

Chesapeake Financial Shares, Inc. Consolidated Balance Sheets	December 31, 2006	December 31, 2005

ASSETS		
	(Unaudited)	
Cash and due from banks.....	\$ 10,477,467	\$ 10,449,268
Federal funds sold.....	0	0
Securities available for sale		
U.S. Government agencies(book value of \$45,807,802 -2006 and \$26,735,063-2005).....	45,702,398	26,726,089
Obligations of state and political subdivisions (book value of \$18,121,593-2006 and \$23,967,901 -2005).....	19,167,471	25,090,104
Other Debt Securities(book value \$1,515,300-2006 and \$1,566,400-2005).....	1,515,300	1,566,400
Loans.....	301,543,983	281,600,943
Less: Allowance for loan loss.....	(4,342,174)	(4,199,745)
Net loans.....	297,201,809	277,401,198
Bank premises and equipment, net.....	13,129,734	13,444,092
Accrued interest receivable.....	1,675,967	1,550,189
Business Manager Assets.....	17,249,333	17,708,720
Other assets.....	12,663,238	8,758,152

Total assets.....	\$418,782,717	\$ 382,694,212
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LIABILITIES AND SHAREHOLDERS' EQUITY		
	(Unaudited)	
Deposits		
Noninterest bearing deposits.....	\$ 66,736,629	\$ 67,808,476
Savings and interest bearing deposits.....	137,698,648	124,843,854
Certificates of deposit.....	154,836,659	135,882,713

Total deposits.....	359,271,936	328,535,043
Federal funds purchased, FHLB Daily borrowing & TruPS.	15,311,000	17,310,000
Accrued interest payable.....	732,321	467,037
Other liabilities.....	1,158,280	1,366,764
Notes payable & FHLBG Term borrowing.....	11,345,950	6,445,187

Total liabilities.....	387,819,487	354,124,031
Commitments		
Shareholders' equity		
Preferred stock, par value \$1 per share; authorized 50,000 shares; none outstanding	0	0
Common stock, voting.....	11,934,590	12,043,940
Common stock, non-voting.....	0	0
	voting	non-voting
	12/31/06	12/31/05
	12/31/0	12/31/05

Shares aut	4,800,000	4,800,000
Shares o/s	2,386,918	2,408,788
Paid in capital.....	0	155,230
Unrealized gains (losses) on securities available for sale.....	620,713	734,731
Retained earnings.....	18,407,927	15,636,280

Total shareholders' equity.....	30,963,230	28,570,181

Total liabilities and shareholders' equity.....	\$418,782,717	\$ 382,694,212
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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
December 31,
2006 2005

Interest Income	(Unaudited)	
Interest and fees on loans.....	\$ 5,680,709	\$ 4,817,368
Interest on federal funds sold.....	9,473	9,078
Interest on time deposits with banks.....	15,344	17,067
Interest on obligations of U.S. Agency Obligations....	561,813	292,628
Interest on obligations of state and political subs...	280,769	333,769
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Total interest income	6,548,108	5,469,910
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Interest Expense		
Interest on savings and interest bearing deposits.....	750,416	412,698
Interest on certificates of deposit.....	1,816,639	1,150,966
Interest on federal funds purchased.....	151,964	86,608
Other interest expense.....	240,265	202,761
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Total interest expense	2,959,284	1,853,033
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Net interest income.....	3,588,824	3,616,877
Provision for loan losses.....	133,333	130,000
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Net interest income after provision for loan losses...	3,455,491	3,486,877
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Noninterest Income		
Income from fiduciary activities.....	390,771	329,153
Service charges on deposit accounts.....	473,619	286,014
Net gain(loss) on other real estate owned.....	0	0
Securities gains (losses)-net.....	103,067	(23,368)
Merchant card income.....	708,793	633,334
ATM income.....	186,255	164,240
Cash Flow Income	742,968	788,017
Other income.....	746,773	465,946
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Total noninterest income.....	3,352,246	2,643,336
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Noninterest Expense		
Salaries.....	2,090,073	1,822,895
Employee benefits.....	567,167	405,742
Occupancy expenses.....	1,112,811	1,039,124
Merchant card expense.....	545,902	484,323
ATM expense.....	134,774	130,293
Cash Flow expense.....	103,857	239,177
Other expenses.....	658,020	623,589
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Total noninterest expense.....	5,212,604	4,745,143
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Income before income taxes.....	1,595,133	1,385,070
Income taxes.....	522,554	372,750
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Net income.....	\$ 1,072,579	\$ 1,012,320
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Earnings per share, primary.....	\$ 0.449	\$ 0.408
Earnings per share, assuming dilution.....	\$ 0.441	\$ 0.420
Dividends per share.....	\$ 0.100	\$ 0.095

See accompanying notes to consolidated financial statements.

Chesapeake Financial Shares, Inc.
Consolidated Statements of Earnings

Twelve Months Ended
December 31,
2006 2005

Interest Income	(Unaudited)	
Interest and fees on loans.....	\$ 21,510,595	\$ 18,265,073
Interest on federal funds sold.....	88,340	70,754
Interest on time deposits with banks.....	80,097	50,588
Interest on obligations of U.S. Agency Obligations....	1,732,963	1,011,396
Interest on obligations of state and political subs...	1,218,271	1,236,260
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Total interest income	24,630,266	20,634,071
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Interest Expense		
Interest on savings and interest bearing deposits.....	2,671,857	1,336,473
Interest on certificates of deposit.....	6,147,517	3,930,814
Interest on federal funds purchased.....	610,041	403,055
Other interest expense.....	936,061	744,090
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Total interest expense	10,365,476	6,414,432
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Net interest income.....	14,264,790	14,219,639
Provision for loan loss.....	833,333	990,000
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Net interest income after provision for loan losses...	13,431,457	13,229,639
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Non-interest Income		
Income from fiduciary activities.....	1,596,513	1,312,738
Service charges on deposit accounts.....	1,428,549	1,057,752
Net gain(loss) on other real estate owned	-	-
Securities gains (losses)-net.....	69,513	111,220
Merchant card income.....	2,505,673	2,200,199
ATM income.....	715,388	610,286
Cash Flow Income	2,915,253	2,966,205
Other income.....	2,382,507	1,607,318
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Total non-interest income.....	11,613,396	9,865,718
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Non-interest Expense		
Salaries	7,931,247	6,922,908
Employee Benefits.....	2,036,515	1,994,236
Occupancy expenses.....	2,861,088	2,624,087
Merchant card expense.....	1,914,769	1,674,464
ATM expense.....	483,025	485,809
Cash Flow expense.....	520,509	859,738
Other expenses.....	3,895,856	3,607,204
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Total non-interest expense.....	19,643,009	18,168,446
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Income before income taxes.....	5,401,844	4,926,911
Applicable income taxes.....	1,451,300	1,254,397
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Net income.....	\$ 3,950,544	\$ 3,672,514
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Earnings per share, primary.....	\$ 1.637	\$ 1.518
Earnings per share, assuming dilution.....	\$ 1.607	\$ 1.476
Dividends per share.....	\$ 0.385	\$ 0.365

See accompanying notes to consolidated financial statements.