

Chesapeake Financial Shares, Inc. Consolidated Balance Sheets	December 31, 2007	December 31, 2006

ASSETS		
	(Unaudited)	
Cash and due from banks.....	\$ 12,676,152	\$ 9,982,958
Federal funds sold.....	2,272,000	0
Securities available for sale		
U.S. Government agencies(book value of \$58,253,979 -2007 and \$45,807,802-2006).....	58,558,789	45,702,398
Obligations of state and political subdivisions (book value of \$20,271,610-2007 and \$18,121,593 -2006).....	21,186,152	19,167,471
Other Debt Securities(book value \$2,715,800-2007 and \$1,515,300-2006).....	2,715,800	1,515,300
Loans.....	333,720,835	301,543,983
Less: Allowance for loan loss.....	(4,388,538)	(4,342,174)

Net loans.....	329,332,297	297,201,809
Bank premises and equipment, net.....	16,638,151	13,834,788
Accrued interest receivable.....	1,931,802	1,675,967
Business Manager Assets.....	26,325,426	17,249,332
Other assets.....	11,775,688	11,760,486

Total assets.....	\$ 483,412,257	\$ 418,090,509
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LIABILITIES AND SHAREHOLDERS' EQUITY		
	(Unaudited)	
Deposits		
Noninterest bearing deposits.....	\$ 63,432,028	\$ 66,242,122
Savings and interest bearing deposits.....	140,784,269	137,698,648
Certificates of deposit.....	178,997,456	154,836,658

Total deposits.....	383,213,753	358,777,428
Federal funds purchased, FHLB Daily borrowing & TruPS.	37,668,654	15,311,000
Accrued interest payable.....	1,014,869	739,232
Other liabilities.....	1,502,841	953,671
Notes payable & FHLBG Term borrowing.....	26,349,019	11,345,950

Total liabilities.....	449,749,136	387,127,281
Commitments		
Shareholders' equity		
Preferred stock, par value \$1 per share; authorized 50,000 shares; none outstanding	0	0
Common stock, voting.....	14,137,370	14,321,508
Common stock, non-voting.....	0	0

	voting	non-voting
	12/31/07	12/31/06
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Shares auth..	5,760,000	5,760,000
Shares o/s...	2,827,474	2,864,302
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Shares	635,000	635,000
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Paid in capital.....	173,833	132,151
Unrealized gains (losses) on securities available for sale.....	804,772	620,713
Retained earnings.....	18,547,146	15,888,856

Total shareholders' equity.....	33,663,121	30,963,228

Total liabilities and shareholders' equity.....	\$ 483,412,257	\$ 418,090,509
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See accompanying notes to consolidated financial statements.

Chesapeake Financial Shares, Inc.
Consolidated Statements of Earnings

Three Months Ended
December 31,
2007 2006

Interest Income	(Unaudited)	
Interest and fees on loans.....	\$ 6,196,945	\$ 5,654,023
Interest on federal funds sold.....	1,371	9,473
Interest on time deposits with banks.....	4,306	15,344
Interest on obligations of U.S. Agency Obligations....	817,522	681,859
Interest on obligations of state and political subs...	264,826	187,408
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Total interest income	7,284,970	6,548,107
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Interest Expense		
Interest on savings and interest bearing deposits.....	651,542	750,416
Interest on certificates of deposit.....	2,123,980	1,816,640
Interest on federal funds purchased.....	360,646	151,964
Other interest expense.....	500,773	240,265
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Total interest expense	3,636,941	2,959,285
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Net interest income.....	3,648,029	3,588,822
Provision for loan losses.....	-	133,333
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Net interest income after provision for loan losses...	3,648,029	3,455,489
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Noninterest Income		
Income from fiduciary activities.....	444,880	398,922
Service charges on deposit accounts.....	509,121	473,619
Net gain(loss) on other real estate owned.....	5,167	24,113
Securities gains (losses)-net.....	69,226	103,067
Merchant card income.....	860,682	708,793
ATM income.....	211,361	186,255
Cash Flow Income	1,178,128	742,968
Other income.....	424,234	714,509
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Total noninterest income.....	3,702,799	3,352,246
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Noninterest Expense		
Salaries.....	2,396,774	2,090,074
Employee benefits.....	551,178	567,167
Occupancy expenses.....	728,255	1,020,121
Merchant card expense.....	623,898	545,902
ATM expense.....	134,620	134,774
Cash Flow expense.....	126,135	103,857
Other expenses.....	1,318,759	750,707
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Total noninterest expense.....	5,879,619	5,212,602
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Income before income taxes.....	1,471,209	1,595,133
Income taxes.....	576,451	522,554
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Net income.....	\$ 894,758	\$ 1,072,579
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Earnings per share, primary.....	\$ 0.314	\$ 0.374
Earnings per share, assuming dilution.....	\$ 0.307	\$ 0.367
Dividends per share.....	\$ 0.100	\$ 0.083

See accompanying notes to consolidated financial statements.

Page: 2

Chesapeake Financial Shares, Inc.
Consolidated Statements of Earnings

Twelve Months Ended
December 31,
2007 2,006

Interest Income	(Unaudited)	
Interest and fees on loans.....	\$ 24,222,716	\$ 21,483,909
Interest on federal funds sold.....	70,165	88,340
Interest on time deposits with banks.....	36,277	80,097
Interest on obligations of U.S. Agency Obligations....	2,697,488	1,853,009
Interest on obligations of state and political subs...	989,872	1,124,910
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Total interest income	28,016,518	24,630,265
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Interest Expense		
Interest on savings and interest bearing deposits....	2,881,208	2,671,857
Interest on certificates of deposit.....	8,033,324	6,147,518
Interest on federal funds purchased.....	1,098,349	610,041
Other interest expense.....	1,457,988	936,061
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Total interest expense	13,470,869	10,365,477
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Net interest income.....	14,545,649	14,264,788
Provision for loan loss.....	160,000	833,333
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Net interest income after provision for loan losses...	14,385,649	13,431,455
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Non-interest Income		
Income from fiduciary activities.....	1,836,446	1,604,664
Service charges on deposit accounts.....	1,881,126	1,428,549
Net gain(loss) on other real estate owned	(167,964)	24,113
Securities gains (losses)-net.....	86,761	69,513
Merchant card income.....	3,027,268	2,505,673
ATM income.....	798,245	715,388
Cash Flow Income	4,275,417	2,915,253
Other income.....	1,747,174	2,350,243
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Total non-interest income.....	13,484,473	11,613,396
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Non-interest Expense		
Salaries	8,721,752	7,931,248
Employee Benefits.....	2,103,602	2,036,515
Occupancy expenses.....	2,596,482	2,285,373
Merchant card expense.....	2,249,933	1,914,769
ATM expense.....	551,227	483,025
Cash Flow expense.....	661,563	520,509
Other expenses.....	4,923,212	4,471,568
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Total non-interest expense.....	21,807,771	19,643,007
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Income before income taxes.....	6,062,351	5,401,844
Applicable income taxes.....	1,717,211	1,451,300
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Net income.....	\$ 4,345,140	\$ 3,950,544
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Earnings per share, primary.....	\$ 1.517	\$ 1.364
Earnings per share, assuming dilution.....	\$ 1.490	\$ 1.339
Dividends per share.....	\$ 0.350	\$ 0.321