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Zacks Small-Cap Research

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Chesapeake Financial Shares, Inc. (CPKF-OTCQX)

CPKF: Raising our 2025 Diluted EPS Estimate by a Nickel

We have chosen $24.25 as our new valuation, based upon CPKF's 2025 P/E of $23.75 and forward Price/Tangible Book Value of $24.75.

Current Price (04/01/25)	$19.70
Valuation	**$24.25**

OUTLOOK

CPKF's 2024 fourth quarter net earnings increased $2.1 million, or 236%, to $3.0 million year over year, while diluted EPS rose $0.45, or 235%, to $0.64. This was better than our estimate, which had called for a $1.6 million increase in net earnings to $2.5 million and a $0.35 increase in diluted EPS to $0.54. We are increasing our diluted EPS estimate for 2025 by a nickel from $2.45 to $2.50, representing a 3% gain over 2024's actual EPS of $2.42. We expect good gains in net interest income in 2025 as solid loan growth will be aided by better prospects for CPKF's net interest margin. We also expect continuing growth in the contribution to revenues and earnings of CPKF's specialty lines of business. Merchant services income should benefit as CPKF expands its footprint in this business, while cash management should profit from the addition of a new sales person. Higher compensation costs due to increases in full-time equivalent employees will be a headwind, but well-controlled non-compensation costs should provide a partial offset. CPKF raised the quarterly dividend by 3% to $0.16 per share and has raised its annual dividend payment every year for the past thirty-two years since 1991. In 2024 for the seventeenth consecutive year, CPKF was included in the American Banker magazine list of the "Top 100 Community Banks". Chesapeake Bank again garnered a top ranking in the American Banker's list of "Best Banks to Work for", and had a #41 spot in 2024, out of the 90 banks listed.

SUMMARY DATA

52-Week High	**$19.75**
52-Week Low	**$16.50**
One-Year Return (%)	**10.47**
Beta	**0.51**
Average Daily Volume (sh)	**2,273**
Shares Outstanding (mil)	**5**
Market Capitalization ($mil)	**$91**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**4**
Insider Ownership (%)	**40**
Annual Cash Dividend	**$0.64**
Dividend Yield (%)	**3.25**
5-Yr. Historical Growth Rates	
Net Revenue (%)	**6.6**
Earnings Per Share (%)	**1.1**
Dividend (%)	**5.1**
P/E using TTM EPS	**8.1**
P/E using 2024 Actual	**8.1**
P/E using 2025 Estimate	**7.9**
Zacks Rank	**N/A**

Risk Level	**Average**
Type of Stock	**Small-Value**
Industry	**Banks-Southeast**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Net Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	15.5 A	16.0 A	16.6 A	15.9 A	64.0 A
2023	15.6 A	16.4 A	16.5 A	15.4 A	63.9 A
2024	15.8 A	17.3 A	18.0 A	17.6 A	68.7 A
2025	17.1 E	18.4 E	19.0 E	19.2 E	73.7 E

Earnings per Share*
(EPS is operating earnings before nonrecurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	0.90 A	0.86 A	0.90 A	0.71 A	3.37 A
2023	0.78 A	0.65 A	0.53 A	0.19 A	2.15 A
2024	0.58 A	0.65 A	0.55 A	0.64 A	2.42 A
2025	0.58 E	0.61 E	0.64 E	0.67 E	2.50 E

*Quarterly EPS may not add to total due changes in average shares outstanding.

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FOURTH QUARTER

CPKF's fourth quarter net earnings increased $2.1 million, or 236%, to $3.0 million year over year, while 2024's fourth quarter diluted EPS rose $0.45, or 235%, to $0.64.

This was better than our estimate, which had called for a $1.6 million increase in net earnings to $2.5 million (off by $0.5 million), and a $0.35 increase in diluted EPS to $0.54 (off by $0.10).

The primary reasons for the difference between reported results and our estimate were that total noninterest expense of $14.1 million was $0.2 million less than we had projected, primarily reflecting professional fees that were $0.4 million lower than anticipated, as well as occupancy expense that was $0.1 million less, partly offset by total compensation costs that were $0.3 million more than our projections. In addition, income tax expense was $0.4 million less than our estimate due to an effective tax rate that was 13.8 points lower than our 21.2% esimate.

Furthermore, net revenues were $0.1 million less than the $17.8 million we had anticipated, largely consisting of net interest income that was $0.2 million higher than our estimate, more than offset by noninterest income that was $0.4 million lower than our projection due to revenue shortfalls relative to our estimate of $0.2 million each in merchant services, cash mangement, and other miscellaneous income, partly offset by trust and wealth management income that was $0.2 million higher. The provision for credit losses was $0.1 million below our $0.3 million estimate, another positive.

The major reasons for the fourth quarter's $2.1 million increase in net earnings versus the prior-year quarter were a $1.2 million, or 11%, increase in net interest income and a $1.0 million, or 22%, rise in total noninterest income, partly offset by $0.1 million growth in total noninterest expense.

For the year, CPKF posted net income of $11.4 million, or $2.42 per diluted share, up $1.3 million, or 13%, from the $10.1 million, or $2.15 per diluted share, posted in 2023.

Primary contributors to this result were a $4.4 million, or 11%, gain in net interest income on growth in average interest-earning assets (the net interest margin was stable at 3.50%), a $0.4 million, or 2%, gain in noninterest income as all business lines posted notable revenue improvement (though these were offset by a decline in other miscellaneous income), and $0.3 million lower taxes on a 3.4-point reduction in the effective tax rate to 14.6%. These positives were partly offset by a $3.7 million, or 7%, increase in noninterest expense, largely due to higher compensation costs (up $3.7 million, or 13%), and a $0.1 million rise in the provision for credit losses to $0.9 million.

We are increasing our diluted EPS estimate for 2025 by a nickel from $2.45 to $2.50, representing a 3% gain over 2024's actual EPS of $2.42.

We expect good gains in net interest income in 2025 as solid loan growth, estimated at 8% in 2025, will be aided by better prospects for CPKF's net interest margin, reflecting better loan pricing as loan rates reset, gains in investment income from a larger securities portfolio, reduced deposit cost pressures, and a greater contribution from swaps income. We note that CPKF is strategically increasing its use of brokered deposits and large time deposits (greater than $250,000) to invest in its available-for-sale securities portfolio to earn money on the spread, as well as derivatives, to supplement interest income. Moreover, loan growth will be supplemented by new lending initiatives targeting selected areas for development, such as multifamily homes and CPA firms.

We also expect continuing growth in the contribution to revenues and earnings of CPKF's specialty lines of business. Merchant services income should benefit as CPKF expands its footprint in this business by adding several new ISOs (independent sales organizations), processors, and merchant services

relationships in the next year or so. Just as important, cash management should profit from the addition of a new sales person, who is expected to generate new receivables growth in the factoring business.

We are reducing our estimate for the loan loss provision in 2025 to $1.0 million from $1.2 million, which compares to $878,000 actual in 2024.

The provision for cash management losses, a separate line item listed under other noninterest expense, is expected to be stable at about $240,000 in 2025, a bit more than the $220,000 reported in 2024.

On the expense side, higher compensation costs due to the increases in full-time equivalent employees from new hires and replacement staffing will be a headwind. However, we expect non-compensation costs to be well controlled and to provide a partial offset to this.

At the October 18, 2024 Chesapeake Financial Shares Board of Directors meeting, the Board raised the quarterly dividend to $0.16 per share from $0.155 per share (a 3% increase), paid on December 15, 2024. Notably, CPKF has increased the annual dividend payment every year for the past thirty-two years since 1991.

On March 3, 2025, CPKF completed a private placement of $25 million of fixed-to-floating rate subordinated notes. The notes have been structured to qualify as Tier 2 capital for the Company under regulatory capital guidelines, and the proceeds may be contributed to the Bank as Tier 1 capital. The offering size was increased due to significant investor demand at favorable pricing. The proceeds from the sale of the notes will be utilized for general corporate purposes, which may include pursuit of continued growth opportunities, a partial repositioning of the Bank's investment portfolio, and opportunistic repurchases of common shares. The notes will initially bear interest at 8.00% per year, from and including February 28, 2025, to but excluding March 1, 2030, payable semi-annually in arrears.

On February 10, 2025, CPKF announced the promotion of DJ Seeterlin to President of Chesapeake Payment Systems, which will be celebrating 30 years as a division of the bank in 2025, is headquartered at the Chesapeake Tech Center in Norge, VA just outside of Williamsburg, and offers merchant acquiring services. Seeterlin, who has been with Chesapeake Financial Shares for 13 years, most recently in the role of Chief Innovation and Strategy Officer, will be taking over duties for long-time executive Kate Root as she transitions to a part-time role as Director of Partner Strategy within Chesapeake Payment Systems.

On January 13, 2025, CPKF announced the appointment of Dede Ramoneda to its Board of Directors. Ramoneda's career spans multiple industries, including financial services, energy, and consulting, with her most recent postion Chief Information Officer and Executive Vice President at First Citizens Bank.

On October 3, 2024, Chesapeake Bank announed a new partnership with Silverflow, an innovative cloud-native payment processing company. Chesapeake Bank through its division, Chesapeake Payment Systems, will significantly enhance its service offerings, adding the capabilities of a more advanced infrastructure. This partnership not only improves the bank's processing capabilities but also positions it as an early adopter of new technology.

On October 18, 2024, Chesapeake Bank announced the addition of Ron Andrews to the Bank's Board of Directors. Mr. Andrews is an experienced senior bank operations leader who has built and led banking businesses and operations in the United States and the United Kingdom during the course of his 37-year career. Mr. Andrews has served on Chesapeake Bank's Technology Advisory Board since 2016.

In 2024 for the seventeenth consecutive year, Chesapeake Financial Shares, Inc. has been included in the American Banker magazine listing of the “Top 100 Community Banks” in the United States. The bank ranked at #54 in the nation out of approximately 361 community banks with total assets under $2 billion in the study, up from #58 last year and #148 when CPKF first broke into the rankings in 2008, when it

was the “Top 200 Community Banks” and there were many more community banks. The ranking is based on a three-year average of return on average equity (ROAE), which for CPKF was 14.73%. Chesapeake Bank again garnered a top ranking for the twelfth consecutive year in the American Banker’s list of “Best Banks to Work for”, and had a #41 spot in 2024, out of the 90 banks listed.

Below, we discuss fourth quarter results more fully. Our projections are shown at the back of the report.

Net Interest Income

Net interest income rose $1.2 million, or 11%, year over year in the fourth quarter to $12.1 million ($0.2 million above our $11.9 million estimate). An estimated 11% increase in average interest-earning assets was aided by a net interest margin of 3.55% that was 5 basis points better than our 3.50% estimate and 1 basis point higher than the 3.54% earned in the year-ago quarter.

Prospects remain good for CPKF’s net interest margin, reflecting better loan pricing as loan rates reset, gains in investment income from a larger securities portfolio, reduced deposit cost pressures, and a greater contribution from swaps income. We note that CPKF is strategically increasing its use of brokered deposits and large time deposits (greater than $250,000) to invest in its available-for-sale securities portfolio to earn money on the spread, as well as derivatives, to supplement interest income. Moreover, loan growth will be supplemented by new lending initiatives targeting selected areas for development, such as multifamily homes and CPA firms.

Our net interest margin estimate for 2025 continues at 3.52%, up 2 basis points from 3.50% actually reported for 2024.

Noninterest Income

Noninterest income increased $1.0 million, or 22%, year over year to $5.6 million ($0.4 million below our estimate), as most business lines posted revenue improvement (with the exception of cash management, hurt by a $10.1 million drop in outstanding receivables), as well as the absence of securities losses as occurred in 2023’s fourth quarter. These positives partly offset a $0.3 million decline in other miscellaneous income.

Our estimate for total noninterest income is $24.3 million in 2025, which compares to $22.7 million actual in 2024, with gains largely driven by the cash management and merchant services divisions. Merchant services income should benefit as CPKF expands its footprint in this business by adding several new ISOs (independent sales organizations), processors, and merchant services relationships in the next year or so. Just as important, cash management should profit from the addition of a new sales person, who is expected to generate new receivables growth in the factoring business.

Loss Provision

The loan loss provision was basically flat at $0.18 million compared to the year-ago quarter and was $0.1 million lower than our estimate. Loan loss reserves were flat at $8.5 million (0.96% of loans) compared with the fourth quarter (0.97% of loans) and were $0.6 million above the $7.8 million (0.95% of loans) in the year-ago quarter.

Including the loss allowance for cash management receivables, the total loss allowance was flat at $10.3 million (1.14% of loans plus cash management receivables) compared with 1.13% at the end of the previous quarter and was $0.9 million above the $9.4 million (1.09% of loans plus cash management receivables) at the end of the comparable year-ago quarter.

As to other asset quality measures, CPKF recorded net charge-offs of $198,000 in the fourth quarter. This compares to net charge-offs of $137,000 in the year-ago quarter and net charge-offs of $235,000 for the full year in 2023.

We are reducing our estimate for the loan loss provision in 2025 to $1.0 million from $1.2 million, which compares to $878,000 actual in 2024.

We project that the total loss allowance will decrease to 1.09% of total loans plus receivables at yearend 2025 from 1.14% actual at the end of 2024.

Noninterest Expense

Noninterest expense advanced $0.1 million, or 1%, to $14.2 million ($0.2 million below our estimate) from the prior-year quarter, largely reflecting greater compensation costs (up $0.6 million), partly offset by a reduction of $0.5 million in total noncompensation costs, primarily due to declines in professional fees ($0.3 million) and occupancy expense ($0.2 million).

We project that compensation costs will increase from $32.2 million actual in 2024 to $35.1 million in 2025 due to the increases in full-time equivalent employees from new hires and replacement staffing. Our estimate of noncompensation costs in $23.2 million in 2025, compared to 2024's $22.3 million actual.

Our estimate of the efficiency ratio is 79% in 2025, compared to 79% actual in 2024.

Income Taxes

The Company had a 7.4% effective tax rate in the fourth quarter. This compares to a 23.0% tax rate in the year-ago quarter and our estimate of an effective tax rate of 21.2%.

We estimate the effective tax rate for 2025 will be 18.0%.

Net Income

CPKF's fourth quarter net earnings increased $2.1 million, or 236%, to $3.0 million year over year, while 2024's fourth quarter diluted EPS rose $0.45, or 235%, to $0.64.

This was better than our estimate, which had called for a $1.6 million increase in net earnings to $2.5 million (off by $0.5 million), and a $0.35 increase in diluted EPS to $0.54 (off by $0.10).

Profitability

CPKF posted a 10.8% ROE and 0.78% ROA for the fourth quarter of 2024, compared to 3.9% and 0.25%, respectively, in the prior-year quarter.

Loans and Asset Quality

Gross loans increased $54 million, or 6%, year over year, and rose about $5 million, or less than 1%, sequentially to $883 million**.**

By category, commercial real estate loans increased $10.6 million, or 3%, to $352 million; 1-4 family loans gained $0.8 million, or less than 1%, to $240 million; and consumer loans rose $0.4 million, or 3%, to $13 million. Negatively, cash management receivables decreased $7.9 million, or 24%, to $24 million due to loan payoffs; commercial and industrial loans fell $3.3 million, or 2%, to $142 million; construction and land development loans lost $2.1 million, or 2%, to $82 million; and other loans declined $1.2 million, or 2%, to $54 million.

Loan demand is solid, and we maintaining our 2025 estimate at 8%.

Asset quality measures improved during 2024's fourth quarter. Total nonperforming assets decreased $2.1 million to $2.9 million from $5.0 million sequentially, largely due to nonaccrual loans, which fell $2.1 million to $2.2 million from $4.3 million. Restructured loans that are in compliance with their modified terms was again zero, while other real estate owned was flat at $0.7 million. In total, nonperforming assets (NPAs), including troubled debt restructurings that are current in payments, fell 23 basis points to

0.32% of outstandings + OREO from 0.55% of outstandings + OREO at September 30, 2024, and increased 1 basis point year over year from 0.31%.

The loss allowance as a percent of nonperforming assets increased to 356% from 206% sequentially, primarily due to a decrease in nonperforming assets and a slight increase in the loss reserve for loans plus cash management receivables.

Liquidity and Funding

Cash and equivalents decreased $35 million to $31 million from $46 million at the end of the third quarter, while the securities portfolio fell $19 million to $500 million. By category, asset-backed securities (primarily student loans under the FFELP program) and other securities decreased $37 million to $89 million, the municipal securities portfolio declined $7 million to $178 million, and US government-related securities fell $2 million to $44 million, while the private-label mortgage securities portfolio rose $27 million to $189 million.

On a relative basis, municipal securities were 36% of the entire available-for-sale securities portfolio, the private-label mortgage securities portfolio was 31%, US government-related securities were 9%, and asset-backed securities and other were 24%.

CPKF's liquidity ratios were mixed compared to the previous quarter, in part reflecting CPKF's strategy of increasing its use of purchased funds, including brokered deposits and large time deposits (greater than $250,000), to invest in its available-for-sale securities portfolio. For example, brokered deposits increased to $115 million at December 31, 2024 from $0 at yearend 2022, while large time deposits rose $78 million to $94 million from $22 million over the same period. Because of this, liquid assets as a percent of purchased funds weakened, to 35% at December 31, 2024 from 100%-plus levels of years prior to 2023.

That said, core deposit funding, which fell $7 million to $1,163 million at the end of December 2024, remains very strong, with core deposits to total loans and receivables at 128% at quarterend.

Capital Adequacy and Dividends

The Company's capital adequacy ratios improved dramatically during the fourth quarter, as growth in Tier 1 and Total capital outpaced a decline in risk-weighted assets. The Tier 1 capital ratio rose 60 basis points sequentially to 11.64% at the end of 2024's fourth quarter from 11.04% at September 30, 2024, while the Total capital ratio increased 117 basis points, growing to 14.64% from 13.47%.

Total shareholders' equity decreased $1.0 million during the fourth quarter, due to a $2.3 million advance in retained earnings, a $0.2 million increase in capital changes, and a $3.5 million decline in the accumulated other comprehensive loss account. In addition, tangible shareholders' equity was reduced by $7.4 million of goodwill from the acquisition of a small factoring company in May 2023. For these reasons as well as a decrease in total assets, the total tangible equity to total assets ratio rose 22 basis points to 6.89% at the end of the fourth quarter from 6.67% in the prior quarter.

Reflecting these factors plus a 4,000 rise in common shares outstanding, tangible book value per share decreased during the fourth quarter, by $0.23 per share, to $22.09 from $22.32.

OVERVIEW

Chesapeake Financial Shares, Inc. (CPKF or the Company) is a financial holding company headquartered in Kilmarnock, Virginia, with $1,525 million in total assets at December 31, 2024. CPKF is predominantly a small business lender with 17 branch offices and one loan production office that serve customers in the eastern region of Virginia between the Potomac and James Rivers. CPKF, which began as Lancaster National Bank on April 13, 1900, has a long history and strong ties with the communities it serves.

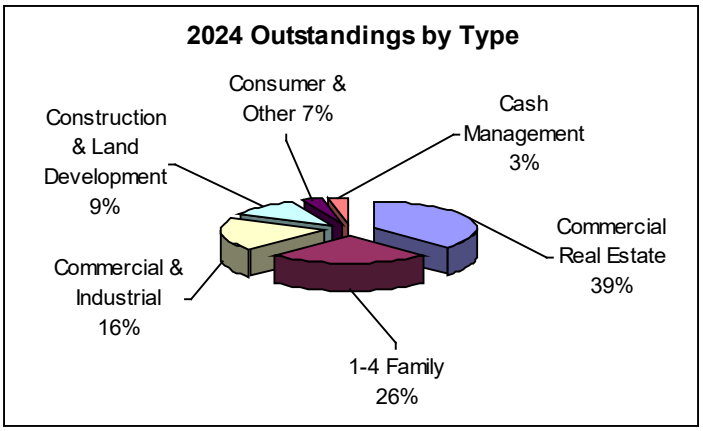
Operations are carried on through Chesapeake Bank, a state-chartered bank as well as Federal Reserve and FDIC member bank, and Chesapeake Wealth Management, an independent wealth management firm with trust powers that manages about $538 million in assets (at 2024 yearend) through its subsidiaries involved in asset management (Chesapeake Wealth Management is a registered investment adviser), brokerage, and trust services. Other activities of the Company include Chesapeake Payment Systems, cash management program (now branded as Flexent) and its secondary market mortgage banking operation.

Chesapeake Payment Systems offers merchant processing services such as credit card and debit card processing, electronic benefits transfers, and loyalty and gift card processing to companies involved in travel, entertainment, restaurant, hospitality, retail, mail order, and e-commerce. At yearend 2024, Chesapeake Payment Systems had 1,435 direct merchants in its system and processed over $663 million in merchant card transactions. In addition, Chesapeake Payment Systems has also partnered with eight independent sales organizations (ISOs) to expand its processing footprint.

The Flexent program, which provides an attractive financing option to growing businesses, involves the purchase of the client company's accounts receivables. The Cash management program is currently offered in the Eastern half of the United States and had 49 customers at the end of 2024, while Flexent Freight had 282 customers.

Through Chesapeake's secondary market mortgage banking operation, the Company services a $285 million loan portfolio (as of December 31, 2024) of residential mortgage loans for Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac), for which it earns a 25 basis-point fee (approximately $708,000 annually) on the outstanding loan portfolio balance. Additionally, CPKF earns a pare-off fee for residential mortgage loans that are originated and closed with FHLMC, which added $314,000 to revenues in 2024 (both types of fees are included in other noninterest income in the Company's financial statements).

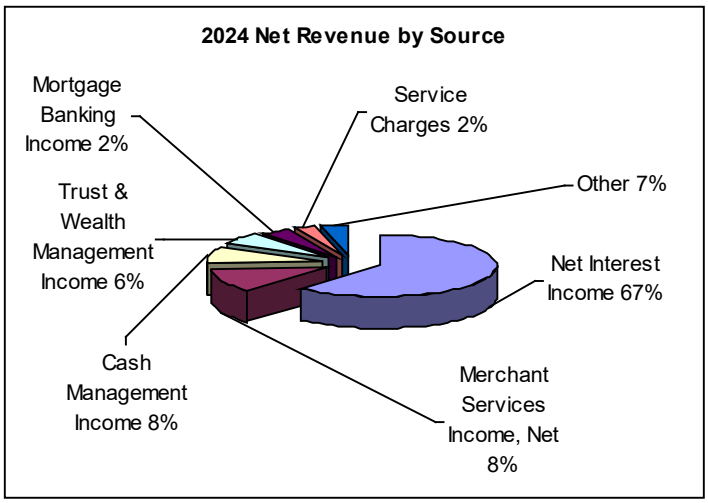
The lending portfolio is dominated by real estate loans, as shown in the chart at right. At December 31, 2024, the lending book consisted of commercial real estate (accounting for 39% of total gross outstandings), 1-4 family (26%), commercial and industrial (16%), construction and land development (9%), consumer and other (7%), and cash management (3%). A majority of loans are secured, usually by real estate, inventory, accounts receivable, equipment, machinery, or corporate assets.



Source: Zacks Analyst

At December 31, 2024, the liquidity portfolio, which consists of cash, short-term investments, federal funds sold, and US agency mortgage obligations, represented about 5% of total assets and 9% of the securities portfolio. In addition, the available-for-sale portfolio includes municipal at 36% of the total, private label mortgage securities at 31%, and asset-backed and other securities at 24%. Core deposits represented 85% of total deposits at December 31, 2023, with certificates of deposit larger than $250,000 at 7% and brokered deposits at 8%.

Source: Zacks Analyst



In 2024, net interest income contributed 67% of net revenue, with a significant 33% coming from noninterest income sources. Major contributors to noninterest income include merchant services income, net (8% of net revenue), cash management fee income (8%), trust and wealth management income (6%), mortgage banking income (2%), and service charges (2%).

VALUATION

CPKF stock is up 2.2% year to date, better than both the 4.8% median price decline for our small-cap bank universe and the 4.2% price decrease for the S&P 500, as shown in the following table.

At its current price, CPKF is trading at 17% discount to the industry median P/E, based upon our current CPKF EPS estimate for 2025. Assuming a median small-cap bank universe valuation of 9.5X, CPKF's target price based upon our 2025 EPS estimate is about $23.75.

Turning to Price/Tangible Book Value, CPKF is currently valued at 0.8X. Assuming a 1.0X multiple based upon our estimated tangible book value twelve months out, our target price is about $24.75, which compares to CPKF's current tangible book value per share of $22.09.

We have chosen $24.25 as our new valuation, based upon CPKF's 2025 P/E of $23.75 and forward Price/Tangible Book Value of $24.75.

Industry Comparables - Small-cap Banks

	Pr Chg YTD	EPS TTM*	EPS 2025E	EPS 2026E	ROE TTM*	ROE 5-Yr Avg	ROA TTM*	ROA 5-Yr Avg	Div Yld
Chesapeake Finc'l	**2.2**	**8.1**	**7.9**	**N/A**	**10.7**	**12.8**	**0.74**	**1.03**	**3.2**
S&P 500	**(4.2)**	**24.9**	**20.7**	**18.8**	**N/A**	**N/A**	**N/A**	**N/A**	**1.4**
Median	**(4.8)**	**10.6**	**9.5**	**8.5**	**9.0**	**11.4**	**0.77**	**1.09**	**2.8**
Average	(5.7)	17.9	12.0	9.0	9.2	11.8	0.9	1.1	2.8
High	9.4	205.7	64.7	18.8	23.2	18.9	2.6	1.9	6.5
Low	(32.1)	8.0	7.1	6.3	0.7	5.6	0.1	0.6	-----

*Trailing twelve months

Chesapeake Financial Shares, Inc.

Income Statement and Balance Sheet

(Dollars in millions, except per share data)

Summary Financial Data	12/19	12/20	12/21	12/22	12/23	12/24	12/25E
Net interest income	29.5	33.5	41.6	44.1	41.6	46.0	49.5
Non-interest income	20.3	19.6	18.9	19.9	22.3	22.7	24.3
Total net revenue	49.8	53.1	60.5	64.0	63.9	68.7	73.7
Loan loss provision	0.5	2.0	(0.4)	0.7	0.8	0.9	1.0
Non-interest expense	36.0	37.3	43.6	45.1	50.7	54.5	58.3
Income taxes & other	1.9	2.1	2.3	2.3	2.3	1.9	2.6
Zacks adjusted income before NRI	11.4	11.7	15.0	15.9	10.1	11.4	11.9
GAAP net income	11.4	11.7	15.0	17.6	10.1	11.4	11.9
Diluted EPS before NRI	2.29	2.39	3.11	3.37	2.15	2.42	2.50
Reported EPS	2.29	2.39	3.11	3.73	2.15	2.42	2.50
Dividends per share	0.49	0.50	0.53	0.58	0.61	0.63	0.64
Liquid assets	98.0	120.2	98.8	79.6	93.9	75.2	78.2
Outstandings, gross	566.7	625.0	699.7	778.1	864.4	907.9	982.7
Total assets	958.3	1,204.7	1,385.8	1,329.0	1,471.0	1,524.6	1,634.2
Core deposits	799.5	984.2	1,101.6	1,144.5	1,118.1	1,162.9	1,221.7
Purchased funds	39.6	85.3	122.4	67.8	210.3	214.6	223.4
Long-term debt	5.2	5.2	25.2	25.2	25.2	25.2	50.2
Shareholders' equity	105.4	122.7	126.1	79.1	98.5	111.7	124.6
Profitability							
Return on avg assets	1.22%	1.06%	1.14%	1.19%	0.73%	0.74%	0.75%
Return on avg equity	11.09%	10.27%	11.87%	18.88%	11.11%	10.57%	10.06%
Net interest margin	3.98%	3.80%	3.80%	3.70%	3.50%	3.50%	3.52%
Loan loss provision % avg assets	0.06%	0.18%	(0.03)%	0.05%	0.06%	0.06%	0.06%
Noninterest income % avg assets	2.18%	1.76%	1.44%	1.49%	1.61%	1.47%	1.53%
Noninterest expense % avg assets	3.86%	3.36%	3.32%	3.37%	3.66%	3.54%	3.68%
Preprovision pretax income % avg assets	1.48%	1.42%	1.29%	1.42%	0.95%	0.93%	0.98%
Tangible efficiency ratio	75%	72%	73%	67%	76%	79%	79%
Payout ratio	21%	21%	17%	16%	28%	26%	26%
Asset Quality							
Net charge-offs % avg outstandings	0.10%	(0.05)%	0.38%	(0.03)%	0.12%	0.02%	0.08%
Allowance % outstandings	1.18%	1.47%	1.17%	1.21%	1.09%	1.14%	1.09%
NPAs % loans + OREO	1.36%	1.11%	0.61%	0.52%	0.31%	0.32%	0.38%
Allowance % NPAs	86%	132%	194%	232%	347%	356%	291%
Liquidity & Funding							
Liquid assets % purchased funds	247%	141%	81%	117%	45%	35%	35%
Core deposits % outstandings	141%	157%	157%	147%	129%	128%	124%
Liquid assets % assets	10%	10%	7%	6%	6%	5%	5%
Outstandings % assets	59%	52%	50%	59%	59%	60%	60%
Capital Adequacy							
Total equity % assets	11.00%	10.18%	9.10%	5.95%	6.70%	7.33%	7.62%
Tangible equity % assets	11.00%	10.18%	9.10%	5.95%	6.36%	6.89%	7.23%
Tier 1 capital ratio	15.03%	14.03%	12.28%	13.04%	12.07%	11.64%	
Total capital ratio	16.00%	15.20%	15.16%	15.89%	13.77%	14.64%	
Parent Company Statistics							
Interest coverage	12.4X	41.2X	3.7X	4.7X	6.2X	3.7X	4.0X
Interest & dividend coverage	1.0X	2.0X	0.5X	1.1X	1.6X	0.9X	1.1X
Short-term debt coverage	Lge	Lge	Lge	Lge	Lge	Lge	Lge
Total debt coverage	5.0X	4.8X	0.7X	1.3X	1.3X	1.2X	0.7X
Double leverage	102.5%	102.1%	117.5%	128.2%	127.3%	119.2%	116.4%

Chesapeake Financial Shares, Inc.

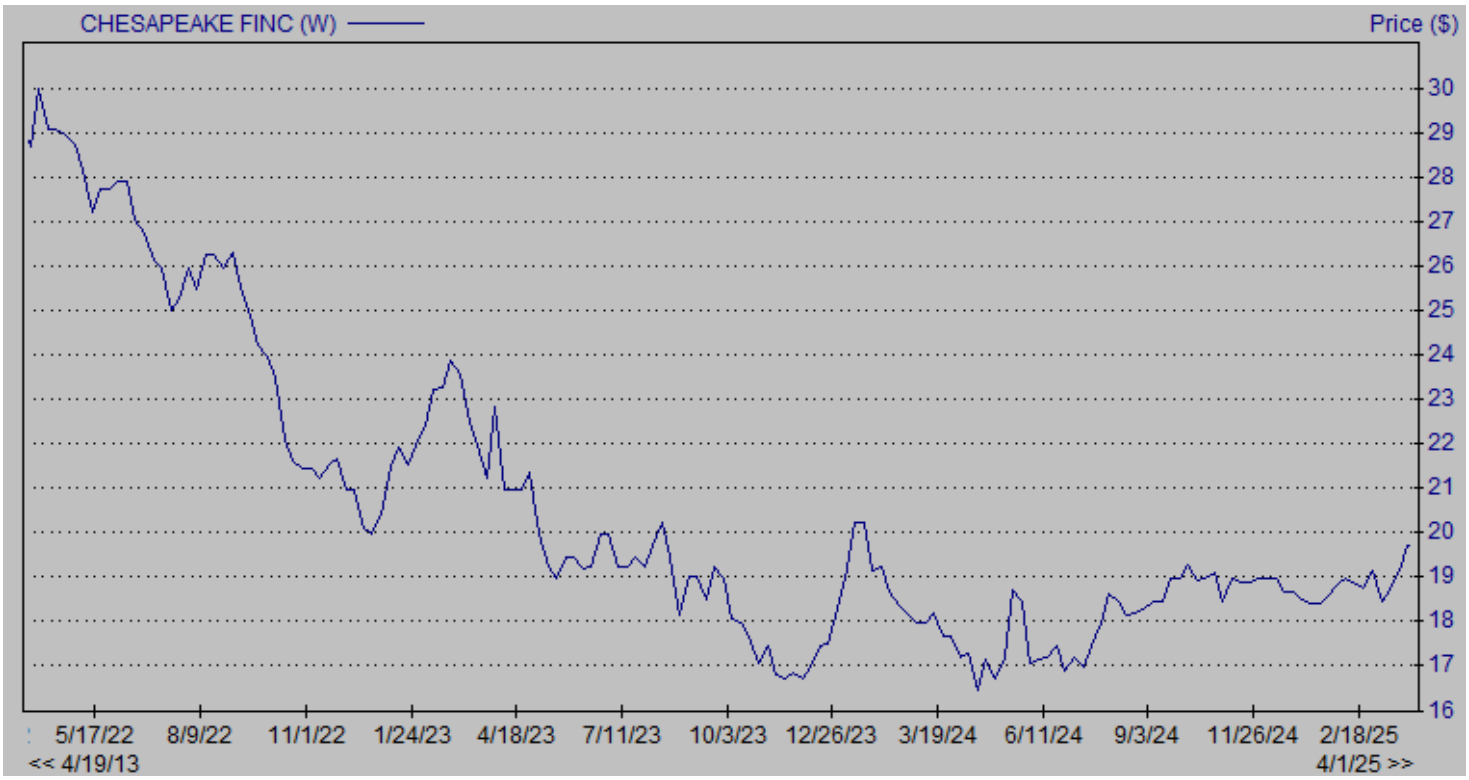
Income Statement and Balance Sheet

(Dollars in millions, except per share data)

	2023				2024			
Summary Financial Data	**Q1 A**	**Q2 A**	**Q3 A**	**Q4 A**	**Q1 A**	**Q2 A**	**Q3 A**	**Q4 A**
Net interest income	10.6	10.2	10.0	10.8	10.6	11.5	11.8	12.1
Non-interest income	5.0	6.2	6.5	4.6	5.1	5.8	6.2	5.5
Total net revenue	15.6	16.4	16.5	15.4	15.7	17.3	18.0	17.6
Loan loss provision	0.2	0.2	0.3	0.2	0.2	0.3	0.2	0.2
Non-interest expense	11.0	12.5	13.2	14.0	12.3	13.3	14.7	14.2
Income taxes & other	0.7	0.7	0.5	0.3	0.5	0.7	0.5	0.2
Zacks adjusted income before NRI	3.7	3.0	2.5	0.9	2.7	3.0	2.6	3.0
GAAP net income	3.7	3.0	2.5	0.9	2.7	3.0	2.6	3.0
Diluted EPS before NRI	0.78	0.65	0.53	0.19	0.58	0.65	0.55	0.64
Reported EPS	0.78	0.65	0.53	0.19	0.58	0.65	0.55	0.64
Dividends per share	0.15	0.15	0.15	0.16	0.16	0.16	0.16	0.16
Liquid assets	82.2	87.3	84.5	93.9	88.1	97.7	111.5	75.2
Outstandings, gross	797.1	818.7	836.8	864.4	900.0	914.8	910.6	907.9
Total assets	1,331.4	1,354.8	1,382.3	1,471.0	1,511.9	1,533.1	1,589.3	1,524.6
Core deposits	1,112.4	1,100.9	1,110.4	1,118.1	1,154.5	1,177.8	1,169.9	1,162.9
Purchased funds	91.3	125.2	148.3	210.3	213.3	209.9	259.7	214.6
Long-term debt	25.2	25.2	25.2	25.2	25.2	25.2	25.2	25.2
Shareholders' equity	89.3	90.9	85.6	98.5	102.6	105.4	112.8	111.7
Profitability								
Return on avg assets*	1.11%	0.91%	0.72%	0.25%	0.74%	0.80%	0.67%	0.78%
Return on avg equity *	17.56%	13.50%	11.23%	3.93%	10.94%	11.68%	9.53%	10.84%
Net interest margin*	3.58%	3.45%	3.37%	3.54%	3.38%	3.55%	3.52%	3.55%
Loan loss provision % avg assets*	0.05%	0.05%	0.08%	0.05%	0.05%	0.09%	0.05%	0.05%
Noninterest income % avg assets*	1.51%	1.84%	1.89%	1.28%	1.38%	1.52%	1.58%	1.43%
Noninterest expense % avg assets*	3.30%	3.72%	3.87%	3.94%	3.30%	3.50%	3.76%	3.64%
Preprovision pretax inc.% avg assets*	1.39%	1.16%	0.96%	0.38%	0.93%	1.05%	0.85%	0.89%
Tangible efficiency ratio	70%	70%	79%	85%	78%	77%	81%	80%
Payout ratio	19%	23%	28%	81%	27%	24%	28%	25%
Asset Quality								
Net charge-offs % avg outstandings*	0.02%	0.02%	0.01%	0.42%	(0.03)%	0.02%	0.01%	0.09%
Allowance % outstandings	1.21%	1.20%	1.20%	1.09%	1.08%	1.10%	1.13%	1.14%
NPAs % loans + OREO	0.51%	0.36%	0.40%	0.31%	0.18%	0.93%	0.55%	0.32%
Allowance % NPAs	237%	337%	298%	347%	603%	118%	206%	356%
Liquidity & Funding								
Liquid assets % purchased funds	90%	70%	57%	45%	41%	47%	43%	35%
Core deposits % outstandings	140%	134%	133%	129%	128%	129%	128%	128%
Liquid assets % assets	6%	6%	6%	6%	6%	6%	7%	5%
Outstandings % assets	60%	60%	61%	59%	60%	60%	57%	60%
Capital Adequacy								
Total equity % assets	6.71%	6.71%	6.19%	6.70%	6.78%	6.88%	7.10%	7.33%
Tangible equity % assets	6.71%	6.71%	5.69%	6.23%	6.33%	6.44%	6.67%	6.89%
Tier 1 capital ratio	13.13%	12.66%	11.83%	11.25%	11.06%	11.11%	11.04%	11.64%
Total capital ratio	15.98%	15.41%	14.56%	13.77%	13.53%	13.58%	13.47%	14.64%

*Annualized.

HISTORICAL STOCK PRICE



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