

Chesapeake Financial Shares, Inc. Consolidated Balance Sheets	December 31, 2010	December 31, 2009

ASSETS		
	(Unaudited)	
Cash and due from banks.....	\$ 19,869,577	\$ 10,836,474
Federal funds sold & interest bearing deposits in banks..	2,793,000	2,392,000
Securities available for sale		
U.S. Government agencies & Other MBS (book value of \$89,769,748-2010 and \$94,302,848-2009).....	86,630,159	88,742,219
Obligations of state and political subdivisions (book value of \$76,699,524-2010 and \$53,901,472 -2009).....	76,174,777	54,189,167
Other Debt Securities(book value \$3,631,983-2010 and \$3,981,783-2009).....	3,631,983	3,981,783
Loans.....	362,644,818	365,773,211
Less: Allowance for loan loss.....	(6,140,096)	(5,165,792)
Net loans.....	----- 356,504,722	----- 360,607,419
Bank premises and equipment, net.....	16,600,556	17,997,786
Accrued interest receivable.....	2,742,062	2,586,567
Cash Flow Assets.....	18,515,457	24,518,901
Other assets.....	24,270,801	20,827,890
Total assets.....	----- \$607,733,094	----- \$586,680,206
	=====	
LIABILITIES AND SHAREHOLDERS' EQUITY		
	(Unaudited)	
Deposits		
Noninterest bearing deposits.....	\$ 67,817,627	\$ 62,933,333
Savings and interest bearing deposits.....	229,131,561	203,675,719
Certificates of deposit.....	220,793,813	220,000,490
Total deposits.....	----- 517,743,001	----- 486,609,542
Federal funds purchased, FHLB Daily & Term borrowing.	28,000,000	44,000,000
Accrued interest payable.....	475,275	582,896
Other liabilities.....	2,755,554	2,204,938
Notes payable & TruPS.....	17,646,763	18,013,274
Total liabilities.....	----- 566,620,593	----- 551,410,650
Commitments		
Shareholders' equity		
Preferred stock, par value \$1 per share; authorized 50,000 shares; none outstanding	0	0
Common stock, voting.....	13,615,760	13,694,320
Common stock, non-voting.....	0	0
voting		
12/31/10	-----	-----
12/31/09	-----	-----
non-voting		
12/31/10	-----	-----
12/31/09	-----	-----
Shares auth..	5,760,000	5,760,000
Shares o/s...	2,723,152	2,738,864
Paid in capital.....	140,379	131,016
Unrealized gains (losses) on securities available for sale and OTTI Portion.....	(939,046)	(2,440,877)
Unearned ESOP shares.....	(692,000)	(830,400)
Retained earnings.....	28,987,408	24,715,497
Total shareholders' equity.....	----- \$ 41,112,501	----- \$ 35,269,556
Total liabilities and shareholders' equity.....	----- \$ 607,733,094	----- \$ 586,680,206
	=====	

See accompanying notes to consolidated financial statements.

Page 1

Chesapeake Financial Shares, Inc.
Consolidated Statements of Earnings

Three Months Ended
December 31,
2010 2009

Interest Income	(Unaudited)	
Interest and fees on loans.....	\$ 5,630,342	\$ 5,738,926
Interest on federal funds sold.....	10,161	21,559
Interest on time deposits with banks & Other.....	31,741	413
Interest on U.S. Agency Obligations & MBS....	1,017,067	1,566,835
Interest on obligations of state and political subs...	737,410	552,927
	-----	-----
Total interest income	7,426,721	7,880,660
	-----	-----
Interest Expense		
Interest on savings and interest bearing deposits.....	377,179	499,851
Interest on certificates of deposit.....	1,086,400	1,257,989
Interest on short term borrowings & FHLB advances.....	245,603	434,309
Long term debt and trust preferred capital notes.....	240,371	218,049
	-----	-----
Total interest expense	1,949,553	2,410,198
	-----	-----
Net interest income.....	5,477,168	5,470,462
Provision for loan losses.....	911,666	395,000
	-----	-----
Net interest income after provision for loan losses...	4,565,502	5,075,462
	-----	-----
Noninterest Income		
Income from fiduciary activities.....	460,656	479,121
Service charges on deposit accounts.....	344,628	432,798
Net gain(loss) on other real estate owned.....	-	(18,396)
Securities gains (losses)-net.....	(113,957)	(247,876)
Merchant card income.....	1,140,443	913,849
ATM income.....	259,864	230,755
Cash Flow Income	865,043	1,025,397
Other income.....	696,300	574,920
	-----	-----
Total noninterest income.....	3,652,977	3,390,568
	-----	-----
Noninterest Expense		
Salaries.....	2,773,925	2,526,653
Employee benefits.....	456,263	545,987
Occupancy expenses.....	726,582	843,495
Merchant card expense.....	743,533	684,029
ATM expense.....	149,107	133,660
Cash Flow expense.....	-	554,481
Other expenses.....	2,460,747	1,825,732
	-----	-----
Total noninterest expense.....	7,310,157	7,114,037
	-----	-----
Income before income taxes.....	908,322	1,351,993
Income taxes.....	\$ (101,521)	\$ 89,800
	-----	-----
Net income.....	\$ 1,009,843	\$ 1,262,193
	=====	=====
Earnings per share, primary.....	\$ 0.378	\$ 0.468
Earnings per share, assuming dilution.....	\$ 0.376	\$ 0.455
Dividends per share.....	\$ 0.110	\$ 0.105

See accompanying notes to consolidated financial statements.

Page: 2

Chesapeake Financial Shares, Inc.
Consolidated Statements of Earnings

Twelve Months Ended
December 31,
2010 2009

Interest Income	(Unaudited)	
Interest and fees on loans.....	\$ 22,579,447	\$ 23,002,490
Interest on federal funds sold.....	49,436	123,577
Interest on time deposits with banks & Other.....	52,338	4,872
Interest on U.S. Agency Obligations & MBS....	4,810,303	5,515,445
Interest on obligations of state and political subs...	2,646,424	1,896,773
	-----	-----
Total interest income	30,137,948	30,543,157
	-----	-----
Interest Expense		
Interest on savings and interest bearing deposits.....	1,684,054	2,079,028
Interest on certificates of deposit.....	4,651,183	6,886,851
Interest on federal funds purchased.....	1,133,489	1,779,614
Other interest expense.....	880,665	869,941
	-----	-----
Total interest expense	8,349,391	11,615,434
	-----	-----
Net interest income.....	21,788,557	18,927,723
Provision for loan loss.....	2,486,664	895,000
	-----	-----
Net interest income after provision for loan losses...	19,301,893	18,032,723
	-----	-----
Non-interest Income		
Income from fiduciary activities.....	2,085,671	2,042,834
Service charges on deposit accounts.....	1,566,268	1,717,629
Net gain(loss) on other real estate owned	-	(48,211)
Securities gains (losses)-net.....	(318,177)	(405,183)
Merchant card income.....	4,004,493	3,462,331
ATM income.....	1,014,375	881,092
Cash Flow Income	3,603,281	4,129,052
Other income.....	2,314,365	2,286,458
	-----	-----
Total non-interest income.....	14,270,276	14,066,002
	-----	-----
Non-interest Expense		
Salaries	10,018,948	9,782,376
Employee Benefits.....	2,404,210	2,431,444
Occupancy expenses.....	2,863,404	3,187,741
Merchant card expense.....	2,971,729	2,547,131
ATM expense.....	570,680	564,850
Cash Flow expense.....	249,996	977,790
Other expenses.....	7,514,369	6,368,202
	-----	-----
Total non-interest expense.....	26,593,336	25,859,534
	-----	-----
Income before income taxes.....	6,978,833	6,239,191
Applicable income taxes.....	1,532,669	1,404,264
	-----	-----
Net income.....	\$ 5,446,164	\$ 4,834,927
	=====	=====
Earnings per share, primary.....	\$ 2.037	\$ 1.784
Earnings per share, assuming dilution.....	\$ 2.027	\$ 1.773
Dividends per share.....	\$ 0.430	\$ 0.420

See accompanying notes to consolidated financial statements.

Page 3