

Chesapeake Financial Shares, Inc. Consolidated Balance Sheets	December 31, 2009	December 31, 2008
ASSETS		
Cash and due from banks.....	\$ (Unaudited) 10,836,474	\$ 11,149,371
Federal funds sold.....	2,392,000	5,705,000
Securities available for sale		
U.S. Government agency & Other MBS (book value of \$94,302,848 -2009 and \$65,929,600-2008).....	88,742,219	58,437,726
Obligations of state and political subdivisions (book value of \$53,901,472-2009 and \$33,353,917 -2008).....	54,189,167	33,198,176
Other Debt Securities(book value \$3,981,783-2009 and \$4,289,983-2008).....	3,981,783	4,289,983
Loans.....	366,603,611	363,632,894
Less: Allowance for loan loss.....	(5,165,792)	(4,715,574)
Net loans.....	361,437,819	358,917,320
Bank premises and equipment, net.....	18,379,173	17,145,122
Accrued interest receivable.....	2,586,567	2,288,419
Cash Flow Assets.....	24,518,901	31,619,663
Other assets.....	20,347,907	15,201,010
Total assets.....	\$ 587,412,010	\$ 537,951,790
LIABILITIES AND SHAREHOLDERS' EQUITY		
(Unaudited)		
Deposits		
Noninterest bearing deposits.....	\$ 63,141,313	\$ 62,192,303
Savings and interest bearing deposits.....	203,675,719	126,497,030
Certificates of deposit.....	220,000,490	239,051,758
Total deposits.....	486,817,522	427,741,091
Federal funds purchased, FHLB Daily & Term borrowing.	44,000,000	61,135,178
Accrued interest payable.....	582,896	798,917
Other liabilities.....	1,898,362	2,259,805
Notes payable & TruPS	18,013,273	15,465,000
Total liabilities.....	551,312,053	507,399,991
Commitments		
Shareholders' equity		
Preferred stock, par value \$1 per share; authorized 50,000 shares; none outstanding	0	0
Common stock, voting.....	13,694,320	13,977,065
Common stock, non-voting.....	0	0
voting		
12/31/09	12/31/09	12/31/08
12/31/08	12/31/08	12/31/08
Shares auth..	5,760,000	5,760,000
Shares o/s...	2,738,864	2,795,413
non-voting	635,000	635,000
12/31/09	12/31/09	12/31/08
12/31/08	12/31/08	12/31/08
Shares o/s...	0	0
Paid in capital.....	131,016	179,523
Unrealized gains (losses) on securities available for sale.....	(2,440,877)	(5,047,426)
Retained earnings.....	24,715,498	21,442,637
Total shareholders' equity.....	36,099,957	30,551,799
Total liabilities and shareholders' equity.....	\$ 587,412,010	\$ 537,951,790

See accompanying notes to consolidated financial statements.

Chesapeake Financial Shares, Inc.
Consolidated Statements of Earnings

Three Months Ended
December 31,
2009 2008

-----	(Unaudited)	
Interest Income		
Interest and fees on loans.....	5,792,950	6,014,162
Interest on federal funds sold.....	21,559	3,063
Interest on time deposits with banks.....	413	1,991
Interest on mortgage-backed securities and other Obligations	1,566,835	1,097,961
Interest on obligations of state and political subs...	552,927	379,661
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Total interest income	7,934,684	7,496,838
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Interest Expense		
Interest on savings and interest bearing deposits.....	499,851	406,438
Interest on certificates of deposit.....	1,257,989	2,078,586
Interest on short term borrowings and FHLB advances...	1,779,614	1,348
Other interest expense.....	(1,073,232)	776,253
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Total interest expense	2,464,222	3,262,625
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Net interest income.....	5,470,462	4,234,213
Provision for loan losses.....	395,000	120,000
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Net interest income after provision for loan losses...	5,075,462	4,114,213
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Noninterest Income		
Income from fiduciary activities.....	479,121	430,917
Service charges on deposit accounts.....	432,798	419,505
Net gain(loss) on other real estate owned.....	(18,396)	4,000
Securities gains (losses)-net.....	(247,876)	100,000
Merchant card income.....	913,849	815,485
ATM income.....	230,755	201,759
Cash Flow Income	1,025,397	1,255,552
Other income.....	574,920	430,304
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Total noninterest income.....	3,390,568	3,657,522
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Noninterest Expense		
Salaries.....	2,526,653	2,541,998
Employee benefits.....	545,987	606,332
Occupancy expenses.....	843,495	752,327
Merchant card expense.....	684,029	618,424
ATM expense.....	133,660	121,051
Cash Flow expense.....	554,481	201,239
Other expenses.....	1,825,732	1,592,496
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Total noninterest expense.....	7,114,037	6,433,867
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Income before income taxes.....	1,351,993	1,337,868
Income taxes.....	89,800	235,344
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Net income.....	\$1,262,193	\$ 1,102,524
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Earnings per share, primary.....	\$ 0.468	\$ 0.393
Earnings per share, assuming dilution.....	\$ 0.465	\$ 0.387
Dividends per share.....	\$ 0.105	\$ 0.105

See accompanying notes to consolidated financial statements.

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Chesapeake Financial Shares, Inc.
Consolidated Statements of Earnings

Twelve Months Ended
December 31,
2009 2,008

Interest Income	(Unaudited)	
Interest and fees on loans.....	23,056,514	23,906,904
Interest on federal funds sold.....	123,577	11,602
Interest on time deposits with banks.....	4,872	11,476
Interest on mortgage-backed securities and other Obligations	5,515,445	4,242,320
Interest on obligations of state and political subs...	1,896,773	1,536,276
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Total interest income	30,597,181	29,708,578
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Interest Expense		
Interest on savings and interest bearing deposits.....	2,079,028	1,863,877
Interest on certificates of deposit.....	6,886,850	8,187,777
Interest on short term borrowings and FHLB advances...	1,779,614	251,931
Other interest expense.....	923,966	2,941,701
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Total interest expense	11,669,458	13,245,286
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Net interest income.....	18,927,723	16,463,292
Provision for loan loss.....	895,000	400,000
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Net interest income after provision for loan losses...	18,032,723	16,063,292
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Non-interest Income		
Income from fiduciary activities.....	2,042,834	1,989,460
Service charges on deposit accounts.....	1,717,629	1,810,365
Net gain(loss) on other real estate owned	(48,211)	4,000
Securities gains (losses)-net.....	(405,183)	106,929
Merchant card income.....	3,462,331	3,088,190
ATM income.....	881,092	845,767
Cash Flow Income	4,129,052	5,029,630
Other income.....	2,286,458	2,142,214
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Total non-interest income.....	14,066,002	15,016,555
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Non-interest Expense		
Salaries	9,782,376	9,720,571
Employee Benefits.....	2,431,444	2,440,723
Occupancy expenses.....	3,187,741	2,950,255
Merchant card expense.....	2,547,131	2,337,442
ATM expense.....	564,850	508,726
Cash Flow expense.....	977,790	1,084,244
Other expenses.....	6,368,202	5,915,683
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Total non-interest expense.....	25,859,534	24,957,644
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Income before income taxes.....	6,239,191	6,122,203
Applicable income taxes.....	\$ 1,404,264	\$ 1,521,296
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Net income.....	\$ 4,834,927	\$ 4,600,907
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Earnings per share, primary.....	\$ 1.784	\$ 1.631
Earnings per share, assuming dilution.....	\$ 1.773	\$ 1.604
Dividends per share.....	\$ 0.420	\$ 0.405

See accompanying notes to consolidated financial statements.

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