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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 $0.20 to $2.70 and Initiating our 2026 Estimate at $2.85

We have chosen $24.75 as our new valuation, based upon CPKF's 2025 P/E of $24.25 and forward Price/Tangible Book Value of $25.25.

Current Price (06/09/25)	$20.50
Valuation	**$24.25**

OUTLOOK

CPKF's first quarter net earnings, excluding a one-time charge from repositioning its investment securities portfolio of $8.0 million aftertax, or $1.69 per diluted share, increased $0.8 million, or 29%, to $3.55 million year over year, while 2025's first quarter diluted EPS rose $0.17, or 29%, to $0.75. Including this one-time charge, CPKF reported a net loss of $4.45 million, or a diluted loss per share of $0.94. This was better than our estimate, which had called for flat net earnings (off by $0.8 million), as well as flat diluted EPS (off by $0.17).We are increasing our diluted EPS estimate for 2025 by $0.20 from $2.50 to $2.70, representing a 12% gain over 2024's actual EPS of $2.42. Our initial 2026 diluted EPS estimate is $2.85, or a gain of 6% over our 2025 estimate. We expect good gains in net interest income in 2025 and 2026 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", having a #41 spot in 2024, out of 90 banks listed.

SUMMARY DATA

52-Week High	**$21.00**
52-Week Low	**$16.81**
One-Year Return (%)	**22.24**
Beta	**0.31**
Average Daily Volume (sh)	**1,760**
Shares Outstanding (mil)	**5**
Market Capitalization ($mil)	**$96**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**4**
Insider Ownership (%)	**40**
Annual Cash Dividend	**$0.64**
Dividend Yield (%)	**3.12**
5-Yr. Historical Growth Rates	
Net Revenue (%)	**6.6**
Earnings Per Share (%)	**1.1**
Dividend (%)	**5.1**
P/E using TTM EPS	**9.7**
P/E using 2025 Estimate	**7.6**
P/E using 2026 Estimate	**7.2**
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)
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	17.9 A	18.7 E	19.2 E	19.6 E	75.4 E
2026					79.7 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	0.75 A	0.63 E	0.61 E	0.71 E	2.70 E
2025					2.85 E

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

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FIRST QUARTER

CPKF's first quarter net earnings, excluding a one-time charge from repositioning its investment securities portfolio of $8.0 million aftertax, or $1.69 per diluted share, increased $0.8 million, or 29%, to $3.55 million year over year, while 2025's first quarter diluted EPS rose $0.17, or 29%, to $0.75. Including this one-time charge, CPKF reported a net loss of $4.45 million, or a diluted loss per share of $0.94.

This was better than our estimate, which had called for flat net earnings (off by $0.8 million), as well as flat diluted EPS (off by $0.17).

The major reasons for the difference between operating results (excluding the one-time charge) and our estimate were net revenues were $0.8 million more than the $17.1 million we had anticipated, largely consisting of net interest income that was $0.2 million higher than our estimate and noninterest income that was $0.6 million more than our projection, primarily due to a revenue surplus relative to our estimate of $0.2 million in trust and wealth management and of $0.4 million in merchant services. This was partially offset by a $0.6 million rise in noninterest expense to $14.1 million, which was $0.6 million more than $13.5 million we had projected, primarily due to larger other miscellaneous expense. In addition, income tax expense was nominal and much less than our $0.6 million estimate due to an effective tax rate of 1% that was 17 points lower than our 18% estimate.

The major reasons for the first quarter's $0.8 million increase in net earnings versus the prior-year quarter were a $1.6 million, or 16%, increase in net interest income and a $0.5 million, or 9%, rise in total noninterest income as most businesses posted gains except cash management, which fell by $0.3 million, or 22%. Notably, merchant services was particularly strong at a 34% gain.This was partly offset by $1.8 million, or 15%, growth in total noninterest expense, on the back of higher compensation costs (up $1.0 million, or 14%) and other miscellaneous expense (up $0.7 million, or 13%). In addition, income tax expense was $0.5 million lower than that of the year-ago quarter.

We are increasing our diluted EPS estimate for 2025 by $0.20 from $2.50 to $2.70, representing a 12% gain over 2024's actual EPS of $2.42. Our initial 2026 diluted EPS estimate is $2.85, or a gain of 6% over our 2025 estimate.

The restructuring of the investment securities portfolio will have a beneficial impact on the net interest margin and future earnings. To summarize, CPKF sold $75 million of lower-yielding municipal debt securities at the Bank, resulting in a pretax loss of $9.35 million and an aftertax loss of $8.0 million (a loss of $1.69 per diluted share). CPKF replaced these with higher-yielding, shorter-maturity debt securities, primarily U.S agencies ($90 million) and private-label mortgage securities ($22 million), in part funded with additional brokered deposits, as well ($47 million added in the first quarter).

We expect good gains in net interest income as solid loan growth, estimated at 8% in 2025 and 2026, will be aided by better prospects for CPKF's net interest margin, reflecting higher loan pricing as loan rates reset, gains in investment income from the larger restructured 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, though this may take time to materialize.

We are increasing our estimate for the loan loss provision in 2025 to $1.1 million from $1.0 million, which compares to $878,000 actual in 2024. Our initial estimate for the loan loss provision in 2026 is $1.2 million.

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 and 2026, 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 May 28, 2025, Chesapeake Bank announced the strategic leadership hires of Grant Garber as Assistant Vice President, Director of Fraud Prevention, and Nate Cobb as Assistant Vice President, Director of Operations. These additions reflect the bank's continued investment in security, operational excellence, and customer protection. At the same time, the Bank announced that Chesapeake Bank was one of 193 financial firms that had recently been awarded the prestigious AARP BankSafe Trained Seal, an award demonstrating that a financial institution’s frontline employees have been substantially trained in financial exploitation prevention.

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. Of the total $25 million issued, $18 million has been contributed to the Bank as Tier 1 capital, $4 million has been retained at the holding company for share buybacks, and another $3 million has been designated for future interest payments on the subordinated notes. The offering size was increased due to significant investor demand at favorable pricing. 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, and mature on March 1, 2035.

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.

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 first quarter results more fully. Our projections are shown at the back of the report.

Net Interest Income

Net interest income rose $1.6 million, or 16%, year over year in the first quarter to $12.3 million ($0.2 million above our $12.1 million estimate). A 10% increase in average interest-earning assets was aided by a net interest margin of 3.54% that was 2 basis points better than our 3.52% estimate and 16 basis point more than the 3.38% earned in the year-ago quarter.

We expect good gains in net interest income as solid loan growth, estimated at 8% in 2025 and 2026, will be aided by better prospects for CPKF's net interest margin, reflecting higher loan pricing as loan rates reset, gains in investment income from the larger restructured 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 have raised our net interest margin estimate for 2025 to 3.62% from 3.52%, up 12 basis points from 3.50% actually reported for 2024. Our initial NIM estimate for 2026 is 3.65%.

Noninterest Income

Noninterest income increased $0.5 million, or 9%, year over year to $5.6 million ($0.6 million above our estimate), as most business lines posted revenue improvement, with the exception of cash management, which fell by $0.3 million, or 22%. Notably, merchant services was particularly strong at a 34% gain.

Our estimate for total noninterest income is $23.9 million in 2025 and $25.4 million in 2026, 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, though this may take time to materialize.

Loss Provision

The loan loss provision increased $43,000 to $218,000 from $175,000 in the year-ago quarter and was $32,000 million lower than our $250,000 estimate. Loan loss reserves were up $0.2 million to $8.7 million (0.95% of loans) compared with the fourth quarter (0.96% of loans) and were $0.6 million above the $8.0 million (0.93% of loans) in the year-ago quarter.

Including the loss allowance for cash management receivables, the total loss allowance increased $0.2 million to $10.5 million (1.12% of loans plus cash management receivables) compared with 1.14% at the end of the previous quarter and was $0.8 million above the $9.7 million (1.10% 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 $26,000 in the first quarter. This compares to net charge-offs of $41,000 in the year-ago quarter and net charge-offs of $300,000 for the full year in 2024.

We are increasing our estimate for the loan loss provision in 2025 to $1.1 million from $1.0 million, which compares to $878,000 actual in 2024. Our initial estimate for the loan loss provision in 2026 is $1.2 million.

We project that the total loss allowance will decrease to 1.13% of total loans plus receivables at yearend 2025 and 1.10% in 2026 from 1.14% actual at the end of 2024.

Noninterest Expense

Noninterest expense advanced $1.8 million, or 15%, to $14.1 million ($0.6 million below our $13.5 million estimate) from the prior-year quarter, largely reflecting greater compensation costs (up $1.0 million, or 14%) and and other miscellaneous expense (up $0.7 million, or 13%).

We project that compensation costs will increase from $32.2 million actual in 2024 to $35.1 million in 2025 and $37.6 million in 2026 due to the increases in full-time equivalent employees from new hires and replacement staffing. Our estimate of noncompensation costs is $23.8 million in 2025 and $24.2 million in 2026, compared to 2024's $22.3 million actual.

Our estimate of the efficiency ratio is 78% in 2025 and 2026, compared to 79% actual in 2024.

Income Taxes

The Company had a 1.0% effective tax rate in the first quarter. This compares to a 16.7% tax rate in the year-ago quarter and our estimate of an effective tax rate of 18.0%.

We estimate the effective tax rate for 2025 will be 15.5% and 18.0% in 2026.

Net Income

CPKF's first quarter net earnings, excluding a one-time charge from repositioning its investment securities portfolio of $8.0 million aftertax, or $1.69 per diluted share, increased $0.8 million, or 29%, to $3.55 million year over year, while 2025's first quarter diluted EPS rose $0.17, or 29%, to $0.75. Including this one-time charge, CPKF reported a net loss of $4.45 million, or a diluted loss per share of $0.94.

This was better than our estimate, which had called for flat net earnings (off by $0.8 million), as well as flat diluted EPS (off by $0.17).

Profitability

CPKF posted a 12.6% ROE and 0.91% ROA for the first quarter of 2025, compared to 10.9% and 0.74%, respectively, in the prior-year quarter.

Loans and Asset Quality

Gross loans increased $51 million, or 6%, year over year, and rose about $29 million, or 3%, sequentially to $911 million.

By category, construction and land development loans gained $15.0 million, or 18%, to $97 million; other loans rose $5.4 million, or 10%, to $60 million; commercial real estate loans increased $3.8 million, or 1% to $355 million; commercial and industrial loans increased $3.7 million, or 3%, to $145 million; consumer loans rose $0.7 million, or 5%, to $14 million; cash management receivables increased $0.7 million, or 3%, to $25 million; and1-4 family was flat at $240 million.

Loan demand is solid, and we maintaining our 2025 estimate at 8% and initiating our 2026 estimate at 8%.

Asset quality measures worsened somewhat during 2025's first quarter, though remained quite strong. Total nonperforming assets increased $1.4 million to $4.3 million from $2.9 million sequentially, largely

due to nonaccrual loans, which rose $1.4 million to $3.6 million from $2.2 million. Restructured loans that are in compliance with their modified terms were 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, rose 14 basis points to 0.46% of outstandings + OREO from 0.32% of outstandings + OREO at December 31, 2024, and increased 28 basis points year over year from 0.18%.

The loss allowance as a percent of nonperforming assets decreased to 245% from 356% sequentially, primarily due to an increase in nonperforming assets and a slight increase in the loss reserve for loans plus cash management receivables.

Liquidity and Funding

Cash and equivalents increased $4 million sequentially to $35 million at the end of the first quarter from $31 million, while the securities portfolio rose $47 million to $547 million. By category, US government-related securities rose $90 million to $134 million, the private-label mortgage securities portfolio rose $22 million to $211 million, asset-backed securities (primarily student loans under the FFELP program) and other securities were flat at $88 million, and the municipal securities portfolio declined $64 million to $114 million.

On a relative basis, the private-label mortgage securities portfolio was 39% of the entire available-for-sale securities portfolio, US government-related securities were 24%, municipal securities were 21%, and asset-backed securities and other were 16%.

CPKF's liquidity/funding 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 $162 million at March 31, 2025 from $115 million at yearend 2024 and $0 at yearend 2022, while large time deposits rose to $95 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 before rising to 66% at March 31, 2025.

That said, core deposit funding, which rose $10 million to $1,172 million at March 31, 2025, remains very strong, with core deposits to total loans and receivables at 125% at quarterend.

Capital Adequacy and Dividends

The Company's capital adequacy ratios were mixed during the first quarter. The Tier 1 capital ratio fell 79 basis points sequentially to 10.85% at the end of 2025's first quarter from 11.64% at December 31, 2024, as growth in risk-weighted assets outpaced growth in Tier 1 capital. However, the issuance of $25 million in subordinated notes during 2025's first quarter strengthened Total capital. Thus, the Total capital ratio increased 66 basis points, growing to 15.30% from 14.64%.

Total shareholders' equity increased $2.9 million during the first quarter, due to an $8.6 million decline in the accumulated other comprehensive loss account, a $5.2 million decrease in retained earnings, and a $0.5 million decrease in capital changes. 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 an increase in total assets, the total tangible equity to total assets ratio fell 17 basis points to 6.72% at the end of the first quarter from 6.89% in the prior quarter.

Reflecting these factors plus a 33,000 drop in common shares outstanding, tangible book value per share increased during the first quarter, by $0.78 per share, to $22.87 from $22.09.

OVERVIEW

Chesapeake Financial Shares, Inc. (CPKF or the Company) is a financial holding company headquartered in Kilmarnock, Virginia, with $1,607 million in total assets at March 31, 2025. 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.

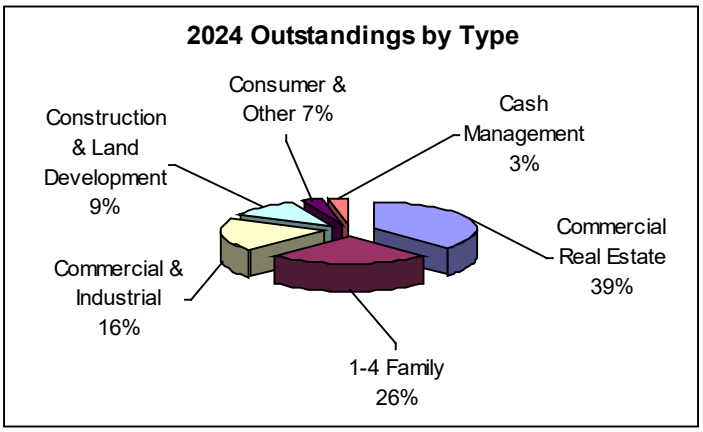
Operations are carried on through Chesapeake Bank, a state-chartered bank as well as Federal Reserve and FDIC member bank, and Chesapeake Wealth Management, an independent wealth management firm with trust powers that manages about $538 million in assets (at 2024 yearend) through its subsidiaries involved 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.

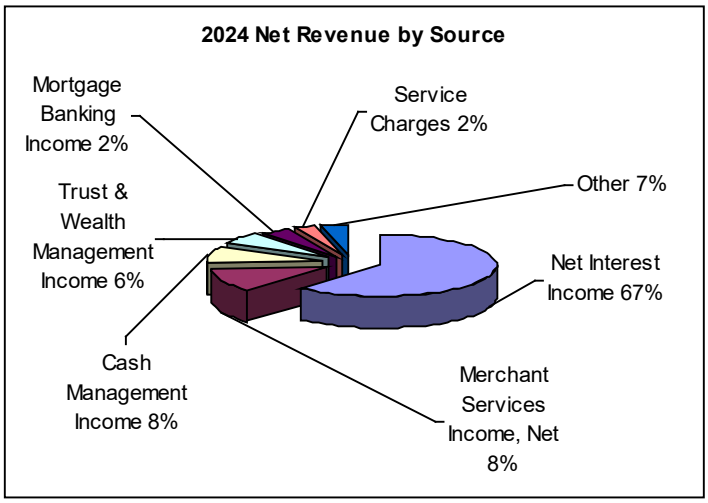


Source: Zacks Analyst

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 6.3% year to date, better than both the 4.4% median price decline for our small-cap bank universe and the 2.1% price gain for the S&P 500, as shown in the following table.

At its current price, CPKF is trading at 15% discount to the industry median P/E, based upon our current CPKF EPS estimate for 2026. Assuming a median small-cap bank universe valuation of 8.5X, CPKF's target price based upon our 2026 EPS estimate is about $24.25.

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 $25.25, which compares to CPKF's current tangible book value per share of $22.87.

We have chosen $24.75 as our new valuation, based upon CPKF's 2025 P/E of $24.25 and forward Price/Tangible Book Value of $25.25.

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	**6.3**	**9.7**	**7.6**	**7.2**	**10.4**	**12.8**	**0.74**	**1.00**	**3.1**
S&P 500	**2.1**	**25.7**	**22.5**	**20.0**	**44.4**	**N/A**	**16.9**	**N/A**	**1.3**
Median	**(4.4)**	**10.5**	**9.3**	**8.5**	**9.6**	**11.4**	**0.83**	**1.06**	**2.9**
Average	(4.1)	15.5	11.5	8.8	9.3	11.8	0.9	1.1	2.8
High	14.4	68.1	56.4	15.6	21.6	19.6	2.6	2.0	8.1
Low	(33.4)	8.1	7.6	5.9	1.5	5.4	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	12/20	12/21	12/22	12/23	12/24	12/25E	12/26E
Net interest income	33.5	41.6	44.1	41.6	46.0	51.5	54.3
Non-interest income	19.6	18.9	19.9	22.3	22.7	23.9	25.4
Total net revenue	53.1	60.5	64.0	63.9	68.7	75.4	79.7
Loan loss provision	2.0	(0.4)	0.7	0.8	0.9	1.1	1.2
Non-interest expense	37.3	43.6	45.1	50.7	54.5	59.1	62.0
Income taxes & other	2.1	2.3	2.3	2.3	1.9	2.4	3.0
Zacks adjusted income before NRI	11.7	15.0	15.9	10.1	11.4	12.8	13.5
GAAP net income	11.7	15.0	17.6	10.1	11.4	4.8	13.5
Diluted EPS before NRI	2.39	3.11	3.37	2.15	2.42	2.70	2.85
Reported EPS	2.39	3.11	3.73	2.15	2.42	1.01	2.85
Dividends per share	0.50	0.53	0.58	0.61	0.63	0.64	0.64
Liquid assets	120.2	98.8	79.6	93.9	75.2	174.6	181.7
Outstandings, gross	625.0	699.7	778.1	864.4	907.9	979.3	1,060.0
Total assets	1,204.7	1,385.8	1,329.0	1,471.0	1,524.6	1,680.6	1,783.7
Core deposits	984.2	1,101.6	1,144.5	1,118.1	1,162.9	1,225.9	1,301.2
Purchased funds	85.3	122.4	67.8	210.3	214.6	265.0	278.5
Long-term debt	5.2	25.2	25.2	25.2	25.2	50.2	50.2
Shareholders' equity	122.7	126.1	79.1	98.5	111.7	123.1	137.6
Profitability							
Return on avg assets	1.06%	1.14%	1.19%	0.73%	0.74%	0.79%	0.78%
Return on avg equity	10.27%	11.87%	18.88%	11.11%	10.57%	10.88%	10.39%
Net interest margin	3.80%	3.80%	3.70%	3.50%	3.50%	3.62%	3.65%
Loan loss provision % avg assets	0.18%	(0.03)%	0.05%	0.06%	0.06%	0.07%	0.07%
Noninterest income % avg assets	1.76%	1.44%	1.49%	1.61%	1.47%	1.47%	1.47%
Noninterest expense % avg assets	3.36%	3.32%	3.98%	3.66%	3.54%	3.64%	3.58%
Preprovision pretax income % avg assets	1.42%	1.29%	0.81%	0.95%	0.93%	1.00%	1.02%
Tangible efficiency ratio	72%	73%	79%	76%	79%	78%	78%
Payout ratio	21%	17%	16%	28%	26%	63%	22%
Asset Quality							
Net charge-offs % avg outstandings	(0.05)%	0.38%	(0.03)%	0.12%	0.02%	0.07%	0.08%
Allowance % outstandings	1.47%	1.17%	1.21%	1.09%	1.14%	1.13%	1.10%
NPAs % loans + OREO	1.11%	0.61%	0.52%	0.31%	0.32%	0.50%	0.54%
Allowance % NPAs	132%	194%	232%	347%	356%	225%	205%
Liquidity & Funding							
Liquid assets % purchased funds	141%	81%	117%	45%	35%	66%	65%
Core deposits % outstandings	157%	157%	147%	129%	128%	125%	123%
Liquid assets % assets	10%	7%	6%	6%	5%	10%	10%
Outstandings % assets	52%	50%	59%	59%	60%	58%	59%
Capital Adequacy							
Total equity % assets	10.18%	9.10%	5.95%	6.70%	7.33%	7.32%	7.71%
Tangible equity % assets	10.18%	9.10%	5.95%	6.23%	6.89%	6.94%	7.37%
Tier 1 capital ratio	14.03%	12.28%	13.04%	11.25%	11.64%		
Total capital ratio	15.20%	15.16%	15.89%	13.77%	14.64%		
Parent Company Statistics							
Interest coverage	41.2X	3.7X	4.7X	6.2X	3.7X	2.0X	2.0X
Interest & dividend coverage	2.0X	0.5X	1.1X	1.6X	0.9X	1.0X	1.0X
Short-term debt coverage	Lge	Lge	Lge	Lge	Lge	Lge	Lge
Total debt coverage	4.8X	0.7X	1.3X	1.3X	1.2X	0.7X	0.7X
Double leverage	102.1%	117.5%	128.2%	127.3%	119.2%	126.7%	123.2%

Chesapeake Financial Shares, Inc.

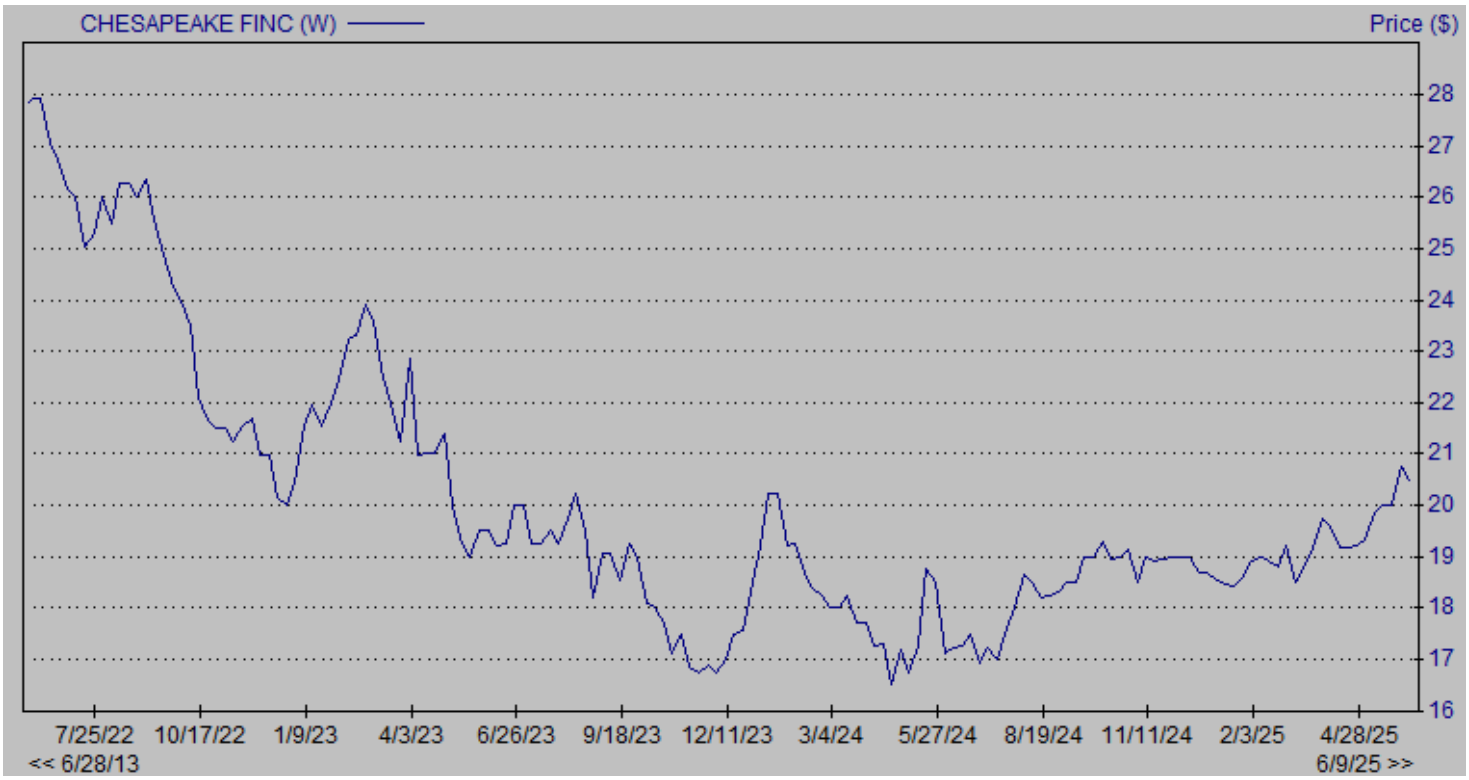
Income Statement and Balance Sheet

(Dollars in millions, except per share data)

	2024				2025			
Summary Financial Data	**Q1 A**	**Q2 A**	**Q3 A**	**Q4 A**	**Q1 A**	**Q2 E**	**Q3 E**	**Q4 E**
Net interest income	10.6	11.5	11.8	12.1	12.3	12.9	13.1	13.2
Non-interest income	5.1	5.8	6.2	5.5	5.6	5.8	6.1	6.4
Total net revenue	15.7	17.3	18.0	17.6	17.9	18.7	19.2	19.6
Loan loss provision	0.2	0.3	0.2	0.2	0.2	0.3	0.3	0.3
Non-interest expense	12.3	13.3	14.7	14.2	14.1	14.7	15.2	15.1
Income taxes & other	0.5	0.7	0.5	0.2	0.0	0.7	0.8	0.9
Zacks adjusted income before NRI	2.7	3.0	2.6	3.0	3.6	3.0	2.9	3.3
GAAP net income	2.7	3.0	2.6	3.0	(4.5)	3.0	2.9	3.3
Diluted EPS before NRI	0.58	0.65	0.55	0.64	0.75	0.63	0.61	0.71
Reported EPS	0.58	0.65	0.55	0.64	(0.94)	0.63	0.61	0.71
Dividends per share	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16
Liquid assets	88.1	97.7	111.5	75.2	169.5	171.2	172.9	174.6
Outstandings, gross	900.0	914.8	910.6	907.9	936.5	945.9	962.4	979.3
Total assets	1,511.9	1,533.1	1,589.3	1,524.6	1,607.2	1,631.3	1,655.8	1,680.6
Core deposits	1,154.5	1,177.8	1,169.9	1,162.9	1,172.4	1,190.0	1,207.8	1,225.9
Purchased funds	213.3	209.9	259.7	214.6	257.2	259.8	262.4	265.0
Long-term debt	25.2	25.2	25.2	25.2	50.2	50.2	50.2	50.2
Shareholders' equity	102.6	105.4	112.8	111.7	114.6	117.4	120.0	123.1
Profitability								
Return on avg assets*	0.74%	0.80%	0.67%	0.78%	0.91%	0.74%	0.70%	0.80%
Return on avg equity *	10.94%	11.68%	9.53%	10.84%	12.55%	10.28%	9.76%	11.00%
Net interest margin*	3.38%	3.55%	3.52%	3.55%	3.54%	3.65%	3.65%	3.65%
Loan loss provision % avg assets*	0.05%	0.09%	0.05%	0.05%	0.06%	0.07%	0.07%	0.07%
Noninterest income % avg assets*	1.38%	1.52%	1.58%	1.43%	1.43%	1.43%	1.48%	1.53%
Noninterest expense % avg assets*	3.30%	3.50%	3.76%	3.64%	3.60%	3.63%	3.71%	3.62%
Preprovision pretax inc.% avg assets*	0.93%	1.05%	0.85%	0.89%	0.97%	0.99%	0.95%	1.07%
Tangible efficiency ratio	78%	77%	81%	80%	79%	78%	79%	77%
Payout ratio	27%	24%	28%	25%	(17)%	25%	26%	23%
Asset Quality								
Net charge-offs % avg outstandings*	(0.03)%	0.02%	0.01%	0.09%	0.01%	0.09%	0.08%	0.08%
Allowance % outstandings	1.08%	1.10%	1.13%	1.14%	1.12%	1.13%	1.13%	1.13%
NPAs % loans + OREO	0.18%	0.93%	0.55%	0.32%	0.46%	0.48%	0.49%	0.50%
Allowance % NPAs	603%	118%	206%	356%	245%	238%	231%	225%
Liquidity & Funding								
Liquid assets % purchased funds	41%	47%	43%	35%	66%	66%	66%	66%
Core deposits % outstandings	128%	129%	128%	128%	125%	126%	125%	125%
Liquid assets % assets	6%	6%	7%	5%	11%	10%	10%	10%
Outstandings % assets	60%	60%	57%	60%	58%	58%	58%	58%
Capital Adequacy								
Total equity % assets	6.78%	6.88%	7.10%	7.33%	7.13%	7.20%	7.25%	7.32%
Tangible equity % assets	6.33%	6.44%	6.67%	6.89%	6.72%	6.79%	6.86%	6.94%
Tier 1 capital ratio	11.06%	11.11%	11.04%	11.64%	10.85%			
Total capital ratio	13.53%	13.58%	13.47%	14.64%	15.30%			

*Annualized.

HISTORICAL STOCK PRICE



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