

Chesapeake Financial Shares, Inc. Consolidated Balance Sheets	March 31, 2008	December 31, 2007

ASSETS		
	(Unaudited)	
Cash and due from banks.....	\$ 7,447,570	\$ 12,676,152
Federal funds sold.....	980,000	2,272,000
Securities available for sale		
U.S. Government agencies(book value of \$69,425,826 -2008 and \$58,253,979-2007).....	70,231,725	58,558,789
Obligations of state and political subdivisions (book value of \$27,639,236-2008 and \$20,271,610 -2007).....	28,370,389	21,186,152
Other Debt Securities(book value \$4,337,083-2008 and \$2,715,800-2007).....	4,337,083	2,715,800
Loans.....	336,673,110	333,720,835
Less: Allowance for loan loss.....	(4,462,148)	(4,388,538)
Net loans.....	332,210,962	329,332,297
Bank premises and equipment, net.....	16,410,606	16,191,860
Accrued interest receivable.....	2,062,687	1,931,802
Business Manager Assets.....	28,200,483	26,325,426
Other assets.....	10,452,897	11,811,754
Total assets.....	\$ 500,704,402	\$ 483,002,032
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LIABILITIES AND SHAREHOLDERS' EQUITY		
	(Unaudited)	
Deposits		
Noninterest bearing deposits.....	\$ 62,831,727	\$ 63,432,028
Savings and interest bearing deposits.....	139,761,589	140,784,269
Certificates of deposit.....	183,411,995	178,997,456
Total deposits.....	386,005,311	383,213,753
Federal funds purchased & FHLB borrowing & TruPS.....	61,652,912	37,668,654
Accrued interest payable.....	762,842	1,014,869
Other liabilities.....	1,820,324	1,092,616
Note payable.....	16,028,290	26,349,019
Total liabilities.....	466,269,679	449,338,911
Commitments		
Shareholders' equity		
Preferred stock, par value \$1 per share; authorized 50,000 shares; none outstanding	0	0
Common stock, voting.....	14,130,870	11,934,590
Common stock, non-voting.....	0	0
voting	non-voting	
03/31/08	12/31/07	03/31/07
03/31/08	12/31/07	03/31/07
Shares autl	4,800,000	4,800,000
Shares o/s	2,826,174	2,386,918
Paid in capital.....	36,380	173,833
Unrealized gains (losses) on securities available for sale.....	1,014,454	804,772
Retained earnings.....	19,253,019	20,749,926
Total shareholders' equity.....	34,434,723	33,663,121
Total liabilities and shareholders' equity.....	\$ 500,704,402	\$ 483,002,032
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Chesapeake Financial Shares, Inc.
Consolidated Statements of Earnings

Three Months Ended
March 31,
2008 2007

Interest Income	(Unaudited)	
Interest and fees on loans.....	\$ 6,026,518	\$ 5,809,807
Interest on federal funds sold.....	4,692	3,345
Interest on time deposits with banks.....	3,906	13,343
Interest on obligations of U.S. Agency Obligations....	922,147	607,787
Interest on obligations of state and political subs...	315,425	229,582
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Total interest income	7,272,688	6,663,864
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Interest Expense		
Interest on savings and interest bearing deposits.....	553,476	737,576
Interest on certificates of deposit.....	2,053,701	1,782,388
Interest on federal funds purchased.....	110,350	221,552
Other interest expense.....	664,026	283,075
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Total interest expense	3,381,553	3,024,591
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Net interest income.....	3,891,135	3,639,273
Provision for loan losses.....	60,000	120,000
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Net interest income after provision for loan losses...	3,831,135	3,519,273
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Noninterest Income		
Income from fiduciary activities.....	410,681	375,769
Service charges on deposit accounts.....	460,191	444,582
Net gain(loss) on other real estate owned.....	0	0
Securities gains (losses)-net.....	93,198	(12,302)
Merchant card income.....	679,805	577,987
ATM income.....	202,984	178,666
Cash Flow Income	1,104,392	826,385
Other income.....	722,517	421,269
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Total noninterest income.....	3,673,768	2,812,356
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Noninterest Expense		
Salaries.....	2,307,281	2,056,557
Employee benefits.....	635,348	522,797
Occupancy expenses.....	738,205	576,429
Merchant card expense.....	508,189	435,231
ATM expense.....	139,267	136,759
Cash Flow expense.....	166,374	153,161
Other expenses.....	1,663,796	1,163,556
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Total noninterest expense.....	6,158,460	5,044,490
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Income before income taxes.....	1,346,443	1,287,139
Income taxes.....	356,963	320,098
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Net income.....	\$ 989,480	\$ 967,041
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Earnings per share, primary.....	\$ 0.35	\$ 0.34
Earnings per share, assuming dilution.....	\$ 0.34	\$ 0.33
Dividends per share.....	\$ 0.100	\$ 0.083

See accompanying notes to consolidated financial statements.

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