

Chesapeake Financial Shares, Inc.
Consolidated Balance Sheets

March 31,
2005

December 31,
2004

ASSETS		(Unaudited)	
Cash and due from banks.....		\$ 11,694,512	\$ 11,118,466
Federal funds sold.....		-	-
Securities available for sale			
U.S. Government agencies(book value of \$24,574,033			
-2005 and \$31,333,760-2004).....		24,619,686	31,515,193
Obligations of state and political subdivisions			
(book value of \$22,284,691-2005 and \$22,594,305			
-2004).....		23,542,663	24,146,231
Other Debt Securities(book value \$1,410,900-2005 and			
\$504,554-2004).....		1,410,900	607,669
Loans.....		273,784,400	264,572,609
Less: Reserve for loan loss.....		(3,614,940)	(3,341,346)
Net loans.....		270,169,460	261,231,263
Bank premises and equipment, net.....		9,792,388	9,273,220
Accrued interest receivable.....		1,680,026	1,437,993
Business Manager Assets.....		15,607,848	16,851,197
Other assets.....		8,606,870	7,366,285
Total assets.....		\$ 367,124,353	\$ 363,547,517
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LIABILITIES AND SHAREHOLDERS' EQUITY		(Unaudited)	
Deposits			
Noninterest bearing deposits.....		\$ 60,328,938	\$ 69,631,725
Savings and interest bearing deposits.....		126,307,485	128,322,412
Certificates of deposit.....		119,325,444	111,412,561
Total deposits.....		305,961,867	309,366,698
Federal funds purchased.....		20,848,251	19,313,000
Accrued interest payable.....		500,379	316,504
Other liabilities.....		1,823,167	1,244,941
Note payable.....		10,992,817	6,540,557
Total liabilities.....		340,126,481	336,781,700
Commitments			
Shareholders' equity			
Preferred stock, par value \$1 per share;			
authorized 50,000 shares; none outstanding		0	0
Common stock, voting.....		6,052,870	6,037,090
Common stock, non-voting.....		0	0
voting			
3/31/05	12/31/04	3/31/05	12/31/04
Shares auth..	2,400,000	2,400,000	635,000
Shares o/s...	1,210,574	1,207,418	0
Paid in capital.....			0
Unrealized gains (losses) on securities available			
for sale.....		860,393	1,212,073
Retained earnings.....		20,084,609	19,252,572
Total shareholders' equity.....		26,997,872	26,765,817
Total liabilities and shareholders' equity.....		\$ 367,124,353	\$ 363,547,517
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See accompanying notes to consolidated financial statements.

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Chesapeake Financial Shares, Inc.
Consolidated Statements of Earnings

Three Months Ended
March 31,
2005 2004

Interest Income	(Unaudited)	
Interest and fees on loans.....	4320394	3580334
Interest on federal funds sold.....	0	990
Interest on time deposits with banks.....	\$ 6,775	\$ 1,041
Interest on U.S. Treasury securities.....	-	-
Interest on obligations of U.S. Agency Obligations....	260,879	385,605
Interest on obligations of state and political subs...	291,897	288,155
Total interest income	4,879,945	4,256,125
Interest Expense		
Interest on savings and interest bearing deposits.....	269,242	172,097
Interest on certificates of deposit.....	744,670	653,679
Interest on federal funds purchased.....	135,646	18,255
Other interest expense.....	166,449	183,917
Total interest expense	1,316,007	1,027,948
Net interest income	3,563,938	3,228,177
Provision for loan losses	270,000	200,001
Net interest income after provision for loan losses...	3,293,938	3,028,176
Noninterest Income		
Income from fiduciary activities.....	255,807	293,434
Service charges on deposit accounts.....	235,022	240,685
Securities gains (losses)-net.....	135,504	249,631
Merchant card income.....	418,369	348,682
ATM income.....	131,785	108,268
Business manager income.....	643,704	460,611
Other income.....	357,145	255,144
Total noninterest income	2,177,336	1,956,455
Noninterest Expense		
Salaries.....	1,629,141	1,419,554
Employee benefits.....	511,908	372,455
Occupancy expenses.....	459,917	586,501
Merchant card expense.....	312,912	265,571
ATM expense.....	106,191	96,803
Business manager expense.....	220,766	127,711
Other expenses.....	1,055,592	1,006,992
Total noninterest expense	4,296,427	3,875,587
Income before income taxes	1,174,847	1,109,044
Income taxes	292,547	270,673
Net income	882,300	838,371
Earnings per share, primary	\$ 1	\$ 1
Earnings per share, assuming dilution	\$ 0.72	\$ 0.68
Dividends per share	\$ 0.18	\$ 0.16

See accompanying notes to consolidated financial statements.