



Chain Bridge Bancorp, Inc.

1445-A Laughlin Avenue
McLean, VA 22101
703-748-2005

chainbridgebank.com

April 16, 2024

Subject: Chain Bridge Bancorp, Inc. — Q1 2024 Earnings Letter

Dear Fellow Stockholder:

This letter presents the financial results of Chain Bridge Bancorp, Inc. (“Chain Bridge” or the “Company”), the registered bank holding company of Chain Bridge Bank, N.A. (the “Bank”), for the first quarter of 2024.

Q1 2024 Financial Highlights

- Consolidated Net Income: \$3.9 million
- Earnings Per Share: \$145.74
- Return on Average Equity: 18.33%
- Return on Average Assets: 1.39%

Financial Performance

Chain Bridge reported consolidated net income of \$3.9 million for the first quarter (“Q1”) of 2024, compared to \$3.3 million in fourth quarter (“Q4”) of 2023 and \$1.0 million in Q1 2023.¹ The earnings per share for Q1 2024 was \$145.74, versus \$123.32 in Q4 2023 and \$39.01 in Q1 2023.

In Q1 2024, the Company’s return on average equity was 18.33%, compared to 16.94% in Q4 2023 and 6.00% in Q1 2023. The return on average assets for Q1 2024 was 1.39%, versus 1.23% in Q4 2023 and 0.42% in Q1 2023.

Net interest income, before recapture of, or provision for credit losses, was \$8.8 million in Q1 2024 versus \$7.8 million in Q4 2023 and \$6.5 million in Q1 2023. Net interest income, after recapture of or provision for, credit losses, was \$9.0 million in Q1 2024, versus \$7.8 million in Q4 2023 and \$5.7 million in Q1 2023. In Q1 2024, this figure included a provision of \$5 thousand for loan credit losses and a recapture of \$199 thousand for securities credit losses.²

¹ Earnings in Q1 2023 were reduced by a \$798 thousand provision for securities credit loss, resulting from a bond issued by Signature Bank.

² The recapture of securities credit losses in Q1 2024 was a recovery on the unsold portion of the same Signature Bank bond.

Chain Bridge Bancorp, Inc.

Q1 2024 Earnings Letter

April 16, 2024

Page 2 of 6

On a consolidated basis, the Company's yield on average earning assets was 3.47% in Q1 2024, compared to 3.25% in Q4 2023 and 2.96% in Q1 2023. The Company's cost of funds decreased to 0.35% in Q1 2024 from 0.38% in both Q4 2023 and Q1 2023. Consequently, the Company's net interest margin improved to 3.15% in Q1 2024 from 2.90% in Q4 2023 and 2.61% in Q1 2023.

Non-Interest Income and Expenses

Non-interest income totaled \$1.6 million in Q1 2024, an increase from \$1.3 million in Q4 2023 and \$283 thousand in Q1 2023. Deposit placement services income, which increased to \$1.1 million in Q1 2024 from \$868 thousand in Q4 2023 and \$16 thousand in Q1 2023, significantly contributed to the growth in non-interest income. This increase is attributable to the Bank's increased participation in transactions facilitated by IntraFi Cash Service[®] ("ICS[®]").³ These transactions involve the Bank placing a portion of its deposit balances off-balance sheet with other member institutions within the IntraFi network. The higher volume of such transactions during the quarter, as detailed in the Balance Sheet Highlights section, directly contributed to the increase in income from these services.

Service charges on deposit accounts also contributed to the rise in non-interest income, increasing to \$311 thousand in Q1 2024 from \$267 thousand in Q4 2023 and \$200 thousand in Q1 2023. Higher transaction volumes and client activity on transaction accounts largely drove this increase, both on a year-over-year and quarter-over-quarter basis.

Trust services and wealth management income, as described in the Trust & Wealth Department section, further contributed to the rise of non-interest income. Additionally, the absence of losses on the sale of securities in Q1 2024, compared to the \$77 thousand loss in Q4 2023 and the \$84 thousand loss in Q1 2023, contributed to the increase in non-interest income.

Non-interest expenses for Q1 2024 increased to \$5.7 million from \$5.0 million in Q4 2023 and \$4.7 million in Q1 2023. Employee salaries and benefits drove this increase, rising to \$3.5 million in Q1 2024 from \$3.1 million in Q4 2023 and \$3.0 million in Q1 2023. Scheduled salary adjustments that took effect in Q1, an increase in headcount, and higher performance-based compensation contributed to this increase. Professional services expenses also rose to \$465 thousand in Q1 2024 from \$286 thousand in Q4 2023 and \$212 thousand in Q1 2023, mainly due to Company-level legal and advisory fees.

Income Tax and Bank Franchise Tax Expenses

In Q1 2024, Chain Bridge recorded a federal income tax expense of \$976 thousand, up from \$838 thousand in Q4 2023 and \$206 thousand in Q1 2023. Additionally, the Company recorded a bank

³ IntraFi Cash Service[®] is a registered service mark of IntraFi Network, LLC.

Chain Bridge Bancorp, Inc.

Q1 2024 Earnings Letter

April 16, 2024

Page 3 of 6

franchise tax expense of \$203 thousand in Q1 2024, up from \$175 thousand in Q4 2023 and \$188 thousand in Q1 2023.

Balance Sheet Highlights

As of March 31, 2024, the Bank reported total assets of \$1.234 billion, compared to \$1.205 billion as of December 31, 2023, and \$1.049 billion as of March 31, 2023. The Bank's total on-balance sheet deposits amounted to \$1.136 billion as of March 31, 2024, compared to \$1.112 billion as of December 31, 2023, and \$968 million as of March 31, 2023.

The Bank's total ICS[®] balances amounted to \$388.5 million as of March 31, 2024, representing an increase from \$307.4 million as of December 31, 2023, and \$112.9 million as of March 31, 2023. Of the total ICS[®] balances as of March 31, 2024, \$99.3 million was held on the Bank's balance sheet as reciprocal deposits received from other banks through a mutual exchange facilitated by ICS[®]. The remaining \$289.2 million was placed off-balance sheet with other member institutions within the IntraFi network, representing an increase from \$130.1 million as of December 31, 2023. As of March 31, 2023, the Bank was not participating in any off-balance sheet ICS[®] transactions.

The average deposits placed off-balance sheet through ICS[®] amounted to \$259.8 million in Q1 2024, representing an increase from an average of \$203.8 million in Q4 2023. The Bank did not have any deposits placed off-balance sheet through ICS[®] in Q1 2023. By using ICS[®] to place a portion of its deposits with other IntraFi network members, the Bank was able to move these deposits off its balance sheet while simultaneously generating deposit placement services revenue, which is recorded as non-interest income.

The Bank primarily attributes the increase in both on-balance sheet deposits and deposits placed off-balance sheet through ICS[®] to a seasonal rise in federal political committee account balances in advance of the upcoming 2024 elections. The Bank expects these deposits to flow out during the third and fourth quarters of 2024, with the possibility of some outflows extending into early 2025. However, the precise amount and timing of such outflows remain uncertain and may differ from historical cycles.

The Bank's cash balances held at the Federal Reserve increased to \$338.0 million as of March 31, 2024, from \$309.8 million at December 31, 2023, and \$113.6 million at March 31, 2023. The higher cash balances resulted in increased interest income, which positively impacted the Bank's quarterly earnings.

The Bank's total investment securities portfolio balance decreased to \$563.3 million as of March 31, 2024, from \$566.7 million at December 31, 2023, and \$590.8 million at March 31, 2023, representing a decline of \$3.4 million and \$27.5 million, respectively.

Chain Bridge Bancorp, Inc.

Q1 2024 Earnings Letter

April 16, 2024

Page 4 of 6

The adjusted duration of the investment securities portfolio, which measures the sensitivity of the portfolio's value to changes in interest rates, stood at 2.96 as of March 31, 2024. This figure decreased from 3.17 as of December 31, 2023, and 3.65 as of March 31, 2023.

As of March 31, 2024, accumulated other comprehensive loss, a component of stockholders' equity, stood at \$11.3 million, which consisted of an unrealized loss of \$14.3 million on bonds, offset by a tax benefit of \$3.0 million. In comparison, the accumulated other comprehensive loss was \$11.6 million as of December 31, 2023 and \$14.6 million as of March 31, 2023.

Gross loans were \$305.9 million as of March 31, 2024, compared to \$304.1 million at December 31, 2023 and \$318.5 million at March 31, 2023. The allowance for credit losses on loans was 1.41% of total loans as of March 31, 2024, compared to 1.42% at December 31, 2023 and 1.40% at March 31, 2023. The Bank had no non-performing assets as of March 31, 2024, December 31, 2023, and March 31, 2023.

Book value per share was \$3,259.44 as of March 31, 2024, compared to \$3,104.98 at December 31, 2023 and \$2,700.54 at March 31, 2023.

Bank Regulatory Capital and Liquidity

As of March 31, 2024, the Bank reported a tier 1 risk-based capital ratio of 25.30%, compared to 24.30% at December 31, 2023 and 21.08% at March 31, 2023. The total risk-based capital ratio stood at 26.44% as of March 31, 2024, compared to 25.44% as of December 31, 2023 and 22.18% as of March 31, 2023.

The Bank's tier 1 capital was \$104.0 million as of March 31, 2024, compared to \$99.9 million at December 31, 2023 and \$92.3 million at March 31, 2023. The Bank's total regulatory capital was \$108.7 million as of March 31, 2024, compared to \$104.5 million as of December 31, 2023 and \$97.1 million as of March 31, 2023.

The Bank's loan-to-deposit ratio was 26.94% as of March 31, 2024, compared to 27.35% as of December 31, 2023 and 32.91% as of March 31, 2023. The risk-weighted asset density was 33.30% as of March 31, 2024, compared to 34.09% as of December 31, 2023 and 41.71% as of March 31, 2023. The liquidity ratio stood at 79.36% on March 31, 2024, compared to 78.75% at December 31, 2023 and 72.18% at March 31, 2023.

Trust & Wealth Department

As of March 31, 2024, the Trust & Wealth Department oversaw \$267.5 million in custody and managed assets, compared to \$240.8 million at December 31, 2023 and \$143.9 million at March 31, 2023. Trust services and wealth management income was \$187 thousand in Q1 2024, compared to \$158 thousand in Q4 2023 and \$112 thousand in Q1 2023. New client accounts opened during

Chain Bridge Bancorp, Inc.

Q1 2024 Earnings Letter

April 16, 2024

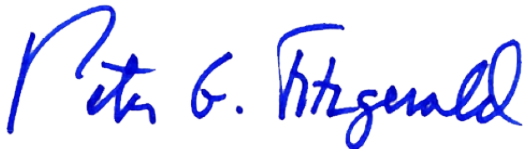
Page 5 of 6

the respective periods mostly drove the growth in assets under custody and administration, as well as the associated increase in non-interest income.

Acknowledgement

We appreciate your continued investment in Chain Bridge Bancorp, Inc. We encourage you to explore the full range of offerings provided by Chain Bridge Bank, N.A., and its Trust & Wealth Department for your financial needs.

Sincerely,



Peter G. Fitzgerald
Chairman of the Board

Attachments:

- Consolidated Financial Highlights
- Consolidated Balance Sheets
- Consolidated Statements of Income

CAUTION ABOUT FORWARD-LOOKING STATEMENTS

This letter may contain statements that predict or forecast future events—a practice that is known as making “forward-looking statements,” under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements about the future goals, intentions, and expectations of Chain Bridge Bancorp, Inc. and its subsidiary, Chain Bridge Bank, National Association (collectively referred to as “Chain Bridge”); trends, plans, events; financing options for growth; and operational and policy outcomes, along with general economic conditions, are not based on historical facts or current situations. Instead, they represent Chain Bridge’s projections about future scenarios, which are inherently uncertain and beyond our control. Words such as “believe,” “expect,” “anticipate,” “intend,” “estimate,” “may,” “would,” “could,” “target,” and their negatives signal such forward-looking statements.

The uncertainty and assumptions underlying these projections mean actual future results or operations could significantly differ from what is discussed. Factors that could cause such differences include fluctuations in market interest rates and inflation; disruptions in financial

Chain Bridge Bancorp, Inc.

Q1 2024 Earnings Letter

April 16, 2024

Page 6 of 6

markets; overall economic conditions; changes in laws, regulations, and their enforcement that affect Chain Bridge's business operations, including capital and liquidity requirements; government actions affecting the financial sector; the company's ability to effectively execute its plans or intentions; the company's ability to uphold its reputation; challenges in obtaining sufficient funding and liquidity; cybersecurity threats and breaches; the capability to retain essential personnel; legal or regulatory disputes; competition from banks, non-bank financial institutions, and financial technology firms; shifts in consumer behavior; and variations in the performance and creditworthiness of customers, suppliers, and other business partners.

This caution about forward-looking statements is provided to inform readers about the limitations of such statements. Readers should not place undue reliance on forward-looking statements, which reflect our views only as of the date they were made. Chain Bridge assumes no obligation to publicly update any forward-looking statements. Past performance of the Company and the Bank does not guarantee future results.

Chain Bridge Bancorp, Inc.
Consolidated Financial Highlights
(Dollars in thousands, except per share data)
(unaudited)

	Quarter Ended		
	March 31, 2024	December 31, 2023	March 31, 2023
Key Performance Indicators			
Consolidated net income	\$ 3,917	\$ 3,314	\$ 1,048
Return on average assets	1.39%	1.23%	0.42%
Return on average equity	18.33%	16.94%	6.00%
Yield on average earning assets	3.47%	3.25%	2.96%
Cost of funds	0.35%	0.38%	0.38%
Net interest margin	3.15%	2.90%	2.61%
Balance Sheet and Other Highlights			
On-Balance Sheet Items:			
Total assets	\$ 1,233,771	\$ 1,205,202	\$ 1,049,066
Cash balances held at the Federal Reserve Bank	337,993	309,826	113,648
Total investment grade equivalent securities ¹	563,337	566,677	590,842
U.S. Treasury securities ¹	196,158	195,364	197,034
Total loans, including mortgage loans held for sale	305,938	304,144	318,548
Total deposits	1,135,755	1,112,025	967,953
Off-Balance Sheet Items:			
Total deposits placed off-balance sheet through ICS [®]	289,223	130,074	--
Trust & Wealth Department: Total custody and managed assets	267,542	240,782	143,924
Liquidity & Asset Quality Metrics			
Liquidity ratio ²	79.36%	78.75%	72.18%
Loan-to-deposit ratio	26.94%	27.35%	32.91%
Non-performing assets / assets	0.00%	0.00%	0.00%
Net charge offs (recoveries) / average loans	0.00%	0.00%	0.00%
Allowance for credit losses on loans / gross loans	1.41%	1.42%	1.40%
Allowance for credit losses on held to maturity securities / gross held to maturity securities ³	0.12%	0.11%	0.11%
Regulatory Capital Information (Chain Bridge Bank, N.A.)			
Tier 1 capital	\$ 103,976	\$ 99,856	\$ 92,253
Tier 1 risk-based capital ratio	25.30%	24.30%	21.08%
Total regulatory capital	\$ 108,659	\$ 104,523	\$ 97,054
Total regulatory capital ratio	26.44%	25.44%	22.18%
Regulatory Capital Information (Chain Bridge Bancorp, Inc.)			
Tier 1 capital	\$ 98,931	\$ 95,002	\$ 87,219
Tier 1 risk-based capital ratio	24.08%	23.12%	19.93%
Total regulatory capital	\$ 103,614	\$ 99,669	\$ 92,020
Total regulatory capital ratio	25.22%	24.26%	21.03%
Chain Bridge Bancorp, Inc. Share Information			
Number of shares outstanding	26,876	26,872	26,872
Book value per share	\$ 3,259.44	\$ 3,104.98	\$ 2,700.54
Earnings per share, basic and diluted	\$ 145.74	\$ 123.32	\$ 39.01

¹ Available for sale securities are reported at fair value, and held to maturity securities are reported at carrying value, net of allowance for credit losses.

² Liquidity measures the Bank's ability to meet its obligations when they become due. The liquidity ratio is calculated as the sum of cash and cash equivalents and unpledged investment grade securities, expressed as a percentage of total liabilities.

³ On January 1, 2023, the Bank adopted ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326)," which shifts credit loss accounting to an expected loss model, requiring the upfront estimation of expected credit losses, for all in-scope instruments including the held to maturity securities portfolio.

Chain Bridge Bancorp, Inc.

Consolidated Balance Sheets

(Dollars in thousands, except per share data)

	March 31, 2024 <i>(unaudited)</i>	December 31, 2023 *	March 31, 2023 <i>(unaudited)</i>
Assets			
Cash and due from banks	\$ 6,134	\$ 6,035	\$ 6,731
Interest-bearing deposits in other banks	340,171	310,732	114,451
Total cash and cash equivalents	346,305	316,767	121,182
Securities available for sale, at fair value	254,880	258,114	279,231
Securities held to maturity, at carrying value, net of allowance for credit losses of \$359, \$348 and \$342, respectively	307,953	308,058	311,115
Equity securities, at fair value	504	505	496
Restricted securities, at cost	2,736	2,613	2,407
Loans held for sale	671	--	--
Loans, net of allowance for credit losses of \$4,324, \$4,319 and \$4,459, respectively	300,943	299,825	314,089
Premises and equipment, net of accumulated depreciation of \$6,920, \$6,791 and \$6,422, respectively	9,789	9,858	9,962
Accrued interest receivable	4,974	4,354	4,368
Other assets	5,016	5,108	6,216
Total assets	\$ 1,233,771	\$ 1,205,202	\$ 1,049,066
Liabilities and Stockholders' Equity			
Liabilities			
Deposits:			
Noninterest-bearing	\$ 833,359	\$ 766,933	\$ 618,831
Savings, interest-bearing checking and money market	286,803	328,350	309,278
Time, \$250 and over	9,140	9,385	6,979
Other time	6,453	7,357	32,865
Total deposits	1,135,755	1,112,025	967,953
Short-term borrowings	5,000	5,000	5,000
Accrued interest payable	76	61	49
Accrued expenses and other liabilities	5,339	4,679	3,495
Total liabilities	1,146,170	1,121,765	976,497
Stockholders' Equity			
Preferred stock			
No par value, 100,000 shares authorized, no shares issued and outstanding	--	--	--
Common stock			
\$1.00 par value, 200,000 shares authorized, 26,876, 26,872 and 26,872 shares issued and outstanding, respectively	27	27	27
Additional paid-in capital	38,295	38,283	38,283
Retained earnings	60,609	56,692	48,840
Accumulated other comprehensive loss	(11,330)	(11,565)	(14,581)
Total stockholders' equity	87,601	83,437	72,569
Total liabilities and stockholders' equity	\$ 1,233,771	\$ 1,205,202	\$ 1,049,066

* Derived from audited financial statements.

Chain Bridge Bancorp, Inc.
Consolidated Statements of Income

(Dollars in thousands, except per share data)
(unaudited)

	Quarter Ended		
	March 31, 2024	December 31, 2023	March 31, 2023
Interest and Dividend Income			
Interest and fees on loans	\$ 3,280	\$ 3,277	\$ 3,388
Interest and dividends on securities, taxable	2,866	2,752	2,823
Interest on securities, tax-exempt	294	301	307
Interest on interest-bearing deposits in banks	3,259	2,376	825
Total interest and dividend income	<u>9,699</u>	<u>8,706</u>	<u>7,343</u>
Interest Expense			
Interest on deposits	808	842	790
Interest on short-term borrowings	99	98	92
Total interest expense	<u>907</u>	<u>940</u>	<u>882</u>
Net Interest Income	8,792	7,766	6,461
(Recapture of) Provision for Credit Losses			
Provision for (recapture of) loan credit losses	5	(81)	(23)
(Recapture of) provision for securities credit losses	(199)	--	798
Total (recapture of) provision for credit losses	<u>(194)</u>	<u>(81)</u>	<u>775</u>
Net interest income after (recapture of) provision for credit losses	<u>8,986</u>	<u>7,847</u>	<u>5,686</u>
Noninterest Income			
Deposit placement services income	1,122	868	16
Service charges on accounts	311	267	200
Trust and wealth management income	187	158	112
Gain on sale of mortgage loans	--	12	--
Loss on sale of securities	--	(77)	(84)
Other income	28	112	39
Total noninterest income	<u>1,648</u>	<u>1,340</u>	<u>283</u>
Noninterest Expenses			
Salaries and employee benefits	3,485	3,122	3,021
Data processing and communication expenses	595	592	546
Professional services	465	286	212
Occupancy and equipment expenses	275	241	224
Virginia bank franchise tax	203	175	188
FDIC and regulatory assessments	193	142	128
Directors fees	161	81	91
Marketing and business development costs	72	69	88
Insurance expenses	60	59	55
Other operating expenses	232	268	162
Total noninterest expenses	<u>5,741</u>	<u>5,035</u>	<u>4,715</u>
Net income before taxes	<u>4,893</u>	<u>4,152</u>	<u>1,254</u>
Income Tax Expense			
	976	838	206
Net income	<u>\$ 3,917</u>	<u>\$ 3,314</u>	<u>\$ 1,048</u>
Earnings per common share, basic and diluted	<u>\$ 145.74</u>	<u>\$ 123.32</u>	<u>\$ 39.01</u>