individuals named as defendants, and the Underwriters commenced confidential mediation proceedings before a highly skilled mediator who is a former United States District Judge. In part because of the uncertainty arising from the Debtors' then-unfiled chapter 11 proceedings, the 2024 mediation was unsuccessful. By late 2024 it became clear to all parties, including the Ad Hoc Preferred Stockholder Group, that resolution of the Securities Litigation was a gating item to any global deal with respect to the Debtors' indemnification obligations. A second mediation session was scheduled for mid-January 2025 but cancelled due to stalled progress on the Indemnification Settlement. A mediation session before the same mediator as the June 2024 mediation ultimately was held on February 7, 2025. At the conclusion of that mediation, the parties considered potential terms for a settlement of the Securities Litigation proposed by the mediator (the "Proposed Securities Litigation Settlement"). The Proposed Securities Litigation Settlement contemplated a total settlement amount of \$37.5 million, of which \$27.5 million would be paid from all remaining D&O insurance proceeds.

While the Proposed Securities Litigation Settlement brought the parties closer together, the parties engaged in continued negotiations over the course of the following six weeks regarding the Indemnified Individuals' willingness to use the remaining D&O Insurance Policies to settle the Securities Litigation (which required separate agreements among the Debtors, the Indemnified Individuals, and the Ad Hoc Preferred Stockholder Group on corresponding reserves from the estates to satisfy the Debtors' indemnification obligations unrelated to the Securities Litigation) and the source of the additional \$10 million to be paid to the Securities Plaintiffs. Of significant relevance to those negotiations was the status of the Indemnification Settlement Term Sheet, which remained unresolved, as well as the Underwriters' threatened challenges to confirmation of the Debtors' Plan. Hard-fought negotiations among all parties ensued, and additional written mediation submissions were exchanged on February 19, 2025, February 20, 2025 and March 13, 2025.

On March 19, 2025, the Debtors, Underwriters, and the Ad Hoc Preferred Stockholder Group reached an agreement in principle, subject to finalization of the terms of the Indemnification Settlement Term Sheet, on the source of funding for the remaining \$10 million settlement amount under the Proposed Securities Litigation Settlement. Negotiations between the Underwriters and the Ad Hoc Preferred Stockholder Group regarding the allocation of non-insurance settlement amounts continued through the date the Securities Litigation Term Sheet was signed. The parties ultimately agreed on a \$5.32 million payment from the cash distributions to be made by the Debtors to the Holders of Preferred Stock Interests, which will be funded on the Effective Date of the Plan, and a \$4.68 million payment by the Underwriters

On April 22, 2025, the parties entered into the Securities Litigation Settlement Term Sheet, through which the Silvergate Defendants, the Underwriters, Securities Plaintiffs, and the Ad Hoc Preferred Stockholder Group memorialized the final material terms of the Securities Litigation Settlement. The Securities Litigation Settlement Term Sheet stated that the parties will use best efforts to draft, finalize, and execute the final Securities Litigation Stipulation of Settlement as soon as is practicable after the date of the Securities Litigation Settlement Term Sheet.

On May 19, 2025, the parties entered into the Securities Litigation Stipulation of Settlement, which memorialized the full terms contemplated by and superseded the Securities Litigation Settlement Term Sheet; on May 21, 2025, the Securities Plaintiffs submitted an unopposed motion with the S.D. Cal. District Court seeking, among other things, preliminary approval of the Securities Litigation Settlement and the Securities Litigation Stipulation of Settlement; on May 22, 2025, the S.D. Cal. District Court entered an order preliminarily approving the Securities Litigation Settlement and the Securities Litigation Stipulation of Settlement; and on May 29, 2025, the S.D. Cal. District Court scheduled a final hearing on the Securities Litigation Settlement and Securities Litigation Stipulation of Settlement for September 3, 2025 at 9:00 a.m. (PT). On June 2, 2025, the Debtors filed the Securities Litigation Stipulation of Settlement with the Bankruptcy Court. See Docket No. 782-1. Approval by this Court of the Debtors' entry into and performance under the Securities Litigation Settlement and Securities Litigation Stipulation of Settlement, followed by final approval of the Securities Litigation Settlement and Securities Litigation Stipulation of Settlement by the S.D. Cal. District Court, will resolve the Securities Litigation, as well as the Underwriters' confirmation-related challenges to the Debtors' Plan.

1. The Indemnification Settlement Term Sheet

As a result of the agreement in principle for the Securities Litigation Settlement, on March 27, 2025, after months of discussions and multiple rounds of negotiations, the Debtors, the Indemnified Individuals, and the Ad Hoc Preferred Stockholder Group reached agreement in principle on the Indemnification Settlement Term Sheet for, among other things, the funding of the Indemnification Reserves under the Plan, including, *inter alia*, a reserve mechanism for (i) the DOJ Investigation, (ii) the SEC Litigation (with respect to Martino), and (iii) go-forward indemnity reserves for the Indemnified Individuals for other known and unknown indemnification obligations, including the Dedicated Indemnity Reserves and the Shared Indemnity Reserves. A linchpin of the negotiations over the Indemnification Settlement Term Sheet was resolution of the Securities Litigation. Indeed, the approval of the Securities Litigation Settlement is a condition precedent to the effectiveness of the Indemnification Settlement Term Sheet. Without settling the Securities Litigation and thus capping the parties' total exposure and cutting off the Debtors' indemnification obligations for that matter, the Debtors could not resolve the balance of their indemnification obligations. But with the Securities Litigation resolved, and through the Global Settlement, the Debtors have been able to establish appropriate and consensually agreed Indemnification Reserves under the Plan without the need for further costly and time-consuming litigation.

2. Conditions Precedent to the Global Settlement

While the Debtors believe that the Global Settlement is a necessary component of the Plan, the absence of which may preclude confirmation of the Plan, the Global Settlement is subject to

several conditions precedent, some of which arise from the Securities Litigation Settlement and some of which arise from the Indemnification Settlement Term Sheet. Among other conditions precedent, each as may be more fully set forth in the Indemnification Settlement Term Sheet or Securities litigation Stipulation of Settlement, as applicable, the following must occur prior to or contemporaneously with the Effective Date (or otherwise be waived in accordance with the Plan): (i)(a) the Securities Litigation Settlement shall have been approved by the Bankruptcy Court and the S.D. Cal. District Court, (b) the proceeds under the D&O Contribution shall have been released and (c) the payments from the Underwriters and the Holders of Preferred Stock Interests shall have been funded, each in accordance with the Securities Litigation Settlement, (ii)(a) the Debtors shall have established the Indemnification Reserves, (b) acquired the DOJ Policy, and (c) funded the Go-Forward Chapter 11 Budget each in accordance with the Indemnification Settlement; and (iii) the Bankruptcy Court must approve the releases by the Debtors under Article IX of the Plan. The failing of any of these conditions may undo the Global Settlement, which may impair the Debtors' ability to confirm the Plan.

P. The Common Stock Settlement

The Common Stock Settlement resolves the Common Stock Sponsors' objections to the Plan. The Common Stock Settlement provides for, among other things, the following: (i) the continuation of the Debtors as Reorganized Silvergate, with Reorganized Silvergate being controlled by the Holders of Common Stock Interests, whose Interests will be reinstated under the Plan, (ii) the creation and issuance of a junior form of Beneficial Interest in the Liquidation Trust to be held by Reorganized Silvergate with a sharing mechanism for distributions made by the Liquidation Trust to Holders of First and Second Priority Beneficial Trust Interests, (iii) funding for Reorganized Silvergate and the retention of certain assets, (iv) funding for reimbursement of certain of the Common Stock Sponsors' legal and consultant fees, (v) changes to the governance of the Liquidation Trust, including a consultation right for the Common Stock Sponsors in selecting the Liquidation Trustee and the creation of the three-member Liquidation Trust Board, one member of which shall be selected by the Common Stock Sponsors, (vi) the Common Stock Sponsors' agreement to support the Plan, and (vii) certain conditions in which the Ad Hoc Preferred Stockholder Group may exercise the Opt-Out Condition thereby modifying the vesting of assets and funding for Reorganized Silvergate under the Common Stock Settlement.

ARTICLE IV **THE PLAN**

A. Overview of the Plan

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTING THE PLAN AND OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT AND TO THE EXHIBITS ATTACHED THERETO.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE

STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS AND OTHER PARTIES IN INTEREST.

HOLDERS OF CLAIMS AND INTERESTS SHOULD READ THE PLAN IN ITS ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

In general, a chapter 11 plan (a) divides claims and equity interests into separate classes, (b) specifies the consideration that each class is to receive under the plan and (c) contains other provisions necessary to implement the plan. Under the Bankruptcy Code, “claims” and “equity interests,” rather than “creditors” and “shareholders,” are classified because creditors and shareholders may hold claims and equity interests in more than one class. Under section 1124 of the Bankruptcy Code, a class of claims is “impaired” under a plan unless the plan (a) leaves unaltered the legal, equitable, and contractual rights of each ~~holder~~Holder of a ~~claim~~Claim in such class or (b) provides, among other things, for the cure of certain existing defaults and reinstatement of the maturity of claims in such class. Under the Plan, ~~Class 7 is Classes 5 and 8 are~~ Impaired, and Holders of Claims or Interests in ~~Class 7~~Classes 5 and 8 are entitled to vote to accept or reject the Plan *unless* a Holder’s Claim or Interest is subject to an objection filed by the Debtors. Ballots are being furnished herewith to all Holders of Claims and Interests in Classes ~~7-5 and 8~~ that are entitled to vote to facilitate their voting to accept or reject the Plan. Classes 1, 2, 3, 4, ~~9~~ and ~~10-11~~ are Unimpaired under the Plan and therefore deemed to accept the Plan. ~~Classes 8 and 9 are~~ Class 10 is Impaired and ~~are~~is conclusively deemed to have rejected the Plan.

The Plan provides for full payment of all Allowed Administrative Claims, Allowed Priority Tax Claims, if any, Allowed Priority Claims, if any, and Allowed Secured Claims, if any, in accordance with the provisions of the Bankruptcy Code as well as ~~payments~~full payment to Allowed General Unsecured Claims, which are expected to fully satisfy such Claims with interest at the legal rate.

Following confirmation of the Plan, the Plan will become effective (as such term is used in section 1129 of the Bankruptcy Code) on the first Business Day on which all the conditions to the occurrence of the Effective Date, as specified in Article X.A~~X.A~~X.B of the Plan have been satisfied or waived in accordance with the provisions of Article X.B of the Plan. The satisfaction of certain of the conditions to the occurrence of the Effective Date is beyond the control of the Debtors, and there is no assurance that the Debtors will waive or extend the deadline for the occurrence of the Effective Date or any other condition. Thus, it is possible that the Plan will not be confirmed and consummated in the time contemplated.

B. Unclassified Claims

1. Unclassified Claims Summary

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, including Professional Fee Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the classification of Claims and Interests set forth in Article III of the Plan. The Claim recoveries for such unclassified Claims are set forth below:

Claim	Plan Treatment	Projected Plan Recovery
Administrative Claims	Paid in Full in Cash	100%
Professional Fee Claims	Paid in Full in Cash	100%
Ad Hoc Preferred Stockholder Group Expenses	Paid in Full in Cash	100%
<u>SC Trusts Indenture Trustee Fees</u>	<u>Paid in Full in Cash</u>	<u>100%</u>
<u>Common Stock Sponsors' Expenses</u>	<u>Paid in Full in Cash</u>	<u>100%</u>
Statutory Fees	Paid in Full in Cash	100%
Priority Tax Claims	Paid in Full in Cash	100%

2. Unclassified Claims

a. (#)Administrative Claims

Pursuant to section 1123(a)(1) of the Bankruptcy Code, Allowed Administrative Claims are not classified and are not entitled to vote. The Debtors have concluded that based upon current estimates, the assets of the Debtors are sufficient to satisfy these Claims. Except with respect to Administrative Expense Claims that (a) are Professional Fee Claims, (b) have already been paid during the Chapter 11 Case, or (c) for which the Holder of an Allowed Administrative Expense Claim has agreed to less favorable treatment, each Holder of an Allowed Administrative Expense Claim shall receive in full satisfaction of its Administrative Expense Claim, Cash equal to the amount of such Allowed Administrative Expense Claim either: (i) on the Effective Date; (ii) if the Administrative Expense Claim is not Allowed as of the Effective Date, thirty (30) days after the date on which an order Allowing such Administrative Expense Claim becomes a Final Order, or as soon thereafter as reasonably practicable; or (iii) if the Allowed Administrative Expense Claim is based on a liability incurred by the Debtors in the ordinary course of business after the Petition Date, pursuant to the terms and conditions of the particular transaction or agreement giving rise to such Allowed Administrative Expense Claim, without any further action by the Holders of such

Allowed Administrative Expense Claim and without any further notice to, or action, order, or approval of, the Bankruptcy Court.

HOLDERS OF ADMINISTRATIVE CLAIMS THAT ARE REQUIRED TO, BUT DO NOT, FILE AND SERVE A REQUEST FOR PAYMENT OF SUCH ADMINISTRATIVE CLAIMS BY THE ADMINISTRATIVE CLAIMS BAR DATE SHALL BE FOREVER BARRED, ESTOPPED, AND ENJOINED FROM ASSERTING SUCH ADMINISTRATIVE CLAIMS AGAINST THE DEBTORS OR THEIR PROPERTY, AND SUCH ADMINISTRATIVE CLAIMS SHALL BE DEEMED DISCHARGED AS OF THE EFFECTIVE DATE.

b. *(ii) Professional Fee Claims*

i. *a. Final Fee Applications*

Pursuant to section 1123(a)(1) of the Bankruptcy Code, Allowed Professional Fee Claims are not classified and are not entitled to vote. The Debtors have concluded that based upon current estimates, the assets of the Debtors are sufficient to satisfy these Claims. All final requests for payment of Professional Fee Claims incurred during the period from the Petition Date through the Effective Date shall be Filed no later than forty-five (45) days after the Effective Date. The Bankruptcy Court shall determine the Allowed amounts of such Professional Fee Claims after notice and a hearing in accordance with the procedures established by the Bankruptcy Code, Bankruptcy Rules, and prior Bankruptcy Court orders. The Liquidation Trust (or the authorized signatories to the Professional Fee Escrow Account, after consultation with the Liquidation Trust) shall pay the amount of the Allowed Professional Fee Claims owing to the Professionals in Cash to such Professionals from funds held in the Professional Fee Escrow Account within two (2) Business Days or as soon thereafter as reasonably practicable after such Professional Fee Claims are allowed by entry of an order of the Bankruptcy Court. To the extent that funds held in the Professional Fee Escrow Account are insufficient to satisfy the amount of Professional Fee Claims owing to the Professionals, such Professionals shall have an Allowed Administrative Expense Claim for any such deficiency, and the Liquidation Trustee, as applicable, shall pay the full unpaid amount of such Allowed Administrative Expense Claim in Cash.

ii. *b. Professional Fee Claims Estimate*

Professionals shall reasonably estimate their unpaid Professional Fee Claims incurred in rendering services to the Debtors before and as of the Effective Date for the purpose of funding the Professional Fee Escrow Account and shall deliver such estimate to the Debtors no later than five (5) days before the anticipated Effective Date; *provided, however,* that such estimate shall not be deemed to limit the amount of the fees and expenses that are the subject of any Professional's final request for payment of Professional Fee Claims and such Professionals are not bound to any extent by the estimates. If a Professional does not provide an estimate the Debtors may estimate the unpaid and unbilled fees and expenses of such Professional. Nothing in the Plan shall preclude any objection by any party to the RSA to any Professional Fee Claims that do not comply with the terms of the RSA.

iii. *e. Professional Fee Escrow Account*

Following the Confirmation Date, and no later than the Effective Date, the Debtors shall establish and fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals and for no other Entities until all Professional Fee Claims Allowed by the Bankruptcy Court have been irrevocably paid in full to the Professionals pursuant to one or more Final Orders of the Bankruptcy Court. No Liens, claims, or interests shall encumber the Professional Fee Escrow Account or Cash held in the Professional Fee Escrow Account in any way. Funds held in the Professional Fee Escrow Account shall not be considered property of the Estate, the Debtor, the Post-Effective Date Debtor, or the Liquidation Trust.

When all Allowed amounts owing to the Professionals have been irrevocably paid in full pursuant to one or more Final Orders of the Bankruptcy Court, any amount remaining in the Professional Fee Escrow Account shall promptly be paid to the Liquidation Trust, without any further action or order of the Bankruptcy Court.

iv. d. Post-Effective Date Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Liquidation Trustee shall, in the ordinary course of business and without any further notice to, or action, order, or approval of, the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses incurred by professionals providing services to the Post-Effective Date Debtors or the Liquidation Trustee, as applicable, including the fees and expenses of any of the Debtors' Professionals incurred in addressing or responding to any discovery, trial preparation, or trial in any action, suit, proceeding or audit. From and after the Effective Date, any requirement that professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after the Effective Date shall terminate.

c. (iii) Ad Hoc Preferred Stockholder Group Expenses

The Debtors shall pay in Cash all outstanding Ad Hoc Preferred Stockholder Group Expenses incurred, or estimated to be incurred through the Effective Date, to the extent not previously paid shall be paid on the Effective Date, without the requirement to file a fee application with the Bankruptcy Court. From and after the Confirmation Date, any outstanding and unpaid Ad Hoc Preferred Stockholder Group Expenses shall be paid in full in Cash. ~~All outstanding Ad Hoc Preferred Stockholder Group Expenses, to the extent not previously paid shall be paid on the Effective Date.~~

All Ad Hoc Preferred Stockholder Group Expenses to be paid on the Effective Date shall be estimated, as necessary, prior to or as of the Effective Date and such estimate shall be delivered to the ~~Debtor~~Debtors; *provided* that such estimate shall not be considered an admission or limitation with respect to such Ad Hoc Preferred Stockholder Group Expenses. In addition, the Liquidating Trust is authorized to pay the Ad Hoc Preferred Stockholder Group Expenses, as necessary, after the Effective Date when due and payable in the ordinary course solely to the extent incurred on or after the Confirmation Order is entered, without any requirement for review or approval by the Bankruptcy Court or any Entity.

d. SC Trusts Indenture Trustee Fees

The Debtors shall pay in Cash the reasonable and documented SC Trusts Indenture Trustee Fees (including attorneys' fees and expenses) incurred, or estimated to be incurred, up to and including the Effective Date, without any requirement to file a fee application with the Bankruptcy Court, on or as soon as reasonably practicable after the Effective Date. The SC Trusts Indenture Trustee Fees to be paid on the Effective Date shall be presented in an invoice including an itemized description of services rendered and, if necessary, an estimate for unbilled fees and expenses incurred prior to and as of the Effective Date, to the Debtors at least two (2) Business Days prior to the anticipated Effective Date; provided that such estimate shall not be considered an admission or limitation with respect to such SC Trusts Indenture Trustee Fees. So that the SC Trusts Indenture Trustees can timely provide such estimate, the Debtors shall provide the SC Trusts Indenture Trustees with five (5) Business Days' prior notice of the anticipated Effective Date. To the extent the Debtors dispute any SC Trusts Indenture Trustee Fees (including attorneys' fees and expenses) and such dispute cannot be consensually resolved, the Bankruptcy Court may determine the dispute.

In addition, within five (5) business days after presentation of an invoice including an itemized description of services rendered, the Debtors or the Liquidating Trust, as applicable, shall pay all reasonable and documented SC Trusts Indenture Trustee Fees (including attorneys' fees and expenses) related to implementation of the Plan, including, without limitation, making (or directing) Distributions on account of the SC Trusts Claims. To the extent the Debtors dispute any SC Trusts Indenture Trustee Fees (including attorneys' fees and expenses) and such dispute cannot be consensually resolved, the Bankruptcy Court may determine the dispute.

e. Common Stock Sponsors' Expenses

The Debtors shall pay in Cash all outstanding Common Stock Sponsors' Expenses incurred, or estimated to be incurred through the Effective Date, to the extent not previously paid shall be paid on the Effective Date, without the requirement to file a fee application with the Bankruptcy Court

f. (iv) Statutory Fees

All Quarterly Fees due and payable and any interest thereon pursuant to section 3717 of Title 31 of the United States Code prior to the Effective Date shall be paid by the Debtors on the Effective Date. After the Effective Date, the Chapter 11 Cases of all of the Debtors, other than Debtor Silvergate Capital Corporation shall be deemed closed and only the Chapter 11 Case of Silvergate Capital Corporation shall remain open for purposes of administering the resolution of Disputed Claims, pending litigation, and any Retained Causes of Action by the Liquidation Trust. All Quarterly Fees shall be paid from the Disputed Claims Reserve when due and payable in full in Cash by the Debtors on the Effective Date. The Debtors shall file all reports due prior to the Effective Date when they become due in the form and manner prescribed by U.S. Trustee using UST Form 11-MOR. After the Effective Date, the Liquidation Trustee, for and on behalf of the Post-Effective Date Debtors and Liquidation Trust and Reorganized Silvergate, shall pay all Quarterly Fees in full in Cash when due and payable and shall file with the Bankruptcy Court any and all quarterly reports when they become due in the form and manner prescribed by U.S. Trustee using UST Form 11-PCR. Each and every one of the Debtors, the Post-Effective Date

~~Debtors, or the~~ Liquidation Trust or Reorganized Silvergate, shall remain obligated to pay Quarterly Fees to the U.S. Trustee until the earliest of the Debtors' cases being closed, dismissed, or converted to a case under Chapter 7 of the Bankruptcy Code. Notwithstanding anything in the Plan to the contrary, (i) Quarterly Fees are Allowed; (ii) the U.S. Trustee shall not be required to file any proof of claim ~~for quarterly fees and any interest thereon or any other request(s) for payment with respect to Quarterly Fees~~; and (iii) the U.S. Trustee shall not be treated as providing any release under the Plan.

g. ~~Priority Tax Claims~~

Pursuant to section 1123(a)(1) of the Bankruptcy Code, Allowed Priority Tax Claims are not classified and are not entitled to vote. The Debtors have concluded that based upon current estimates, the assets of the Debtors are sufficient to satisfy these Claims.

Except to the extent that a Holder of an Allowed Priority Tax Claim and the applicable Debtor agree (whether before or after the Effective Date) to a less favorable treatment, in full and final satisfaction, ~~settlement, release, and discharge~~, of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code and, for the avoidance of doubt, Holders of Allowed Priority Tax Claims will receive interest on such Allowed Priority Tax Claims after the Effective Date in accordance with sections 511 and 1129(a)(9)(C) of the Bankruptcy Code.

C. Classification and Treatment Under the Plan

1. Summary of Classification of Claims and Interests

All Claims and Interests, except for Administrative Expense Claims, including Professional Fee Claims, Quarterly Fees and Priority Tax Claims, are classified in the Classes set forth in Article III of the Plan for all purposes, including voting, Confirmation, and distributions pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class only to the extent that such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest qualifies within the description of such other Classes. A Claim or Interest also is classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

The classification of Claims and Interests pursuant to the Plan is as set forth below. All of the potential Classes for the Debtors are set forth herein. ~~Certain of the Debtors may not have Claims or Interests in a particular Class or Classes, and such Claims shall be treated as set forth in Article III.B of the Plan.~~ The Plan shall constitute a separate Plan for each of the Debtors *provided that*, the estates of the various Debtors shall be consolidated for the purpose of effectuating distributions under the Plan. For all purposes under the Plan, where applicable, each Class contains a sub-Class for each Debtor. Certain of the Debtors may not have ~~holders~~ Holders of Claims or Interests in a particular Class or Classes, and such Classes shall be treated as set forth in Article

III.C of the Plan. Voting tabulations for recording acceptances or rejections of the Plan shall be conducted on a Debtor-by-Debtor basis as set forth above.

The classification of Claims and Interests against each Debtor (as applicable) pursuant to the Plan is below. A more comprehensive description of the estimated value available for distributions to Classes under the Plan is detailed in the liquidation analysis attached hereto **Exhibit C**.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW REPRESENT THE DEBTORS' BEST ESTIMATES ONLY AND ARE SUBJECT TO CHANGE. ACTUAL RECOVERIES (INCLUDING WITH RESPECT TO GENERAL UNSECURED CLAIMS) COULD BE HIGHER OR LOWER, DEPENDING ON THE OUTCOME OF THE CLAIMS RECONCILIATION PROCESS. FOR A COMPLETE DESCRIPTION OF THE PLAN'S CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.

SUMMARY OF EXPECTED RECOVERIES				
Class	Claim or Interest	Treatment of Claim or Interest	Est. Amount	Est. Recovery
1	Other Priority Claims	Each Holder of an Allowed Other Priority Claim shall receive on account thereof payment of the full amount of such Allowed Other Priority Claim in Cash or otherwise receive treatment consistent with the provisions of section 1129(a) of the Bankruptcy Code, except to the extent the Holder of an Allowed Other Priority Claim agrees to less favorable treatment.	[•]	100%
2	Secured Claims	Each Holder of an Allowed Secured Claim shall receive on account of such Claim at the Liquidation Trustee's exclusive election, except to the extent that any Holder of an Allowed Secured Claim agrees to less favorable treatment therefor, either: (i) Cash equal to the amount of such Allowed Secured Claim, including Post-Petition Interest at the Federal Judgment Rate; (ii) the property that serves as security for such Allowed Secured Claim; or (iii) such other treatment that shall render such Allowed Secured Claims Unimpaired pursuant to section 1124 of the Bankruptcy Code (which may include reinstatement). Any portion of any Secured Claim that is not secured by collateral or the proceeds thereof shall constitute a	[•]	100%

SUMMARY OF EXPECTED RECOVERIES				
Class	Claim or Interest	Treatment of Claim or Interest	Est. Amount	Est. Recovery
		General Unsecured Claim to the extent it is allowed.		
3	General Unsecured Claims	Each Holder of an Allowed General Unsecured Claim shall receive on account of such Claim at the Liquidation Trustee's exclusive election, except to the extent that any Holder of an Allowed Secured Claim agrees to less favorable treatment therefor, either: (i) Cash equal to the amount of such Allowed General Unsecured Claim, including Post-Petition Interest at the Federal Judgment Rate; or (ii) such other treatment that shall render such Allowed General Unsecured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code.	[•]	100%
4	Subordinated Note ^{Notes} Claims	Each Holder of an Allowed Subordinated Notes Claim shall receive on account of such Claim at the Liquidation Trustee's exclusive election, except ^{Except} to the extent that any Holder of an Allowed Subordinated Notes Claim agrees to less favorable treatment therefor on account of such Claim, either: (i) on or as soon as reasonably practicable after the Effective Date, in full satisfaction, settlement, and release of all Allowed Subordinated Notes Claims, (ii) the SC Trust I Indenture Trustee, for the ratable benefit of the Holders of the SC Trust I Capital Securities and itself, and (iii) the SC Trust II Indenture Trustee, for the ratable benefit of the Holders of the SC Trust II Securities and itself, respectively, shall receive either (x) Cash equal to the amount of such Allowed Subordinated Notes Claim; or (ii) such other treatment that shall render such Allowed Subordinated Notes Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; <i>provided, however, that with respect to the Allowed SC Trusts Claims, upon satisfaction in full of the Allowed SC Trusts Capital Securities Claims, all remaining Distributions on account of Allowed SC Trusts Claims shall be received by the Holders of the SC Trusts Common Securities Claims. For the avoidance of doubt,</i>	\$15,980,000 <i>plus</i> accrued and unpaid interest to and including the Effective Date	100%

SUMMARY OF EXPECTED RECOVERIES				
Class	Claim or Interest	Treatment of Claim or Interest	Est. Amount	Est. Recovery
		<u>amounts received by the SC Trust I Indenture Trustee on account of the Allowed Subordinated Notes Claims will be subject to the SC Trusts Indenture Trustee Charging Liens.</u>		
5	<u>Indemnified Individuals Indemnifiable Claims</u>	<u>Except to the extent that a Holder of an Indemnified Individuals' Indemnifiable Claim agrees to less favorable treatment, in full and final satisfaction, settlement, and release of, and in exchange for its Indemnified Individuals' Indemnifiable Claim, each such Holder thereof shall receive, the rights and benefits afforded under the Indemnification Settlement Term Sheet.</u>	<u>\$300,000,000</u>	<u>Variable</u>
56	Intercompany Claims	Each Intercompany Claim shall be, at the option of the Debtors <u>with the consent of the Common Stock Sponsors</u> , reinstated, set off, settled, distributed, contributed, cancelled, or released without any distribution on account of such Intercompany Claim, or such other treatment as is reasonably determined by the Debtors <u>with the consent of the Common Stock Sponsors</u> ; provided that the treatment of any Intercompany Claim shall not result in a Cash distribution on the Effective Date or otherwise reduce recoveries to any other Allowed Claim or Interest Holder or entitle the holder of such Intercompany Claim to any amounts from the Liquidation Trust.	N/A	N/A
67	Intercompany Interests	Each Intercompany Interest shall be, at the option of the Debtors, reinstated, set off, settled, distributed, contributed, cancelled, or released without any distribution on account of such Intercompany Interest, or such other treatment as is reasonably determined by the Debtors. On the Effective Date of the Plan, all Intercompany Interests in the Debtors shall be reinstated.	N/A	N/A
78	Preferred Stock Interests	Except to the extent that a holder <u>Holder</u> of an Allowed Preferred Stock Interest agrees to less favorable treatment, in full and final	200,000 shares with liquidation	[●]%

SUMMARY OF EXPECTED RECOVERIES				
Class	Claim or Interest	Treatment of Claim or Interest	Est. Amount	Est. Recovery
		satisfaction, settlement, and release of, and in exchange for its Allowed Preferred Stock Interest each such holder <ins>Holder</ins> thereof shall receive on the Effective Date (a) such holder's <ins>Holder's</ins> Pro Rata share of <ins>First Priority</ins> Liquidation Trust Beneficial Interests _, and (b) such holder's <ins>Holder's</ins> Pro Rata share of the Preferred Stock Initial Distributable Amount.	preference of \$200 million	
<u>89</u>	Common Stock Interests	On the Effective Date, all Allowed Common Stock Interests shall be extinguished, cancelled, and released and not entitled to Distribution or any recovery under the Plan. Except to the extent that a Holder of an Allowed Common Stock Interest agrees to less favorable treatment, on the Effective Date of the Plan, all Allowed Common Stock Interests in the Debtors shall be reinstated. Holders of Common Stock Interests shall be the owners of Reorganized Silvergate, which shall continue to operate.	31,729,832 shares	0 <ins>100</ins> %
<u>90</u>	Section 510(b) Claims	On the Effective Date, all Allowed Section 510(b) Claims, if any, shall be extinguished, cancelled, and released and not entitled to Distribution or any recovery under the Plan. <ins>For the avoidance of doubt, the treatment of Class 10 Section 510(b) Claims does not impact the Securities Litigation Settlement or any terms thereof, including the Securities Litigation Settlement Amount.</ins>	[\$0]	0%
<u>10</u> <u>11</u>	Bhatia Litigation Class Claim	As set forth more fully in Article III.B. of the Plan, upon <ins>Upon</ins> entry of the Bhatia Litigation Final Approval Order, the Bhatia Litigation Class Claim would <ins>shall</ins> be entitled to receive the <ins>Bhatia Litigation</ins> Settlement Fund, to <ins>be</ins> paid by the Debtors and distributed in accordance with the Bhatia Litigation Final Approval Order in full and final <ins>complete</ins> settlement and satisfaction of the Bhatia Litigation Class Claim.	\$10,000,000	100%

2. Classified Claims and Interests Details

Each Holder of an Allowed Claim or Allowed Interest, as applicable, will receive under the Plan the treatment described below in full and final satisfaction, settlement, release, and discharge of and in exchange for such ~~holder's~~Holder's Allowed Claim or Allowed Interest, except to the extent different treatment is agreed to by: (a) the Debtors and (b) the Holder of such Allowed Claim or Allowed Interest, as applicable. Unless otherwise indicated, the Holder of an Allowed Claim or Allowed Interest, as applicable, will receive such treatment on the Effective Date or as soon as reasonably practicable thereafter.

a. 1. Class 1 – Other Priority Claims

- i. **a. Classification:** Class 1 consists of all Other Priority Claims against the Debtors.
- ii. **a. Treatment:** Each Holder of an Allowed Other Priority Claim shall receive on account thereof payment of the full amount of such Allowed Other Priority Claim in Cash or otherwise receive treatment consistent with the provisions of section 1129(a) of the Bankruptcy Code, except to the extent the Holder of an Allowed Other Priority Claim agrees to less favorable treatment.
- iii. **b. Voting:** Class 1 is Unimpaired, and Holders of Other Priority Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 1 Secured Claims are not entitled to vote to accept or reject the Plan.

b. 2. Class 2 – Secured Claims

- i. **a. Classification:** Class 2 consists of all Secured Claims against the Debtors.
- ii. **b. Treatment:** Each Holder of an Allowed Secured Claim shall receive on account of such Claim at the Liquidation Trustee's exclusive election, except to the extent that any Holder of an Allowed Secured Claim agrees to less favorable treatment therefor, either: (i) Cash equal to the amount of such Allowed Secured Claim, including Post-Petition Interest at the Federal Judgment Rate; (ii) the property that serves as security for such Allowed Secured Claim; or (iii) such other treatment that shall render such Allowed Secured Claims Unimpaired pursuant to section 1124 of the Bankruptcy Code (which may include reinstatement). Any portion of any Secured Claim that is not secured by collateral or the proceeds thereof shall constitute a General Unsecured Claim to the extent it is allowed.
- iii. **c. Voting:** Class 2 is Unimpaired, and Holders of Secured Claims are conclusively deemed to have accepted the Plan pursuant to section

1126(f) of the Bankruptcy Code. Therefore, Holders of Class 2 Secured Claims are not entitled to vote to accept or reject the Plan.

c. **3.**Class 3 – General Unsecured Claims

- i. **a.***Classification:* Class 3 consists of all General Unsecured Claims against the Debtors.
- ii. **b.***Treatment:* Each Holder of an Allowed General Unsecured Claim shall receive on account of such Claim at the Liquidation Trustee's exclusive election, except to the extent that any Holder of an Allowed General Unsecured Claim agrees to less favorable treatment therefor, either: (i) Cash equal to the amount of such Allowed General Unsecured Claim, including Post-Petition Interest at the Federal Judgment Rate; or (ii) such other treatment that shall render such Allowed General Unsecured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code.
- iii. **e.***Voting:* Class 3 is Unimpaired, and Holders of General Unsecured Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 3 General Unsecured Claims are not entitled to vote to accept or reject the Plan.

d. **4.**Class 4 – Subordinated Note Claims

- i. **a.***Classification:* Class 4 consists of all Subordinated Notes Claims.
- ii. **b.***Allowance:* The Subordinated Notes Claims shall be Allowed ~~in the aggregate outstanding principal amount of \$15,980,000, plus accrued and unpaid interest to and including the Effective Date at the non-default Contract Rate, as follows:~~

SC Trust I Claims: The SC Trust I Claims are Allowed in the amount of \$12,887,000.00 in aggregate outstanding principal amount of SC Trust I Subordinated Debentures, plus accrued but unpaid interest to and including the Petition Date in the amount of \$2,290,662.80, plus interest from the Petition Date to and including the Effective Date at the applicable rate specified in the SC Trust I Indenture and related documents, plus all fees, costs, premiums (if any), reimbursement obligations, indemnification obligations, hedging obligations, and other amounts arising and payable under and in accordance with the SC Trust I Indenture and related documents.

SC Trust II Claims: The SC Trust II Claims are Allowed in the amount of \$3,093,000.00 in aggregate outstanding principal amount of SC Trust II Subordinated Debentures, plus accrued but unpaid interest to and including the Petition Date in the amount of

~~\$406,128.83, plus all non-contingent fees, costs, premiums (if any), reimbursement obligations, indemnification obligations, hedging obligations, and other amounts arising and payable as of the Effective Date under and in accordance with the SC Trust II Indenture and related documents and the amount of Allowed Subordinated Notes Claims shall not be subject to objection, challenge, reduction, offset, avoidance, setoff, recharacterization, impairment, subordination (whether equitable, contractual, or otherwise), counterclaim, cross-claim, defense, or disallowance under applicable law.~~

- iii. e. Treatment: ~~Each~~ Except to the extent that any Holder of an Allowed Subordinated Notes Claim ~~shall receive~~ agrees to less favorable treatment on account of such Claim ~~at the Liquidation Trustee's exclusive election, except to the extent that any Holder of an Allowed Subordinated Notes Claim agrees to less favorable treatment therefor, either:~~ ~~(i, on or as soon as reasonably practicable after the Effective Date, in full satisfaction, settlement, and release of all Allowed Subordinated Notes Claims, (i) the SC Trust I Indenture Trustee, for the ratable benefit of the Holders of the SC Trust I Preferred Securities and itself, and (ii) the SC Trust II Indenture Trustee, for the ratable benefit of the Holders of the SC Trust II Securities and itself, respectively, shall receive either (x) Cash equal to the amount of such Allowed Subordinated Notes Claim; or (ii)y~~ such other treatment that shall render such Allowed Subordinated Notes Claim ~~unimpaired~~ Unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that with respect to the Allowed SC Trusts Claims, upon satisfaction in full of the Allowed SC Trusts Capital Securities Claims, all remaining Distributions on account of Allowed SC Trusts Claims shall be received by the Holder of the SC Trusts Common Securities Claims. For the avoidance of doubt, amounts received by the SC Trusts Indenture Trustees on account of the Allowed Subordinated Notes Claims will be subject to the SC Trusts Indenture Trustee Charging Liens:
- iv. d. Voting: Class 4 is Unimpaired, and Holders of Subordinated Notes Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 4 Subordinated Notes Claims are not entitled to vote to accept or reject the Plan.

e. 5. Class 5 – ~~Intercompany~~ Indemnified Individuals' Indemnifiable Claims

- i. a. Classification: Class 5 consists of ~~all~~ Intercompany ~~Claims, the~~ Indemnified Individuals' Indemnifiable Claims against the Debtors.

- ii. *Treatment:* Except to the extent that a Holder of an Indemnified Individuals' Indemnifiable Claim agrees to less favorable treatment, in full and final satisfaction, settlement, and release of, and in exchange for its Indemnified Individuals' Indemnifiable Claim, each such Holder thereof shall receive, the rights and benefits afforded under the Indemnification Settlement Term Sheet, as more fully set forth in Article V.C.2 of the Plan.
- iii. *Voting:* Class 5 is Impaired. Holders of Indemnified Individuals' Indemnifiable Claims are entitled to vote to accept or reject the Plan.

f. Class 6 – Intercompany Claims

- i. *Classification:* Class 6 consists of all Intercompany Claims.
- ii. *b. Treatment:* Each Intercompany Claim shall be, at the option of the Debtors with the consent of the Common Stock Sponsors, reinstated, set off, settled, distributed, contributed, cancelled, or released without any distribution on account of such Intercompany Claim, or such other treatment as is reasonably determined by the Debtors with the consent of the Common Stock Sponsors; provided that the treatment of any Intercompany Claim shall not result in a Cash distribution on the Effective Date or otherwise reduce recoveries to any other Allowed Claim or Interest Holder or entitle the holder of such Intercompany Claim to any amounts from the Liquidation Trust.
- e. *Voting:* Holders of Claims in Class 5 are conclusively deemed to have accepted or rejected the Plan pursuant to section 1126(f) or section 1126(g) of the Bankruptcy Code, respectively. Therefore, Holders of Intercompany Claims are not entitled to vote to accept or reject the Plan.

6. Class 6 – Intercompany Interests

- a. *Classification:* Class 6 consists of all Intercompany Interests.
- b. *Treatment:* Each Intercompany Interest shall be, at the option of the Debtors, reinstated, set off, settled, distributed, contributed, cancelled, or released without any distribution on account of such Intercompany Interest, or such other treatment as is reasonably determined by the Debtors.
- iii. *e. Voting:* Holders of Interests *Voting:* Holders of Claims in Class 6 are conclusively deemed to have accepted or rejected the Plan pursuant to section 1126(f) or section 1126(g) of the Bankruptcy Code, respectively. Therefore, Holders of Intercompany Interests

~~are not entitled to vote to accept or reject the Plan. Claims are not entitled to vote to accept or reject the Plan.~~

g. Class 7 – Intercompany Interests

- i. Classification: Class 7 consists of all Intercompany Interests.
- ii. Treatment: On the Effective Date of the Plan, all Intercompany Interests in the Debtors shall be reinstated.
- iii. Voting: Holders of Interests in Class 7 are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Intercompany Interests are not entitled to vote to accept or reject the Plan.

h. Class 7.8 – Preferred Stock Interests

- i. a. Classification: Class 7.8 consists of all Preferred Stock Interests in Silvergate Capital Corporation.
- ii. b. Treatment: Except to the extent that a ~~holder~~ Holder of an Allowed Preferred Stock Interest agrees to less favorable treatment, in full and final satisfaction, settlement, and release of, and in exchange for its Allowed Preferred Stock Interest each such ~~holder~~ Holder thereof shall receive on the Effective Date (a) such ~~holder's~~ Holder's Pro Rata share of First Priority Liquidation Trust Beneficial Interests, and (b) such ~~holder's~~ Holder's Pro Rata share of the Preferred Stock Initial Distributable Amount.
- iii. e. Voting: Class 7.8 is Impaired. Holders of Allowed Preferred Stock Interests are entitled to vote to accept or reject the Plan.

i. 8. Class 8.9 – Common Stock Interests

- i. a. Classification: Class 8.9 consists of all Common Stock Interests in the Debtors.
- b. Treatment: ~~On the Effective Date, all Allowed Common Stock Interests shall be extinguished, cancelled, and released and not entitled to Distribution or any recovery under the Plan.~~
- e. Voting: ~~Class 8 is Impaired, and holders of Allowed Common Stock Interests are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, holders of Allowed Common Stock Interests are not entitled to vote to accept or reject the~~

~~Plan, and the votes of such holders will not be solicited with respect to such Allowed Common Stock Interests.~~

- ii. *Treatment:* Except to the extent that a Holder of an Allowed Common Stock Interest agrees to less favorable treatment, on the Effective Date of the Plan, all Allowed Common Stock Interests in the Debtors shall be reinstated. Holders of Common Stock Interests shall be the owners of Reorganized Silvergate, which shall continue to operate.
- iii. *Voting:* Class 9 is Unimpaired and Holders of Common Stock Interests in Class 9 are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code; provided, however, that if the Opt-Out Condition is exercised, Class 9 shall be deemed Impaired and Holders of Common Stock Interests in Claims 9 shall be deemed to reject the Plan. Therefore, Holders of Common Stock Interests are not entitled to vote to accept or reject the Plan.

j. 9. Class 9-Class 10 – Section 510(b) Claims

- i. a. *Classification:* Class 9-10 consists of all Section 510(b) Claims against the Debtors, which shall include any Bhatia Litigation Class Member that opts-out of the Bhatia Litigation Settlement and any Securities Litigation Class Member that opts-out of the Securities Litigation Settlement, each as discussed below.
- ii. b. *Allowance:* Notwithstanding anything to the contrary herein, a Section 510(b) Claim, if any such Section 510(b) Claim exists, may only become Allowed by Final Order of the Bankruptcy Court.
- iii. c. *Treatment:* On the Effective Date, all Allowed Section 510(b) Claims, if any, shall be extinguished, cancelled, and released and not entitled to Distribution or any recovery under the Plan. For the avoidance of doubt, the treatment of Class 10 Section 510(b) Claims does not impact the Securities Litigation Settlement or any terms thereof, including the Securities Litigation Settlement Amount.
- iv. d. *Voting:* Class 9-10 is Impaired, and ~~holders~~Holders (if any) of Allowed Section 510(b) Claims are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, ~~holders~~Holders (if any) of Allowed Section 510(b) Claims are not entitled to vote to accept or reject the Plan, and the votes of such ~~holders~~Holders (if any) will not be solicited with respect to such Allowed Section 510(b) Claims.

k. 10. Class 10-11 – Bhatia Litigation Class Claim

- i. a. *Classification*: Class 10-11 consists of the Bhatia Litigation Class Claim against the Debtors.
- ii. b. *Allowance*: Upon entry of the Bhatia Litigation Final Approval Order, and without the filing of a proof of claim, the Bhatia Litigation Class Claim shall be Allowed as a single class Claim in the amount of the Bhatia Litigation Settlement Fund.
- iii. c. *Treatment*: Upon entry of the Bhatia Litigation Final Approval Order, the Bhatia Litigation Class Claim shall be entitled to receive the Bhatia Litigation Settlement Fund, to be paid by the Debtors and distributed in accordance with the Bhatia Litigation Final Approval Order in full and complete settlement and satisfaction of the Bhatia Litigation Class Claim.
- iv. The Debtors understand that Bhatia Litigation Class Members may be provided with have the option to opt-out of the Bhatia Litigation Settlement. Any Claims of putative Bhatia Litigation Class Members that opt-out of the Bhatia Litigation Settlement be treated as General Unsecured Claims and shall receive the treatment provided in the Plan to General Unsecured Claims if such Claims become Allowed shall be subject to the Bar Date Order, treated as Section 510(b) Claims and to the extent such 510(b) Claim becomes Allowed, such Section 510(b) Claim shall be extinguished, cancelled, and released and not entitled to Distribution or any recovery under the Plan.
- v. d. *Voting*: Class 10-11 is Unimpaired, and holders Holders of Bhatia Litigation Claim are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 10-11 Claims are not entitled to vote to accept or reject the Plan.

3. Elimination of Vacant Classes

Any Class of Claims or Interests that does not have a Holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

4. Separate Classification of Secured Claims

Each Secured Claim, to the extent secured by a Lien on collateral different from the collateral securing another Secured Claim, shall be treated as being in a separate sub-Class for purposes of receiving distributions under the Plan.

5. Voting Classes; Presumed Acceptance by Non-Voting Classes

If a Class contains Claims or Interests eligible to vote and no Holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by such Class.

6. Controversy Concerning Impairment

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

D. Acceptance or Rejection of the Plan; Effect of Rejection By One or More Classes of Claims or Interests

1. Classes Entitled to Vote

Holders of Indemnified Individuals' Indemnifiable Claims (Class 5) and Preferred Stock Interests (Class 78) are entitled to vote on the Plan. Any Holder of a Claim or an Interest that has been objected to may file a motion pursuant to Bankruptcy Rule 3018 for an order temporarily allowing such Interest solely for purposes of voting to accept or reject the Plan in accordance with the procedures to be set forth in the order approving the Disclosure Statement, including any deadlines set forth therein. Class 1, Class 2, Class 3, Class 4, Class 5, Class 6-9 and Class 10-11 are deemed to have accepted the Plan.

The Debtors have requested that the Bankruptcy Court adopt a presumption that if no Holder of a Claim or Interest in a Class of Claims or Interests eligible to vote in a particular Class timely submits a timely Ballot to accept or reject the Plan, then the applicable Class will be deemed to have accepted the Plan. Accordingly, if any Holder of a Claim or Interest in Class 7-5 or Class 8 does not wish such a presumption to apply with respect to any Class for which such Holder holds a Claim, then the Holder should timely submit a Ballot accepting or rejecting the Plan for any such Class.

2. Class Acceptance Requirement

Class 5 shall have accepted the Plan if the Plan is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number in such Class that have voted on the Plan.

Class 7 Class 8 shall have accepted the Plan if the Plan is accepted by at least two-thirds (2/3) in amount in such Class that have voted on the Plan.

3. Cramdown and No Unfair Discrimination

In the event that any impaired Class of Claims or Interests rejects the Plan or is deemed to have rejected the Plan, the Debtors hereby request, without any delay in the occurrence of the Confirmation Hearing or Effective Date, that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to such non-accepting Class, in which case the Plan shall constitute a motion for such relief.

E. Means of Implementation of the Plan

1. Consolidation for Distribution Purposes Only

The Plan shall serve as, and shall be deemed to be, a motion for entry of an order substantively consolidating the Debtors' Chapter 11 Cases for the limited purpose of making Distributions. For all other purposes, ~~this-the~~ Plan is being proposed as a joint chapter 11 plan of the Debtors for administrative purposes only and constitutes a separate chapter 11 plan for each Debtor in all respects other than for Distributions. Upon the entry of the Confirmation Order, the claims register maintained in the various Chapter 11 Cases shall be deemed consolidated into a single claims register in respect of the consolidated Estate. Further, Claims asserted against multiple Debtors, including Claims based on joint and several liability and guarantee and/or surety Claims shall be deemed to constitute a single Claim against the consolidated Estate. Notwithstanding the substantive consolidation for the limited purpose of making Distributions contemplated herein, on and after the Effective Date the Debtors will each continue as separate post-effective date entities after emergence from the Chapter 11 Cases.

2. Sources of Consideration for Distributions

Cash payments or ~~cash~~ Cash distributions to be made ~~under the Plan~~ hereunder on the Effective Date shall be funded from the existing ~~cash~~ Cash of the ~~Debtor~~ Debtors. All other assets of the Debtors and property of the Debtors' estates shall ~~constitute Liquidation Trust Assets and shall~~ vest in either the Liquidation Trust or Reorganized Silvergate, as applicable, on the Effective Date.

3. The Global Settlement

The Global Settlement is composed of the Securities Litigation Settlement and Indemnification Settlement Term Sheet, each of which is mutually dependent and nonseverable. Pursuant to the Global Settlement Approval Order, the Global Settlement, including the Indemnification Settlement Term Sheet and the Securities Litigation Settlement, shall become effective upon the entry of the Securities Litigation Final Approval Order and the occurrence of the Effective Date of the Plan.

a. Securities Litigation Settlement

i. Securities Litigation Claims

On behalf of themselves and the Settlement Classes, the Securities Plaintiffs have agreed to resolve the Securities Litigation in exchange for the Securities Litigation Settlement Amount consistent with the Securities Litigation Stipulation of Settlement. On May 21, 2025, the Securities Plaintiffs filed a motion in the Securities Litigation seeking preliminary approval of the Securities Litigation Settlement and certification of the Settlement Classes for settlement purposes, which the S.D. Cal. District Court granted under the Securities Litigation Preliminary Approval Order. Upon entry of the Securities Litigation Final Approval Order, the Securities Litigation Class Claims shall be entitled to receive the Securities Litigation Settlement Amount, to be paid and distributed in accordance with the Securities Litigation Final Approval Order in full and complete settlement and satisfaction of the Securities Litigation Class Claims. The Debtors understand that

Securities Litigation Class Members will be provided with the option to opt-out of the Securities Litigation Settlement. Any Claims of putative Securities Litigation Class Members that opt-out of the Securities Litigation Settlement shall be subject to the Bar Date Order, treated as Section 510(b) Claims and to the extent such 510(b) Claim becomes Allowed, such Section 510(b) Claim shall be extinguished, cancelled, and released and not entitled to Distribution or any recovery under the Plan.

As set forth in the Securities Litigation Stipulation of Settlement, the Securities Litigation Settlement Amount shall be paid into the Securities Litigation Escrow Account controlled by Lead Counsel for the Securities Litigation Settlement Classes, Bernstein Litowitz Berger & Grossmann LLP and Cohen Milstein Sellers & Toll PLLC as follows: (a) contemporaneously with, or within twenty (20) business days after preliminary approval of the Securities Litigation Class Action Settlement by the S.D. Cal. District Court: (i) \$27,500,000, which will come from the D&O Insurance Contribution; (ii) \$4,680,000, which will come from the Underwriter Contribution; and (iii) subject to and upon the occurrence of the Effective Date, \$5,320,000 which will come from the Preferred Stock Interest Contribution.

ii. Underwriters Claims

Consistent with the Securities Litigation Stipulation of Settlement, on the Effective Date of the Plan and consummation of the Global Settlement, all Proofs of Claim filed by the Underwriters in the Debtors' Chapter 11 Cases will be deemed disallowed and the Debtors and Stretto shall be authorized to note such disallowance on the Claims Register without further order of the Bankruptcy Court. For the avoidance of doubt, no documents or orders entered in connection with the Plan or the Global Settlement shall disallow or otherwise modify claims of the Underwriters until the Effective Date of the Plan and consummation of the Global Settlement.

b. Indemnification Settlement

i. 3. Establishing ~~Disputed Claims Reserve and~~ Indemnification ReserveReserves and Acquiring the DOJ Insurance Policy

On the Effective Date, the Debtors shall, in a manner mutually acceptable to the Ad Hoc Preferred Stockholder Group and the Indemnified Individuals, establish the DOJ Indemnification Reserve, Martino SEC Dedicated Indemnity Reserve, Dedicated Indemnity Reserves and the Shared Indemnity Reserve, in accordance with the Indemnification Settlement Term Sheet and shall have acquired the DOJ Insurance Policy, the terms of which policy shall be mutually acceptable to applicable Indemnified Individuals covered thereunder and the Ad Hoc Preferred Stockholder Group.

The Indemnification Reserves shall be funded in the applicable amounts set forth in the Indemnification Settlement Term Sheet with Cash from the Debtors' estates and held in an interest bearing account managed by the Liquidating Trustee. Within 40 days following an end of month in which an Indemnifiable Claim has been incurred, the Indemnified Individual shall submit to the Liquidating Trustee an invoice for indemnifiable amounts incurred, which shall include a brief description of the matter to which the invoice relates, detail for expenses incurred and time entries for any professional retained by such Indemnified Individuals (which shall be maintained in no

more than .25 increments of an hour). The Liquidating Trustee shall have 30 days to review such invoice (the “Indemnifiable Claim Objection Deadline”) and to determine whether the amounts incurred constitute a valid Indemnifiable Claim and/or whether the amounts incurred are reasonable (an “Indemnifiable Claim Objection”).

In the event that the Liquidating Trustee raises an Indemnifiable Claim Objection, the Liquidating Trustee and the Indemnified Individual shall work in good-faith to resolve such Indemnifiable Claim Objection. In the event that the Liquidating Trustee and the Indemnified Individual are unable to resolve such Indemnifiable Claim Objection within 45 days after the Indemnifiable Claim Objection Deadline (unless extended by mutual consent of the parties), then the Liquidating Trustee shall file a formal objection with the Bankruptcy Court and seek a determination from the Bankruptcy Court on no less than 20 days’ notice. If the Liquidating Trustee is not the prevailing party in an Indemnifiable Claim Objection that is decided by the Bankruptcy Court, then the applicable Indemnified Individual is entitled to recover his or her reasonable attorneys’ fees incurred with respect to such Indemnifiable Claim Objection from the applicable reserve. For avoidance of doubt, the Debtors shall pay the fees and expenses incurred under the Go Forward Chapter 11 Budget on the Effective Date, and the Liquidating Trustee shall have no role in that process.

Any decision of the Bankruptcy Court with respect to the validity of an Indemnifiable Claim shall be binding on the Indemnified Individual and the Liquidating Trustee. All undisputed amounts, or subsequently allowed amounts, shall be paid from their applicable reserve within 30 days of the invoice submission if undisputed, and with 10 days of an agreement or determination of the Bankruptcy Court for any amounts that are disputed.

With respect to an amount claimed and allowed against any shared Indemnification Reserve, the Liquidation Trustee will be authorized and have no liability for paying such Allowed Indemnifiable Claims from the applicable shared Indemnification Reserve on a claims made basis. The Liquidating Trustee will send a quarterly notice of all amounts remaining in the Indemnification Reserves, until such time as the Indemnification Reserves have been exhausted or released.

Other than with respect to any Excess Go-Forward Fee Amounts that are payable from the applicable Indemnified Individuals’ applicable Go-Forward Indemnity Reserve, Indemnified Individuals with Dedicated Indemnity Reserves must exhaust their applicable Dedicated Indemnity Reserves before seeking payment from the Shared Indemnity Reserves.

Subject to the reserve step downs set forth in Article IV.C.2.b. of the Plan, Preferred Stock Interests shall hold the residual interest in the Indemnification Reserves after all Indemnifiable Claims are satisfied.

ii. Reserve Step Downs

Funds in each of the Dedicated Indemnity Reserves and Shared Indemnity Reserve will be reduced as follows and released to the Liquidation Trust for Distribution to the holders of First Priority Liquidation Trust Beneficial Interests, in accordance with the Common Stock Settlement:

(1) Upon the earliest to occur of settlement, dismissal, or final non-appealable resolution of the SEC Enforcement Action regarding Martino:

- a. the release of all amounts remaining in the Martino SEC Dedicated Reserve; and
- b. the release of \$750,000 from the Alan Lane Dedicated Indemnity Reserve and \$750,000 from the Shared Indemnity Reserve (in each case, net of Allowed Indemnifiable Claims relating to the SEC Enforcement Action regarding Martino).

(2) Upon a final resolution of the Word of God Litigation:

- a. the release of \$1,900,000 from the Alan Lane Dedicated Indemnity Reserve and \$900,000 from the Shared Indemnity Reserve (in each case, net of Allowed Indemnifiable Claims incurred relating to the Word of God litigation).

(3) Upon a final resolution of the Bhatia Litigation (with no opt-outs):

- a. the release of \$750,000 from the Alan Lane Dedicated Indemnity Reserve and \$250,000 from the Shared Indemnity Reserve (in each case, net of Allowed Indemnifiable Claims incurred relating to the Bhatia Litigation).

(4) Upon final resolution of the SEC Enforcement Action as it relates to Martino, the Word of God Litigation and the Bhatia Litigation:

- a. If there have been no Indemnifiable Claims asserted in good faith as of each of the following dates, the remaining amount of the Dedicated Indemnity Reserves and the Shared Indemnity Reserve will be reduced by 25% on August 15, 2026, 25% on August 15, 2027, 25% on August 15, 2028 and 25% on August 15, 2029.

iii. Resolution of the SEC Enforcement Action Regarding Martino, the Word of God Litigation, and the Bhatia Litigation Prior to the Effective Date

In the event that the SEC Enforcement Action, the Word of God Litigation, or the Bhatia Litigation is fully and finally dismissed or otherwise finally resolved, with no further right to appeal, if applicable, prior to the Effective Date, the applicable amounts to be released with respect to such dismissed or resolved action pursuant to the Reserve Step Down shall not be funded into the applicable reserve and instead shall remain Cash of the Debtors' estates to be used to satisfy the Debtors' obligations on the Effective Date, including the Preferred Stock Initial Distributable Amount, and, notwithstanding anything to the contrary herein, shall not be transferred to the Liquidation Trust.

iv. Residual Interest in the Indemnification Reserves

As set forth in the Indemnification Settlement Term Sheet, Holders of Allowed Preferred Stock Interests shall maintain the exclusive reversionary interest in the Indemnification Reserve Residual Interest until such time as the Holders of Allowed Preferred Stock Interest have actually received cash payments of \$200 million. Consistent with the Common Stock Settlement, amounts

to be released to the Holders of Allowed Preferred Stock Interests under the Indemnification Settlement Term Sheet, including the Indemnification Reserve Residual Interest, shall be released to and distributed by the Liquidation Trust to the Liquidation Trust Beneficiaries.

v. Go-Forward Budget.

On the Effective Date, the Debtors shall pay in Cash the incurred reasonable and documented fees of the Indemnified Individuals consistent with the terms of the Go Forward Chapter 11 Budget. The Indemnified Individuals listed on Exhibit C to the Indemnification Settlement Term Sheet can request relief from the Bankruptcy Court from the Go Forward Chapter 11 Budget for “cause” shown, which shall include, without limitation, additional work required to be completed by counsel for such Indemnified Individuals if the Plan has not gone effective prior to five (5) months from March 27, 2025. Any Excess Go-Forward Fee Amounts can be funded from the Shared Indemnity Reserve, which shall be submitted to the Liquidation Trustee consistent with the procedures set forth in Article V.C.2.a of the Plan. The Debtors and the Ad Hoc Preferred Stockholder Group shall reserve all rights to challenge the reasonableness of such fees even if they fall within the Go Forward Chapter 11 Budget.

4. Common Stock Settlement⁹

As announced on the record made at the hearing held before the Bankruptcy Court on May 13, 2025, the Ad Hoc Preferred Stockholder Group and the Common Stock Sponsors reached agreement in principle regarding the terms to be included in the Plan regarding the proposed treatment to be afforded to the Holders of Preferred Stock Interests and Common Stock Interests pursuant to the Plan, as set forth below in Article V.D of the Plan.

a. Preferred Stockholder Recoveries

Holders of Allowed Preferred Stock Interests shall receive the following: (a) the Preferred Stock Initial Distributable Amount, and (b) the First Priority Liquidation Trust Beneficial Interests.

Preferred Stock Interests shall be cancelled upon the Effective Date of the Plan, and in exchange therefor, Holders of Allowed Preferred Stock Interests shall receive First Priority Liquidation Trust Beneficial Interests, which shall receive (i) 100% of net distributions from the Liquidation Trust until the Aggregate Preferred Stock Distribution paid in Cash equals \$150 million, and (ii)(a) if the Opt-Out Condition is not exercised, 80% of the next net distributions from the Liquidation Trust after the Aggregate Preferred Stock Distribution paid in Cash equals \$150 million until the Aggregate Preferred Stock Distribution paid in Cash equals the Preferred Stock Liquidation Preference Amount or (b) if the Opt-Out Condition is exercised, 100% of net distributions thereafter from the Liquidation Trust until the Aggregate Preferred Stockholder Distribution paid in Cash equals the Preferred Stock Liquidation Preference Amount. When the Aggregate Preferred Stockholder Distribution paid in Cash equals the Preferred Stock Liquidation Preference Amount, holders of First Priority Liquidation Trust Beneficial Interests shall not be entitled to further recovery on account of their First Priority Liquidation Trust Beneficial Interests.

⁹ Note: Subject to ongoing review by AHG.

b. Common Stockholder Recoveries

Holders of Allowed Common Stock Interests shall have their Common Stock Interests in Silvergate Capital Corporation reinstated and shall be the owners of Reorganized Silvergate. On the Effective Date, the Debtors shall fund the Common Stock Sponsors' Expenses and, subject to the Opt-Out Condition, Reorganized Silvergate shall retain the Reorganized Silvergate Assets.

c. Reorganized Silvergate Assets, Funding, and Governance

If the Opt-Out Condition is not exercised, Reorganized Silvergate shall be vested with the following: (i) the SEN Assets, (ii) the Diem Assets, (iii) the Silvergate Bank Operational Assets, (iv) the Silvergate NOLs, (v) the Reorganized Silvergate Retained Causes of Action, (vi) the Reorganized Silvergate Cash Funding, (vii) all Interests in the Subsidiary Debtors, and (viii) the Second Priority Liquidation Trust Beneficial Interest. If the Opt-Out Condition is exercised, then only the Silvergate NOLs, the Interests in the Subsidiary Debtors and the Second Priority Liquidation Trust Beneficial Interest will vest in Reorganized Silvergate and all other Reorganized Silvergate Assets shall be transferred to, and vest in, the Liquidation Trust.

If (a) the Opt-Out Condition is not exercised, then the Holder of the Second Priority Liquidation Trust Beneficial Interest shall receive (i) 20% of net distributions from the Liquidation Trust once the Aggregate Preferred Stockholder Distribution paid in Cash equals \$150 million, and (ii) 100% of net distributions from the Liquidation Trust once the Aggregate Preferred Stockholder Distribution paid in Cash equals the Preferred Stock Liquidation Preference Amount or (b) if the Opt-Out Condition is exercised, then the Holder of the Second Priority Liquidation Trust Beneficial Interest shall receive 100% of net distributions from the Liquidation Trust once the Aggregate Preferred Stockholder Distribution paid in Cash equals the Preferred Stock Liquidation Preference Amount.

Holders of Common Stock Interests shall be the owners of Reorganized Silvergate, which shall continue to operate. The board and management of Reorganized Silvergate shall be selected by mutual agreement of the Common Stock Sponsors.

Reorganized Silvergate shall not assume any liabilities under the Plan; provided that, Reorganized Silvergate shall be responsible for all costs associated with the Reorganized Silvergate Assets that vest with Reorganized Silvergate arising from and after the Effective Date.

d. Liquidation Trust Assets, Funding and Governance

The Liquidation Trust Assets shall vest in the Liquidation Trust. In the event the Opt-Out Condition is exercised, then the Liquidation Trust shall also be vested with (i) the SEN Assets, (ii) the Diem Assets, (iii) the Silvergate Operational Assets, (iv) the Reorganized Silvergate Retained Causes of Action, and (v) the Reorganized Silvergate Cash Funding.

The Liquidation Trust shall be funded with the Liquidation Trust Initial Funding.

The Liquidation Trust shall be operated pursuant to the Liquidation Trust Agreement, which shall provide that the Liquidation Trust shall be managed by the Liquidation Trustee

selected by the Required Preferred Stockholders in consultation with the Common Stock Sponsors, and that the Liquidation Trustee shall report to the Liquidation Trust Board, two members of which shall be appointed by the Required Preferred Stockholders and one member of which shall be appointed by the Common Stock Sponsors. The Liquidation Trust Agreement shall provide that matters requiring the vote, consent or other approval of the Liquidation Trust Board shall be determined by a majority of the members of the Liquidation Trust Board, and that no matters shall require special voting, consent or other approval of the board or any approval of the holders of Liquidation Trust Beneficial Interests. Amounts recovered by the Liquidation Trustee shall be distributed in a manner consistent with the terms of Liquidation Trust Agreement and in accordance with the Common Stock Settlement and this Plan. The Liquidation Trust Agreement shall provide that Reorganized Silvergate shall have access to the Debtors' books and records that are transferred to the Liquidation Trust. After the Aggregate Preferred Distribution paid in Cash equals the Preferred Stock Liquidation Preference Amount, Reorganized Silvergate shall have the right to select and replace the entire Liquidation Trust Board.

e. Plan Support

Subject to the Opt-Out Condition discussed below, the Common Stock Sponsors will fully support the Plan (including the releases set forth in Article IX of the Plan), including by withdrawing all litigation and discovery pending against the Debtors and withdrawing their Motion to Expand the Examiner's Scope (pending the Effective Date of the Plan).

f. The Opt-Out Condition

In the event that the Bankruptcy Court determines that NYDIG has an allowed unsecured claim that results in a material adverse change, the Ad Hoc Preferred Stockholder Group (by the Required Preferred Stockholders), shall have the right to opt out of (and to direct the Debtors to opt out of) the Common Stock Settlement (the "Opt-Out Condition"), provided, however, that the exercise of the Opt-Out Condition shall not unwind, modify, or alter the payment of the Common Stock Sponsors' Expenses, the reinstatement of the Common Stock Interests in Reorganized Silvergate (which shall not be subject to dilution), and Reorganized Silvergate's retention of the Silvergate NOLs for the sole benefit of the existing Common Stock Interests and the Interests in the Subsidiary Debtors, but for the avoidance of doubt, Reorganized Silvergate shall not be entitled to retain any other cash, assets, claims, or causes of action. The Opt-Out Condition must be exercised by providing written notice to the Common Stock Sponsors within 14 calendar days of the Bankruptcy Court's issuance of an order determining that NYDIG has an allowed unsecured claim. If the Opt-Out Condition is exercised, all of the Common Stock Sponsors' rights to oppose the Plan, prosecute the Motion to Expand the Examiner's Scope, and challenge whether the allowance of the NYDIG claim results in a material adverse change and the exercise of the Opt-Out Condition is proper, are fully preserved and the Common Stock Sponsors are no longer required to support the Plan. The Debtors, Ad Hoc Preferred Stockholder Group and the Common Stock Sponsors shall use good faith efforts to agree on a reasonable schedule for confirmation of the Plan and consideration of the Motion to Expand the Examiner's Scope if the Opt-Out Condition is exercised.

In the event that the Bankruptcy Court determines that NYDIG has an allowed unsecured claim and the Required Preferred Stockholders have not exercised (and directed the Debtors to

exercise) the Opt-Out Condition within 14 calendar days of the Bankruptcy Court's issuance of an order determining that NYDIG has an allowed unsecured claim, then the Reorganized Silvergate Cash Funding shall be reduced by an amount equal to 50% of the allowed amount of the NYDIG claim, provided, however, such reduction shall not exceed \$1.1 million.

Any settlement of the NYDIG claim that results in an allowed unsecured claim without the consent of the Common Stock Sponsors shall not give rise to a right to exercise the Opt-Out Condition and shall not result in a reduction of the Reorganized Silvergate Cash Funding.

g. Right to Withdraw Plan Support

The Common Stock Sponsors' support of the Plan may be withdrawn, and the Common Stock Sponsors shall be entitled to object to confirmation of the Plan on any grounds, if the Plan or any definitive documentation is inconsistent with the Common Stock Settlement set forth herein or, to the extent not addressed in the Common Stock Settlement set forth herein and affecting Reorganized Silvergate or Common Stock Interests' recoveries hereunder, has not been consented to by the Common Stock Sponsors.

5. Vesting of Reorganized Silvergate Assets in Reorganized Silvergate

Except as otherwise provided in the Plan, or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, on the Effective Date, (a) if the Opt-Out Condition has not been exercised, the Reorganized Silvergate Assets shall vest in Reorganized Silvergate, or (b) if the Opt-Out Condition has been exercised, only the payment of the Common Stock Sponsors' Expenses, and the Silvergate NOLs, the Interests in the Subsidiary Debtors, and the Second Priority Beneficial Trust Interest shall vest in Reorganized Silvergate, in each case as applicable, free and clear of all Liens, Claims, charges, or other encumbrances unless expressly provided otherwise by the Plan or Confirmation Order. On and after the Effective Date, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property, and compromise or settle any Claims, Interests, or, if the Opt-Out Condition has not been exercised, Reorganized Silvergate Retained Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

6. Reorganized Silvergate's Corporate Governance Documents

To the extent required under the Plan, or applicable non-bankruptcy law, on the Effective Date, or as soon as reasonably practicable thereafter, Reorganized Silvergate will file such New Organizational Documents as are required to be filed with the applicable Secretary of State and/or other applicable authorities in the state, province, or country of incorporation in accordance with the corporate laws of the respective state, province, or country of incorporation. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the New Organizational Documents will prohibit the issuance of non-voting equity securities. After the Effective Date, Reorganized Silvergate may amend and restate its respective New Organizational Documents, and Reorganized Silvergate may file its respective certificates or articles of incorporation, bylaws, or such other applicable formation documents, and other constituent documents as permitted by the laws of the respective states, provinces, or countries of incorporation and the New Organizational Documents.

Additionally, on the Effective Date, each recipient of Reorganized Silvergate Common Interests will be subject to the New Organizational Documents.

7. Reorganized Silvergate Board

As of the Effective Date, all directors, managers, and other members of existing boards or governance bodies of the Debtors, as applicable, shall cease to hold office or have any authority from and after such time.

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose in the Plan Supplement the identity and affiliations of any person proposed to serve on the initial board of directors of Reorganized Silvergate. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents, and other constituent documents of Reorganized Silvergate. The directors and officers of Reorganized Silvergate shall be disclosed in the Plan Supplement and shall be selected by the Common Stock Sponsors.

8. Board of Directors, Officers and Remaining Employees

On the Effective Date, all of the Debtors' board members, directors, officers, managers, and any remaining employees shall be deemed to have resigned without the need to take any further action.

~~On the Effective Date, the Debtors or the Post Effective Date Debtors, as applicable, shall make all distributions to holders of Allowed Claims and Interests and transfer the Liquidation Trust Assets to the Liquidation Trust. In order to effectuate the terms of the Plan and to avoid undue delay in the administration of the Chapter 11 Cases, unless otherwise agreed to by the Required Preferred Stockholders, the Debtors shall have sought and obtained estimation of all Claims, including any Indemnification Claims (other than Allowed Claims and Section 510(b) Claims (which, in the case of Section 510(b) Claims, shall not receive any recovery under the Plan)) timely filed against the Debtors that are contingent and/or unliquidated or asserted in amounts in excess of \$500,000, which estimated amount of such Claim, as determined by the Bankruptcy Court, shall serve as either the Allowed amount of the applicable Claim or a cap on any recovery by the holders of such estimated Claims (the "Estimated Amount"). The Estimated Amount of the Indemnification Claims shall serve as the amount required to be set aside for the Indemnification Reserve unless otherwise agreed to amongst the applicable indemnitees, the Debtors and the Required Preferred Stockholders. All other Estimated Amounts shall be set aside for purposes of the Disputed Claims Reserve.~~

~~4. Dissolution and Board of Directors~~

~~On the Effective Date, the Liquidation Trustee shall be appointed for the purpose of conducting carrying out the provisions of the Plan and winding down the Post Effective Date Debtors. The Debtors shall be authorized to be (and, upon the conclusion of their affairs shall be) dissolved by the Liquidation Trustee. The Liquidation Trustee shall act for the Debtors in the same fiduciary capacity as applicable to a board of directors, members or managers, and officers, subject to the provisions hereof (and all certificates of formation, membership agreements, articles of incorporation or amendment by laws, and related documents, as applicable, are deemed amended~~

~~pursuant to the Plan to permit and authorize the same). From and after the Effective Date, the Liquidation Trustee shall be the sole representative of and shall act for the Post Effective Date Debtors and the Estates.~~

~~Upon a certification to be Filed with the Bankruptcy Court by the Liquidation Trustee of all distributions having been made and completion of all its duties under the Plan and entry of a final decree closing the last of the Chapter 11 Cases, the Liquidation Trust shall be deemed to be dissolved without any further action by the Liquidation Trustee, including the filing of any documents with the secretary of state for the state in which the Debtors are incorporated or formed or any other jurisdiction. Notwithstanding the foregoing, the Liquidation Trustee shall retain the authority to take all necessary actions to dissolve the Debtors in, and withdraw the Debtors from, applicable states and provinces to the extent required by applicable law.~~

9. 5. Exemption from Registration

The Debtors believe that, subject to certain exceptions described below, various provisions of the Securities Act, the Bankruptcy Code and applicable state securities laws (“Blue Sky Laws”) exempt from federal and state securities registration requirements (i) the offering, issuance, exchange, distribution or sale of securities (to the extent Liquidation Trust Beneficial Interests are considered “securities” under applicable law) pursuant to the Plan and (ii) subsequent transfers of such securities.

The Liquidation Trust Beneficial Interests to be distributed to the Liquidation Trust Beneficiaries pursuant to the Plan shall be transferable as set forth in the Liquidation Trust Agreement. The Liquidation Trust Beneficial Interests shall not be listed on any national exchange and shall have the consent and voting rights provided in the Liquidation Trust Agreement. The Liquidation Trust shall not take any steps to facilitate the development of a trading market in the Liquidation Trust Beneficial Interests.

a. 1. Section 1145. Except with respect to any Person that is an underwriter as defined in section 1145(b) of the Bankruptcy Code or otherwise issued in reliance on section 4(a)(2) of the Securities Act (“Section 4(a)(2)”) as elected by the Debtor, the issuance of the Liquidation Trust Beneficial Interests to Liquidation Trust Beneficiaries under the Plan (to the extent the Liquidation Trust Beneficial Interests are considered “securities” under applicable law) shall be exempt from registration under section 5 of the Securities Act (and any applicable Blue Sky Laws) under section 1145(a)(1) of the Bankruptcy Code.

Section 1145(a)(1) of the Bankruptcy Code exempts the issuance, offer, sale, and distribution of securities under a chapter 11 plan from registration under section 5 of the Securities Act and state or local securities laws if the following three principal requirements are satisfied: (a) the securities must be offered and sold under a chapter 11 plan must be securities of the debtor, or of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (b) the recipients of the securities must hold prepetition or administrative expense claims against the debtor or interests in the debtor; and (c) the securities must be issued entirely in exchange for the recipient’s claim against or interest in the debtor, or principally in exchange for such claim or interest and partly for ~~cash~~ Cash or property.

To the extent the issuance and distribution of the Liquidation Trust Beneficial Interests are made under the requirements of section 1145 of the Bankruptcy Code (and, to the extent such Liquidation Trust Beneficial Interests are deemed securities under applicable law), such issuance and distribution are exempt from registration under the Securities Act and any state or local law requiring registration. The availability of the exemptions under section 1145 of the Bankruptcy Code or any other applicable securities laws shall not be a condition to occurrence of the Effective Date of the Plan. To the extent section 1145 of the Bankruptcy Code is applicable, the securities to be issued under the Plan (a) are not “restricted securities” as defined in Rule 144(a)(3) under the Securities Act, and (b) in general are freely tradable and transferable by any initial recipient thereof that (i) is not an “affiliate” of the Debtors as defined in Rule 144(a)(1) under the Securities Act, (ii) has not been such an “affiliate” within 90 days of such transfer, and (iii) is not an entity that is an “underwriter” as defined in section 1145(b) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act. In addition, securities governed by section 1145 of the Bankruptcy Code generally may be able to be resold without registration under applicable Blue Sky Laws pursuant to various exemptions provided by the respective Blue Sky Laws of the various states; however, the availability of such exemptions cannot be known unless individual states’ Blue Sky Laws are examined, and recipients of securities are advised to consult with their own legal advisors as to the availability of any such exemption from registration in any given instance. Notwithstanding the foregoing, any securities or instruments issued under the Plan in reliance on section 1145(a) of the Bankruptcy Code remain subject to: (x) compliance with any rules and regulations of the SEC, if any, applicable at the time of any future transfer of such securities or instruments; (y) the restrictions in the Liquidation Trust Agreement on the transferability of the Liquidation Trust Beneficial Interests and (z) any other applicable regulatory approval.

b. 2. Section 4(a)(2). To the extent securities are issued pursuant to the Plan in reliance on Section 4(a)(2), the offering, issuance, exchange, or distribution of such securities pursuant to the Plan shall be conducted in a manner that is exempt from, among other things, the registration requirements of section 5 of the Securities Act. Section 4(a)(2) exempts from section 5’s registration requirements transactions not involving a public offering, and Regulation D under the Securities Act (“Regulation D”) provides a safe harbor under Section 4(a)(2) for transactions that meet certain requirements, including that the investors participating therein qualify as “accredited investors” within the meaning of Rule 501 under Regulation D (“Accredited Investors”). Such offering, issuance, exchange or distribution shall be structured to be available only to Holders who certify that they are Accredited Investors and who submit documentation allowing verification of their status as Accredited Investors. Any such securities shall be “restricted securities” as defined in Rule 144(a)(3) under the Securities Act and shall only be transferable if registered under the Securities Act or if transferred pursuant to an exemption from the registration requirements of the Securities Act and other applicable securities laws.

c. 3. DTC. Should the Liquidation Trust elect on or after the Effective Date to reflect any ownership of the Liquidation Trust Beneficial Interests through the facilities of DTC, it need not provide any further evidence other than the Plan or the Confirmation Order with respect to the treatment of transfers, exercise, removal of restrictions, or conversion of the Liquidation Trust Beneficial Interests under applicable U.S. federal, state or local securities laws.

DTC shall be required to accept and conclusively rely upon the Plan and Confirmation Order in lieu of a legal opinion regarding whether the Liquidation Trust Beneficial Interests are exempt from registration and/or eligible for DTC book-entry delivery, settlement and depository services.

Notwithstanding anything to the contrary in the Plan, no Entity (including, for the avoidance of doubt, DTC) may require a legal opinion regarding the validity of any transaction contemplated by the Plan, including, for the avoidance of doubt, whether the Liquidation Trust Beneficial Interests are exempt from registration and/or eligible for DTC book-entry delivery, settlement and depository services.

10. 6. Deemed Holders of Subordinated ~~Note~~ Notes Claims

The SC Trust I Declaration of Trust provides that SC Trust I will automatically terminate upon the bankruptcy of Silvergate Capital Corporation.⁵¹⁰ Upon such termination of SC Trust I, the terms of the SC Trust I ~~Preferred~~ Securities require the administrative trustee of the ~~trust~~ SC Trust I to distribute to ~~holders~~ Holders of the SC Trust I ~~Preferred~~ Securities the SC Trust I Subordinated Debentures having a principal amount equal to the liquidation amount per security plus accumulated and unpaid distributions thereon to the date of payment, after satisfaction of liabilities to creditors of SC Trust I as provided by applicable law.⁶¹¹ For purposes of the Plan, ~~holders~~ Holders of the SC Trust I ~~Preferred~~ Securities shall be deemed to hold the SC Trust I Subordinated Debentures and thus such ~~holders~~ Holders shall be deemed to hold the SC Trust I Claims; provided, however, that the Holder of the SC Trust I Common Securities Claim shall not receive any Distributions pursuant to the Plan unless and until the SC Trust I Capital Securities Claim shall have been satisfied in full.

The SC Trust II Declaration of Trust provides that SC Trust II will dissolve upon the bankruptcy of Silvergate Capital Corporation.⁷¹² Upon such dissolution of SC Trust II, the terms of the SC Trust II ~~Capital~~ Securities require the institutional trustee of the ~~trust~~ SC Trust II to distribute to ~~holders~~ Holders of the SC Trust II ~~Capital~~ Securities the SC Trust II Subordinated Debentures on a ~~pro rata~~ Pro Rata basis, after satisfaction of liabilities to creditors of SC Trust II as provided by applicable law.⁸¹³ For purposes of the Plan, ~~holders~~ Holders of the SC Trust II ~~Capital~~ Securities shall be deemed to hold the SC Trust II Subordinated Debentures and thus such ~~holders~~ Holders shall be deemed to hold the SC Trust II Claims; provided, however, that the Holder of the SC Trust II Common Securities Claim shall not receive any Distributions pursuant to the Plan unless and until the SC Trust II Capital Securities Claim shall have been satisfied in full.

11. 7. Preservation of Insurance

Nothing in the Plan or the Confirmation Order alters the rights and obligations of the Debtors (and their ~~Estate~~ Estates), the beneficiaries of the Insurance Policies ~~(including the~~

⁵¹⁰ See Section 7.1(a)(ii) of the SC Trust I Declaration of Trust.

⁶¹¹ See Annex I, Section 3 of the SC Trust I Declaration of Trust.

⁷¹² See Section 7.1(a)(ii) of the SC Trust II Declaration of Trust.

⁸¹³ See Annex I, Section 3 of the SC Trust II Declaration of Trust.

~~Directors and Officers), or the Debtors' insurers (and third party claims administrators)~~, under the Insurance Policies or modifies the coverage or benefits provided thereunder, or the terms and conditions thereof, or diminishes or impairs the enforceability of the Insurance Policies. ~~The Debtors shall be deemed to have assumed all Insurance Policies.~~ All of the Debtors' rights and their Estates' rights under any Insurance Policies to which the Debtors and/or the Debtors' Estates may be beneficiaries shall vest with the Post Effective Date Debtors Liquidation Trust for the benefit ~~of the Post Effective Date Debtors and all~~ of the beneficiaries of such policies, including the Directors and Officers current and former directors and officers and any Holder entitled to recover from such policies pursuant to the Plan. Notwithstanding the foregoing, the Debtors' rights to any recoveries from any of the Insurance Policies and the proceeds thereof, shall be deemed Liquidation Trust Assets and shall be distributed directly to the Liquidation Trust for distribution to the Liquidation Trust Beneficiaries; provided, however, that for the avoidance of doubt, nothing in Article V.H of the Plan shall affect (i) the D&O Insurance Contribution in accordance with the Securities Litigation Stipulation of Settlement, and (ii) the DOJ Insurance Policy acquired pursuant to the Indemnification Settlement Term Sheet.

~~Nothing in the Plan or Confirmation Order shall (a) constitute a finding or stipulation that any proceeds of any of the D&O Liability Insurance Policies are property of the Estate; (b) modify or supersede any provision (including but not limited to any priority of payments provision) of any of the D&O Liability Insurance Policies, or (c) otherwise preclude any party entitled to coverage under the D&O Liability Insurance Policies, from seeking and obtaining coverage thereunder.~~

12. 8. Indemnification Obligations

Subject to the provisions of Article V.G of the Plan any obligations of the Debtors pursuant to their corporate charters and bylaws or agreements, including amendments, entered into any time prior to the Effective Date, to indemnify, reimburse or limit the liability of any Person pursuant to the Debtors' certificates of incorporation, bylaws, policy of providing employee indemnification, applicable state law or specific agreement in respect of any claims, demands, suits, causes of action or proceedings against such Persons based upon any act or omission related to such Persons' service with, for or on behalf of the Debtors prior to the Effective Date with respect to all present and future actions, suits and proceedings relating to the Debtors (the "Indemnification Claims") shall survive confirmation of the Plan provided that the Indemnification Obligations V.C.2 of the Plan, and except as otherwise provided in the Plan with respect to the SC Trusts Indenture Trustees, any obligations of the Debtors relating to Indemnifiable Claims shall survive confirmation of the Plan solely to the extent of, and subject to the amounts of the applicable Indemnification Reserves and Go-Forward Chapter 11 Budget as set forth in the Indemnification Settlement Term Sheet, and the Indemnifiable Claims shall be deemed amended in all respects to provide that any rights with respect to any Indemnification Obligations Indemnifiable Claims shall be limited for all purposes, whether such obligations arose prepetition, postpetition or post-Effective Date, to recovery solely from (i) available insurance coverage and (ii) solely with respect to Indemnification Claims that are not Section 510(b) Claims, to the extent of the available Indemnification Reserve. For the avoidance of doubt, all monetary obligations of any kind or nature whatsoever under Article V.H of the Plan shall be limited solely to (i) available insurance coverage and (ii), solely with respect to Indemnification Claims that are not Section 510(b) Claims, the Indemnification Reserve, and neither the Post Effective Date Debtors, the Liquidation Trustee, to the extent of, and subject to the amounts of the applicable Indemnification Reserve and Go-Forward Chapter 11 Budget as set

forth in the Indemnification Settlement Term Sheet. For the avoidance of doubt, none of Reorganized Silvergate, the Liquidation Trust, the Liquidation Trustee, the Liquidation Trust Board nor any of their respective assets shall be liable for any such obligations Indemnifiable Claims in any manner whatsoever in excess of other than in accordance with the Indemnification Reserve Settlement Term Sheet. Upon satisfaction of all applicable Indemnifiable Claims, in accordance with the Indemnification Claims from Settlement Term Sheet and the Reserve Step Downs, the Indemnification Reserve, all remaining Cash in the Indemnification Reserve Residual Interest shall vest in the Liquidating Trust and the Liquidating Trustee shall be authorized and directed to distribute such funds to the holders Holders of the Liquidation Trust Beneficial Interests in accordance with the Plan and the Liquidation Trust Agreement.

13. 9. Cancellation of Existing Securities and Agreements

~~On the Effective Date, except as otherwise specifically provided for in the Plan, the obligations of the Debtors under any certificate, share, note, bond, indenture, purchase right, or other instrument or document~~ Except for the reinstatement of the Common Stock Interests and as otherwise provided in the Plan, or any agreement, instrument, or other document incorporated in the Plan, or the Plan Supplement, on the Effective Date, all certificates, shares, notes, bonds, indentures, agreements, purchase rights, or other instruments or documents (including, without limitation, the SC Trusts Documents), directly or indirectly evidencing or creating any indebtedness or obligation of or ownership interest or equity in the Debtors or any warrants, options, or other securities exercisable or exchangeable for, or convertible into, debt, equity, ownership, or profits interests in the Debtors giving rise to any Claim or Interest ~~shall be canceled and deemed surrendered as to the Debtors and shall not have any continuing obligations thereunder.~~ (and the obligations of the Debtors and the Indenture Trustees, as applicable, thereunder) shall be deemed automatically cancelled, terminated, surrendered, and of no further force or effect, without further act or action under any applicable agreement, law, regulation, order, or rule, and the SC Trusts Indenture Trustees shall be discharged and released and fully relieved of any duties or responsibilities under or related to the SC Trusts Documents; provided, however, that notwithstanding the occurrence of the Effective Date, such cancelled certificates, shares, notes, bonds, indentures, agreements, purchase rights, or other instruments or documents (including, without limitation, the SC Trusts Documents) shall continue in effect solely for the purposes of (a) allowing Holders of Claims or Interests (including, without limitation, Allowed SC Trusts Claims) to receive and accept their respective Distributions under the Plan on account of such Claims and Interests (with all Allowed SC Trusts Claims being distributed to (or at the direction of) the SC Trusts Indenture Trustees), if any, subject to the SC Trusts Indenture Trustee Charging Liens; and (b) allowing and preserving the rights of the Disbursing Agent and the SC Trusts Indenture Trustees to (1) receive and make Distributions on account of such Claims or Interests, subject to (as applicable) the SC Trusts Indenture Trustee Charging Liens; (2) assert or maintain any rights the Disbursing Agent, the SC Trusts Indenture Trustees may have against any money or property distributable or allocable to Holders of such Allowed SC Trust Claims, including, without limitation, the SC Trusts Indenture Trustee Charging Liens; (3) receive compensation and reimbursement for any reasonable and documented fees and expenses incurred in connection with the implementation of the Plan (including, without limitation, the SC Trusts Indenture Trustee Fees); and (4) preserve the rights of the Disbursing Agent and the SC Trusts Indenture Trustees to appear and be heard in the Chapter 11 Cases or in any proceeding in the Bankruptcy Court or any other court, including, without limitation, to enforce any obligations

owed to the Disbursing Agent, the SC Trusts Indenture Trustees, as applicable, under the Plan, the Plan Supplement, the Confirmation Order, or other documents incorporated therein. Except as provided in the Plan, the Plan Supplement, or the Confirmation Order, or as may be necessary to effectuate the terms of the Plan, on the Effective Date, the SC Trusts Indenture Trustees and their respective agents, successors, and assigns, shall be automatically and fully discharged and released of all of their duties and obligations associated with the SC Trusts Documents.

All Distributions made under the Plan or on account of Allowed SC Trusts Claims shall be made to (or at the direction) of the SC Trusts Indenture Trustees. Upon the final distribution on account of the SC Trust I Subordinated Debentures, (i) the SC Trust I Subordinated Debentures shall thereafter be deemed to be null, void, and worthless, and (ii) at the request of the SC Trust I Indenture Trustee, the applicable Security Depository or Custodian shall take down the relevant position relating to the SC Trust I Subordinated Debentures without any requirement of indemnification or security on the part of the Debtors or the SC Trust I Indenture Trustee. Upon the final distribution on account of the SC Trust II Subordinated Debentures, (i) the SC Trust II Subordinated Debentures shall thereafter be deemed to be null, void, and worthless, and (ii) at the request of the SC Trust II Indenture Trustee, the applicable Security Depository or Custodian shall take down the relevant position relating to the SC Trust II Subordinated Debentures without any requirement of indemnification or security on the part of the Debtors or the SC Trust II Indenture Trustee.

In connection with the SC Trust I Declaration of Trust, upon the final distribution on account of the SC Trust I Subordinated Debentures, the SC Trust I shall thereafter be deemed to be cancelled and dissolved without any requirement of the SC Trust I Indenture Trustee to file any required documentation under applicable state law; provided, however, that the SC Trust I Indenture Trustee is authorized (but not required) to file a certificate of cancellation with the Secretary of State of the State of Delaware.

In connection with the SC Trust II Declaration of Trust, upon the final distribution on account of the SC Trust II Subordinated Debentures, the SC Trust II shall thereafter be deemed to be cancelled and dissolved without any requirement of the SC Trust II Indenture Trustee to file any required documentation under applicable state law; provided, however, that the SC Trust II Indenture Trustee is authorized (but not required) to file a certificate of cancellation with the Secretary of State of the State of Delaware.

14. 10. Exemption from Certain Taxes and Fees

To the maximum extent permitted pursuant to section 1146(a) of the Bankruptcy Code, (i) the issuance, transfer or exchange of any Securities, instruments, or documents, (ii) the creation of any Lien, mortgage, deed of trust or other security interest, (iii) any transfers (directly or indirectly) of property or transfer of beneficial ownership of property pursuant to the Plan or the Plan Supplement, (iv) any assumption, assignment, or sale by the Debtors of their interests in Executory Contracts pursuant to section 365(a) of the Bankruptcy Code, and (v) the issuance, renewal, modification or securing of indebtedness by such means, and the making, delivery or recording of any deed or other instrument of transfer under in furtherance of, or in connection with, the Plan, including the Confirmation Order, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, sale or

use tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents pursuant to such transfers of property without the payment of any such tax, recordation fee, or governmental assessment.

15. Establishing Disputed Claims Reserve

On the Effective Date, the Debtors, subject to the reasonable consent of the Required Preferred Stockholders, shall establish the Disputed Claims Reserve. As part of the Disputed Claims Reserve, the Debtors shall establish the FTX Disputed Claims Sub-Reserve, which shall entitle the holder of the FTX Silvergate Claims, solely to the extent Allowed, to a right of setoff against the Allowed Silvergate FTX Claims, prior to any distribution therefrom to the holders of the Liquidation Trust Beneficial Interests. The Debtors reasonably and in good faith believe that the Silvergate FTX Claims exceed the FTX Silvergate Claims.

F. Liquidation Trust

1. Liquidation Trust Agreement

On or prior to the Effective Date, the Liquidation Trust will be established pursuant to the Liquidation Trust Agreement. The Liquidation Trust Agreement may provide powers, duties, and authorities in addition to those explicitly stated herein, but only to the extent that such powers, duties and authorities do not affect the status of the Liquidation Trust as a “liquidating trust” for United States federal income tax purposes.

2. Purpose of the Liquidation Trust

The Liquidation Trust shall be established for the sole purpose of liquidating and distributing the Liquidation Trust Assets, in accordance with Treasury Regulation section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidation Trust. The Liquidation Trust shall be deemed a successor-in-interest of the Debtors to the maximum extent necessary for the Liquidation Trust to execute its purpose, and shall not otherwise be deemed a successor-in-interest to the Debtors for any purpose other than as specifically set forth in the Plan or in the Liquidation Trust Agreement.

The Liquidation Trust shall be established in accordance with the Liquidation Trust Agreement to administer post-Effective Date responsibilities of the Debtors, including, but not limited to, (a) being vested with and liquidating the Liquidation Trust Assets, (b) making Distributions to ~~holders of~~ Holders of subsequently Allowed Claims ~~and Allowed Interests in accordance with the terms of the~~ (which for the avoidance of doubt shall not include Distributions to Holders of Allowed Claims as of the Effective Date, including with respect to all Distributions on account of the SC Trusts Claims, which shall be made to (or at the direction of) the SC Trusts Indenture Trustees, which shall be made on the Effective Date) in accordance with the terms of this Plan, (c) making Distributions in accordance with the terms of this Plan and the Liquidation Trust Agreement ~~(other than the Preferred Stock Initial Distributable Amount, (which shall be~~

made on the Effective Date) to Holder(s) of (i) Allowed Preferred Stock Interests, (ii) First Priority Liquidation Trust Beneficial Interests, and (iii) Second Priority Liquidation Trust Beneficial Interest, (d) resolving all Disputed Claims and effectuating the Claims reconciliation process pursuant to the procedures prescribed in ~~the this~~ Plan, (d)e) prosecuting, settling, and resolving ~~Causes of Action that are the~~ Liquidation Trust ~~Assets~~, (e) ~~Retained Causes of Action~~, (f) recovering, through enforcement, resolution, settlement, collection, or otherwise, assets on behalf of the Liquidation Trust (which such assets shall become part of the Liquidation Trust Assets), (f) ~~taking any steps to dissolve, liquidate, bankrupt or take other similar action with respect to each Debtor, including by terminating the corporate or organizational existence of each such Debtor~~, and (g) performing all actions and executing all agreements, instruments and other documents necessary to effectuate the purpose of the Liquidation Trust.

Notwithstanding anything to the contrary in Article VI of the Plan, the Liquidation Trust's primary purpose is liquidating the Liquidation Trust Assets, with no objective to continue or engage in the conduct of a trade or business except to the extent reasonably necessary to, and consistent with, the Liquidation Trust's liquidating purpose and reasonably necessary to conserve and protect the Liquidation Trust Assets and provide for the orderly liquidation thereof. Liquidation Trust Assets held by the Debtors ~~to the Liquidation Trust, and all such assets as of the Effective Date~~ shall vest in the Liquidation Trust on such date, to be administered by the Liquidation Trustee, in accordance with the Plan and the Liquidation Trust Agreement. The Debtors may take all actions as may be necessary or appropriate to effectuate the Plan that are consistent with and pursuant to the terms and conditions of the Plan.

3. **Liquidation Trust Assets**

On the Effective Date, the Liquidation Trust Assets shall be deemed irrevocably transferred to the Liquidation Trust, without further action from the Debtors or any of their respective managers, employees, officers, directors, members, shareholders, agents, advisors, or representatives. ~~The Except as set forth in the Plan, the~~ Liquidation Trust Assets shall vest in the Liquidation Trust, free and clear of all Liens, Claims, charges, rights, or other encumbrances subject to and in accordance with the Plan and the Liquidation Trust Agreement. For purposes of section 553 of the Bankruptcy Code, the transfer of the Liquidation Trust Assets to the Liquidation Trust shall not affect the mutuality of obligations that otherwise may have existed prior to the effectuation of such transfer. Such transfer shall be exempt from any stamp, real estate transfer, mortgage reporting, sales, use or other similar tax, pursuant to section 1146(a) of the Bankruptcy Code. Upon delivery of the Liquidation Trust Assets to the Liquidation Trust, the Debtors and its predecessors, successors and assigns, and each other Entity released pursuant to Article IX.C ~~of the Plan herein~~ shall be discharged and released from all liability with respect to the delivery of such distributions. Upon the transfer of the Liquidation Trust Assets and pursuant to the Liquidation Trust Agreement, the Debtors will have no reversionary or further interest in or with respect to the Liquidation Trust Assets.

0. **Interests in the Liquidation Trust**

There shall be two classes of Liquidation Trust Beneficiaries. On the Effective Date:

- a. Holders of Preferred Stock Interests shall be deemed to be First Priority Liquidation Trust Beneficiaries, each with a Pro Rata interest in the First Priority Liquidation Trust Beneficiaries' Interests in the Liquidation Trust; and
- b. Reorganized Silvergate shall be deemed to be the Second Priority Liquidation Trust Beneficiary with 100% interest in the Second Priority Liquidation Trust Beneficial Interest.

The Liquidation Trust Beneficial Interests shall not be certificated and shall be subject to the limitations on transferability and other matters as set forth in this Plan or the Liquidation Trust Agreement.

1. 4. Liquidation Trustee

The Liquidation Trustee shall be selected by the Ad Hoc Preferred Stockholder Group in consultation with the Common Stock Sponsors. The Liquidation Trustee shall serve as the initial trustee of the Liquidation Trust. The Liquidation Trustee shall have no duties until the occurrence of the Effective Date, and on and after the Effective Date shall be a fiduciary and representative of ~~each of the Liquidation Trust and the Post-Effective Date Debtors and their Estates~~. The powers, rights and responsibilities of the Liquidation Trustee shall be as specified in the Liquidation Trust Agreement and the Plan and shall include the authority and responsibility to fulfill the items identified in this Article VI.E of the Plan. Other rights and duties of the Liquidation Trustee and the Liquidation Trust Beneficiaries shall be as set forth in the Liquidation Trust Agreement.

2. Liquidation Trust Board

On the Effective Date, the Liquidation Trust Board will be established and consist of three persons. Two of the initial Liquidation Trust Board members will be selected by the Ad Hoc Preferred Stockholder Group and one will be selected by the Common Stock Sponsors. The Plan Supplement will identify the initial Liquidation Trust Board. Upon its formation, the duties of the Liquidation Trust Board will be limited to the following: (a) overseeing the Claims reconciliation and settlement process conducted by or on behalf of the Liquidation Trustee; (b) overseeing the distributions to the Holders of Allowed Claims and Liquidation Trust Beneficiaries under the Plan; (c) selecting, in consultation with the Liquidation Trustee, professionals to prosecute the Liquidation Trust Retained Causes of Action; (d) overseeing the liquidation, prosecution, settlement, and/or collection of the Liquidation Trust Retained Causes of Action; (e) appearing before and being heard by the Bankruptcy Court and other courts of competent jurisdiction in connection with the above limited duties; (g) overseeing the Liquidation Trustee; and (h) such other matters as may be agreed on between the Liquidation Trustee and the Liquidation Trust Board or specified in the Plan or the Liquidation Trust Agreement. Any decision made by the Liquidation Trust Board will be made by majority vote of the members of the Liquidation Trust Board, and no matters shall require special voting, consent or other approval of the board or any approval of the holders of Liquidation Trust Beneficial Interests.

3. 5. Functions of the Liquidation Trustee

On and after the Effective Date, the Liquidation Trustee shall carry out the functions set forth in Article VI.E of the Plan and may take such actions without further approval by the Bankruptcy Court, in accordance with the Liquidation Trust Agreement. Such functions may include any and all powers and authority to:

- a. take all steps and execute all instruments and documents necessary to make Distributions to ~~holders~~Holders of Allowed Claims and Allowed Interests and to perform the duties assigned to the Liquidation Trustee under the Plan or the Liquidation Trust Agreement;
- b. comply with and effectuate the Plan and the obligations hereunder;
- c. employ, retain, or replace professionals to represent him or her with respect to his or her responsibilities;
- ~~d. wind up the affairs of the Debtors, if and to the extent necessary, including taking any steps to dissolve, liquidate, bankrupt, or take other similar action with respect to each Debtor, including by terminating the corporate or organizational existence of each such Debtor;~~
- ~~d. e. take any actions necessary to (i) resolve all matters related to the Liquidation Trust Assets and (ii) vest such assets in the Liquidation Trust;~~
- e. pursue liquidation of the Liquidation Trust Assets and prosecute the Liquidation Trust Retained Causes of Action of the Debtors' estates that are not otherwise released pursuant to the Plan;
- f. make Distributions of the Liquidation Trust Assets and any proceeds thereof, in excess of any amounts necessary to pay Liquidation Trust Expenses, in accordance with the terms of the Plan;
- g. prepare and file appropriate tax returns and other reports on behalf of the Debtors and pay taxes or other obligations owed by the Debtors (including, without limitation, any Allowed Administrative Expense Claims and Allowed Priority Tax Claims);
- h. file, prosecute, settle, or dispose of any and all objections to asserted Claims;
- i. enter into and consummate any transactions for the purpose of dissolving the Debtors;
- j. comply with data retention obligation and legal obligations to produce documents in accordance with the DFPI C&D;
- k. administer the Indemnification Reserves in accordance with the terms of the Indemnification Settlement Term Sheet and as set forth in Article V.C.2 of the Plan;

- l. ~~k.~~take such actions as are necessary or appropriate to close any of the Debtors' Chapter 11 Cases;
- m. ~~l.~~maintain the books and records and accounts of the Debtors; and
- n. ~~m.~~take any other actions not inconsistent with the provisions hereof that the Liquidation Trustee deems reasonably necessary or desirable in connection with the foregoing functions.

4. 6. Preservation of Rights of Action

Other than Causes of Action against an Entity that are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or by a Bankruptcy Court order, the Debtors reserve any and all Causes of Action.

On and after the Effective Date, the Liquidation Trustee shall have sole and exclusive discretion to pursue ~~and, prosecute, settle, and/or~~ dispose of any Liquidation Trust Retained Causes of Action that are or become Liquidation Trust Assets, ~~and the Liquidation Trustee shall have sole and exclusive discretion to pursue or dispose of any and all other Causes of Action.~~ All Causes of Action that are or become Liquidation Trust Assets shall vest in the Liquidation Trust as provided for herein and the Liquidation Trustee may pursue any Liquidation Trust Retained Causes of Action that are or become Liquidation Trust Assets in its sole discretion.

On and after the Effective Date, Reorganized Silvergate shall have sole and exclusive discretion to pursue and dispose of any Reorganized Silvergate Retained Causes of Action that are or become Reorganized Silvergate Assets. All Claims and Causes of Action that are or become Reorganized Silvergate Assets shall vest in Reorganized Silvergate as provided for herein and Reorganized Silvergate may pursue any Reorganized Silvergate Retained Causes of Action that are or become Reorganized Silvergate Assets in its sole discretion; provided, however, that if the Ad Hoc Preferred Stockholder Group (by the Required Preferred Stockholders) exercises the Opt-Out Condition and directs the Debtors to exercise the Opt-Out Condition, Reorganized Silvergate shall not retain, and shall not have the authority to, pursue any Reorganized Silvergate Retained Causes of Action.

No Entity may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors, and on and after the Effective Date, the Liquidation Trustee or Reorganized Silvergate, as applicable, will not pursue any and all available Causes of Action against them. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or the occurrence of the Effective Date and consummation of the transactions contemplated by the Plan. Prior to the Effective Date, the Debtors (and on and after the Effective Date, the Liquidation Trustee or Reorganized Silvergate) shall retain and shall have, including through its authorized agents or representatives, the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without

the consent or approval of any third party (except for, on and after the Effective Date, the Liquidation Trustee) or further notice to or action, order, or approval of the Bankruptcy Court.

Any settlement, release, or other resolution of ~~any Causes~~ Claims or Cause of Action ~~by held by or against~~ the Debtors during the Chapter 11 Cases shall be subject to the consent of the Required Preferred Stockholders; ~~provided, however, that the Debtors shall be permitted (subject to Bankruptcy Court approval) to agree and implement, after consultation with the Supporting Preferred Stockholders, any settlement or resolution of derivative claims or Causes of Action of the Debtors against the current and former directors, officers and employees of the Debtors that is recommended by Silvergate Capital Corporation's Special Investigation Committee.~~

5. 7. Substitution in Pending Legal Actions

On the Effective Date, the Liquidation Trust shall be deemed to be substituted as the party to any pending litigation, including the Liquidation Trust Retained ~~Cause~~ Causes of Action, in which the any Debtor is a party and shall be authorized, but not required, to file notices or other pleadings in such actions to effectuate its substitution for such Debtor. Such substitution shall not result in ~~holders~~ Holders of Claims, including litigation Claims, against the Debtors receiving greater rights in or against the Liquidation Trust than they are otherwise entitled to under the Plan and Liquidation Trust Agreement on account of such Claims.

6. 8. Fees and Expenses of the Liquidation Trust

From and after the Effective Date, Liquidation Trust Expenses shall be paid ~~from the Liquidation Trust Assets in the ordinary course of business~~, in accordance with ~~the Plan and~~ the Liquidation Trust Agreement. Without any further notice to any party or action, order or approval of the Bankruptcy Court, the Liquidation Trustee, on behalf of the Liquidation Trust, may employ and pay in the ordinary course of business, the reasonable fees of any professional (including professionals previously employed by the Debtors) for services rendered or expenses incurred on and after the Effective Date that, in the discretion of the Liquidation Trustee, are necessary to assist the Liquidation Trustee in the performance of the Liquidation Trustee's duties under the Plan and the Liquidation Trust Agreement.

7. 9. Data Retention and Production Obligations

The Liquidation Trustee will comply with the Data Retention and Production Obligations. The Data Retention and Production Reserve will be established on or prior to the Effective Date to ensure the Liquidation Trustee has sufficient resources to comply with the Data Retention and Production Obligations. If, in the reasonable judgment of the Liquidation Trustee, the funds in the Data Retention and Production Reserve exceed the expected cost of complying with the Data Retention and Production Obligations, then the Liquidation Trustee may distribute the amount of such excess in accordance with the terms of the Plan and the Liquidation Trust Agreement to the Liquidation Trust Beneficiaries. ~~If, in the reasonable judgment of the Liquidation Trustee, the funds in the Data Retention and Production Reserve are expected to be insufficient to comply with the Data Retention and Production Obligations, then the Liquidation Trustee may use other Liquidation Trust Assets to pay for such costs.~~ Any funds remaining in the Data Retention and Production Reserve on July 9, 2031 shall be promptly distributed in accordance with the Plan.

8. **10. Creation and Maintenance of Trust Accounts**

On or prior to the Effective Date, appropriate trust accounts will be established and maintained in one or more federally insured domestic banks in the name of the Liquidation Trust. Cash deposited in the trust accounts will be invested, held and used solely as provided in the Liquidation Trust Agreement. The Liquidation Trustee is authorized to establish additional trust accounts after the Effective Date, consistent with the terms of the Liquidation Trust Agreement. After the initial funding of the trust accounts on or after the Effective Date, the trust accounts will be funded, as applicable, by Cash proceeds obtained through litigation or the disposition of Liquidation Trust Assets. Upon obtaining an order of the Bankruptcy Court authorizing final Distribution or closure of the Debtors' Chapter 11 Cases, any funds remaining in the trust accounts shall be distributed in accordance with the Plan and the Liquidation Trust Agreement, and the trust accounts may be closed.

9. **11. Exculpation and Indemnification of Liquidation Trustee**

~~The Liquidation Trustee (and its agents and professionals) shall not be liable for actions taken or omitted in its or their capacity as, or on behalf of, the Liquidation Trustee or the Liquidation Trust, except those acts arising out of its or their gross negligence, actual fraud or willful misconduct, each as determined by a Final Order from a court of competent jurisdiction.~~ The Liquidation Trustee (and its agents and professionals) shall be entitled to indemnification and reimbursement for fees and expenses in defending any and all of its or their actions or inactions in its or their capacity as, or on behalf of, the Liquidation Trustee or the Liquidation Trust, except for any actions or inactions involving gross negligence, actual fraud or willful misconduct, each as determined by a Final Order from a court of competent jurisdiction. Any indemnification claims of the Liquidation Trustee and the other parties entitled to indemnification under this subsection shall be satisfied from the Liquidation Trust Assets, as provided in the Liquidation Trust Agreement. The Liquidation Trustee shall be entitled to rely, in good faith, on the advice of its professionals.

10. **12. Insurance**

The Liquidation Trustee shall be authorized, but not required, to obtain any reasonably necessary insurance coverage, at the Liquidation Trust's sole expense, for itself and its respective agents, including coverage with respect to the liabilities, duties and obligations of the Liquidation Trustee, which insurance coverage may, at the sole option of the Liquidation Trustee, be extended for a reasonable period after the termination of the Liquidation Trust Agreement.

11. **13. Records**

The Liquidation Trustee shall be provided with originals or copies of or access to all documents and business records of the Debtors necessary for the disposition of Liquidation Trust Assets, prosecution of the Retained Causes of Action, reconciliation of Disputed Claims and compliance with the Data Retention and Production Obligations.

The Liquidation Trustee shall not destroy or otherwise abandon any documents or records without providing advance notice to the SEC (c/o Neal Jacobson, U.S. Securities and Exchange

Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004, jacobsonn@sec.gov) and seeking further authorization from the Bankruptcy Court.

The Liquidation Trustee shall provide Reorganized Silvergate with access to all documents and business records of the Debtors that are transferred to the Liquidation Trust in accordance with the provisions of the Litigation Trust Agreement.

12. 14. Liquidation Trust Tax Matters

a. 1. Tax Treatment; No Successor in Interest. The Liquidation Trust is intended to be treated for U.S. federal income tax purposes as a liquidating trust described in Treasury Regulation section 301.7701-4(d) and, if applicable, as one or more Disputed Claims Reserves treated as disputed ownership funds described in Treasury Regulation section 1.468B-9. For U.S. federal income tax purposes, the transfer of assets by the Debtors to the Liquidation Trust is expected to be treated (a) as a taxable transfer of assets by the Debtors to the ~~holders~~Holders of Allowed Interests, subject to any liabilities of the Debtors or the Liquidation Trust payable from the proceeds of such assets, followed by the tax-free transfer of such assets (subject to such liabilities) by such holders to the Liquidation Trust in exchange for the Liquidation Trust Beneficial Interests, and (b) to the extent applicable, as a tax-free transfer of assets by the Debtors to one or more Disputed Claims Reserves.

b. 2. Liquidation Purpose of the Liquidation Trust. The Liquidation Trust shall be established for the primary purpose of liquidating and distributing the assets transferred to it, in accordance with Treasury Regulation section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidation Trust. Accordingly, the Liquidation Trustee shall, in an expeditious but orderly manner, liquidate and convert to Cash the Liquidation Trust Assets, make timely Distributions to the Liquidation Trust Beneficiaries, and not unduly prolong the duration of the Liquidation Trust. The Liquidation Trust shall not be deemed a successor-in-interest of the Debtors for any purpose other than as specifically set forth in the Plan or the Liquidation Trust Agreement. The record holders of Liquidation Trust Beneficial Interests shall be recorded and set forth in a register maintained by the Liquidation Trustee expressly for such purpose.

c. 3. Cash Investments. The right and power of the Liquidation Trustee to invest the Liquidation Trust Assets, the proceeds thereof or any income earned by the Liquidation Trust, shall be limited to the right and power that a liquidating trust, within the meaning of section 301.7701-4(d) of the Treasury Regulations, is permitted to hold, pursuant to the Treasury Regulations, or any modification in the IRS guidelines, including Revenue Procedure 94-45, whether set forth in IRS rulings or other IRS pronouncements, and to the investment guidelines of section 345 of the Bankruptcy Code. The Liquidation Trustee may expend Liquidation Trust Cash (a) as reasonably necessary to meet contingent liabilities and to maintain the value of the respective assets of the Liquidation Trust during liquidation, (b) to pay the respective reasonable administrative expenses of the Liquidation Trust (including, but not limited to, any taxes imposed on the Liquidation Trust) and (c) to satisfy other respective liabilities incurred by the Liquidation Trust in accordance with the Plan and the Liquidation Trust Agreement (including, without limitation, the payment of any taxes).

d. **4. Liquidation Trust as Grantor Trust.** The Liquidation Trust is intended to qualify as a “grantor trust” for U.S. federal income tax purposes with the Liquidation Trust Beneficiaries treated as grantors and owners of the Liquidation Trust. For all U.S. federal income tax purposes, all parties (including the Debtors, the Liquidation Trustee and the Liquidation Trust Beneficiaries) shall treat the transfer of the Liquidation Trust Assets by the Debtors to the Liquidation Trust, as set forth in the Liquidation Trust Agreement, as a transfer of such assets by the Debtors to the ~~holders~~Holders of Allowed Interests, followed by a transfer by such ~~holders~~Holders to the Liquidation Trust. Thus, the Liquidation Trust Beneficiaries shall be treated as the grantors and owners of a grantor trust for U.S. federal income tax purposes.

e. **5. Tax Reporting and Tax Payments**

- i. **a.** The Liquidation Trustee shall file tax returns for the Liquidation Trust treating the Liquidation Trust as a grantor trust pursuant to section 1.671-4(a) of the Treasury Regulations and in accordance with Article ~~VI.N.5~~VI.P.5 of the Plan. The Liquidation Trustee also shall annually send to each holder of a Liquidation Trust Beneficial Interest a separate statement regarding the receipts and expenditures of the Liquidation Trust as relevant for U.S. federal income tax purposes and will instruct all such holders to use such information in preparing their U.S. federal income tax returns or to forward the appropriate information to such holders’ underlying beneficial holders with instructions to utilize such information in preparing their U.S. federal income tax returns.
- ii. **b.** As soon as practicable after the Effective Date, the Liquidation Trustee shall make a good faith determination of the fair market value of the Liquidation Trust Assets as of the Effective Date. This valuation shall be used consistently by all parties for all U.S. federal income tax purposes. The Bankruptcy Court shall resolve any dispute regarding the valuation of the assets of the Liquidation Trust. The Liquidation Trustee may elect to treat any Disputed Claims Reserve as a “disputed ownership fund” governed by Treasury Regulation section 1.468B-9 (and make any appropriate elections consistent with such tax treatment). The Liquidation Trustee shall be the administrator of any such applicable Disputed Claims Reserve within the meaning of Treasury Regulation section 1.468B-9(b)(2) and shall be responsible for all tax reporting and withholding required by any such Disputed Claims Reserve.
- iii. **c.** The Liquidation Trust shall be responsible for payment, out of Liquidation Trust Assets, of any taxes imposed on the Liquidation Trust (including any Disputed Claims Reserve) or the Liquidation Trust Assets. More particularly, any taxes imposed on any Disputed Claims Reserve or its assets will be paid out of the assets of the Disputed Claims Reserve, and netted against any subsequent Distributions in respect of the allowance or disallowance of such Claims. In the event, and to the extent, any Cash in any Disputed Claims Reserve is insufficient to pay the portion of any taxes attributable to taxable income arising from assets of the Disputed Claims Reserve (including any income that may arise upon an actual or constructive Distribution of the assets of the reserve in respect of the resolution of Disputed Claims), assets of the

Disputed Claims Reserve (including those otherwise distributable) may be sold to pay such taxes.

- iv. ~~d.~~ The Liquidation Trustee may request an expedited determination of taxes of the Liquidation Trust, including any Disputed Claims Reserve, and, in the case of the Liquidation Trustee, of the Debtors, under section 505(b) of the Bankruptcy Code for all tax returns filed for, or on behalf of, the Liquidation Trust or the Debtors for all taxable periods through the dissolution of the Liquidation Trust.

G. Provisions Regarding Distributions

1. Distributions Generally

The Disbursing Agent shall make all Distributions under the Plan to the appropriate ~~holders~~ Holders of Allowed Claims and Interests in accordance with the terms of the Plan; provided, however, that notwithstanding anything to the contrary in the Plan, (i) all Distributions on account of the SC Trust I Claims shall be made to (or at the direction of) the SC Trust I Indenture Trustee for further distribution in accordance with the terms of the SC Trust I Indenture and (ii) all Distributions on account of the SC Trust II Claims shall be made to (or at the direction of) the SC Trust II Indenture Trustee for further distribution in accordance with the terms of the SC Trust II Indenture.

2. Distributions to Liquidation Trust Beneficiaries

The Disbursing Agent shall remit to each First Priority Liquidation Trust Beneficiary any Distributions to which such First Priority Distribution Trust Beneficiary would have been entitled under the Plan on account of its Interest had such Interest been Allowed as of the Effective Date, in accordance with the terms of the Liquidation Trust.

The Disbursing Agent shall remit to the Second Priority Liquidation Trust Beneficiary any Distributions to which such Second Priority Distribution Trust Beneficiary would have been entitled under the Plan on account of its Interest had such Interest been Allowed as of the Effective Date, in accordance with the terms of the Liquidation Trust.

3. 2. Distribution Record Date

Distributions shall only be made to the record ~~holders~~ Holders of Allowed Claims and Interests as of the ~~Confirmation Date (the “Distribution Record Date”)~~. On the Confirmation Date, ~~the Claims Register and Stock Register shall be closed and the~~ Disbursing Agent shall be authorized and entitled to recognize only those Holders of Claims and Interests listed on the ~~Claims Register and Stock Register~~ register of Claims maintained by Stretto in these Chapter 11 Cases and/or the registered holders of Preferred Stock Interests and Common Stock Interests as of the close of business on the Confirmation Date. Notwithstanding the foregoing, if a Claim or Interest is transferred twenty (20) or fewer days before the Confirmation Date, the Disbursing Agent, at the direction of the Debtors or, after the Effective Date, the Liquidation Trust, shall make distributions to the transferee (rather than the transferor) only to the extent practical, and, in any

event, only if the relevant transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor. The Distribution Record Date shall not apply to publicly held securities deposited with ~~DTC~~any Security Depository or Custodian and, in connection with any Distribution under the Plan to be effected through the facilities of ~~DTC~~any Security Depository or Custodian (whether by means of book-entry exchange, free delivery, or otherwise), the Debtors ~~or~~the Liquidation Trust, the SC Trust I Indenture Trustee or the SC Trust II Indenture Trustee, as applicable, shall be entitled to recognize and deal for all purposes under the Plan with Holders of Claims and Interests in each Class to the extent consistent with the customary practices of ~~DTC~~the applicable Security Depository or Custodian used in connection with such distributions.

For the avoidance of doubt, the Distribution Record Date shall not apply to Holders of SC Trusts Subordinated Debentures, which shall receive a Distribution from the Disbursing Agent in accordance with the terms of the Plan and the customary practices of the applicable Security Depository or Custodian, in each case subject to the SC Trusts Indenture Trustee Charging Liens.

4. 3. Disbursing Agent

All Distributions under the Plan shall be made by the Disbursing Agent on and after the Effective Date as provided herein. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties. The ~~Post-Effective Date Debtors or~~ Liquidation Trustee shall use all commercially reasonable efforts to provide the Disbursing Agent (if other than the Liquidation Trustee) with the amounts of Claims and Interests and the identities and addresses of ~~holders~~Holders of Claims and Interests, in each case, as set forth in the Debtors' ~~, or Post-Effective Date Debtors, as applicable,~~ books and records. The ~~Post-Effective Date Debtors or~~ Liquidation Trustee shall cooperate in good faith with the applicable Disbursing Agent (if other than the Liquidation Trustee) to comply with the reporting and withholding requirements outlined in Article VI.S of the Plan.

~~Notwithstanding any provision in the Plan to the contrary~~For the avoidance of doubt, distributions to the Holders of Subordinated ~~Note~~Notes Claims shall be made to ~~(or at the direction of)~~ the ~~respective~~applicable Indenture ~~Trustees~~Trustee, which shall act as Disbursing Agent (or direct the Disbursing Agent) for distributions to the Holders of Subordinated ~~Note~~Notes Claims, respectively, in accordance with the Plan and the applicable ~~Indentures~~Indenture.

5. 4. Rights and Powers of Disbursing Agent

~~From and after the Effective Date, the Disbursing Agent, solely in its capacity as Disbursing Agent, shall be exculpated by all Entities, including, without limitation, holders of Claims against and Interests in the Debtors and other parties in interest, from any and all Claims, Causes of Action, and other assertions of liability arising out of the discharge of the powers and duties conferred upon such Disbursing Agent by the Plan or any order of the Bankruptcy Court entered pursuant to or in furtherance of the Plan, or applicable law, except for actions or omissions to act arising out of fraud, gross negligence or willful misconduct of such Disbursing Agent. No holder~~No Holder of a Claim or Interest or other party in interest shall have or pursue any claim or Cause of Action against the Disbursing Agent, solely in its capacity as Disbursing Agent, for making distributions in accordance with the Plan or for implementing provisions of the Plan,

except for actions or omissions to act arising out of the gross negligence or willful misconduct, fraud, malpractice, criminal conduct, or ultra vires acts of such Disbursing Agent.

The Disbursing Agent shall be empowered to (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties hereunder; (b) make all Distributions contemplated hereby; and (c) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

6. 5. Post-Petition Interest

Except as otherwise provided in the Plan, the Confirmation Order, or another order of the Bankruptcy Court or required by the Bankruptcy Code (including postpetition interest in accordance with sections 506(b) and 726(a)(5) of the Bankruptcy Code), interest shall not accrue or be paid on any Claims on or after the Petition Date; *provided*, that if interest is payable pursuant to the preceding sentence, interest shall, except as provided in Article III.B.4 of the Plan, accrue at the Federal Judgment Rate on a non-compounded basis from the date the obligation underlying the Claim becomes due and is not timely paid through the date of payment.

7. 6. Delivery of Distributions

The Disbursing Agent shall make all distributions, allocations, and/or issuances required under the Plan. In the event that any Distribution to any holder Holder or permitted designee is returned as undeliverable, no further distributions shall be made to such holder Holder or such permitted designee unless and until such Disbursing Agent is notified in writing of such holder's Holder's or permitted designee's, as applicable, then-current address, at which time all currently-due, missed distributions shall be made to such holder Holder as soon as reasonably practicable thereafter without interest.

All Distributions to Holders of SC Trusts Claims shall be deemed completed when made to (or at the direction of) the SC Trusts Indenture Trustees, which shall be deemed to be the single Holders of all SC Trusts Claims for purposes of Distributions to be made hereunder. Subject to the SC Trusts Indenture Trustee Charging Liens, the SC Trusts Indenture Trustees may transfer or direct the transfer of such Distributions (and may rely upon information received from the Debtors for purposes of such transfer(s)) through the facilities of the applicable Security Depository or Custodian in accordance with the applicable Security Depository or Custodian's customary practices. For the avoidance of doubt, the applicable Security Depository or Custodian shall be considered a single Holder with respect to Distributions made on account of the SC Trusts Subordinated Debentures. The SC Trusts Indenture Trustees shall not incur any liability whatsoever on account of any Distributions under the Plan. If the SC Trusts Indenture Trustees are unable to make (or consents to the Debtors making) such Distributions through the facilities of the applicable Security Depository or Custodian, the Debtors shall make such Distributions (subject to the SC Trusts Indenture Trustee Charging Liens) directly to the applicable Security Depository or Custodian. Notwithstanding any other provision of the Plan, the SC Trusts Indenture Trustees shall have no duties, obligations, responsibilities, or liability with respect to any form of Distribution to Holders of SC Trusts Claims that are not eligible to be distributed through the

facilities of the applicable Security Depository or Custodian, and the Debtors shall make such Distributions (subject to the SC Trusts Indenture Trustee Charging Liens).

8. **7.Distributions after the Effective Date**

Distributions made after the Effective Date to ~~holders~~Holders of Disputed Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims shall be deemed to have been made on the Effective Date.

9. **8.Unclaimed Property**

Unless Undeliverable Distributions shall remain in the possession of the Liquidation Trust until such time as a Distribution becomes deliverable or ~~holder~~Holder accepts Distribution, or such Distribution reverts back to the Liquidation Trust and shall not be supplemented with any interest, dividends, or other accruals of any kind. Such Distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and forfeited at the expiration of one hundred and twenty (120) days from the applicable date of Distribution. After such date, all unclaimed property or interest in property shall revert to and vest in Liquidation Trust and the Claim of any other ~~holder~~Holder to such property or interest in property shall be discharged and forever barred.

10. **9.Time Bar to Cash Payments**

Checks issued by the Disbursing Agent in respect of Allowed Claims and Interests shall be null and void if not negotiated within one hundred and twenty (120) days after the date of issuance thereof. Thereafter, the amount represented by such voided check shall immediately and irrevocably revert to the Liquidation Trust and any Claim or Interest in respect of such voided check shall be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary. Requests for reissuance of any check prior to the expiration of the one hundred and twenty (120) day period from the date of issuance shall be made to the Disbursing Agent by the ~~holder~~Holder of the Allowed Claim or Interest to whom such check was originally issued.

11. **10.Manner of Payment under Plan**

Except as otherwise specifically provided in the Plan, at the option of the Liquidation Trustee, any Cash payment to be made hereunder may be made by a check or wire transfer or as otherwise required or provided in applicable agreements or customary practices of the Debtors.

12. **11.Satisfaction of Claims**

Except as otherwise specifically provided in the Plan, any Distributions and deliveries to be made on account of Allowed Claims under the Plan shall be in complete and final satisfaction, settlement, and discharge of and exchange for such Allowed Claims.

13. **12.Minimum Cash Distributions**

The Disbursing Agent shall not be required to make any Distribution of Cash less than One Hundred Dollars (\$100) to any ~~holder~~Holder of an Allowed Claim; *provided*, that if any

Distribution is not made pursuant to Article VII.M of the Plan, such Distribution shall be added to any subsequent Distribution to be made on behalf of the ~~holder's~~ Holder's Allowed Claim.

14. ~~13.~~Setoffs and Recoupments

The Debtors or the Liquidation Trustee, as applicable, or such Entity's designee (including, without limitation, the Disbursing Agent) may, but shall not be required to, set off or recoup against any Claim or Interest, and any Distribution to be made on account of such Claim or Interest, any and all claims, rights, and Causes of Action of any nature whatsoever that the Debtors, ~~the Post-Effective Date Debtors,~~ or the Liquidation Trustee may have against the ~~holder~~ Holder of such Claim or Interest pursuant to the Bankruptcy Code or applicable non-bankruptcy law (other than the released Causes of Action in favor of the Released Parties); *provided*, that neither the failure to do so nor the allowance of any Claim or Interest hereunder shall constitute a waiver or release by a Debtor, ~~Post-Effective Date Debtor~~ Reorganized Silvergate, the Liquidation Trustee, or its successor of any claims, rights, or Causes of Action that a Debtor, ~~a Post-Effective Date Debtor~~ Reorganized Silvergate, the Liquidation Trustee, or its successor or assign may possess against the ~~holder~~ Holder of such Claim (other than the released Causes of Action in favor of the Released Parties).

15. ~~14.~~Claims or Interests Paid by Third Parties

No distributions under the Plan shall be made on account of an Allowed Claim or Allowed Interest that is payable under one of the Debtors' Insurance Policies until the Holder of such Allowed Claim or Allowed Interest has exhausted all remedies with respect to such Insurance Policy.

Except as otherwise provided in the Plan, payments to Holders of Claims or Interests covered by an Insurance Policy and otherwise payable under the Plan shall be made from the proceeds of such Insurance Policy in accordance with the provisions of any such applicable Insurance Policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including Insurers, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any rights or defenses, including coverage defenses, held by Insurers.

To the extent a Holder of Claims or Interests receives a payment on account of a Claim or Interest from a party that is not the Debtors, the Liquidation Trust or a Disbursing Agent on account of such Claim or Interest, the Debtors or the Liquidation Trust, as applicable, shall be authorized to reduce, for the purposes of Distribution, the Allowed amount of such Claim or Interest by the amount of the third-party payment, and such Claim or Interest shall be disallowed or deemed satisfied, as applicable, to the extent of such third party payment without an objection having to be filed, but subject to the filing of a notice with the Bankruptcy Court and service of such notice on any affected Holder. Any Holder of Claims or Interests that receives full or partial payment on account of such Claim from an Entity that is not the Debtors, the Liquidation Trust or a Disbursing Agent shall provide notice of the date and amount of such payment to the Debtors or, after the Effective Date, the Liquidation Trust within five (5) Business Days of receipt of such payment. Such ~~Creditor~~ Holder of Claims or Interests shall repay and/or return to the Debtors or, after the

Effective Date, the Liquidation Trust any Distribution received on account of the portion of its Claim that was satisfied by such third-party payment within thirty (30) days.

16. 15. Allocation of Distributions between Principal and Interest

Except as otherwise required by law (as reasonably determined by the Liquidation Trust), Distributions with respect to an Allowed Claim shall be allocated first to the principal portion amount of such Allowed Claim (as determined for United States federal income tax purposes) and, ~~thereafter, to the remaining then, to the extent the consideration exceeds the principal amount of such Allowed Claim, to any portion of such Allowed Claim, if any for accrued but unpaid interest.~~

17. 16. No Distribution in Excess of Allowed Claim

Except as provided in Article VII.F of the Plan, no holder Holder of an Allowed Claim shall receive, on account of such Allowed Claim, distributions in excess of the Allowed amount of such Claim.

18. 17. Distributions Free and Clear

Except as provided herein, and subject to the SC Trusts Indenture Trustee Charging Liens, any distributions under the Plan shall be free and clear of and any Liens, Claims, and encumbrances, and no other Entity, including the Debtors, ~~the Post Effective Date Debtors~~Reorganized Silvergate, the Liquidation Trust, or the Liquidation Trustee, shall have any interest, legal, beneficial, or otherwise, in Assets transferred pursuant to the Plan.

19. 18. Compliance with Tax Requirements

In connection with the Plan, to the extent applicable, the Liquidation Trustee and the Liquidation Trust shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all Distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Liquidation Trustee and the Liquidation Trust shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Liquidation Trustee and the Liquidation Trust reserve the right to allocate all distributions made under the Plan in compliance with applicable wage garnishments, alimony, child support, and other spousal awards, Liens, and encumbrances.

H. Procedures for Disputed Claims and Interests

1. Objections to Claims

As of the Effective Date, objections to, and requests for estimation of, Claims against the Debtors may only be interposed and prosecuted by the Liquidation Trustee. Such objections and requests for estimation shall be served and filed on or before the Claims Objection Deadline.

2. Allowance of Claims

After the Effective Date, the Liquidation Trust shall have and shall retain any and all rights and defenses that the Debtors had with respect to any Claim against a Debtor, except with respect to any Claim deemed Allowed under the Plan. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including, without limitation, the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Court has entered a Final Order, including, without limitation, the Confirmation Order, in the Chapter 11 Cases allowing such Claim.

3. Resolution of Claims

Except as otherwise provided herein (including the release provisions hereof) or in the Confirmation Order, or in any contract, instrument, release, or other agreement or document entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, on and after the Effective Date, the Liquidation Trustee may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Claims, Disputed Claims, rights, Causes of Action, suits and proceedings, whether in law or in equity, whether known or unknown, that the Liquidation Trust may hold against any Person, and any contract, instrument, release, indenture, or other agreement entered into in connection herewith. From and after the Effective Date, the Liquidation Trustee may settle or compromise any Disputed Claim without the approval of the Bankruptcy Court.

4. Adjustment to Claims Register Without Objection

Any duplicate Claim or Interest, any Claim (Filed or scheduled) or Interest that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Debtors or the Liquidation Trustee, as applicable, upon stipulation or any agreement in writing, including email correspondence, between the parties in interest without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

5. Disallowance of Claims

All Proofs of Claim must be Filed on or before the applicable Bar Date. If Proofs of Claim are not Filed on or before the applicable Bar Date, except in the case of certain exceptions explicitly set forth in the Bar Date Order, the Holders of the underlying Claims shall, absent further Order of the Bankruptcy Court Allowing such Claims, be barred from asserting such Claims against the Debtors and precluded from voting on the Plan and/or receiving Distributions from the Debtors on account of such Claims in the Chapter 11 Cases.

6. Estimation of Claims

The Debtors or the Liquidation Trustee may at any time request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any

Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated, or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtors, or the Liquidation Trustee, as applicable, may pursue supplementary proceedings to object to the allowance of such Claim; *provided*, that such limitation shall not apply to Claims requested by the Debtors to be estimated for voting purposes only. For avoidance of doubt, the Indemnified Individuals Indemnifiable Claims shall be subject to the limitations set forth in Article V.C.2 of the Plan and shall not otherwise be subject to estimation.

7. Amendments to Proofs of Claim

On or after the Effective Date, except as provided in the Plan or the Confirmation Order, and unless the Bar Date with respect to a Claim has not passed, a Claim or Proof of Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Liquidation Trustee, and any such new or amended Claim or Proof of Claim Filed after the Effective Date shall be deemed Disallowed in full and expunged without any further action or notice to the Bankruptcy Court; *provided that* the filing of an unauthorized amendment shall not affect the underlying Claim or Proof of Claim. Nothing in this paragraph shall remove any claimant's ability to seek leave from the Bankruptcy Court to amend a Claim or Proof of Claim.

8. No Distributions Pending Allowance and Disputed Interest Reserves

If an objection, motion to estimate, or other challenge to a Claim is filed, no payment or distribution provided under the Plan shall be made on account of such Claim unless and until (and only to the extent that) such Claim becomes an Allowed Claim.

9. Allowed and Disputed Claims Reserve

~~The Liquidation Trustee shall, subject to the conditions set forth in Article VII.I of the Plan, establish a Disputed Claims Reserve by withholding 100% of the Distributions to which Holders of such Disputed Claims would be entitled if such Disputed Claims were Allowed Claims or, if applicable, the estimated amount as determined by Article V.C of the Plan.~~

The Liquidation Trustee shall, administer the Disputed Claims Reserve, which will be established by the Debtors on or prior to the Effective Date. As part of the Disputed Claims Reserve, the Debtors shall establish the FTX Disputed Claims Sub-Reserve, which shall entitle the holder of the FTX Silvergate Claims, solely to the extent Allowed, to a right of setoff against the Allowed Silvergate FTX Claims, prior to any distribution therefrom to the holders of the Liquidation Trust Beneficial Interests. The Debtors reasonably and in good faith believe that the Silvergate FTX Claims exceed the FTX Silvergate Claims.

10. Distributions After Allowance

Subject to Article VII.H of the Plan, after such time as a Disputed Claim or Interest becomes, in whole or in part, an Allowed Claim or Interest, the Liquidation Trustee (or Disbursing Agent) shall distribute to the Holder thereof Distributions, as applicable, if any, to which such

Holder is then entitled under the Plan, within thirty (30) days of such Claim or Interest becoming Allowed. Any such Distributions shall be made in accordance with the Plan and the Liquidation Trust Agreement. To the extent such Disputed Claim or Interest is Disallowed, any corresponding reserved amount shall be distributed to other Allowed Claims or Interests as provided for in the Plan and the Liquidation Trust Agreement.

I. Settlement, Release, Injunction, and Related Provisions

1. Compromise and Settlement of Claims, Interests, and Controversies

~~Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the Plan is and shall be deemed a good faith compromise and settlement of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. In addition, the Plan incorporates all settlements pursuant to Bankruptcy Rule 9019 that are otherwise approved by the Bankruptcy Court.~~

The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests and is fair, equitable, and reasonable. The compromises, settlements, and releases described herein shall be deemed nonseverable from each other and from all other terms of the Plan. In accordance with the provisions of and except as set forth in the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Liquidation Trustee may compromise and settle Claims against, and Interests in, the Debtors and their Estates and Causes of Action against other Entities.

2. Releases by the Debtors

~~Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, the adequacy of which is hereby confirmed, as of the Effective Date, the Debtors and their Estates, the Post-Effective Date Debtors Reorganized Silvergate and each of their respective current and former Affiliates (with respect to non-Debtors, to the extent permitted by applicable non-bankruptcy law), the Liquidation Trustee, the Liquidation Trust, and any and all other Entities who may purport to assert any Cause of Action by, through, for, or because of the foregoing Entities, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged the Released Parties from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, in each case, whether prepetition or postpetition (including any derivative Claims asserted or that may be asserted on behalf of the Debtors, their Estates, the Post-Effective Date Debtors Reorganized Silvergate or the Liquidation Trust), whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, based on or relating to, or in any manner arising from, in whole or in part, the Debtors or the conduct of their business (in each case, whether prepetition or postpetition), the issuance, distribution, purchase, sale, or rescission of the purchase or sale~~

of any security or other debt instrument of the Debtors, the formulation, preparation, dissemination, negotiation of the RSA, the Plan, the Disclosure Statement, any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, the Disclosure Statement, the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date (in each case, whether prepetition or postpetition) related or relating to the foregoing (collectively, the “Debtor and Estate Claims”). Notwithstanding anything to the contrary in the foregoing, and subject to the provisos later in this paragraph, the releases set forth in Article IX.B of the Plan shall not release (i) any Liquidation Trust Retained Causes of Action or Reorganized Silvergate Retained Causes of Action, (ii) any Released Party (other than any Indemnified Individual) from Claims or Causes of Action arising from an act or omission that is judicially determined by a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, or (iii) any post-Effective Date obligations of any party or Entity under the Plan or any document, instrument, or agreement executed to implement the Plan; provided that for the avoidance of doubt, and in accordance with the terms of the Global Settlement, the Debtors and their Estates are waiving and releasing all Debtor and Estate Claims against all Indemnified Individuals.

Entry of the Confirmation Order shall constitute the Bankruptcy Court’s approval of the releases described in Article IX.B of the Plan by the Debtors, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court’s finding that each release described in Article IX.B of the Plan is: (i) in exchange for the good and valuable consideration provided by the Released Parties, including, without limitation, the Released Parties’ contributions to implementing the Plan; (ii) a good-faith settlement and compromise of the Claims released by the Debtor; (iii) in the best interests of the Debtors and all Holders of Claims and Interests; (iv) fair, equitable, and reasonable; (v) given and made after due notice and opportunity for hearing; (vi) a sound exercise of the Debtors’ business judgment; and (vii) a bar to any of the Debtors, their respective Estates or the Liquidation Trustee on behalf of the Liquidation Trust or Reorganized Silvergate, asserting any claim or Cause of Action related thereto, of any kind, against any of the Released Parties or their property.

3. Releases by Holders of Claims and Interests

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, each Releasing Party shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged each Debtor, Post-Effective Date Debtor Reorganized Silvergate, the Liquidation Trustee, the Liquidation Trust Board, the Liquidation Trust and each other Released Party from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever (in each case, whether prepetition or postpetition up until the Effective Date), including any derivative Claims asserted or that may be asserted on behalf of the Debtors, their Estates, the Post-Effective Date Debtors Reorganized Silvergate, the Liquidation Trustee or the Liquidation Trust that such Entity Releasing Party would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any

Claim or Interest, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, based on or relating to, or in any manner arising from, in whole or in part, the issuance, distribution, purchase, sale, or rescission of the purchase or sale of any security or other debt instrument of the Debtors, the Debtors or the conduct of their business (in each case, whether prepetition or postpetition), the formulation, preparation, dissemination, or negotiation of the RSA, the Plan, the Disclosure Statement, any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, the Disclosure Statement, the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date (in each case, whether prepetition or postpetition up until the Effective Date) related or relating to the foregoing (collectively, the “Releasing Party Claims”)). Notwithstanding anything to the contrary in the foregoing, and subject to the provisos later in this paragraph, the releases set forth in Article IX.C of the Plan shall not release (i) any Liquidation Trust Retained Causes of Action or Reorganized Silvergate Retained Causes of Action, (ii) any Released Party (other than any Indemnified Individual) from Claims or Causes of Action arising from an act or omission that is judicially determined by a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, or (iii) any post-Effective Date obligations of any party or Entity under the Plan or any document, instrument, or agreement executed to implement the Plan; provided that for the avoidance of doubt, (x) and in accordance with the terms of the Global Settlement, the Releasing Parties are waiving and releasing all Releasing Party Claims against all Indemnified Individuals; and (y)(i) the Securities Plaintiffs’ entry into the Securities Litigation Stipulation of Settlement shall not be construed as having deemed the Securities Plaintiffs or any Securities Litigation Class Members as Releasing Parties or having opted into the third party releases provided in Article IX.C; and (ii) the releases granted by the Securities Plaintiffs and Securities Litigation Class Members, in their capacity as such, in the Securities Litigation pursuant to the Securities Litigation Stipulation of Settlement shall be governed by and implemented pursuant to the terms thereof and the Securities Litigation Final Approval Order.

Entry of the Confirmation Order shall constitute the Bankruptcy Court’s approval of the releases described in Article IX.b-IX.C of the Plan by the Debtors, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court’s finding that each release described in Article IX.C of the Plan is: (i) in exchange for the good and valuable consideration provided by the Released Parties, including, without limitation, the Released Parties’ contributions to implementing the Plan; (ii) a good-faith settlement and compromise of the Claims released by the ~~holders~~Holders of Claims and Interests; (iii) in the best interests of the Debtors and all Holders of Claims and Interests; (iv) fair, equitable, and reasonable; (v) given and made after due notice and opportunity for hearing; (vi) a sound exercise of the Debtors’ business judgment; and (vii) a bar to any of the Debtors, their respective Estates or the Liquidation Trustee on behalf of the Liquidation Trust or Reorganized Silvergate, asserting any claim or Cause of Action related thereto, of any kind, against any of the Released Parties or their property.

4. Exculpation

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur liability for, and each Exculpated Party is hereby exculpated from, any Cause of Action for any claim related to any act or omission from the Petition Date to the Effective Date in connection with, relating to, or arising out of, the Chapter 11 Cases, in whole or in part, the Debtors, the formulation, preparation, dissemination, negotiation, of the Plan, the Disclosure Statement, any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, the Disclosure Statement, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan or the distribution of Cash under the Plan, or any other related agreement, except for Claims or Causes of Action arising from an act or omission that is judicially determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, but in all respects, such Exculpated Parties shall be entitled to the fullest extent permitted by law to reasonably rely upon the advice of counsel with respect to their duties and responsibilities. The Exculpated Parties have, and upon Consummation of the Plan, shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

5. Injunction

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR FOR DISTRIBUTIONS REQUIRED TO BE PAID OR DELIVERED PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER, ALL ENTITIES THAT HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE (1) BEEN RELEASED PURSUANT TO ARTICLE IX.B OR ARTICLE IX.C OF THE PLAN OR (2) ARE SUBJECT TO EXCULPATION PURSUANT TO ARTICLE IX.D OF THE PLAN, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST, AS APPLICABLE, THE DEBTORS, ~~THE POST-EFFECTIVE DATE DEBTORS~~REORGANIZED SILVERGATE, THE LIQUIDATION TRUST OR THE RELEASED PARTIES (TO THE EXTENT OF THE RELEASES PROVIDED PURSUANT TO ARTICLE IX.B OR ARTICLE IX.C OF THE PLAN WITH RESPECT TO THE RELEASED PARTIES), OR THE EXCULPATED PARTIES (TO THE EXTENT OF THE EXCULPATION PROVIDED PURSUANT TO ARTICLE IX.D OF THE PLAN WITH RESPECT TO THE EXCULPATED PARTIES): (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY LIEN OR ENCUMBRANCE OF ANY KIND AGAINST SUCH ENTITIES OR THE

PROPERTY OR THE ESTATES OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) ~~EXCEPT TO THE EXTENT REQUIRED TO RENDER HOLDERS OF CLASS 5 UNIMPAIRED, ASSERTING ANY RIGHT OF SETOFF, OR SUBROGATION, OR RECOUPMENT~~ OF ANY KIND AGAINST ANY OBLIGATION DUE FROM SUCH ENTITIES OR AGAINST THE PROPERTY OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF RIGHT IN A DOCUMENT (WHICH MAY BE A PROOF OF CLAIM) FILED WITH THE BANKRUPTCY COURT IN ACCORDANCE WITH THE TERMS OF THE PLAN EXPLICITLY PRESERVING SUCH SETOFF.

6. Protection Against Discriminatory Treatment

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including Governmental Units, shall not discriminate against the Liquidation Trust or Reorganized Silvergate or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to or discriminate with respect to such a grant against the Liquidation Trust, Reorganized Silvergate or another Entity with whom the Liquidation Trust or Reorganized Silvergate has been associated, solely because the Debtors have been debtors under chapter 11 of the Bankruptcy Code, may have been insolvent before the commencement of the Chapter 11 Case (or during the Chapter 11 Case), or have not paid a debt that is dischargeable in the Chapter 11 Case.

7. Setoffs

In no event shall any Holder of a Claim be entitled to set off against such Claim any claim, right, or Cause of Action of the Debtors or the Liquidation Trust, as applicable, unless such Holder actually has provided notice of such setoff in writing to the Debtors on or before the Confirmation Date, which notice may be provided in a timely filed Proof of Claim; provided that this provision is without prejudice to any Governmental Units' ability to assert setoff rights, if any, provided that such applicable Governmental Unit provides notice of such setoff in writing by no later than Governmental Bar Date, which notice may be provided in a timely filed Proof of Claim.

8. SEC Carve Out

Notwithstanding any language to the contrary in the Disclosure Statement, Plan and/or Confirmation Order, no provision shall (i) preclude the SEC from enforcing its police or regulatory powers; or, (ii) enjoin, limit, impair or delay the SEC from commencing or continuing any claims, causes of action, proceedings or investigations against any non-Debtor person or non-Debtor entity in any appropriate forum.

J. Executory Contracts

1. Rejection of Executory Contracts

As of and subject to the occurrence of the Effective Date, all executory contracts and unexpired leases to which any of the Debtors are parties shall be deemed rejected, unless such contract or lease (a) was previously assumed or rejected by the Debtors pursuant to an order of the Bankruptcy Court; (b) previously expired or terminated pursuant to its own terms or by agreement of the parties thereto; (c) is the subject of a motion to assume filed by the Debtors on or before the Confirmation Date; (d) is a contract, release, or other agreement or document entered into in connection with the Plan, (e) is an Insurance Policy; or (f) is identified for assumption on the Assumption Schedule included in the Plan Supplement, which schedule shall be in form and substance reasonably acceptable to the Required Preferred Stockholders.

Subject to the occurrence of the Effective Date, entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the assumptions, assumptions and assignments, or rejections provided for in the Plan pursuant to sections 365(a) and 1123 of the Bankruptcy Code and a determination by the Bankruptcy Court that the Liquidation Trust has provided adequate assurance of future performance under such assumed executory contracts and unexpired leases. Each executory contract and unexpired lease assumed or assumed and assigned pursuant to the Plan shall vest in and be fully enforceable by the Liquidation Trust in accordance with its terms, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable law.

2. Rejection Damages Claims

In the event that the rejection of an executory contract or unexpired lease hereunder results in damages to the other party or parties to such contract or lease, any Claim for such damages shall be classified and treated in Class 3 (General Unsecured Claims). Such Claim shall be forever barred and shall not be enforceable against the Debtors, their respective Estates, ~~the Post-Effective Date Debtors~~ or the Liquidation Trust, or their respective properties or interests in property as agents, successors, or assigns, unless a proof of Claim is filed with the Claims and Noticing Agent and served upon counsel for the Debtors or Liquidation Trust, as applicable, by the later of (a) thirty (30) days after the filing and service of the notice of the occurrence of the Effective Date; and (b) thirty (30) days after entry of an Order rejecting such contract or lease if such contract or lease is the subject of a pending Assumption Dispute.

3. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases

Any Cure Amount due under each Executory Contract and Unexpired Lease to be assumed or assumed and assigned pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment in Cash on the Effective Date (or as soon as reasonably practicable thereafter), subject to the limitation described below, by the Debtors or the Liquidation Trust, as applicable, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree.

In the event of a dispute regarding (a) the amount of the Cure Amount, (b) the ability of the Liquidation Trust or any other applicable assignee to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease, or (c) any other matter pertaining to assumption or assumption and assignment (as applicable), the obligations of section 365 of the Bankruptcy Code shall be deemed satisfied following the entry of a Final Order or orders resolving the dispute and approving the assumption or assumption and assignment (as applicable); *provided*, that the Debtors or the Liquidation Trust (as applicable) may settle any dispute regarding the amount of any Cure Amount without any further notice to any party or any action, order, or approval of the Bankruptcy Court.

Assumption or assumption and assignment of any Executory Contract or Unexpired Lease pursuant to the Plan, or otherwise, shall result in the full release and satisfaction of any defaults, subject to satisfaction of the Cure Amount, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the Effective Date of assumption and/or assignment. Any prepetition default amount set forth in the Schedules and/or any Proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed or assumed and assigned shall be deemed Disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

4. Assignment

To the extent provided under the Bankruptcy Code or other applicable law, any executory contract or unexpired lease transferred and assigned hereunder shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of the type set forth in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts, or conditions such transfer or assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts, or conditions the assignment or transfer of any such executory contract or unexpired lease or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or unexpired lease to terminate, modify, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment, constitutes an unenforceable anti-assignment provision and is void and of no force or effect with respect to any assignment pursuant to the Plan.

5. Modifications, Amendments, Supplements, Restatements, or Other Agreements

Unless otherwise provided herein or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is listed in the Assumption Schedule shall include any and all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument, or other document is listed in the notice of assumed contracts.

6. Reservation of Rights

The Debtors may amend the Assumption Schedule and any cure notice until the Business Day immediately prior to the commencement of the Confirmation Hearing in order to (a) add, delete, or reclassify any executory contract or unexpired lease or amend a proposed assumption or assumption and assignment and/or (b) amend the proposed Cure Amount; *provided*, that if the Confirmation Hearing is adjourned for a period of more than two (2) consecutive calendar days, the Debtors' right to amend such schedules and notices shall be extended to the Business Day immediately prior to the adjourned date of the Confirmation Hearing, with such extension applying in the case of any and all subsequent adjournments of the Confirmation Hearing. The Debtors shall provide notice of such amendment to any affected counterparty as soon as reasonably practicable.

Neither the exclusion nor inclusion of any contract or lease by the Debtors on any exhibit, schedule, or other annex to the Plan or in the Plan Supplement, nor anything contained in the Plan, will constitute an admission by the Debtors that any such contract or lease is or is not in fact an executory contract or unexpired lease or that the Debtors, or the Liquidation Trust, or their respective affiliates have any liability thereunder.

Except as otherwise provided in the Plan, nothing herein shall waive, excuse, limit, diminish, or otherwise alter any of the defenses, Claims, Causes of Action, or other rights of the Debtors and the Liquidation Trust, under any executory or non-executory contract or any unexpired or expired lease.

Nothing in the Plan will increase, augment, or add to any of the duties, obligations, responsibilities, or liabilities of the Debtors or the Liquidation Trust, as applicable, under any executory or non-executory contract or any unexpired or expired lease.

K. Conditions Precedent to Confirmation and the Effective Date

1. Conditions to Confirmation of the Plan

The Confirmation of the Plan shall not occur unless and until each of the following conditions has occurred or has been waived pursuant to Article XI.B-XI.C of the Plan:

- a. The Global Settlement Approval Order shall have been entered and remain in full force and effect;
- a.The b. The Order approving the Disclosure Statement Order shall have been entered;
- b.c. The Plan Supplement and all of the schedules, documents and exhibits contained therein shall have been filed;
- e.d. The RSA shall not have been terminated and shall be in full force and effect; and
- e.d. The Disputed Claims Reserve and Indemnification Reserve shall have been set by agreement with the Required Preferred Stockholders or as set forth in Article V.C V.R of the Plan;

2. Conditions to Occurrence of the Effective Date

The Effective Date of the Plan shall not occur unless and until each of the following conditions has occurred or has been waived pursuant to Article XI.B-XI.C of the Plan:

- a. the Bankruptcy Court shall have entered the Confirmation Order, in form and substance materially consistent with the Plan and otherwise reasonably acceptable to the Debtors and the Required Preferred Stockholders and, with respect to any terms that materially affect the terms set forth in the (i) Indemnification Settlement Term Sheet, the Indemnified Individuals and (ii) the Securities Litigation Settlement, the Indemnified Individuals, the Underwriters, and the Securities Plaintiffs, which shall not be stayed pending appeal, and shall be a Final Order;
- b. the Professional Fee Escrow Account shall have been established and fully funded as set forth herein;
- c. All Ad Hoc Preferred Stockholder Group expenses invoiced in accordance with Article II.C of the Plan shall have been paid in full in Cash;
- d. All SC Trusts Indenture Trustee Fees invoiced in accordance with Article II.D of the Plan shall have been paid in full in Cash;
- e. the Debtors shall have established and funded such reserves for Allowed and Disputed Claims, and the Indemnification Reserves, as required pursuant to Article V.CV.R. and Article VIII.I of the Plan;
- f. the DOJ Insurance Policy shall have been acquired;
- g. the Bhatia Litigation Settlement Final Approval Order shall have been entered and be a Final Order in form and substance materially consistent with the Bhatia Litigation Settlement, and the Gross Settlement Amount shall be funded in accordance with the Bhatia Litigation Settlement Agreement;
- h. the Securities Litigation Final Approval Order shall have been entered and be a Final Order in form and substance materially consistent with the Securities Litigation Settlement, the proceeds under the D&O Contribution shall have been released and the payments from the Underwriters and the Holders of Preferred Stock Interests shall have been funded, each in accordance with the Securities Litigation Settlement;
- i. the Go-Forward Chapter 11 Budget shall be funded in accordance with the Indemnification Settlement Term Sheet;
- j. the Common Stock Sponsors' Expenses shall have been paid in accordance with the Common Stock Settlement;
- k. the Reorganized Silvergate Cash Funding shall be funded in accordance with the Common Stock Settlement.

- e1. all documents, agreements and other instruments which are exhibits to the Plan or included in any Plan Supplement shall be acceptable to the Debtors and the Required Preferred Stockholders and with respect to any terms that materially affect the terms set forth in the (i) Indemnification Settlement Term Sheet, the Indemnified Individuals, (ii) the Securities Litigation Settlement, the Indemnified Individuals, the Underwriters, and the Securities Plaintiffs, and (iii) the Common Stock Settlement to the extent not addressed in the Common Stock Settlement Term Sheet, the Common Stock Sponsors; and shall have been executed and delivered by the parties thereto;
- fm. all actions, documents and agreements necessary to implement the Plan and the transactions contemplated by the Plan shall have been effected or executed; and
- gn. all appropriate notices shall have been given and all other appropriate actions shall have been taken to preserve all applicable Insurance Policies, including any “tail policy,” notices required to be provided.

3. Waiver of Conditions to Confirmation and Effective Date

The Debtors may not waive the conditions to Confirmation of the Plan set forth in Article XI.A., other than Article XI.A.3, without the consent of the Required Preferred Stockholders (e-mail of counsel being sufficient) and Article XI.A.1 without the consent of the Indemnified Individuals and the Underwriters (e-mail of counsel being sufficient). The conditions to the Effective Date set forth in Article XI.A-XI.B of the Plan may be waived by the Debtors, without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan; provided, that the Debtors may not waive the condition set forth in Article XI.A, other than Article XI.2 of the Plan without the consent of the Required Preferred Stockholders conditions set forth in (i) Article XI.B.8 without the consent of the Underwriters and the Securities Plaintiffs (e-mail of counsel being sufficient), and (ii) Article XI.B.1 and Article XI.B.5 through Article XI.B.9 without the consent of the Indemnified Individuals (e-mail of counsel being sufficient) and (iii) Article XI.B.10 through Article XI.B.12 without the consent of the Common Stock Sponsors (e-mail of counsel being sufficient).

4. Effect of Failure of Conditions to the Effective Date

In the event the conditions specified in Article XI.A and XI.B of the Plan have not been satisfied or waived in accordance with Article XI.C of the Plan, and upon notification submitted by the Debtors to the Bankruptcy Court (a) the Confirmation Order shall be vacated; (b) no Distributions shall be made; (c) the Debtors and all Holders of Claims and Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred; and (d) all of the Debtors’ obligations with respect to the Claims and Interests shall remain unchanged and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any other Person in any proceedings further involving the Debtors. Neither the Disclosure Statement, any statement contained in the Disclosure Statement nor the Plan may be used in these Chapter 11 Cases, or in any action, other than in connection with confirmation of the Plan. In the event that the Plan is not confirmed, or is

confirmed but does not become effective, the Disclosure Statement, any statements contained in the Disclosure Statement and the Plan shall have no force or effect, and neither the Disclosure Statement, any statements contained in the Disclosure Statement nor the Plan shall be admissible in any court or legal forum for any purpose whatsoever.

L. Modification of the Plan

1. Plan Modifications

Subject to certain restrictions and requirements set forth in section 1127(a) of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors may alter, amend or modify the Plan ~~with the consent of the Required Preferred Stockholders, including the Plan Supplement, including the Plan Supplement, with the consent of the Required Preferred Stockholders, and (a) with respect to any terms that materially affect the terms set forth in the (i) Indemnification Settlement Term Sheet, with the consent of the Indemnified Individuals and (ii) the Securities Litigation Settlement, with the consent of the Indemnified Individuals, the Underwriters, and the Securities Plaintiffs, and (b) if the alteration, amendment or modification of the Plan, including the Plan Supplement, is inconsistent with the Common Stock Settlement set forth herein or, to the extent not addressed in the Common Stock Settlement set forth herein and affecting Reorganized Silvergate or Common Stock Interests' recoveries hereunder, with the consent of the Common Stock Sponsors, without additional disclosure pursuant to section 1125 of the Bankruptcy Code prior to the Confirmation Date. After the Confirmation Date and before substantial consummation of the Plan, the Debtors may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan, including the Plan Supplement, the Disclosure Statement, or the Confirmation Order, relating to such matters as may be necessary to carry out the purposes and effects of the Plan.~~

After the Confirmation Date, but before the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan with the consent, not to be unreasonably withheld, of the Required Preferred Stockholders, including the Plan Supplement, ~~and (a) with respect to any terms that materially affect the terms set forth in the (i) Indemnification Settlement Term Sheet, with the consent of the Indemnified Individuals and (ii) the Securities Litigation Settlement, with the consent of the Indemnified Individuals, the Underwriters, and the Securities Plaintiffs, and (b) if the alteration, amendment or modification of the Plan, including the Plan Supplement, is inconsistent with the Common Stock Settlement set forth herein or, to the extent not addressed in the Common Stock Settlement set forth herein and affecting Reorganized Silvergate or Common Stock Interests' recoveries hereunder, with the consent of the Common Stock Sponsors, without further order or approval of the Bankruptcy Court; provided, that such adjustments and modifications do not materially and adversely affect the treatment of Holders of Claims or Interests and are otherwise permitted under section 1127(b) of the Bankruptcy Code.~~

2. Effect of Confirmation on Modification

Entry of a Confirmation Order shall mean that all modifications and amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code, and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

M. Effect of Confirmation

1. Deemed Consent

By (i) voting to accept the Plan ~~or forbearing from and failing to opt out of the releases, or (ii) opting out of into~~ the releases, as applicable and set forth in the Plan, each such Holder of a Claim or Interest, ~~as applicable~~, will be deemed, to the fullest extent permitted by applicable law, to have specifically consented to the exculpations, releases and injunctions set forth in the Plan; provided that this Article XIII.A. of the Plan shall not limit or impact the enforceability of any exculpation, release, or injunction provisions of the Plan in accordance with their terms.

2. ~~No Waiver~~

~~NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE PLAN, CONFIRMATION OF THE PLAN SHALL NOT RELEASE, NOR BE DEEMED TO RELEASE, ANY CLAIM OR CAUSE OF ACTION THAT ANY DEBTOR MAY HOLD AGAINST ANY PERSON OR ENTITY (INCLUDING ANY RELEASED PARTY) RELATED TO, ARISING UNDER, OR IN ANY WAY WITH RESPECT TO ANY OF THE RETAINED CAUSES OF ACTION.~~

2. Disallowed Claims and Disallowed Interests

On and after the Effective Date, Reorganized Silvergate and the Liquidation Trust shall be fully and finally discharged of any and all liability or obligation on a Disallowed Claim or a Disallowed Interest. The Confirmation Order, except as otherwise provided herein, shall constitute an Order: (a) disallowing all Claims against and Interests in the Debtors to the extent such Claims and Interests are not allowable under any provision of section 502 of the Bankruptcy Code, including, but not limited to, time-barred Claims and Interests, and Claims for unmatured interest and (b) disallowing or subordinating to all other Claims, as the case may be, any Claims against the Debtors for penalties, punitive damages or any other damages not constituting compensatory damages.

N. Retention of Jurisdiction

On and after the Effective Date, the Bankruptcy Court shall retain and have jurisdiction over all matters arising in, arising under, or related to the Chapter 11 Cases, or that relate to any of the following:

- a1.** To Allow, Disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Expense Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or Allowance of Claims or Interests.
- b2.** To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan or any order of the Bankruptcy Court, including the

Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof.

- e3. To hear and determine all applications for the payment of Professional Fee Claims.
- d4. To resolve any matters related to (i) the assumption, assumption and assignment or rejection of any Executory Contract to which a Debtor is a party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Claims related to the rejection of an Executory Contract or any other matter related to such Executory Contract; (ii) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; and (iii) any dispute regarding whether a contract or lease is or was executory or unexpired.
- e5. To adjudicate controversies, if any, with respect to distributions to Holders of Allowed Claims.
- f6. To hear and determine any dispute or reconcile any inconsistency arising in connection with the Plan, including any Plan Supplement, or the Confirmation Order or the interpretation, implementation or enforcement of the Plan, any Plan Supplement, the Confirmation Order, any transaction or payment contemplated hereby or any agreement, instrument or other document governing or relating to any of the foregoing.
- g7. To hear and determine any matter concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code.
- h8. To adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code.
- i9. To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code.
- j10. To hear and determine any rights, Claims or Causes of Action, including without limitation Claims or Causes of Action identified on the Schedule of Retained Causes of Action, held by, transferred to or accruing to the Liquidation Trust or Reorganized Silvergate, as applicable, pursuant to the Bankruptcy Code, including any settlement or compromise thereof.
- k11. To issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person (and any government, governmental agency or any subdivision, department or other instrumentality thereof) with the consummation, implementation or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court.
- l12. To take any action, and issue such orders as may be necessary or appropriate, to construe, enforce, implement, execute and consummate the Plan or to maintain the integrity of the Plan following consummation.

- m13. To resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan.
- n14. To ensure that all Distributions are accomplished as provided herein.
- e15. To allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim.
- p16. To enter, implement or enforce such orders as may be necessary or appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated.
- q17. To enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code.
- r18. To recover all Assets of the Estates, wherever located.
- s19. To hear and determine matters concerning exemptions from state and federal registration requirements in accordance with section 1145 of the Bankruptcy Code.
- t20. To determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code.
- u21. To enter a Final Decree closing the Chapter 11 Cases.
- v22. To determine any motion, adversary proceeding, application, contested matter and other litigated matter pending on or commenced after the Confirmation Date.
- w23. To enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Plan and these Chapter 11 Cases.
- x24. To determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Confirmation Order, any Plan Supplement or any other contract, instrument, release or other agreement or document related to the Plan or the Disclosure Statement.
- y25. To adjudicate any adversary proceedings pending before the Bankruptcy Court on or after the Petition Date or any other disputes relating to any Retained Cause of Action that the Post Effective Date Debtors Liquidation Trust or Reorganized Silvergate, as applicable, may bring thereafter.
- z26. To hear and determine any dispute or suit regarding setoff or recoupment.
- aa27. Adjudicate all other matters over which the Bankruptcy Court has jurisdiction.

ARTICLE V
CERTAIN TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and to certain U.S. Holders (as defined below) of Allowed Preferred Stock Interests that will receive cash or other property (including Liquidation Trust Beneficial Interests) under the Plan. The following summary does not address the U.S. federal income tax consequences to **holders** **Indemnified Individuals and Holders** of Claims or Interests that are unimpaired, deemed to reject the Plan or otherwise entitled to payment in full in cash under the Plan.

The discussion of U.S. federal income tax consequences below is based on the Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury Regulations (“Treasury Regulations”), judicial authorities, published positions of the Internal Revenue Service (“IRS”), and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations (possibly with retroactive effect). The U.S. federal income tax consequences of the contemplated transactions are complex and subject to significant uncertainties. The Debtors have not requested an opinion of counsel or a ruling from the IRS with respect to any of the tax aspects of the contemplated transactions, and the discussion below is not binding upon the IRS or the courts. Accordingly, there is no assurance that the IRS would not take a contrary position as to the federal income tax consequences described herein.

This summary does not address non-U.S., state, local, gift, or estate tax consequences of the Plan, nor does it purport to address all aspects of U.S. federal income taxation that may be relevant to a **holder** **Holder** in light of its individual circumstances or to a **holder** **Holder** that may be subject to special tax rules (such as persons who are related to the Debtors within the meaning of the Code, foreign taxpayers, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, real estate investment trusts, regulated investment companies, tax-exempt organizations, trusts, governmental authorities or agencies, dealers and traders in securities, retirement plans, individual retirement and other tax-deferred accounts, **holders** **Holders** that are, or hold Interests through, S corporations, partnerships or other pass-through entities for U.S. federal income tax purposes, persons whose functional currency is not the U.S. dollar, dealers in foreign currency, persons who hold Interests as part of a straddle, hedge, conversion transaction or other integrated investment, persons using a mark-to-market method of accounting, **holders** **Holders** of Interests who are themselves in bankruptcy, persons subject to the alternative minimum tax or the “Medicare” tax on net investment income and accrual method taxpayers that report income on an “applicable financial statement”). In addition, this discussion does not address U.S. federal taxes other than income taxes, nor does it address the Foreign Account Tax Compliance Act.

Additionally, this discussion assumes that (i) the various debt and other arrangements to which any of the Debtors is a party will be respected for U.S. federal income tax purposes in accordance with their form and (ii) except where otherwise indicated, the Interests are held as “capital assets” (generally, property held for investment) within the meaning of Section 1221 of the Code.

For purposes of this discussion, a “U.S. Holder” is a ~~holder~~Holder of an Allowed Preferred Stock Interest that is: (i) an individual citizen or resident of the United States for U.S. federal income tax purposes; (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (iv) a trust (a) if a court within the United States is able to exercise primary jurisdiction over the trust’s administration and one or more United States persons have authority to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a ~~holder~~Holder of an Interest, the tax treatment of a partner (or other beneficial owner) generally will depend upon the status of the partner (or other beneficial owner) and the activities of the partner (or other beneficial owner) and the entity. Partners (or other beneficial owners) of partnerships (or other pass-through entities) that are ~~holders~~Holders of Interests should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON YOUR INDIVIDUAL CIRCUMSTANCES. ALL HOLDERS OF INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE U.S. FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

A. Certain Tax Consequences to the Debtors

The Plan generally is not expected to give rise to material tax consequences to the Debtors. For U.S. federal income tax purposes, SCC is the common parent of an affiliated group of corporations which files a single consolidated U.S. federal income tax return of which the other Debtors are members or flow-through entities wholly owned by a member of the group. As of July 31, 2024, the Debtors had ~~, among other things, Silvergate NOLs composed of~~ federal NOL carryforwards in the amount of approximately \$1,370,000,000, state NOL carryforwards in the amount of approximately \$1,290,000,000 and certain other tax attributes ~~(collectively, the “Tax Attributes”)~~. The amount of any ~~Tax Attributes~~Silvergate NOLs, as well as any limitations on their use, remain subject to ~~review and potential adjustment by the IRS. Upon the liquidation of the Debtors pursuant to the Plan, any Tax Attributes of the Debtors will be eliminated.~~ applicable law.

The Debtors filed a motion (the “NOL Motion”) seeking entry of an order, among other things, imposing certain procedural protections and restrictions on trading of the Debtors’ equity interests for purposes of preserving the Debtors’ tax attributes and the Silvergate NOLs. As a result of the NOL Motion and the NOL Order, the Silvergate NOLs have been preserved for the benefit of Reorganized Silvergate.

B. Consequences for Holders of Allowed Preferred Stock Interests

The U.S. federal income tax consequences of the implementation of the Plan to a U.S. Holder of an Allowed Preferred Stock Interest will depend, among other things, upon the origin of the ~~holder's~~Holder's Interest, when the ~~holder~~Holder receives payment in respect of such Interest and whether the ~~holder~~Holder reports income using the accrual or cash method of tax accounting.

It is currently expected, and this discussion assumes, that the Liquidation Trust will be treated as a trust that is a “liquidating trust” and a “grantor trust” for U.S. federal income tax purposes, and that each U.S. Holder of an Allowed Preferred Stock Interest that receives a Liquidation Trust Beneficial Interest will be treated for U.S. federal income tax purposes as directly receiving, and as a direct owner of, its respective share of the Liquidation Trust Assets (consistent with its economic rights in the trust). As a result, a U.S. Holder of an Allowed Preferred Stock Interest generally will recognize gain or loss with respect to its Allowed Preferred Stock Interest, as applicable, in an amount equal to the difference between (i) the sum of the amount of Cash received on or about the Effective Date, plus, if applicable, the fair market value of any Liquidation Trust Beneficial Interests received in exchange for such ~~holder's~~Holder's Interests and (ii) the ~~holder's~~Holder's adjusted tax basis of the Allowed Preferred Stock Interest exchanged therefor.

A U.S. Holder's share of any proceeds received by the Liquidation Trust upon the sale or other disposition of the Liquidation Trust Assets should not be included, for U.S. federal income tax purposes, in the ~~holder's~~Holder's amount realized in respect of its Allowed Preferred Stock Interest, or Allowed Common Stock Interest but should be separately treated as amounts realized in respect of such ~~holder's~~Holder's ownership interest in the underlying Liquidation Trust Assets.

A U.S. Holder's tax basis in its respective share of the Liquidation Trust Assets will equal the fair market value of its share of such assets, and the ~~holder's~~Holder's holding period generally will begin the day following the Effective Date. Pursuant to the Plan, the Liquidation Trustee will make a good faith valuation of the Liquidation Trust Assets transferred to the Liquidation Trust, and all parties (including, without limitation, the Debtors, Liquidation Trust Beneficiaries, and the Liquidation Trustee) must report consistently with such valuation for all U.S. federal income tax purposes.

In the event of the subsequent disallowance of any Disputed Claims or to the extent any funds remain in the Data Retention and Production Reserve or Indemnification Reserves, it is possible that a ~~holder~~Holder of a previously Allowed Preferred Stock Interest may receive additional distributions in respect of its Interest. The receipt of any such amounts generally would result in additional gain (or reduce the amount of loss) recognized by the U.S. Holder with respect to its Allowed Preferred Stock Interest. U.S. Holders who intend to recognize losses with respect to their Allowed Interests should consult their own tax advisors about the application of U.S. tax provisions that could defer recognition of loss until the Disputed Claim Reserve ~~or~~is Data Retention and Production Reserve ~~is~~or Indemnification Reserves are fully distributed.

Where gain or loss is recognized by a U.S. Holder, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a

number of factors, including the tax status of the ~~holder~~Holder, whether the Interest constitutes a capital asset in the hands of the ~~holder~~Holder and how long it has been held.

C. Tax Treatment of the Liquidation Trust and Liquidation Trust Beneficiaries

1. Classification of the Liquidation Trust as a Liquidating Trust

The Liquidation Trust is intended to qualify as a “liquidating trust” for U.S. federal income tax purposes. In general, a liquidating trust is not a separate taxable entity but rather is treated for U.S. federal income tax purposes as a “grantor” trust (i.e., a pass-through entity). The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan. The Liquidation Trust will be structured with the intention of complying with such general criteria. In conformity with Revenue Procedure 94-45, all parties (including, without limitation, the Debtors, Liquidation Trust Beneficiaries, and the Liquidation Trustee) will be required to treat the transfer of the Liquidation Trust Assets to the Liquidation Trust as (i) a transfer of the Liquidation Trust Assets (subject to any obligations relating to those assets) directly to Liquidation Trust Beneficiaries (other than to the extent any of the Liquidation Trust Assets are allocable to Disputed Claims), followed by (ii) the transfer by such ~~holders~~Holders to the Liquidation Trust of the Liquidation Trust Assets in exchange for the Liquidation Trust Beneficial Interests. Accordingly, except in the event of contrary definitive guidance, Liquidation Trust Beneficiaries would be treated for U.S. federal income tax purposes as the grantors and owners of their respective share of the Liquidation Trust Assets (other than such Liquidation Trust Assets as are allocable to Disputed Claims). While the following discussion assumes that the Liquidation Trust would be treated as a liquidating trust for U.S. federal income tax purposes, no ruling will necessarily be requested from the IRS concerning the tax status of the Liquidation Trust as a grantor trust. Accordingly, there can be no assurance that the IRS would not take a contrary position to the classification of the Liquidation Trust as a grantor trust. If the IRS were to successfully challenge such classification, the U.S. federal income tax consequences to the Liquidation Trust and the U.S. Holders of Allowed Interests could vary from those discussed herein.

2. General Tax Reporting by the Liquidation Trust and Liquidation Trust Beneficiaries

For all U.S. federal income tax purposes, all parties (including, without limitation, the Debtors, Liquidation Trust Beneficiaries, and the Liquidation Trustee) must treat the Liquidation Trust as a grantor trust of which ~~holders~~Holders of Allowed Interests receiving the Liquidation Trust Interests are the owners and grantors (as determined for U.S. federal income tax purposes). Accordingly, Liquidation Trust Beneficiaries are treated for U.S. federal income tax purposes as the direct owners of an undivided interest in the Liquidation Trust (other than any assets allocable to Disputed Claims), consistent with their economic interests therein. The Liquidation Trustee will file tax returns for the Liquidation Trust treating the Liquidation Trust as a grantor trust pursuant to Section 1.671-4(a) of the Treasury Regulations. The Liquidation Trustee also shall annually send to each Liquidation Trust Beneficiary a separate statement regarding the receipts and expenditures of the Liquidation Trust as relevant for U.S. federal income tax purposes and will instruct all such ~~holders~~Holders to use such information in preparing their U.S. federal income tax returns or to forward the appropriate information to such ~~holder's~~Holder's underlying

beneficial ~~holders~~Holders with instructions to utilize such information in preparing their U.S. federal income tax returns.

All taxable income and loss of the Liquidation Trust will be allocated among, and treated as directly earned and incurred by, Liquidation Trust Beneficiaries with respect to each beneficiary's undivided interest in the Liquidation Trust Assets (and not as income or loss with respect to its prior Allowed Preferred Stock Interests or Allowed Common Stock Interests), with the possible exceptions of amounts due to a reallocation of undeliverable distributions and any taxable income and loss allocable to any assets allocable to, or retained on account of, Disputed Claims. The character of any income and the character and ability to use any loss will depend on the particular situation of the Liquidation Trust Beneficiary. The tax book value of the Liquidation Trust's assets for purposes of allocating taxable income and loss shall equal their fair market value on the date of the transfer of such assets to the Liquidation Trust, adjusted in accordance with tax accounting principles prescribed by the Code, applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

In accordance with the Plan, as soon as practicable after the Effective Date, the Liquidation Trustee will make a good faith valuation of the Liquidation Trust Assets as of the Effective Date. All parties (including, without limitation, the Debtors, Liquidation Trust Beneficiaries, and the Liquidation Trustee) must report consistently with such valuation for all U.S. federal income tax purposes.

The U.S. federal income tax obligations of a Liquidation Trust Beneficiary are not dependent on the Liquidation Trust distributing any cash or other proceeds. Thus, a U.S. Holder owning Liquidation Trust Beneficial Interests may incur a U.S. federal income tax liability with respect to its allocable share of Liquidation Trust's income even if the Liquidation Trust does not make a concurrent distribution to the U.S. Holder. In general, other than in respect of cash retained on account of Disputed Claims and distributions resulting from undeliverable distributions (the subsequent distribution of which still relates to a U.S. Holder's Allowed Interests), a distribution of cash by the Liquidation Trust will not be separately taxable to a ~~holder~~Holder of Allowed Interests receiving the Liquidation Trust Beneficial Interests since the U.S. Holder is already regarded for U.S. federal income tax purposes as owning the underlying assets (and was taxed at the time the cash was earned or received by Liquidation Trust).

U.S. Holders are urged to consult their tax advisors regarding the appropriate U.S. federal income tax treatment of any subsequent distributions of cash originally retained by the Liquidation Trust on account of Disputed Claims.

The Liquidation Trust will comply with all applicable governmental withholding requirements. If any beneficiaries of the Liquidation Trust are not U.S. persons, the trustee of the Liquidation Trust may be required to withhold up to 30% of the income or proceeds allocable to such persons, depending on the circumstances (including whether the type of income is subject to a lower treaty rate). As indicated above, the foregoing discussion of the U.S. federal income tax consequences of the Plan does not generally address the consequences to non-U.S. Holders; accordingly, such ~~holders~~Holders should consult their tax advisors with respect to the U.S. federal income tax consequences of the Plan, including owning an interest in the Liquidation Trust.

3. Tax Reporting for the Liquidation Trust Assets Allocable to Disputed Claims

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Liquidation Trustee of an IRS private letter ruling if the Liquidation Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Liquidation Trustee), the Liquidation Trustee (A) may elect to treat any of the Liquidation Trust Assets allocable to, or retained on account of, any reserve for Disputed Claims as a “disputed ownership fund” governed by Section 1.468B-9 of the Treasury Regulations, if applicable, and (B) to the extent permitted by applicable law, will report consistently for state and local income tax purposes.

If a “disputed ownership fund” election is made with respect to any reserve for Disputed Claims, such reserve will be subject to tax annually on a separate entity basis on any net income earned with respect to such assets (including any gain recognized upon the disposition of such assets). All distributions from such reserves (which distributions will be net of the expenses, including taxes, relating to the retention or disposition of such assets) will be treated as received by ~~holders~~Holders in respect of their Claims as if distributed by the Debtors. All parties (including, without limitation, the Debtors, Liquidation Trust Beneficiaries, and the Liquidation Trustee) will be required to report for tax purposes consistently with the foregoing. The Disputed Claims Reserve, if any, shall be responsible for payment, out of the assets allocable to such reserve for Disputed Claims, of any taxes imposed with respect to such Disputed Claims Reserve or such assets. In the event, and to the extent, any cash allocable to any Disputed Claims Reserve is insufficient to pay the portion of any such taxes attributable to the taxable income arising from the assets allocable to such reserve (including any income that may arise upon the distribution of the assets in such reserve), assets allocable to such reserve for Disputed Claims may be sold to pay such taxes.

D. Information Reporting and Backup Withholding

All distributions made under the Plan are subject to any applicable tax withholding. Under U.S. federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to “backup withholding” at the then applicable withholding rate (currently 24%). Backup withholding generally applies if the ~~holder~~Holder (a) fails to furnish its social security number or other taxpayer identification number, (b) furnishes an incorrect taxpayer identification number, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the tax identification number provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions. Holders are urged to consult their tax advisors regarding the Treasury Regulations governing backup withholding and whether the transactions contemplated by the Plan would be subject to these Treasury Regulations.

In addition, Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer’s

claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these Treasury Regulations and whether the transactions contemplated by the Plan would be subject to these Treasury Regulations and require disclosure on the ~~holder's~~Holder's tax returns.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

ARTICLE VI **SOLICITATION AND VOTING PROCEDURES**

The solicitation procedures attached to the Disclosure Statement Order (the “**Solicitation Procedures**”), which are incorporated into this Disclosure Statement by reference and summarized below, will be used to collect and tabulate votes on the Plan. The Disclosure Statement Order establishing the Solicitation Procedures should be read in conjunction with this Disclosure Statement and in formulating a decision to vote to accept or reject the Plan. In the event of any conflict between the Solicitation Procedures and this Disclosure Statement, the Solicitation Procedures will control.

A. Holders of Claims and Interests Entitled to Vote on the Plan

As discussed above, Holders of Claims in Class 5 (Indemnified Individuals Indemnifiable Claims, and Interests in Class ~~7~~8 (Preferred Stock Interests) (the “Voting Class”) are Impaired under the Plan and will receive an entitlement to a distribution or a distribution, as applicable, under the Plan. Accordingly, Holders of Claims and Interests in the Voting Class are entitled to vote on the Plan and all such Holders should refer to the Disclosure Statement Order and Solicitation Procedures attached thereto for further instructions on voting.

B. Voting Record Date

The Record Date for determining whether Holders of Claims and Interests are entitled or permitted to vote on the Plan and receive the Solicitation Package (as defined below) in accordance with the Solicitation Procedures is ~~[●]~~1, 2024 1, 2025.

C. Solicitation Package

The package of materials (the “**Solicitation Package**”) to be sent to Holders of Claims and Interests in the Voting Classes ~~and Holders of Interests in Class 7~~ contain:

- ~~1. a cover letter from the Debtors describing the contents of the Solicitation Package and urging the Voting Classes to vote to accept the Plan;~~
- ~~0. 2. a copy of this Disclosure Statement, together with the exhibits hereto, including the Plan, attached as Exhibit A;~~
- ~~1. 3. a copy of the Disclosure Statement Order entered by the Bankruptcy Court;~~
- ~~2. 4. a copy of the notice of the Confirmation Hearing, the Confirmation Objection Deadline, and the Voting Deadline (the “Confirmation Hearing Notice”);~~
- ~~3. 5. an appropriate form of Ballot with return instructions and a prepaid, return envelope; and~~
- ~~4. 6. any other materials ordered by the Bankruptcy Court to be included as part of the Solicitation Package.~~

In addition, the following materials will be sent to Holders of Claims and Interests not in the Voting Classes as of the Voting Record Date and Holders of Unclassified Claims as of the Voting Record Date:

1. a copy of the Confirmation Hearing Notice; and
2. a notice informing such Holders that are not entitled to vote under the terms of the Plan with an Opt-In Form.

The Plan, the Disclosure Statement, all Plan Documents, including the Plan Supplement, will be made available online at no charge at the website maintained by the Debtors’ voting agent, Stretto (the “Voting Agent”) at <https://cases.stretto.com/silvergate>. The Debtors will provide parties in interest (at no charge) with hard copies of the Plan and/or Disclosure Statement, as well as any exhibits thereto, upon request to the Voting Agent electronically at [\[●\]teamsilvergate@stretto.com](mailto:[●]teamsilvergate@stretto.com) or by telephone at [\[●\] \(International\) 1-855-316-3507 \(toll free\)](tel:[●]1-855-316-3507).

D. Voting on the Plan

~~The voting deadline to accept or reject the Plan is at [●] (Prevailing Eastern Time) on [●], 2024, unless extended by the Debtors (the “Voting Deadline”). You may submit your Ballot via first class mail, overnight courier, or hand/personal delivery at the address listed below or online at the [●] website listed below. Ballots will not be accepted by facsimile, email, or other electronic means of transmission. Additional details on voting are discussed herein and set forth in Ballots delivered to Holders of Claims or Interests entitled or permitted to vote on the Plan.~~

~~For your vote to be counted, you must return your properly completed Ballot in accordance with the voting instructions on the Ballot on that it is *actually received* by [●] (the “Voting Agent”), on or before the Voting Deadline.~~

~~[●]~~

The voting deadline to accept or reject the Plan is at 4:00 p.m. (Prevailing Eastern Time) on [] , 2025, unless extended by the Debtors (the “Voting Deadline”). Special procedures are set forth in the Disclosure Statement Order and Solicitation Procedures for beneficial holders who hold securities through a broker, dealer, commercial bank, trust company, or other agent or nominee (“Nominee”). If you received a Solicitation Package addressed to or sent from your Nominee, please return your Ballot to your Nominee allowing enough time for your Nominee to cast your vote on a Ballot or Master Ballot before the Voting Deadline. Please review the Disclosure Statement Order and Solicitation Procedures for further information concerning such special voting instructions.

For your vote to be counted, you must return your properly completed Ballot in accordance with the voting instructions on the Ballot on that it is actually received by the Voting Agent, on or before the Voting Deadline.

E. Special Notice Concerning Releases Associated with Voting

Pursuant to Article IX.B IX.C of the Plan, each Releasing Party shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged each Debtor, ~~Post-Effective Date Debtor~~ Reorganized Silvergate, the Liquidation Trustee, the Liquidation Trust Board, the Liquidation Trust and each other Released Party from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever (in each case, whether prepetition or postpetition up until the Effective Date), including any derivative Claims asserted or that may be asserted on behalf of the Debtors, their Estates, Reorganized Silvergate, the Liquidation Trustee or the Liquidation Trust that such ~~Entity~~ Releasing Party would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, based on or relating to, or in any manner arising from, in whole or in part, the issuance, distribution, purchase, sale, or rescission of the purchase or sale of any security or other debt instrument of the Debtors, the Debtors or the conduct of their business (in each case, whether prepetition or postpetition), the formulation, preparation, dissemination, or negotiation of the RSA, the Plan, the Disclosure Statement, any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, the Disclosure Statement, the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date (in each case, whether prepetition or postpetition up until the Effective Date) related or relating to the foregoing.

Notwithstanding anything to the contrary in the foregoing, the releases set forth in Article IX.C of the Plan shall not ~~release~~ (i) be construed as releasing (i) any Liquidation Trust Retained Causes of Action or Reorganized Silvergate Retained Causes of Action, (ii) any Released Party (other than any Indemnified Individual) from Claims or Causes of Action arising from an act or omission that is judicially determined by a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, or (iii) any post-Effective

Date obligations of any party or Entity under the Plan or any document, instrument, or agreement executed to implement the Plan; provided that for the avoidance of doubt, (x) and in accordance with the terms of the Global Settlement, the Releasing Parties are waiving and releasing all Releasing Party Claims against all Indemnified Individuals; (y)(i) the Securities Plaintiffs' entry into the Securities Litigation Stipulation of Settlement shall not be construed as having deemed the Securities Plaintiffs or any Securities Litigation Class Members as Releasing Parties or having opted into the third party releases provided in Article IX.C of the Plan; and (ii) the releases granted by the Securities Plaintiffs and Securities Litigation Class Members, in their capacity as such, in the Securities Litigation pursuant to the Securities Litigation Stipulation of Settlement shall be governed by and implemented pursuant to the terms thereof and the Securities Litigation Final Approval Order.

~~Notwithstanding anything to the contrary in the foregoing, the releases set forth in Article IX.C of the Plan shall not be construed as (i) releasing any Released Party from Claims or Causes of Action arising from an act or omission that is judicially determined by a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, (ii) releasing any timely filed Proof of Claim (as may be validly amended under the Plan or as maybe permitted by the Bankruptcy Code and Bankruptcy Rules) or any post-Effective Date obligations of or under (A) any party or Entity under the Plan, (B) any Executory Contract or Unexpired Lease to the extent such Executory Contract or Unexpired Lease has been assumed by the Debtors pursuant to Final Order, or (C) any document, instrument, or agreement executed to implement the Plan, or (iii) releasing any rights to distributions required to be paid or delivered pursuant to the Plan or the Confirmation Order.~~

Holders of Claims or Interests may have independent claims against one or more of the Released Parties. Because a vote in favor of the Plan will release whatever claims do exist, if any, against the Released Parties, creditors and interest Holders should consult their own counsel for information and advice as to whether any such claims exist and the value or merit of any such claims. If a Holder of Claims or Interests does not wish to give the releases contemplated under the Plan, then the Holder should vote to reject the Plan and check the box to opt out of the releases in the Plan, or if applicable, not opt into the releases in the Plan. Any party in interest may object to the proposed third-party release provisions. The Debtors have the burden of proof at the Confirmation Hearing to satisfy the applicable standards for third party releases.

FOR THE AVOIDANCE OF ANY DOUBT, PURSUANT TO THE THIRD PARTY RELEASES IN THE PLAN, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED, WAIVED, AND DISCHARGED EACH RELEASED PARTY FROM (AMONG OTHER CLAIMS AS MORE FULLY SET FORTH IN ARTICLE IX.C OF THE PLAN) ANY CLAIMS RELATED TO OR ASSERTED IN THE PUTATIVE CLASS ACTIONS (WHICH ACTIONS INCLUDE, FOR THE AVOIDANCE OF ANY DOUBT, (I) THE SECURITIES LITIGATION ACTION, (II) THE BHATIA LITIGATION, AND (III) THE ~~FIDUCIARY DUTY LITIGATION~~, DERIVATIVE ACTION). PURSUANT TO THE RELEASES, RELEASING PARTIES WOULD BE RELEASING THEIR RIGHTS TO ANY RECOVERIES ARISING FROM THE

**PUTATIVE CLASS ACTIONS IF SUCH HOLDERS VOTE TO ACCEPT THE PLAN-~~OR~~
DO NOT OPT OUT OF THE RELEASES PROVIDED FOR IN THE PLAN-~~AND~~AND ARE
BOUND BY THE THIRD-PARTY RELEASE PROVISIONS OF THE PLAN.**

**ARTICLE VII
RISK FACTORS TO CONSIDER BEFORE VOTING**

A. Risk of Amendment, Waiver, Modification or Withdrawal of the Plan

The Debtors reserve the right, in accordance with the Bankruptcy Code, the Bankruptcy Rules and consistent with the terms of the Plan, to amend the terms of the Plan or waive any conditions thereto if and to the extent that such amendments or waivers are necessary or desirable to consummate the Plan.

The potential impact of any such amendment or waiver on the ~~holders~~Holders of Claims and Interests cannot presently be foreseen, but may include a change in the economic impact of the Plan on some or all of the proposed Classes or a change in the relative rights of such Classes.

B. Parties May Object to the Plan's Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with this requirement. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that parties will not object to the proposed classification.

C. The Debtors May Not Be Able to Obtain Confirmation of the Plan

The Debtors may not receive the requisite acceptances to confirm the Plan. In the event that votes with respect to Claims in the Class entitled to vote are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek Confirmation of the Plan by the Bankruptcy Court. However, if the requisite acceptances are not received, the Debtors may not be able to obtain Confirmation of the Plan. Even if the requisite acceptances of the Plan are received, the Bankruptcy Court might not confirm the Plan as proposed if the Bankruptcy Court finds that any of the statutory requirements for confirmation under section 1129 of the Bankruptcy Code has not been met.

If the Plan is not confirmed by the Bankruptcy Court, there can be no assurance that any alternative plan would be on terms as favorable to Holders of Allowed Claims as the terms of the Plan. In addition, there can be no assurance that the Debtors will be able to successfully develop, prosecute, confirm and consummate an alternative plan that is acceptable to the Bankruptcy Court and the Debtors' creditors.

D. The Ad Hoc Preferred Stockholder Group May Exercise the Opt-Out Condition

Under the Common Stock Settlement, in the event that the Bankruptcy Court determines that NYDIG is entitled to a general unsecured claim, the Ad Hoc Preferred Stockholder Group has the right to exercise the Opt-Out Condition if they believe that the Bankruptcy Court's ruling results in a material adverse change to the Plan. In such an instance the Common Stock Sponsors would retain the right to object to the confirmation of the Plan and to prosecute their Motion to Expand the Examiner's Scope, which may result in a contested Confirmation Hearing before the Bankruptcy Court. Although the Debtors believe that they would satisfy the standards for confirmation at a contested Confirmation Hearing, the outcome of any litigation is inherently uncertain.

E. Claims Litigation

Several interested parties have asserted Claims against the Debtors, including but not limited to NYDIG and EJF, which, in the aggregate assert claims in an amount in excess of \$100,000,000. The Debtors do not believe that these Claims are valid, but the Debtors are presently engaged in litigation with NYDIG and EJF the outcomes of which may materially affect the amounts required for the Debtors to satisfy such Claims, if Allowed, under the Plan. As set forth above, an adverse ruling with respect to NYDIG may allow the Ad Hoc Preferred Stockholder Group to exercise the Opt-Out Condition, which may add additional litigation risk in confirming the Plan before the Bankruptcy Court at the Confirmation Hearing.

F. Disputed Claims Reserve

While the Debtors believe that there is adequate funding for the Disputed Claims Reserve, it could be possible that the Debtors are required to include additional funding for the Disputed Claims Reserve, including the FTX Disputed Claims Sub-Reserve. To the extent that the Debtors are required to fund significant additional amounts into the Disputed Claims Reserve, including the FTX Disputed Claims Sub-Reserve, distributions under the Plan may be adversely affected or materially delayed.

G. ~~D.~~ The Conditions Precedent to the Effective Date of the Plan May Not Occur

As more fully set forth in the Plan, the Effective Date is subject to a number of conditions precedent. If such conditions precedent are not met or waived, the Effective Date will not occur.

H. ~~E.~~ Holders of Claims and Interests May Recover Less Than Projected

Recoveries to Holders of Claims and Interests of the Debtors will be affected by numerous factors. First, cash available for Distributions is uncertain and will depend, in part, on the outcome of any Causes of Action pursued by the Debtors, Retained Liquidation Trust Causes of Action pursued by the Liquidation Trust, and any other efforts to monetize and realize value from the Debtors' assets. Litigation is inherently uncertain and the outcome of any claims is hard to predict.

Further, recoveries to Holders of Claims and Interests will be affected by the amount of Claims and Interests ultimately Allowed against the Debtors. The Debtors' expenses could be higher than projected and Distributions could be reduced by, among other things, the prior payment of fees, costs, and expenses of the Debtors or the costs to administer the Plan. Further, recoveries to a Holder of a Claim or Interest in a particular class will be affected by the amount of Allowed Claims required to be paid by the Debtors pursuant to the Plan, which are *pari passu* or senior to the Claim or Interest held by such Holder.

Although the Debtors have made commercially reasonable efforts to disclose projected recoveries in this Disclosure Statement, as discussed above, it is possible that the amount of Allowed Claims will be materially higher than any range of possible Allowed Claims the Debtors have considered to date, and thus recoveries could be materially reduced or eliminated. In addition, the timing of actual distributions to ~~holders~~Holders of Allowed Claims and Allowed Interests may be affected by many factors that cannot be predicted. Therefore, the Debtors cannot guarantee the timing of any Distributions.

I. F. The Allowed Amount of Claims May Differ from Current Estimates

There can be no assurance that the estimated Allowed Claim amounts set forth in the Plan and herein are correct, and the actual amount of Allowed Claims may differ from the estimates. The estimated amounts are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the actual amount of Allowed Claims may vary from those estimated in the Disclosure Statement. Furthermore, a number of additional claims may be Filed, including on account of governmental claims (which may be filed up until the Governmental Bar Date). Such claims may be substantial. Any such claims may result in a greater amount of Allowed Claims than estimated in the Disclosure Statement.

J. G. Risks Related to Income Taxation

There are several income tax considerations, risks and uncertainties associated with the Plan. Interested parties should read carefully the discussions set forth in Article VII of the Disclosure Statement regarding certain United States federal income tax consequences of the transactions proposed by the Plan.

K. H. Certain Risks to Holders of Interests

In order to preserve the tax attributes of the Debtors, Holders of Interests may be restricted by the Debtors' organizational documents, the Confirmation Order or other order of the Bankruptcy Court from transferring their Interests.

L. I. Litigation

As is the case with most litigation, the outcomes of any litigation involving the ~~Debtor~~Debtors, or any other Retained Cause of Action commenced, or preserved, prior to the Effective Date, are difficult to assess or quantify.

ARTICLE VIII

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed and consummated, the Debtors' alternatives include (i) seeking dismissal of the Chapter 11 Cases [or conversion of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code](#), or (ii) the preparation and presentation of an alternative chapter 11 plan.

A. Dismissal or Conversion

If the Plan is not confirmed and consummated, the Debtors' alternatives include (i) seeking dismissal of the Chapter 11 Cases or [conversion of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code or](#) (ii) the preparation and presentation of an alternative chapter 11 plan.

The Debtors believe that the Plan is the best alternative available to creditors and interest holders because the Plan provides for an orderly liquidation and return of capital to ~~holders~~[Holders](#) of Claims and Interests. Furthermore, the Debtors believe that the Plan also provides creditors and interest holders with a degree of certainty that would not exist if the Debtors' assets were subject to liquidation outside of the Plan and eliminates the risks and expenses of the marketplace and continual administration of the Debtors. In this regard, in the event of a liquidation under Chapter 7, ~~holders~~[Holders](#) of Preferred Stock Interests would likely not receive distributions in as large of an amount as they will likely be entitled to under the Plan and equity Interests would likely not be entitled to any recovery, and the following is likely to occur:

- i1.** Additional administrative expenses, including trustee's commissions, fees for trustee's accountant, attorneys and other professionals likely to be retained, would be incurred with priority over General Unsecured Claims under section 507(a)(1) of the Bankruptcy Code and would materially reduce creditor and Preferred Stock Interest Holder recovery.
- ii2.** Distributions would likely be substantially delayed, while expenses of administration would continue to grow.

Accordingly, it is the Debtors' belief that in a Chapter 7 liquidation of the Debtors, the unsecured creditors would not receive a distribution. Accordingly, the Debtors believe that the Plan is in the best interests of creditors. *See* Liquidation Analysis attached hereto as [Exhibit C](#).

Accordingly, the Debtors have determined that confirmation of the Plan will provide each ~~holder~~[Holder](#) of an Allowed Claim or Interest with a recovery that is not less than the amount such ~~holder~~[Holder](#) would receive pursuant to liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

B. Alternative Chapter 11 Plan.

If the Plan is not confirmed, the Debtors or any other party in interest could attempt to formulate a different chapter 11 plan. If an alternative plan is pursued, creditors and equity holders would lose the recoveries derived from the Plan. Accordingly, the Debtors believe that the Plan enables creditors and equity holders to realize the highest recoveries under the circumstances.

ARTICLE IX

CONFIRMATION OF THE PLAN

The Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation are that the Plan is (A) accepted by all impaired Classes of Claims and Interests entitled to vote or, if rejected or deemed rejected by an impaired Class, that the Plan “does not discriminate unfairly” and is “fair and equitable” as to such Class; (B) in the “best interests” of the Holders of Claims and Interests impaired under the Plan; and (C) feasible.

A. Acceptance of the Plan

The Bankruptcy Code defines “acceptance” of a plan by a class of (i) Claims as acceptance by creditors in that class that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Claims that cast ballots for acceptance or rejection of the Plan and (ii) Interests as acceptance by interest Holders in that class that hold at least two-thirds (2/3) in amount of the Interests that cast ballots for acceptance or rejection of the Plan. Holders of Claims or Interests that fail to vote are not counted in determining the thresholds for acceptance of the Plan.

If any impaired Class of Claims or Interests does not accept the Plan (or is deemed to reject the Plan), the Bankruptcy Court may still confirm the Plan at the request of the Debtors if, as to each impaired Class of Claims or Interests that has not accepted the Plan (or is deemed to reject the Plan), the Plan “does not discriminate unfairly” and is “fair and equitable” under the so-called “cram down” provisions set forth in section 1129(b) of the Bankruptcy Code. The “unfair discrimination” test applies to classes of claims or interests that are of equal priority and are receiving different treatment under the Plan. A chapter 11 plan does not discriminate unfairly, within the meaning of the Bankruptcy Code, if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class and if no class of claims or interests receives more than it legally is entitled to receive for its claims or interests. The test does not require that the treatment be the same or equivalent, but that such treatment be “fair.” The “fair and equitable” test applies to classes of different priority and status (e.g., secured versus unsecured; claims versus interests) and includes the general requirement that no class of claims receive more than 100% of the allowed amount of the claims in such class. As to the dissenting class, the test sets different standards that must be satisfied in order for the Plan to be confirmed, depending on the type of claims or interests in such class. The following sets forth the “fair and equitable” test that must be satisfied as to each type of class for a plan to be confirmed if such class rejects the plan:

- **Secured Creditors.** Each ~~holder~~Holder of an impaired secured claim either (a) retains its liens on the property, to the extent of the allowed amount of its secured claim, and receives deferred cash payments having a value, as of the effective date of the plan, of at least the allowed amount of such secured claim, (b) has the right to credit bid the amount of its claim if its property is sold and retains its lien on the proceeds of the sale, or (c) receives the “indubitable equivalent” of its allowed secured claim.
- **Unsecured Creditors.** Either (a) each ~~holder~~Holder of an impaired unsecured claim receives or retains under the plan, property of a value, as of the effective date of the plan,

equal to the amount of its allowed claim or (b) the Holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

- **Interests.** Either (a) each equity interest ~~holder~~Holder will receive or retain under the plan property of a value equal to the greater of (i) the fixed liquidation preference or redemption price, if any, of such equity interest and (ii) the value of the equity interest or (b) the Holders of interests that are junior to the interests of the dissenting class will not receive or retain any property under the plan.

IF ALL OTHER CONFIRMATION REQUIREMENTS ARE SATISFIED AT THE CONFIRMATION HEARING, THE DEBTORS WILL ASK THE BANKRUPTCY COURT TO RULE THAT THE PLAN MAY BE CONFIRMED ON THE GROUND THAT THE SECTION 1129(b) REQUIREMENTS HAVE BEEN SATISFIED.

B. Best Interests Test

The Bankruptcy Code requires that each ~~holder~~Holder of an impaired claim or interest either (1) accepts the plan or (2) receives or retains under the plan property of a value, as of the effective date, that is not less than the value such ~~holder~~older would receive if the debtor were liquidated under chapter 7 of the Bankruptcy Code. This requirement is customarily referred to as the “best interests” test. The Debtors believe that the value of any distributions to Holders of Allowed Claims and Interests in a chapter 7 case would be less than the value of distributions under the Plan.

C. Feasibility

The Bankruptcy Code requires that a chapter 11 plan provide for payment in full of all administrative and priority claims unless ~~holders~~Holders of such claim consent to other treatment. Each Holder of an Allowed Other Priority Claim will receive payment in full in Cash or other treatment rendering such claim Unimpaired, unless such Holder agrees to less favorable treatment. The Debtors therefore believe that the Plan is feasible.

D. Confirmation Hearing and Plan Objection Deadline

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a confirmation hearing upon appropriate notice to all required parties. The Confirmation Hearing is scheduled for [●, 2024], 2025 at [] (Prevailing Eastern Time) (the “Confirmation Hearing”), or as soon thereafter as counsel may be heard, before the Honorable [●, Karen B. Owens, Chief United States Bankruptcy Judge. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the continuation date made at the Confirmation Hearing, at any subsequent continued Confirmation Hearing, or pursuant to a notice filed on the docket for the Chapter 11 Cases. The Bankruptcy Court has directed that any objections to confirmation of the Plan be filed and served on or before [●, 2024], 2025, at [●, 4:00 p.m. (Prevailing Eastern Time) (the “Plan Objection Deadline”).

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to the confirmation of a plan. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules and the ~~local rules~~Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Debtors’ estates or properties, the basis for the objection and the specific grounds therefor, and must be Filed with the Bankruptcy Court and served upon all of the below parties in accordance with the Bankruptcy Rules and the ~~local rules of the Bankruptcy Court~~Local Rules.

If to the Debtors, to:

Silvergate Capital Corporation
4225 Executive Square, Suite 600,
La Jolla, CA 92037
Attn: Paris Cribben

-and-

Richards, Layton & Finger, P.A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Attn: Paul N. Heath
Michael J. Merchant
David T. Queroli
Emily R. Mathews
heath@rlf.com
merchant@rlf.com
queroli@rlf.com
mathews@rlf.com

-and-

Cravath, Swaine & Moore LLP
375 Ninth Avenue
New York, NY 10001
Attn: George E. Zobitz
Paul H. Zumbro
Alexander Gerten
jzobitz@cravath.com
pzumbro@cravath.com
agerten@cravath.com

**UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED
IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT**

E. Payment of Statutory Fees

All Quarterly Fees due and payable prior to the Effective Date shall be paid by the Debtors, in full, in Cash, on or before the Effective Date. All Quarterly Fees that arise after the Effective Date (including, without limitation, in connection with funding the Professional Fee Escrow Account) shall be paid by ~~the Post-Effective Date Debtors~~ [Reorganized Silvergate and Liquidation Trust, as applicable](#), in full, in Cash when due and payable.

F. Governing Law

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an exhibit hereto or a document in the Plan Supplement provides otherwise, the rights, duties and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

G. Notice of [Effective Date](#), Entry of Confirmation Order and Relevant Dates

Promptly upon ~~entry the occurrence~~ of the [Confirmation Order](#)[Effective Date of the Plan](#), the Debtors shall file on the docket and serve upon ~~the parties who have entered their appearance listed on the creditor matrix~~, a notice of the [Effective Date of the Plan](#), entry of the Confirmation Order and all relevant deadlines and dates under the Plan.

H. Revocation, Withdrawal or Non-Consummation of Plan

If the Debtors revoke or withdraw the Plan with respect to any one or more of the Debtors, or if confirmation or consummation of the Plan does not occur as to any Debtor, then, as to such Debtor, (a) the Plan shall be null and void in all respects and (b) any settlements and compromises embodied in the Plan, and any document or agreement executed pursuant the Plan and not otherwise approved by a separate Final Order shall be deemed null and void and nothing contained in the Plan and no acts taken in preparation for consummation of the Plan shall (i) constitute or be deemed to constitute a waiver or release of any Claims against or Interests in such Debtor or any other Person, (ii) prejudice in any manner the rights of any of the Debtors or any other Person in any other further proceedings involving such Debtor or (iii) constitute or be deemed to constitute an admission of any sort by the Debtors or any other Person. None of the filing of the Plan, the taking by the Debtors or other party in interest of any action with respect to the Plan or any statement or provision contained herein shall be or be deemed to be an admission by the Debtors or other party in interest against interest, or be or be deemed to be a waiver of any rights, Claims or remedies that the Debtors or other party in interest may have, and until the Effective Date all such rights and remedies are and shall be specifically reserved. In the event the Plan is not confirmed and the Confirmation Order is not entered, the Plan and any Plan Supplement, and any statement contained herein or therein, may not be used by any Person (and any government, governmental agency or any subdivision, department or other instrumentality thereof) against the Debtors and other parties in interest. The Debtors shall consult with the Required Preferred

Stockholders with respect to the revocation or withdrawal of the Plan with respect to any one or more of the Debtors.

I. Binding Effect

The Plan shall be binding upon and inure to the benefit of the Debtors ~~and the Post-Effective Date Debtors~~, [Reorganized Silvergate](#) and the Holders of all Claims and Interests and their respective successors and assigns.

J. Severability of Plan Provisions

If, prior to the Effective Date, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors with the consent, not to be unreasonably withheld, of the Required Preferred Stockholders, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

K. No Admissions

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER CAUSES OF ACTION OR THREATENED CAUSES OF ACTION, THE PLAN SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

L. Time

In computing any period of time prescribed or allowed by the Plan, unless otherwise set forth in the Plan or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 as in effect on the Petition Date shall apply. With regard to all dates and the periods of time set forth or referred to in the Plan, time is of the essence.

M. Successors and Assigns

The rights, benefits and obligations of any Person (and any government, governmental agency or any subdivision, department or other instrumentality thereof) named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Person (and any government, governmental agency or any subdivision, department or other instrumentality thereof).

N. Conflict between Plan, Disclosure Statement and Plan Documents

In the event of any conflict between the terms and provisions in the Plan and the terms and provisions in the Disclosure Statement, or any Plan Supplement, the terms and provisions of the Plan shall control and govern.

O. Substantial Consummation

On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

P. Plan Exhibits

Any and all exhibits to the Plan or other lists or schedules not filed with the Plan shall be filed with the Clerk of the Bankruptcy Court at least seven (7) Business Days prior to the Plan Objection Deadline, unless the Plan provides otherwise. Upon such filing, such documents may be inspected in the office of the Clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Interests may obtain a copy of any such document upon written request to the Debtors or online at <https://cases.stretto.com/silvergate>. The Debtors explicitly reserve the right to, in the exercise of its sole and absolute discretion, modify or make additions to or subtractions from any schedule to the Plan and to modify any exhibit to the Plan prior to the Plan Objection Deadline.

ARTICLE X
CONCLUSION AND RECOMMENDATION

The Debtors believe the Plan is in the best interests of all stakeholders and urge all Holders of Claims and Interests in voting classes to vote to accept the Plan.

Dated: ~~September 18~~June 24, 2024 2025
Wilmington, Delaware

Respectfully submitted,

Silvergate Capital Corporation
on behalf of itself and each Debtor

By: /s/ Elaine Hetrick
Name: Elaine Hetrick
Title: Chief Administrative Officer

EXHIBIT A

Plan

EXHIBIT B

Organizational Chart

EXHIBIT C

Liquidation Analysis