

Chesapeake Financial Shares, Inc.
Consolidated Balance Sheets

March 31,
2006

December 31,
2005

ASSETS		(Unaudited)	
Cash and due from banks.....		\$ 11,728,631	\$ 10,449,268
Federal funds sold.....		0	0
Securities available for sale			
U.S. Government agencies(book value of \$24,877,715			
-2006 and \$26,735,063-2005).....		24,819,469	26,726,089
Obligations of state and political subdivisions			
(book value of \$25,126,015-2006 and \$23,967,901			
-2005).....		26,227,617	25,090,104
Other Debt Securities(book value \$1,697,400-2006 and			
\$1,566,400-2005).....		1,697,400	1,566,400
Loans.....		286,580,462	281,600,943
Less: Allowance for loan loss.....		(4,439,449)	(4,199,745)
Net loans.....		282,141,013	277,401,198
Bank premises and equipment, net.....		14,037,801	13,444,092
Accrued interest receivable.....		1,587,829	1,550,189
Business Manager Assets.....		15,493,382	17,708,720
Other assets.....		8,912,822	8,758,152
Total assets.....		\$ 386,645,964	\$ 382,694,212
LIABILITIES AND SHAREHOLDERS' EQUITY		(Unaudited)	
Deposits			
Noninterest bearing deposits.....		\$ 69,399,137	\$ 67,808,476
Savings and interest bearing deposits.....		123,366,363	124,843,854
Certificates of deposit.....		138,591,406	135,882,713
Total deposits.....		331,356,906	328,535,043
Federal funds purchased & FHLB borrowing & TruPS.....		12,780,561	17,310,000
Accrued interest payable.....		487,461	467,037
Other liabilities.....		1,898,641	1,366,764
Note payable.....		10,955,140	6,445,187
Total liabilities.....		357,478,709	354,124,031
Commitments			
Shareholders' equity			
Preferred stock, par value \$1 per share;			
authorized 50,000 shares; none outstanding		0	0
Common stock, voting.....		12,093,940	12,043,940
Common stock, non-voting.....		0	0
voting			
03/31/06	12/31/05	non-voting	
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Shares auth..	4,800,000	4,800,000	635,000
Shares o/s...	2,418,788	2,408,788	0
Paid in capital.....			191,805
Unrealized gains (losses) on securities available			
for sale.....			688,615
Retained earnings.....			16,192,895
Total shareholders' equity.....			29,167,255
Total liabilities and shareholders' equity.....		\$ 386,645,964	\$ 382,694,212

See accompanying notes to consolidated financial statements.

Chesapeake Financial Shares, Inc.
Consolidated Statements of Earnings

Three Months Ended
March 31,
2006 2005

Interest Income	(Unaudited)	
Interest and fees on loans.....	\$ 5,005,202	\$ 4,320,394
Interest on federal funds sold.....	3,024	0
Interest on time deposits with banks.....	19,364	6,775
Interest on obligations of U.S. Agency Obligations....	301,967	260,879
Interest on obligations of state and political subs...	310,315	291,897
Total interest income	5,639,872	4,879,945
Interest Expense		
Interest on savings and interest bearing deposits.....	456,778	269,242
Interest on certificates of deposit.....	1,205,737	744,670
Interest on federal funds purchased.....	191,720	135,646
Other interest expense.....	221,728	166,449
Total interest expense	2,075,963	1,316,007
Net interest income.....	3,563,909	3,563,938
Provision for loan losses.....	200,000	270,000
Net interest income after provision for loan losses...	3,363,909	3,293,938
Noninterest Income		
Income from fiduciary activities.....	310,321	255,807
Service charges on deposit accounts.....	288,023	235,022
Net gain(loss) on other real estate owned.....	0	0
Securities gains (losses)-net.....	(49,045)	135,504
Merchant card income.....	513,538	418,369
ATM income.....	161,165	131,785
Cash Flow Income	656,431	643,704
Other income.....	389,332	357,145
Total noninterest income.....	2,269,765	2,177,336
Noninterest Expense		
Salaries.....	1,868,621	1,629,141
Employee benefits.....	525,038	511,908
Occupancy expenses.....	550,092	459,917
Merchant card expense.....	390,720	312,912
ATM expense.....	109,733	106,191
Cash Flow expense.....	110,382	220,766
Other expenses.....	1,039,115	1,055,592
Total noninterest expense.....	4,593,701	4,296,427
Income before income taxes.....	1,039,973	1,174,847
Income taxes.....	253,541	292,547
Net income.....	\$ 786,432	\$ 882,300
Earnings per share, primary.....	\$ 0.33	\$ 0.37
Earnings per share, assuming dilution.....	\$ 0.32	\$ 0.36
Dividends per share.....	\$ 0.095	\$ 0.090

See accompanying notes to consolidated financial statements.

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