

Chesapeake Financial Shares, Inc. Consolidated Balance Sheets	June 30, 2007	December 31, 2006
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ASSETS		
	(Unaudited)	
Cash and due from banks.....	\$ 14,743,295	\$ 9,982,958
Federal funds sold.....	-	-
Securities available for sale		
U.S. Government agencies(book value of \$41,780,990 -2007 and \$45,807,802-2006).....	41,543,022	45,702,398
Obligations of state and political subdivisions (book value of \$16,434,756-2007 and \$18,121,593 -2006).....	17,208,348	19,167,471
Other Debt Securities(book value \$1,772,900-2007 and \$1,515,300-2006).....	1,772,900	1,515,300
Loans.....	318,624,005	301,543,983
Less: Allowance for loan loss.....	(4,435,361)	(4,342,174)
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Net loans.....	314,188,644	297,201,809
Bank premises and equipment, net.....	15,673,047	13,834,788
Accrued interest receivable.....	1,769,487	1,675,967
Business Manager Assets.....	23,614,309	17,249,332
Other assets.....	12,014,319	11,760,486
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Total assets.....	\$ 442,527,371	\$ 418,090,509
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LIABILITIES AND SHAREHOLDERS' EQUITY		
	(Unaudited)	
Deposits		
Noninterest bearing deposits.....	\$ 69,008,864	\$ 66,242,122
Savings and interest bearing deposits.....	135,058,287	137,698,648
Certificates of deposit.....	174,367,840	154,836,658
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Total deposits.....	378,434,991	358,777,428
Federal funds purchased & FHLB borrowing & TruPS.....	19,104,786	15,311,000
Accrued interest payable.....	745,303	739,232
Other liabilities.....	1,119,168	953,671
Note payable.....	10,905,041	11,345,950
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Total liabilities.....	410,309,289	387,127,281
Commitments		
Shareholders' equity		
Preferred stock, par value \$1 per share; authorized 50,000 shares; none outstanding	-	-
Common stock, voting.....	12,000,505	11,934,590
Common stock, non-voting.....	-	-
	voting	non-voting
	06/30/07	12/31/06
	06/30/07	12/31/06
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Shares auth..	4,800,000	4,800,000
Shares o/s..	2,400,101	2,386,918
	635,000	635,000
	0	0
Paid in capital.....	85,524	132,151
Unrealized gains (losses) on securities available for sale.....	287,512	620,713
Retained earnings.....	19,844,541	18,275,774
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Total shareholders' equity.....	32,218,082	30,963,228
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Total liabilities and shareholders' equity.....	\$ 442,527,371	\$ 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  
June 30,  
2007 2,006

Interest Income	(Unaudited)	
Interest and fees on loans.....	\$ 6,068,606	\$ 5,337,224
Interest on federal funds sold.....	45,379	42,107
Interest on time deposits with banks.....	12,073	23,207
Interest on obligations of U.S. Agency Obligations....	541,010	345,971
Interest on obligations of state and political subs...	234,477	324,304
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Total interest income	6,901,545	6,072,813
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Interest Expense		
Interest on savings and interest bearing deposits.....	762,004	677,353
Interest on certificates of deposit.....	2,038,058	1,402,062
Interest on federal funds purchased.....	257,135	137,497
Other interest expense.....	188,686	230,125
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Total interest expense	3,245,883	2,447,037
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Net interest income.....	3,655,662	3,625,776
Provision for loan losses.....	40,000	200,000
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Net interest income after provision for loan losses...	3,615,662	3,425,776
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Noninterest Income		
Income from fiduciary activities.....	421,142	353,839
Service charges on deposit accounts.....	474,156	332,431
Net gain(loss) on other real estate owned.....	-	-
Securities gains (losses)-net.....	17,660	(41,444)
Merchant card income.....	711,602	595,715
ATM income.....	202,962	184,136
Cash Flow Income .....	1,114,694	744,130
Other income.....	405,678	343,614
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Total noninterest income.....	3,347,894	2,512,421
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Noninterest Expense		
Salaries.....	2,205,405	1,944,503
Employee benefits.....	537,453	542,041
Occupancy expenses.....	644,893	578,689
Merchant card expense.....	532,101	453,002
ATM expense.....	143,540	115,068
Cash Flow expense.....	204,292	101,053
Other expenses.....	1,255,582	1,013,422
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Total noninterest expense.....	5,523,266	4,747,778
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Income before income taxes.....	1,440,290	1,190,419
Income taxes.....	358,366	290,334
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Net income.....	\$ 1,081,924	\$ 900,085
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Earnings per share, primary.....	\$ 0.450	\$ 0.371
Earnings per share, assuming dilution.....	\$ 0.444	\$ 0.363
Dividends per share.....	\$ 0.10	\$ 0.10

See accompanying notes to consolidated financial statements.

Page: 2

Chesapeake Financial Shares, Inc.  
Consolidated Statements of Earnings

Six Months Ended  
June 30,  
2007 2,006

Interest Income	(Unaudited)	
Interest and fees on loans.....	\$ 11,878,413	\$ 10,342,426
Interest on federal funds sold.....	48,724	45,131
Interest on time deposits with banks.....	25,416	42,571
Interest on obligations of U.S. Agency Obligations....	1,148,797	647,938
Interest on obligations of state and political subs...	464,059	634,619
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Total interest income	13,565,409	11,712,685
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Interest Expense		
Interest on savings and interest bearing deposits.....	1,499,580	1,134,131
Interest on certificates of deposit.....	3,820,446	2,607,799
Interest on federal funds purchased.....	478,687	329,217
Other interest expense.....	471,761	451,853
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Total interest expense	6,270,474	4,523,000
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Net interest income.....	7,294,935	7,189,685
Provision for loan loss.....	160,000	400,000
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Net interest income after provision for loan losses...	7,134,935	6,789,685
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Non-interest Income		
Income from fiduciary activities.....	796,911	664,160
Service charges on deposit accounts.....	918,738	620,454
Net gain(loss) on other real estate owned	-	-
Securities gains (losses)-net.....	5,358	(90,489)
Merchant card income.....	1,289,589	1,109,253
ATM income.....	381,628	345,301
Cash Flow Income .....	1,941,079	1,400,561
Other income.....	826,947	732,946
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Total non-interest income.....	6,160,250	4,782,186
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Non-interest Expense		
Salaries .....	4,261,962	3,813,124
Employee Benefits.....	1,060,250	1,067,079
Occupancy expenses.....	1,221,322	1,128,781
Merchant card expense.....	967,332	843,722
ATM expense.....	280,299	224,801
Cash Flow expense.....	357,453	211,435
Other expenses.....	2,419,138	2,052,537
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Total non-interest expense.....	10,567,756	9,341,479
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Income before income taxes.....	2,727,429	2,230,392
Applicable income taxes.....	678,464	543,875
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Net income.....	\$ 2,048,965	\$ 1,686,517
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Earnings per share, primary.....	\$ 0.855	\$ 0.697
Earnings per share, assuming dilution.....	\$ 0.841	\$ 0.681
Dividends per share.....	\$ 0.20	\$ 0.19

See accompanying notes to consolidated financial statements.

Page 3