



Chain Bridge Bancorp, Inc.

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chainbridgebank.com

July 14, 2023

Dear Fellow Shareholder:

We are pleased to present the second quarter financial results of Chain Bridge Bancorp, Inc. ("Chain Bridge" or the "Company"), parent company of Chain Bridge Bank, N.A. (the "Bank"). This letter officially announces our Q2 2023 earnings, providing you with a comprehensive overview of the Company's performance through the first half of the year.

Financial Performance

In Q2 2023, consolidated net income rose to \$1,626,339, up from \$1,048,367 in Q1 2023, but down from the \$1,636,181 reported in Q2 2022. Earnings per share increased to \$60.52 in Q2 2023, from \$39.01 in Q1 2023.

The Company's return on average equity rose to 8.89% in Q2 2023 from 6.00% in Q1 2023. Similarly, the return on average risk-weighted assets increased to 1.51% in Q2 2023 from 0.96% in Q1 2023.

Total earnings for the first half of 2023 reached \$2,674,705, up from \$2,464,703 in the first half of 2022. The book value per share rose to \$2,718.23, up from \$2,700.54 in Q1 2023, and \$2,479.80 in Q2 2022.

Net interest income for Q2 2023 was \$6,329,440, a decrease from \$6,461,119 in Q1 2023, but an increase from \$5,989,167 in Q2 2022. Non-interest income increased to \$437,274 in Q2 2023, from \$283,469 in Q1 2023.

The yield on average earning assets increased to 3.05% in Q2 2023 from 3.00% in Q1 2023. The Company's cost of funds increased to 0.54% in Q2 2023 from 0.38% in Q1 2023. On a non-GAAP, fully tax equivalent basis, the Company's net interest margin decreased to 2.55% from 2.64% in Q1 2023, but was up from 1.79% in Q2 2022.

Balance Sheet Highlights

As of June 30, 2023, total assets rose to \$1.095 billion from \$1.049 billion at the end of Q1 2023. Total deposits rose to \$1.014 billion at the end of Q2 2023, from \$968 million at the end of Q1 2023. As of June 30, 2023, the Bank had no brokered deposits, wholesale borrowings, or pledged securities.

The Company's entire bond portfolio, including both available-for-sale and held-to-maturity bonds, reported a mark-to-market unrealized loss, net of taxes, of \$36.0 million at June 30, 2023, an increase from \$31.1 million at the end of Q1 2023, but a decrease from \$39.7 million at the end of 2022. Gross loans decreased to \$314.2 million at June 30, 2023, from \$318.5 million at March 31, 2023. Reserves for credit losses were \$4.7 million at the end of Q2 2023, compared to \$4.8 million at the end of Q1 2023.

As of June 30, 2023, the loan-to-deposit ratio was 31.01%, the loan portfolio's allowance for credit losses was 1.40% of total loans, and non-performing assets remained at 0.00%.

Capital and Liquidity

As of June 30, 2023, the Bank's tier 1 risk-based capital ratio was 21.89%, up from 20.83% a year prior. The total risk-based capital ratio was 23.00%, up from 21.77% at June 30, 2022. The Bank's tier 1 capital was \$93.8 million as of June 30, 2023, an increase of 10%, from \$85.1 million as of June 30, 2022. The Bank's total regulatory capital was \$98.6 million, an increase of 11% from \$88.9 million as of June 30, 2022.

The Bank's liquidity ratio rose to 74.58% at the end of Q2 2023, up from 72.18% at the end of Q1 2023 and from 71.11% at the end of 2022.

Legal Update

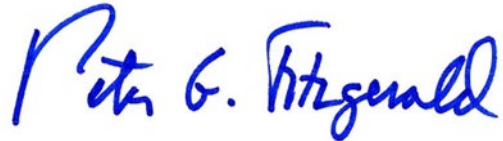
On March 20, 2023, the United States Court of Appeals for the Fourth Circuit affirmed the federal district court's ruling in favor of Chain Bridge, its President David M. Evinger, and CEO John J. Brough in the case of Blue Flame Medical LLC v. Chain Bridge Bank, N.A. Additionally, the Fourth Circuit upheld JPMorgan Chase Bank, N.A.'s obligation to indemnify Chain Bridge for losses and expenses, including attorney's fees, resulting from the cancellation of California's wire transfer to Blue Flame. Neither Blue Flame nor JPMorgan petitioned for rehearing, and the Fourth Circuit's judgment took effect on April 11, 2023.

Both Blue Flame and JPMorgan had until June 20, 2023 to petition the Supreme Court of the United States for a writ of certiorari, which would allow the Supreme Court to review the Fourth Circuit's decision. JPMorgan did not file a petition by that deadline, effectively ending further review of Chain Bridge's indemnification judgment against JPMorgan. Blue Flame, however, secured an extension of its petition deadline to August 17, 2023. Blue Flame's extension application asserted its intention to submit a petition for a writ of certiorari to the Supreme Court on or before that date.

Q2 2023 Earnings Announcement
July 14, 2023
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We appreciate your continued investment in Chain Bridge.

Very truly yours,

A handwritten signature in blue ink that reads "Peter G. Fitzgerald". The signature is written in a cursive, flowing style.

Peter G. Fitzgerald
Chairman of the Board
Chain Bridge Bancorp, Inc.

PGF/hn

Enclosures

CAUTION ABOUT FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements of goals, intentions, and expectations as to future trends, plans, events, potential options to finance potential future growth, or results of Chain Bridge's operations and policies and regarding general economic conditions. Forward-looking statements are not historical facts or statements of current conditions, but instead represent only Chain Bridge's beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside our control. Such statements may be identified by words such as "believe," "may," "would," "could," "expect," "anticipate," "intend," "estimate" and "target" and similar expressions or the negative of such words. Because of the uncertainties and the assumptions on which this discussion and the forward-looking statements are based, actual future operations and results may differ materially from those indicated herein. Important factors that could have such a result include: market interest rates and inflation; disruptions in the financial markets; economic conditions; changes in laws, rules, and regulatory requirements, including capital and liquidity requirements affecting Chain Bridge's businesses, and Chain Bridge's ability to address those requirements; actions by government agencies, including those that impact money supply; Chain Bridge's ability to maintain its reputation; Chain Bridge's ability to access adequate sources of funding and liquidity; Chain Bridge's ability to effectively defend itself against cyber-attacks and other attempts by unauthorized parties to access its or its customers' information or to disrupt its systems; Chain Bridge's ability to attract and retain key personnel; adverse judicial or regulatory proceedings; competitive pressures among depository and other financial institutions, including non-bank financial technology providers; changes in customer behavior; and changes in customers', suppliers' and other counterparties' performance and creditworthiness. Readers are cautioned against placing undue reliance on any such forward-looking statements. Forward-looking statements speak only as of the date made. Chain Bridge does not assume any duty and does not undertake any obligation to update forward-looking statements. The Company's and the Bank's past results are not necessarily indicative of future performance.

Chain Bridge Bancorp, Inc.
Consolidated Financial Highlights

(unaudited)

	Quarter Ended				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Key Performance Indicators					
Consolidated net income	\$ 1,626,339	\$ 1,048,367	\$ 2,584,659	\$ 3,231,818	\$ 1,636,181
Return on average assets (ROAA)	0.64%	0.42%	0.92%	0.93%	0.48%
Return on average risk-weighted assets ¹	1.51%	0.96%	2.33%	3.05%	1.65%
Return on average equity (ROAE)	8.89%	6.00%	15.52%	18.67%	10.57%
Yield on average earning assets	3.05%	3.00%	2.85%	2.45%	1.84%
Cost of funds	0.54%	0.38%	0.24%	0.12%	0.05%
Net interest margin, fully tax equivalent (non-GAAP)	2.55%	2.64%	2.62%	2.33%	1.79%
Balance Sheet and Other Highlights					
Total assets	\$1,094,738,462	\$1,049,066,236	\$1,030,683,857	\$1,343,599,091	\$1,388,810,623
Cash balances held at the Federal Reserve Bank	173,993,211	113,647,515	91,053,596	429,681,642	519,666,383
U.S. Treasury securities ²	193,575,144	197,033,943	200,078,020	202,301,849	192,634,328
Total investment grade securities ²	577,934,018	591,183,694	592,649,117	588,444,485	555,754,283
Total loans	314,249,314	318,548,431	320,192,777	298,885,364	287,605,093
Total deposits	1,013,523,694	967,953,284	952,953,867	1,270,329,240	1,314,578,786
Trust Department: Total custody and managed assets	171,475,752	143,923,594	141,823,608	150,913,198	205,421,969
Liquidity & Asset Quality Metrics					
Liquidity ratio	74.58%	72.18%	71.11%	79.58%	81.39%
Loan-to-deposit ratio	31.01%	32.91%	33.60%	23.53%	21.88%
Risk-weighted asset density ³	39.14%	41.71%	43.33%	32.24%	29.41%
Non-performing assets / assets	0.00%	0.00%	0.00%	0.00%	0.00%
Texas ratio ⁴	0.00%	0.00%	0.00%	0.00%	0.00%
Net charge offs (recoveries) / average loans	0.00%	0.00%	0.00%	0.00%	0.00%
Allowance for credit losses on loans / gross loans	1.40%	1.40%	1.40%	1.40%	1.33%
Allowance for credit losses on held to maturity securities / gross held to maturity securities ⁵	0.11%	0.11%	N/A	N/A	N/A
Regulatory Capital Information (Chain Bridge Bank, N.A.)					
Tier 1 capital	\$ 93,815,368	\$ 92,183,402	\$ 91,374,209	\$ 88,593,937	\$ 85,100,363
Tier 1 risk-based capital ratio	21.89%	21.07%	20.46%	20.45%	20.83%
Total regulatory capital	\$ 98,556,610	\$ 96,984,644	\$ 95,856,209	\$ 92,777,937	\$ 88,919,363
Total regulatory capital ratio	23.00%	22.17%	21.47%	21.42%	21.77%
Regulatory Capital Information (Chain Bridge Bancorp, Inc.)					
Tier 1 risk-based capital	\$ 88,776,560	\$ 87,150,221	\$ 86,430,482	\$ 83,845,822	\$ 80,614,005
Tier 1 risk-based capital ratio	20.72%	19.92%	19.35%	19.36%	19.74%
Total regulatory capital	\$ 93,517,802	\$ 91,951,463	\$ 90,912,482	\$ 88,029,822	\$ 84,433,005
Total regulatory capital ratio	21.82%	21.01%	20.36%	20.32%	20.67%
Share Information (Chain Bridge Bancorp, Inc.)					
Number of shares outstanding	26,872	26,872	26,872	26,872	26,872
Book value per share	\$ 2,718.23	\$ 2,700.54	\$ 2,559.65	\$ 2,401.56	\$ 2,479.80
Book value per share, excluding unrealized gain/loss on available for sale securities (non-GAAP)	\$ 3,303.68	\$ 3,243.16	\$ 3,216.38	\$ 3,120.19	\$ 2,999.93
Earnings per share, basic and diluted	\$ 60.52	\$ 39.01	\$ 96.18	\$ 120.27	\$ 65.48

¹ Quarterly average is calculated using the last two quarter ends.

² Available for sale securities are reported at fair value, and held to maturity securities are reported at carrying value.

³ Risk-weighted asset density measures the riskiness of the Bank's assets. It is calculated as risk-weighted assets divided by total assets.

⁴ Texas ratio is defined as the sum of non-performing assets and delinquent loans, expressed as a percentage of tangible equity and the allowance for credit losses on loans.

⁵ On January 1, 2023, the Bank adopted ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" which required the measurement of expected credit losses for financial assets within scope, including the held to maturity securities portfolio.

Chain Bridge Bancorp, Inc.
Consolidated Balance Sheets

	June 30, 2023 <i>(unaudited)</i>	December 31, 2022 *	June 30, 2022 <i>(unaudited)</i>
Assets			
Cash and due from banks	\$ 9,223,982	\$ 6,773,145	\$ 7,168,645
Interest-bearing deposits in other banks	174,807,096	91,889,968	520,454,250
Total cash and cash equivalents	184,031,078	\$ 98,663,113	\$ 527,622,895
Securities available for sale, at fair value	266,429,865	279,596,208	266,849,761
Securities held to maturity, at carrying value, net of allowance for credit losses of \$342,242, \$0 and \$0 respectively	311,012,692	312,567,291	288,403,235
Equity securities, at fair value	491,461	485,618	501,287
Restricted securities, at cost	2,407,100	2,500,900	2,200,900
Loans, net of allowance for credit losses of \$4,399,000, \$4,482,000 and \$3,819,000, respectively	309,850,314	315,710,778	283,786,093
Premises and equipment, net of accumulated depreciation of \$6,543,392, \$6,300,012 and \$6,052,936 respectively	9,953,782	10,079,737	10,299,583
Accrued interest receivable	3,963,072	4,313,033	3,709,882
Other assets	6,599,098	6,767,179	5,436,987
Total assets	<u>\$ 1,094,738,462</u>	<u>\$ 1,030,683,857</u>	<u>\$ 1,388,810,623</u>
Liabilities and Stockholders' Equity			
Liabilities			
Deposits:			
Noninterest-bearing	\$ 626,520,677	\$ 666,493,146	\$ 1,090,816,374
Savings, interest-bearing checking and money market Time, \$250,000 and over	369,734,645	273,888,277	212,253,845
Other time	9,202,710	5,374,103	4,725,278
Total deposits	8,065,662	7,198,341	6,783,289
Total deposits	\$ 1,013,523,694	\$ 952,953,867	\$ 1,314,578,786
Short-term borrowings	5,000,000	5,000,000	5,000,000
Accrued interest payable	46,372	20,087	6,919
Accrued expenses and other liabilities	3,123,993	3,926,989	2,587,817
Total liabilities	<u>\$ 1,021,694,059</u>	<u>\$ 961,900,943</u>	<u>\$ 1,322,173,522</u>
Stockholders' Equity			
Preferred stock			
No par value, no par value, and \$1 par value, 100,000, 100,000, and 10,000 shares authorized respectively, and no shares issued and outstanding	\$ --	\$ --	\$ --
Common stock			
\$1 par value, 200,000, 200,000, and 50,000 shares authorized, respectively, and 26,872 shares issued and outstanding	\$ 26,872	26,872	26,872
Additional paid-in capital	38,283,095	38,283,095	38,283,095
Retained earnings	50,466,593	48,120,515	42,304,038
Accumulated other comprehensive loss	(15,732,157)	(17,647,568)	(13,976,904)
Total stockholders' equity	<u>\$ 73,044,403</u>	<u>\$ 68,782,914</u>	<u>\$ 66,637,101</u>
Total liabilities and stockholders' equity	<u>\$ 1,094,738,462</u>	<u>\$ 1,030,683,857</u>	<u>\$ 1,388,810,623</u>

* Derived from audited financial statements.

Chain Bridge Bancorp, Inc.
Consolidated Statements of Income
(unaudited)

	Quarter Ended				Six Months Ended		
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	June 30, 2022	
Interest and Dividend Income							
Interest and fees on loans	\$ 3,318,425	\$ 3,388,371	\$ 3,287,052	\$ 2,825,737	\$ 2,649,287	\$ 6,706,796	\$ 5,198,326
Interest and dividends on securities, taxable	2,796,513	2,822,558	2,714,431	2,453,980	2,090,733	5,619,071	4,021,729
Interest on securities, tax-exempt	307,153	306,920	310,238	319,321	329,840	614,073	664,402
Interest on interest-bearing deposits in banks	1,174,537	824,841	1,571,000	2,727,047	1,085,323	1,999,378	1,291,045
Total interest and dividend income	<u>\$ 7,596,628</u>	<u>\$ 7,342,690</u>	<u>\$ 7,882,721</u>	<u>\$ 8,326,085</u>	<u>\$ 6,155,183</u>	<u>\$ 14,939,318</u>	<u>\$ 11,175,502</u>
Interest Expense							
Interest on deposits	\$ 1,171,561	\$ 789,627	\$ 566,135	\$ 348,995	\$ 126,868	\$ 1,961,188	\$ 166,701
Interest on short-term borrowings	95,627	91,944	75,612	56,826	39,148	187,571	68,644
Total interest expense	<u>\$ 1,267,188</u>	<u>\$ 881,571</u>	<u>\$ 641,747</u>	<u>\$ 405,821</u>	<u>\$ 166,016</u>	<u>\$ 2,148,759</u>	<u>\$ 235,345</u>
Net Interest Income	<u>\$ 6,329,440</u>	<u>\$ 6,461,119</u>	<u>\$ 7,240,974</u>	<u>\$ 7,920,264</u>	<u>\$ 5,989,167</u>	<u>\$ 12,790,559</u>	<u>\$ 10,940,157</u>
Provision for (Recovery of) Credit Losses							
(Recovery of) Provision for loan credit losses	\$ (60,000)	\$ (23,000)	\$ 298,000	\$ 365,000	\$ 200,000	\$ (83,000)	\$ 159,000
Provision for securities credit losses	--	798,276	--	--	--	798,276	--
Total provision for (recovery of) credit losses	<u>\$ (60,000)</u>	<u>\$ 775,276</u>	<u>\$ 298,000</u>	<u>\$ 365,000</u>	<u>\$ 200,000</u>	<u>\$ 715,276</u>	<u>\$ 159,000</u>
Net interest income after provision for (recovery of) credit losses	<u>\$ 6,389,440</u>	<u>\$ 5,685,843</u>	<u>\$ 6,942,974</u>	<u>\$ 7,555,264</u>	<u>\$ 5,789,167</u>	<u>\$ 12,075,283</u>	<u>\$ 10,781,157</u>
Noninterest Income							
Service charges on accounts	\$ 224,544	\$ 200,190	\$ 288,745	\$ 270,491	\$ 315,814	\$ 424,734	\$ 594,382
Deposit placement services income	231,311	16,262	546,810	775,575	212,280	247,573	220,215
Trust and wealth management income	145,543	112,090	83,027	91,004	84,341	257,633	161,072
Gain on sale of mortgage loans	--	--	--	--	--	--	17,785
Loss on sale of securities	(198,502)	(83,535)	--	--	--	(282,037)	--
Other income	34,378	38,462	36,009	9,664	12,646	72,839	14,969
Total noninterest income	<u>\$ 437,274</u>	<u>\$ 283,469</u>	<u>\$ 954,591</u>	<u>\$ 1,146,734</u>	<u>\$ 625,081</u>	<u>\$ 720,742</u>	<u>\$ 1,008,423</u>
Noninterest Expenses							
Salaries and employee benefits	\$ 3,100,592	\$ 3,020,780	\$ 2,914,808	\$ 2,863,166	\$ 2,691,409	\$ 6,121,372	\$ 5,394,932
Data processing and communication expenses	567,247	546,190	523,459	508,505	513,878	1,113,437	932,646
Occupancy and equipment expenses	238,700	224,109	220,803	223,487	250,977	462,809	488,109
Professional services	204,470	211,643	459,836	412,762	238,703	416,113	494,712
Virginia bank franchise tax	187,500	188,322	185,600	153,000	158,312	375,822	288,712
FDIC and regulatory assessments	155,880	128,462	75,607	213,234	270,990	284,342	558,670
Directors fees	95,220	91,157	88,050	82,700	99,100	186,377	200,100
Other operating expenses	295,817	304,586	232,227	236,336	205,918	600,403	474,464
Total noninterest expenses	<u>\$ 4,845,426</u>	<u>\$ 4,715,249</u>	<u>\$ 4,700,390</u>	<u>\$ 4,693,190</u>	<u>\$ 4,429,287</u>	<u>\$ 9,560,675</u>	<u>\$ 8,832,345</u>
Net income before taxes	<u>\$ 1,981,288</u>	<u>\$ 1,254,063</u>	<u>\$ 3,197,175</u>	<u>\$ 4,008,808</u>	<u>\$ 1,984,961</u>	<u>\$ 3,235,350</u>	<u>\$ 2,957,235</u>
Income Tax Expense							
	<u>354,949</u>	<u>205,696</u>	<u>612,516</u>	<u>776,990</u>	<u>348,780</u>	<u>560,645</u>	<u>492,532</u>
Net income	<u>\$ 1,626,339</u>	<u>\$ 1,048,367</u>	<u>\$ 2,584,659</u>	<u>\$ 3,231,818</u>	<u>\$ 1,636,181</u>	<u>\$ 2,674,705</u>	<u>\$ 2,464,703</u>
Earnings per common share, basic and diluted	<u>\$ 60.52</u>	<u>\$ 39.01</u>	<u>\$ 96.18</u>	<u>\$ 120.27</u>	<u>\$ 65.48</u>	<u>\$ 110.60</u>	<u>\$ 101.91</u>