

Chesapeake Financial Shares, Inc. Consolidated Statements of Earnings

Three Months Ended
September 30,
2003 2002

Interest Income	(Unaudited)	
Interest and fees on loans.....	\$ 3,740,926	\$ 3,419,689
Interest on federal funds sold.....	15,537	29,324
Interest on time deposits with banks.....	928	1,873
Interest on obligations of U.S. Agency Obligations....	57,194	276,324
Interest on obligations of state and political subs...	283,373	229,507
Total interest income	4,097,958	3,956,717
Interest Expense		
Interest on savings and interest bearing deposits.....	230,698	328,757
Interest on certificates of deposit.....	718,569	919,786
Interest on federal funds purchased.....	57,714	62,518
Other interest expense.....	119,846	10,639
Total interest expense	1,126,827	1,321,700
Net interest income.....	2,971,131	2,635,017
Provision for loan losses.....	350,000	400,001
Net interest income after provision for loan losses...	2,621,131	2,235,016
Noninterest Income		
Income from fiduciary activities.....	443,817	475,113
Service charges on deposit accounts.....	255,445	239,657
Securities gains (losses)-net.....	-	-
Merchant card income.....	421,792	357,185
ATM income.....	103,337	91,561
Business manager income.....	542,425	715,942
Other income.....	295,551	226,720
Total noninterest income.....	2,062,367	2,106,178
Noninterest Expense		
Salaries.....	1,388,149	1,144,655
Employee benefits.....	333,364	285,976
Occupancy expenses.....	546,693	741,072
Merchant card expense.....	363,398	310,024
ATM expense.....	83,738	68,864
Business manager expense.....	182,146	175,397
Other expenses.....	650,869	553,210
Total noninterest expense.....	3,548,357	3,279,198
Income before income taxes.....	1,135,141	1,061,996
Income taxes.....	288,278	242,305
Net income.....	\$ 846,863	\$ 819,691
Earnings per share, primary.....	\$ 0.71	\$ 0.64
Earnings per share, assuming dilution.....	\$ 0.70	\$ 0.62
Dividends per share.....	\$ 0.14	\$ 0.12