

CAPITAL MARKETS ANNOUNCEMENT

Square 1 Financial, Inc. (NASDAQ: SQBK; Durham, NC) Closes \$104.1 Million Initial Public Offering of Common Stock

Sandler O'Neill + Partners L.P. served as active book-running manager for this transaction

This transaction represents the 153rd public offering or private placement of common stock for a bank or thrift since January 1, 2009 for which Sandler O'Neill acted as book-runner, co-manager or placement agent, more than any other investment bank during that period. These transactions have raised approximately \$47.5 billion for our clients.

About the Offering:

Durham, N.C.-based Square 1 Financial Inc. closed its IPO of common stock. The parent company of Square 1 Bank sold 3,125,000 class A common shares, while selling shareholders sold a total of 2,206,126 class A common shares and 450,000 class B common shares. The class B common shares converted to class A common shares upon sale in the offering.

The underwriters have an option to purchase up to an additional 867,167 class A common shares at the IPO price less the underwriting discount, within 30 days from the date of the offering. Of these shares, 468,750 shares would be purchased from Square 1 Financial and 398,417 shares would be purchased from the selling shareholders.

The Company intends to use the net proceeds to support long-term growth, for general working capital and other corporate purposes, as well as redemption of series A convertible preferred stock and redemption of convertible trust preferred securities.

This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.

About the Company:

Square 1 Financial, Inc. is the holding company for Square 1 Bank, a full service commercial bank dedicated exclusively to serving the financial needs of the venture capital community and entrepreneurs in all stages of growth and expansion. Square 1's expertise and focus provide flexible resources, tailored solutions and high-touch support to meet our clients' needs. Square 1 Bank provides loans, deposits, treasury management services and investment advisory services. The Square 1 team consists of 240 employees in 11 offices located in key innovation markets across the country.

March 31, 2014

Initial Public Offering

\$104.1 Million

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square 1 bank

Lead Book-Running Manager

SANDLER O'NEILL + PARTNERS

Financial Highlights (as of and for the year ended 12/31/13)

(Dollars in thousands)

Total Assets	\$2,326,427
Gross Loans	1,082,536
Total Deposits	2,106,727
Total Equity	189,149
Net Income	22,133
ROAA	1.06%
ROAE	12.44%
Net Interest Margin	3.91%
Tier 1 Capital Ratio	12.08%
Risk-Based Capital Ratio	13.24%

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