CHESAPEAKE FINANCIAL SHARES INC.

Consolidated Balance Sheet

Unaudited

			June 30,	
			2020	**2019**
Assets				
Cash and due from banks			$31,992,445	$16,776,543
Interest-bearing deposits in banks and federal funds sold			11,808,472	33,435,144
Federal funds sold			13,000	0
Securities available for sale, at fair value			375,011,346	265,396,248
Other equity investments, at cost			4,215,000	1,996,300
Loans held for sale			7,888,150	249,500
Loans, net of allowance for loan losses of $6,219,701 in 2020 and $5,402,573 in 2019			608,495,635	532,184,042
Cash management accounts, net of allowance of $1,682,482 in 2020 and $1,612,036 in 2019			15,024,130	32,583,662
Premises and equipment, net			20,585,268	18,105,143
Accrued interest receivable			5,984,489	3,856,504
Bank-owned life insurance			17,484,842	17,031,211
Bank-owned annuity contract			3,580,892	3,548,923
Foreclosed assets			4,290,432	2,261,720
Other assets			8,320,690	6,723,395
Total assets			$1,114,694,791	$934,148,335
Liabilities and Shareholders' Equity				
Deposits				
Demand accounts			$250,285,334	$170,856,512
Savings and interest-bearing demand deposits			508,670,552	410,835,733
Certificates of deposits			177,364,084	237,246,649
Total deposits			$936,319,970	$818,938,894
Federal funds purchased, FHLB daily & term borrowing			50,000,000	0
Trust preferred capital notes			5,155,000	5,155,000
Accrued interest payable			247,838	470,967
Other liabilities			9,728,223	7,675,501
Total liabilities			$1,001,451,031	$832,240,362
Shareholders' equity				
Preferred stock, par value $1 per share; authorized 50,000 shares; none outstanding			$0	$0
Common stock, par value $5 per share, voting	June 2020	June 2019		
Shares authorized	5,760,000	4,800,000		
Shares outstanding	4,894,452	4,111,456	24,313,360	20,417,970
Common stock, par value $5 per share, non-voting; authorized 635,000 shares; none outstanding			0	0
Additional paid-in capital			18,521,264	1,815,151
Retained earnings			59,236,995	72,792,474
Accumulated other comprehensive income			11,172,141	6,882,378
Total shareholders' equity			$113,243,760	$101,907,973
Total liabilities and shareholders' equity			$1,114,694,791	$934,148,335

Consolidated Balance Sheet

Unaudited

			June 30, 2020	December 31, 2019
Assets				
Cash and due from banks			$31,992,445	$15,063,950
Interest-bearing deposits in banks and federal funds sold			11,808,472	33,672,315
Federal funds sold			13,000	0
Securities available for sale, at fair value			375,011,346	293,036,849
Other equity investments, at cost			4,215,000	1,996,400
Loans held for sale			7,888,150	1,480,650
Loans, net of allowance for loan losses of $6,219,701 in June 30, 2020				
and $5,073,798 in December 31, 2019			608,495,635	531,112,986
Cash management accounts, net of allowance of $1,682,482 in March 31, 2020				
and $1,622,408 in December 31, 2019			15,024,130	27,374,108
Premises and equipment, net			20,585,268	18,264,837
Accrued interest receivable			5,984,489	3,580,079
Bank-owned life insurance			17,484,842	17,217,295
Bank-owned annuity contract			3,580,892	3,592,945
Foreclosed assets			4,290,432	4,384,932
Other assets			8,320,690	7,528,691
Total assets			$1,114,694,791	$958,306,037
Liabilities and Shareholders' Equity				
Deposits				
Demand accounts			$250,285,334	$177,010,923
Savings and interest-bearing demand deposits			508,670,552	456,460,830
Certificates of deposits			177,364,084	205,643,833
Total deposits			$936,319,970	$839,115,586
Federal funds purchased, FHLB daily & term borrowing			50,000,000	0
Trust preferred capital notes			5,155,000	5,155,000
Accrued interest payable			247,838	386,152
Other liabilities			9,728,223	8,206,105
Total liabilities			$1,001,451,031	$852,862,843
Shareholders' equity				
Preferred stock, par value $1 per share; authorized				
50,000 shares; none outstanding			$0	$0
Common stock, par value $5 per share, voting	June 2020	Dec 2019		
Shares authorized	5,760,000	5,760,000		
Shares outstanding	4,894,452	4,935,531	24,313,360	24,510,555
Common stock, par value $5 per share, non-voting;				
authorized 635,000 shares; none outstanding			0	0
Additional paid in capital			18,521,264	19,578,673
Retained earnings			59,236,995	55,046,285
Accumulated other comprehensive income			11,172,141	6,307,681
Total shareholders' equity			$113,243,760	$105,443,194
Total liabilities and shareholders' equity			$1,114,694,791	$958,306,037

Consolidated Statements of Income

Unaudited

	Three Months Ended June 2020	Three Months Ended June 2019
Interest Income		
Interest and fees on loans	$7,127,763	$7,263,420
Interest on interest-bearing deposits and federal funds sold	9,431	271,236
Interest and dividends on securities available for sale	2,304,651	2,044,385
Total interest income	$9,441,845	$9,579,041
Interest Expense		
Savings and interest-bearing demand deposits	$279,005	$914,975
Certificates of deposit	870,325	1,209,660
Short-term debt	9,317	11,838
Long-term debt and trust preferred capital notes	84,512	51,784
Total interest expense	$1,243,159	$2,188,257
Net interest income	$8,198,686	$7,390,784
Provision for loan losses	624,999	174,999
Net interest income after provision for loan losses	$7,573,687	$7,215,785
Noninterest Income		
Trust and wealth management income	$1,008,204	$1,051,468
Service charges	144,854	262,006
Net gain on sales of securities available for sale	0	827,664
Merchant services income, net	795,852	1,138,954
ATM income	387,044	432,079
Cash management fee income	558,644	1,065,288
Other income	1,125,122	944,720
Total noninterest income	$4,019,720	$5,722,179
Noninterest Expense		
Salaries	$4,575,506	$4,297,761
Employee benefits	1,138,737	1,118,055
Occupancy expense	780,439	785,836
Net loss on foreclosed assets	10,178	74,233
ATM expense	271,498	217,260
Provision for cash managment account losses	30,000	30,000
Other expense	2,462,364	2,630,656
Total noninterest expense	$9,268,722	$9,153,801
Income before income taxes	$2,324,685	$3,784,163
Income tax expense	274,009	504,517
Net income	$2,050,676	$3,279,646
Earnings per share, basic*	$0.418	$0.665
Earnings per share, diluted*	$0.416	$0.659
Dividends per share	$0.125	$0.121

*On July 19, 2019, a 6-for-5 stock dividend was announced for shareholders of record on October 1, 2019. The stock dividend was paid on October 15, 2019. As a result, all earnings per share and dividend per share totals have been updated to reflect the stock dividend.

Chesapeake Financial Shares Inc.

Consolidated Statements of Income

Unaudited

	Six Months Ended June 2020	Six Months Ended June 2019
Interest Income		
Interest and fees on loans	$14,089,092	$14,094,579
Interest on interest-bearing deposits and federal funds sold	126,181	476,870
Interest and dividends on securities available for sale	4,476,372	3,936,656
Total interest income	$18,691,645	$18,508,105
Interest Expense		
Savings and interest-bearing demand deposits	$751,008	$1,716,815
Certificates of deposit	1,988,631	2,301,450
Short-term debt	31,283	21,164
Long-term debt and trust preferred capital notes	114,254	104,988
Total interest expense	$2,885,176	$4,144,417
Net interest income	$15,806,469	$14,363,688
Provision for loan losses	1,149,998	349,998
Net interest income after provision for loan losses	$14,656,471	$14,013,690
Noninterest Income		
Trust and wealth management income	$2,012,345	$2,003,860
Service charges	409,012	514,927
Net gain on sales of securities available for sale	1,198,926	889,166
Merchant services income, net	1,640,572	2,209,428
ATM income	757,051	796,262
Cash management fee income	1,464,579	2,148,116
Other income	2,203,413	1,631,560
Total noninterest income	$9,685,898	$10,193,319
Noninterest Expense		
Salaries	$8,613,961	$7,779,613
Employee benefits	2,258,427	2,135,444
Occupancy expense	1,548,072	1,580,718
Net loss on foreclosed assets	10,178	219,412
ATM expense	518,830	378,488
Provision for cash management account losses	60,000	60,000
Other expense	5,046,004	4,864,894
Total noninterest expense	$18,055,472	$17,018,569
Income before income taxes	$6,286,897	$7,188,440
Income tax expense	868,311	934,144
Net income	$5,418,586	$6,254,296

	2020	2019
Earnings per share, basic*	$1.102	$1.268
Earnings per share, diluted*	$1.097	$1.257
Dividends per share	$0.250	$0.242

*On July 19, 2019, a 6-for-5 stock dividend was announced for shareholders of record on October 1, 2019. The stock dividend was paid on October 15, 2019. As a result, all earnings per share and dividend per share totals have been updated to reflect the stock dividend.