

Chesapeake Financial Shares, Inc. September 30 December 31,
Consolidated Balance Sheets 2008 2007

ASSETS	(Unaudited)	
Cash and due from banks.....	\$ 9,138,444	\$ 12,676,152
Federal funds sold.....	683,000	2,272,000
Securities available for sale		
U.S. Government agencies(book value of \$69,220,513		
-2008 and \$58,253,979-2007).....	66,381,391	58,558,789
Obligations of state and political subdivisions		
(book value of \$33,444,894-2008 and \$20,271,610		
-2007).....	32,784,809	21,186,152
Other Debt Securities(book value \$4,358,183-2008 and		
\$2,715,800-2007).....	4,358,183	2,715,800
Loans.....	354,692,644	333,720,835
Less: Allowance for loan loss.....	(4,671,751)	(4,388,538)
Net loans.....	350,020,893	329,332,297
Bank premises and equipment, net.....	16,216,051	16,191,860
Accrued interest receivable.....	2,120,184	1,931,802
Business Manager Assets.....	32,495,726	26,325,426
Other assets.....	14,312,357	11,811,754
Total assets.....	\$ 528,511,038	\$ 483,002,032

LIABILITIES AND SHAREHOLDERS' EQUITY

	(Unaudited)	
Deposits		
Noninterest bearing deposits.....	\$ 60,415,555	\$ 63,432,028
Savings and interest bearing deposits.....	131,584,001	140,784,269
Certificates of deposit.....	221,525,084	178,997,456
Total deposits.....	413,524,640	383,213,753
Federal funds purchased & FHLB borrowing & TruPS.....	62,121,073	37,668,654
Accrued interest payable.....	745,835	1,014,869
Other liabilities.....	3,400,692	1,092,616
Note payable.....	16,006,385	26,349,019
Total liabilities.....	495,798,625	449,338,911

Commitments

Shareholders' equity				
Preferred stock, par value \$1 per share;				
authorized 50,000 shares; none outstanding			-	-
Common stock, voting.....			14,070,190	11,934,590
Common stock, non-voting.....			-	-
voting				
09/30/08				
12/31/07				
non-voting				
09/30/0				
12/31/07				
Shares auth.. #####			635,000	635,000
Shares o/s... #####			0	0
Paid in capital.....			-	173,833
Unrealized gains (losses) on securities available				
for sale.....			(2,309,467)	804,772
Retained earnings.....			20,951,690	20,749,926
Total shareholders' equity.....			32,712,413	33,663,121
Total liabilities and shareholders' equity.....			\$ 528,511,038	\$ 483,002,032

See accompanying notes to consolidated financial statements.

Chesapeake Financial Shares, Inc.
Consolidated Statements of Earnings

Three Months Ended
September 30,
2008 2,007

Interest Income	(Unaudited)	
Interest and fees on loans.....	\$ 5,946,229	\$ 6,147,358
Interest on federal funds sold.....	2,802	20,070
Interest on time deposits with banks.....	2,421	6,555
Interest on obligations of U.S. Agency Obligations....	1,106,015	731,169
Interest on obligations of state and political subs...	444,076	260,987
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Total interest income	7,501,543	7,166,139
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Interest Expense		
Interest on savings and interest bearing deposits.....	456,559	730,086
Interest on certificates of deposit.....	2,035,753	2,088,898
Interest on federal funds purchased.....	106,151	259,016
Other interest expense.....	759,095	485,454
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Total interest expense	3,357,558	3,563,454
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Net interest income.....	4,143,985	3,602,685
Provision for loan losses.....	180,000	-
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Net interest income after provision for loan losses...	3,963,985	3,602,685
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Noninterest Income		
Income from fiduciary activities.....	654,295	594,655
Service charges on deposit accounts.....	460,893	453,267
Net gain(loss) on other real estate owned.....	-	-
Securities gains (losses)-net.....	(100,000)	12,177
Merchant card income.....	835,213	876,997
ATM income.....	217,556	205,256
Cash Flow Income	1,353,875	1,156,210
Other income.....	420,488	322,862
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Total noninterest income.....	3,842,320	3,621,424
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Noninterest Expense		
Salaries.....	2,450,650	2,063,016
Employee benefits.....	590,368	492,174
Occupancy expenses.....	761,782	646,905
Merchant card expense.....	639,718	658,703
ATM expense.....	129,863	136,308
Cash Flow expense.....	440,901	177,975
Other expenses.....	1,271,979	1,185,315
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Total noninterest expense.....	6,285,261	5,360,396
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Income before income taxes.....	1,521,044	1,863,713
Income taxes.....	417,808	462,296
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Net income.....	\$ 1,103,236	\$ 1,401,417
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Earnings per share, primary.....	\$ 0.391	\$ 0.487
Earnings per share, assuming dilution.....	\$ 0.384	\$ 0.478
Dividends per share.....	\$ 0.100	\$ 0.083

See accompanying notes to consolidated financial statements.

Chesapeake Financial Shares, Inc.
Consolidated Statements of Earnings

Nine Months Ended
September 30,
2008 2,007

Interest Income	(Unaudited)	
Interest and fees on loans.....	\$ 17,892,742	\$ 18,025,771
Interest on federal funds sold.....	8,539	68,794
Interest on time deposits with banks.....	9,485	31,971
Interest on obligations of U.S. Agency Obligations....	3,144,359	1,879,966
Interest on obligations of state and political subs...	1,156,615	725,046
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Total interest income	22,211,740	20,731,548
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Interest Expense		
Interest on savings and interest bearing deposits.....	1,457,439	2,229,666
Interest on certificates of deposit.....	6,109,191	5,909,344
Interest on federal funds purchased.....	250,583	737,703
Other interest expense.....	2,165,448	957,215
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Total interest expense	9,982,661	9,833,928
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Net interest income.....	12,229,079	10,897,620
Provision for loan loss.....	280,000	160,000
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Net interest income after provision for loan losses...	11,949,079	10,737,620
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Non-interest Income		
Income from fiduciary activities.....	1,558,543	1,391,566
Service charges on deposit accounts.....	1,390,860	1,372,005
Net gain(loss) on other real estate owned	-	-
Securities gains (losses)-net.....	6,929	17,535
Merchant card income.....	2,272,705	2,166,586
ATM income.....	644,008	586,884
Cash Flow Income	3,774,078	3,097,289
Other income.....	1,711,910	1,149,809
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Total non-interest income.....	11,359,033	9,781,674
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Non-interest Expense		
Salaries	7,178,573	6,324,978
Employee Benefits.....	1,834,391	1,552,424
Occupancy expenses.....	2,197,928	1,868,227
Merchant card expense.....	1,719,018	1,626,035
ATM expense.....	387,675	416,607
Cash Flow expense.....	883,005	535,428
Other expenses.....	4,323,187	3,604,453
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Total non-interest expense.....	18,523,777	15,928,152
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Income before income taxes.....	4,784,335	4,591,142
Applicable income taxes.....	1,285,952	1,140,760
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Net income.....	\$ 3,498,383	\$ 3,450,382
	=====	=====
Earnings per share, primary.....	\$ 1.238	\$ 1.200
Earnings per share, assuming dilution.....	\$ 1.217	\$ 1.179
Dividends per share.....	\$ 0.300	\$ 0.250

See accompanying notes to consolidated financial statements.

Page 3