

March 23, 2026

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Ann H. Heffron, CFA, CPA
312-265-9428
aheffron@zacks.com

scr.zacks.com

101 N. Wacker, Chicago, IL 60606

Chesapeake Financial Shares, Inc. (CPKF-OTCQX)

CPKF: Raising our CPKF 2026 Diluted EPS Estimate by \$0.58 to \$3.90

We have chosen \$35.75 as our new valuation, based upon CPKF's 2026 P/E of \$35.00 and forward Price/Tangible Book Value of \$36.50.

Current Price (03/20/26) **\$32.49**
Valuation **\$35.75**

OUTLOOK

CPKF produced another outstanding quarter with 2025 fourth quarter net earnings excluding a one-time gain on the reversal of a contingency liability accrual (\$1.0 million pretax, \$0.8 million aftertax, and \$0.16 per diluted share) surging, rising \$2.6 million, or 85%, to \$5.6 million year over year, while 2025's fourth quarter diluted EPS rose \$0.56, or 86%, to \$1.20. For the year, CPKF posted 2025 net earnings of \$16.8 million, up \$5.4 million, or 47%, year over year, while diluted EPS increased \$1.16, or 48%, to \$3.58. This excludes one-time items totalling a \$6.8 million charge aftertax, or \$1.46 per diluted share. We are increasing our diluted EPS estimate for 2026 by \$0.58 from \$3.32 to \$3.90, representing a 9% gain over 2025's actual EPS of \$3.58, excluding nonrecurring items. In 2026, we expect good gains in net interest income as solid loan growth will be aided by better prospects for CPKF's net interest margin, as well as continuing growth in the contribution to revenues and earnings of CPKF's specialty lines of business. 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 just raised the quarterly dividend by 6% to \$0.17 per share and has raised its annual dividend payment every year for the past thirty-three years since 1991. In 2025 for the eighteenth consecutive year, CPKF was included in the American Banker magazine list of the "Top 100 Community Banks," ranking #60 out of approximately 348 community banks with total assets under \$2 billion. Chesapeake Bank again garnered a top ranking in the American Banker's list of "Best Banks to Work for: Less than \$3 Billion of Assets," and had a #32 spot in 2025 out of the 51 banks listed.

SUMMARY DATA

52-Week High **\$32.50**
52-Week Low **\$18.90**
One-Year Return (%) **71.49**
Beta **0.25**
Average Daily Volume (sh) **1,882**

Shares Outstanding (mil) **5**
Market Capitalization (\$mil) **\$153**
Short Interest Ratio (days) **N/A**
Institutional Ownership (%) **4**
Insider Ownership (%) **40**

Annual Cash Dividend **\$0.68**
Dividend Yield (%) **2.09**

5-Yr. Historical Growth Rates
Net Revenue (%) **8.8**
Earnings Per Share (%) **9.4**
Dividend (%) **5.4**

P/E using TTM EPS **9.1**
P/E using 2025 Actual **9.1**
P/E using 2026 Estimate **8.3**

Zacks Rank **N/A**

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

ZACKS ESTIMATES

Net Revenue

(in millions of \$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(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	19.6 A	21.2 A	21.0 A	79.7 A
2026	21.3 E	21.7 E	22.0 E	21.7 E	86.7 E

Earnings per Share*

(EPS is operating earnings before nonrecurring items)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
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	0.75 A	0.67 A	0.96 A	1.20 A	3.58 A
2026	0.98 E	0.93 E	1.05 E	0.94 E	3.90 E

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

FOURTH QUARTER

CPKF produced another outstanding quarter with 2025 fourth quarter net earnings excluding a one-time gain on the reversal of a contingency liability accrual (\$1.0 million pretax, \$0.8 million aftertax, and \$0.16 per diluted share) surging, rising \$2.6 million, or 85%, to \$5.6 million year over year, while 2025's fourth quarter diluted EPS rose \$0.56, or 86%, to \$1.20.

This was much better than our estimate, which had called for a \$0.8 million increase in net earnings to \$3.9 million (off by \$1.7 million) and a \$0.18 increase in diluted EPS to \$0.82 (off by \$0.38).

The primary reasons for the difference between reported results and our estimate were net revenues were \$0.5 million more than the \$20.6 million we had anticipated, largely consisting of net interest income that was \$0.7 million higher than our estimate and noninterest income that was \$0.2 million below our projection due to a \$0.2 million shortfall in other miscellaneous income.

Furthermore, total noninterest expense of \$14.3 million was \$1.2 million below what we had projected, primarily reflecting technology expense that was \$0.3 million lower than anticipated, as well as total compensation costs that were \$0.4 million less and other miscellaneous expense that was \$0.5 million less.

The major reasons for the fourth quarter's \$2.6 million increase in net earnings versus the prior-year quarter were a \$2.6 million, or 21%, increase in net interest income plus a \$0.8 million, or 15%, rise in total noninterest income, partly offset by \$0.2 million growth in total noninterest expense, a \$0.1 million larger credit loss provision, and \$0.5 million more income taxes.

For the year, CPKF posted 2025 net earnings of \$16.8 million, up \$5.4 million, or 47%, year over year, while diluted EPS increased \$1.16, or 48%, to \$3.58. This excludes one-time items totalling a \$6.8 million charge, consisting of an aftertax charge from repositioning the investment securities portfolio of \$8.0 million or \$1.69 per diluted share, a \$0.3 million aftertax gain or \$0.07 per diluted share on the sale of a building, and an aftertax gain on the reversal of a contingency liability accrual of \$0.8 million or \$0.16 per diluted share.

Primary contributors to this result were an \$8.0 million, or 17%, gain in net interest income on growth in average interest-earning assets and a higher net interest margin of 3.80%, up 30 basis points from 3.50%, as well as a \$3.0 million, or 13%, gain in noninterest income as most business lines posted notable revenue improvement (though these were offset by a \$0.1 million decline in cash management income). These positives were partly offset by a \$4.6 million, or 8%, increase in noninterest expense, largely due to higher compensation costs (up \$2.8 million, or 9%) and other miscellaneous expense (up \$1.8 million, or 21%), \$0.8 million more taxes, reflecting higher pretax earnings (the effective tax rate was flat at about 14 ½%), and a \$0.2 million rise in the provision for credit losses to \$1.0 million.

We are increasing our diluted EPS estimate for 2026 by a \$0.58 from \$3.32 to \$3.90, representing a 9% gain over 2025's actual EPS of \$3.58, excluding nonrecurring items.

The restructuring of the investment securities portfolio will continue to 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.

We expect good gains in net interest income as solid loan growth, estimated at 8% in 2026 (up from 7% previously, reflecting stronger loan demand in the fourth quarter), 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 continued contribution from swaps income. We note that CPKF is strategically using 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. Moreover, loan growth will be supplemented by new lending initiatives in newer markets such as Midlothian and Newport News, Virginia.

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 manager, who is expected to generate new receivables growth in the factoring business.

We are maintaining our estimate for the loan loss provision in 2026 at \$1.2 million, which compares to \$1.1 million actual in 2025.

The provision for cash management losses, a separate line item listed under other noninterest expense, is expected to be about \$120,000 in 2026, compared to \$40,000 reported in 2025.

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 17, 2025 Chesapeake Financial Shares Board of Directors meeting, the Board raised the quarterly dividend to \$0.17 per share from \$0.16 per share (a 6% increase), to be paid on or before December 15, 2025. Notably, CPKF has increased the annual dividend payment every year for the past thirty-three 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. 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.

In 2025 for the eighteenth 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 #60 in the nation out of approximately 348 community banks with total assets under \$2 billion in the study, up from #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 return on average equity (ROAE). Chesapeake Bank again garnered a top ranking for the thirteenth consecutive year in the American Banker's list of "Best Banks to Work for: Less than \$3 Billion of Assets," and had a #32 spot in 2025, out of the 51 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 \$2.6 million, or 21%, year over year in the fourth quarter to \$14.6 million (\$0.7 million above our \$13.9 million estimate). A 7% increase in average interest-earning assets was aided by

a much improved net interest margin of 3.98% that was 18 basis points better than our 3.80% estimate and 43 basis points higher than the 3.55% earned in the year-ago quarter.

We expect good gains in net interest income as solid loan growth, estimated at 7% in 2025 (up from 6% previously, reflecting stronger loan demand in the third quarter) and 7% in 2026 (down from 8% before), 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 continued contribution from swaps income. We note that CPKF is strategically using 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 in newer markets such as Midlothian and Newport News, Virginia.

We have raised our net interest margin estimate for 2026 to 3.90% from 3.75%, up 10 basis points from 3.80% actually reported for 2025.

Noninterest Income

Noninterest income increased \$0.8 million, or 15%, as most business lines, except mortgage banking, posted significant revenue improvement (particularly merchant services, up 26%, and cash management, up 32%). This was partially offset by a \$0.2 million, or 13% decline in, other miscellaneous income.

Our estimate for total noninterest income is \$27.3 million in 2026, which compares to \$22.7 million actual in 2025, 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 manager, who is expected to generate new receivables growth in the factoring business.

Loss Provision

The loan loss provision rose \$0.16 million to \$0.34 million compared to the year-ago quarter and was about the same as our estimate. Loan loss reserves rose \$0.2 million to \$9.3 million (0.97% of loans) compared with the third quarter (0.98% of loans) and were \$0.8 million above the \$8.5 million (0.96% of loans) in the year-ago quarter. As to other asset quality measures, CPKF recorded net charge-offs of \$112,000 in the fourth quarter. This compares to net charge-offs of \$198,000 in the year-ago quarter and net charge-offs of \$229,000 for the full year in 2025.

Including the loss allowance for cash management receivables, the total loss allowance increased \$0.2 million to \$11.3 million (1.13% of loans plus cash management receivables) compared with 1.15% at the end of the previous quarter and was \$1.0 million above the \$10.3 million (1.14% 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 \$112,000 in the fourth quarter. This compares to net charge-offs of \$198,000 in the year-ago quarter and net charge-offs of \$229,000 for the full year in 2025.

We are maintaining our estimate for the loan loss provision in 2026 at \$1.2 million, which compares to \$1.1 million actual in 2025.

We project that the total loss allowance will decrease to 1.13% of total loans plus receivables at yearend 2026 from 1.15% actual at the end of 2025.

Noninterest Expense

Noninterest expense advanced \$0.2 million, or 1%, to \$14.3 million (\$1.2 million below our estimate) from the prior-year quarter, largely reflecting higher compensation costs (up \$0.2 million)

We project that compensation costs will increase from \$34.9 million actual in 2025 to \$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 \$25.1 million in 2026, compared to 2025's \$23.9 million actual.

Our estimate of the efficiency ratio is 72% in 2026, compared to 74% actual in 2025.

Income Taxes

The Company had an 11.8% effective tax rate in the fourth quarter. This compares to a 7.4% 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 2026 will be 18.0% in 2026 compared to 14.2% actual in 2025.

Net Income

CPKF produced another outstanding quarter with 2025 fourth quarter net earnings excluding a one-time gain on the reversal of a contingency liability accrual (\$1.0 million pretax, \$0.8 million aftertax, and \$0.16 per diluted share) surging, rising \$2.6 million, or 85%, to \$5.6 million year over year, while 2025's fourth quarter diluted EPS rose \$0.56, or 86%, to \$1.20.

This was much better than our estimate, which had called for a \$0.8 million increase in net earnings to \$3.9 million (off by \$1.7 million) and a \$0.18 increase in diluted EPS to \$0.82 (off by \$0.38).

Profitability

CPKF posted a 17.4% ROE and 1.36% ROA for the fourth quarter of 2026, compared to 10.8% and 0.78%, respectively, in the prior-year quarter.

Loans and Asset Quality

Gross loans rose about \$76 million, or 9%, year over year and increased \$32 million, or 3%, sequentially to \$960 million.

By category, commercial real estate loans increased \$31.4 million, or 9% to \$383 million; other loans (primarily multifamily) rose \$5.9 million, or 11%, to \$58 million; cash management receivables jumped \$4.9 million, or 14% to \$41 million; and consumer loans increased \$0.6 million, or 4%, to \$15 million. While 1-4 family was flat at \$249 million, commercial and industrial loans decreased \$2.6 million, or 2%, to \$154 million and construction and land development loans fell \$2.6 million, or 3%, to \$101 million.

Loan demand strengthened in the fourth quarter, and we are raising our loan growth estimate to 8% from 7% for 2026.

Asset quality measures improved during 2025's fourth quarter and remained quite strong. Total nonperforming assets decreased \$1.2 million to \$3.4 million from \$4.6 million sequentially, reflecting the drop in nonaccrual loans. Both restructured loans that are in compliance with their modified terms and other real estate owned were again zero. In total, nonperforming assets (NPAs), including troubled debt restructurings that are current in payments, improved, falling to 0.34% of outstandings + OREO, from 0.47% of outstandings + OREO at September 30, 2025, but increased 2 basis points year over year from 0.32%.

The loss allowance as a percent of nonperforming assets increased to 344% from 241% sequentially, 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 \$3 million sequentially to \$34 million at the end of the fourth quarter, while the securities portfolio fell \$5 million to \$547 million. By category, the private-label mortgage securities portfolio increased \$1 million to \$221 million, US government-related securities were flat at

\$135 million, the municipal securities portfolio was flat at \$117 million, and asset-backed securities (primarily student loans under the FFELP program) and other securities fell \$6 million to \$74 million.

On a relative basis, the private-label mortgage securities portfolio was 40% of the entire available-for-sale securities portfolio, US government-related securities were 25%, municipal securities were 22%, and asset-backed securities and other were 13%.

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 \$140 million at December 31, 2025 from \$0 at yearend 2022, while large time deposits rose to \$87 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 71% at December 31, 2025.

That said, core deposit funding, which was \$1,234 million at December 31, 2025, remains very strong, with core deposits to total loans and receivables at 123% at quarterend.

Capital Adequacy and Dividends

The Company's capital adequacy ratios rose during the fourth quarter. The Tier 1 capital ratio rose 17 basis point sequentially to 11.30% at the end of 2025's fourth quarter from 11.13% at September 30, 2025, as growth in risk-weighted assets outpaced growth in Tier 1 capital. The Total capital ratio increased 7 basis points, rising to 15.61% from 15.54%. That said, issuance of \$25 million in subordinated notes earlier this year considerably strengthened Total capital.

Total shareholders' equity increased \$8.4 million during the fourth quarter, due to a \$5.7 million increase in retained earnings, a \$2.6 million decline in the accumulated other comprehensive loss account, and a \$0.1 million increase 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 rose 49 basis points to 7.62% at the end of the fourth quarter from 7.23% in the prior quarter.

Reflecting these factors plus a 1,000 rise in common shares outstanding, tangible book value per share increased during the fourth quarter, by \$1.89 per share, to \$26.94 from \$25.05.

OVERVIEW

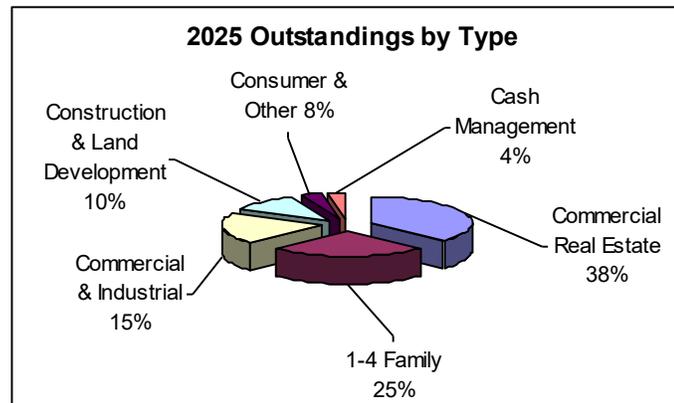
Chesapeake Financial Shares, Inc. (CPKF or the Company) is a financial holding company headquartered in Kilmarnock, Virginia, with \$1,670 million in total assets at December 31, 2025. CPKF is predominantly a small business lender with 17 branch offices and two loan production offices that serve customers 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 \$616 million in assets (at 2025 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 2025, Chesapeake Payment Systems had 1,398 direct merchants in its system and processed over \$749 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 67 customers at the end of 2025, while Flexent Freight had 331 customers.

Through Chesapeake’s secondary market mortgage banking operation, the Company services a \$276 million loan portfolio (as of December 31, 2025) of residential mortgage loans for Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac), for which it earns a 25 basis-point fee (approximately \$683,000 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 \$355,000 to revenues in 2025 (both types of fees are included in other noninterest income in the Company’s financial statements).

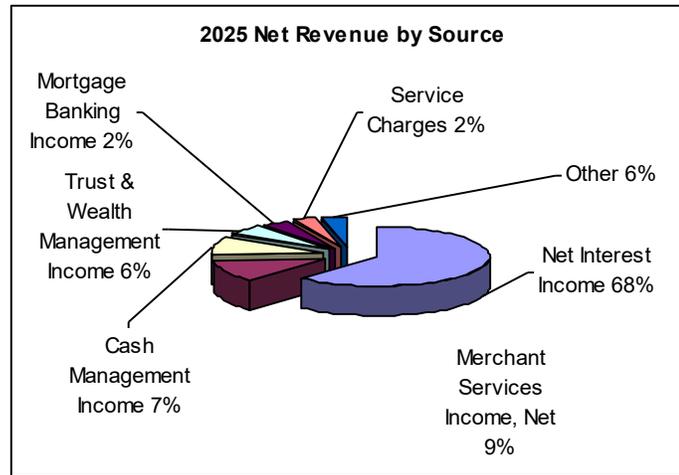


Source:
Zacks Analyst

The lending portfolio is dominated by real estate loans, as shown in the chart. At December 31, 2025, the lending book consisted of commercial real estate (accounting for 38% of total gross outstandings), 1-4 family (25%), commercial and industrial (15%), construction and land development (10%), consumer and other (8%), and cash management (4%). A majority of loans are secured, usually by real estate, inventory, accounts receivable, equipment, machinery, or corporate assets.

At December 31, 2025, the liquidity portfolio, which consists of cash, short-term investments, federal funds sold, and US agency mortgage obligations, represented about 10% of total assets and 25% of the securities portfolio. In addition, the available-for-sale portfolio includes municipal at 22% of the total, private label mortgage securities at 40%, and asset-backed and other securities at 13%. Core deposits represented 84% of total deposits at December 31, 2025, with certificates of deposit larger than \$250,000 at 6% and brokered deposits at 10%.

Source: Zacks Analyst



In 2025, net interest income contributed 68% of net revenue, with a significant 32% coming from noninterest income sources. Major contributors to noninterest income include merchant services income, net (9% of net revenue), cash management fee income (7%), trust and wealth management income (6%), mortgage banking income (2%), and service charges (2%).

VALUATION

CPKF stock is up 15.0% year to date, much better than both the 0.4% median price increase for our small-cap bank universe and the 5.0% price decline for the S&P 500, as shown in the following table.

At its current price, CPKF is trading at an 8% 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 9.0X, CPKF's target price based upon our 2026 EPS estimate is about \$35.00.

Turning to Price/Tangible Book Value, CPKF is currently valued at 1.2X, above the median for our small-cap bank universe of 1.0X. Assuming a 1.2X multiple based upon our estimated tangible book value twelve months out, our target price is about \$36.50, which compares to CPKF's current tangible book value per share of \$26.94.

We have chosen \$35.75 as our new valuation, based upon CPKF's 2026 P/E of \$35.00 and forward Price/Tangible Book Value of \$36.50.

Industry Comparables - Small-cap Banks

	Pr Chg YTD	EPS TTM*	EPS 2026E	EPS 2027E	ROE TTM*	ROE 5-Yr Avg	ROA TTM*	ROA 5-Yr Avg	Div Yld
Chesapeake Finc'l	15.0	9.1	8.3		11.9	13.1	0.87	0.98	2.1
S&P 500	(5.0)	25.5	21.0	18.6	N/A	N/A	N/A	N/A	1.3
Median	0.4	9.8	9.0	8.2	11.5	11.8	1.07	1.03	2.7
Average	1.6	10.6	9.8	8.6	10.0	12.1	1.0	1.1	2.6
High	51.0	22.4	22.4	18.4	18.2	20.2	2.3	2.1	5.8
Low	(16.5)	7.9	7.3	6.3	(20.8)	7.7	(1.1)	0.5	-----

*Trailing twelve months

PROJECTED INCOME STATEMENT & BALANCE SHEET – ANNUAL

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	12/25	12/26E
Net interest income	33.5	41.6	44.1	41.6	46.0	54.1	59.4
Non-interest income	19.6	18.9	19.9	22.3	22.7	25.6	27.3
Total net revenue	53.1	60.5	64.0	63.9	68.7	79.7	86.7
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	59.0	63.0
Income taxes & other	2.1	2.3	2.3	2.3	1.9	2.8	4.0
Zacks adjusted income before NRI	11.7	15.0	15.9	10.1	11.4	16.8	18.5
GAAP net income	11.7	15.0	17.6	10.1	11.4	10.0	18.5
Diluted EPS before NRI	2.39	3.11	3.37	2.15	2.42	3.58	3.90
Reported EPS	2.39	3.11	3.73	2.15	2.42	2.12	3.90
Dividends per share	0.50	0.53	0.58	0.61	0.63	0.65	0.68
Liquid assets	120.2	98.8	79.6	93.9	75.2	168.8	175.7
Outstandings, gross	625.0	699.7	778.1	864.4	907.9	1,000.4	1,082.9
Total assets	1,204.7	1,385.8	1,329.0	1,471.0	1,524.6	1,670.2	1,772.7
Core deposits	984.2	1,101.6	1,144.5	1,118.1	1,162.9	1,234.5	1,310.2
Purchased funds	85.3	122.4	67.8	210.3	214.6	239.2	251.4
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	133.6	148.8
Profitability							
Return on avg assets	1.06%	1.14%	1.19%	0.73%	0.74%	1.03%	1.07%
Return on avg equity	10.27%	11.87%	18.88%	11.11%	10.57%	13.76%	13.08%
Net interest margin	3.80%	3.80%	3.70%	3.50%	3.50%	3.80%	3.90%
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%	1.57%	1.59%
Noninterest expense % avg assets	3.36%	3.32%	3.98%	3.66%	3.54%	3.60%	3.66%
Preprovision pretax income % avg assets	1.42%	1.29%	0.81%	0.95%	0.93%	1.27%	1.38%
Tangible efficiency ratio	72%	73%	79%	76%	79%	74%	72%
Payout ratio	21%	17%	16%	28%	26%	31%	17%
Asset Quality							
Net charge-offs % avg outstandings	(0.05)%	0.38%	(0.03)%	0.12%	0.02%	0.02%	0.08%
Allowance % outstandings	1.47%	1.17%	1.21%	1.09%	1.14%	1.13%	1.09%
NPAs % loans + OREO	1.11%	0.61%	0.52%	0.31%	0.32%	0.34%	0.39%
Allowance % NPAs	132%	194%	232%	347%	356%	276%	282%
Liquidity & Funding							
Liquid assets % purchased funds	141%	81%	117%	45%	35%	71%	70%
Core deposits % outstandings	157%	157%	147%	129%	128%	123%	121%
Liquid assets % assets	10%	7%	6%	6%	5%	10%	10%
Outstandings % assets	52%	50%	59%	59%	60%	60%	61%
Capital Adequacy							
Total equity % assets	10.18%	9.10%	5.95%	6.70%	7.33%	8.00%	8.40%
Tangible equity % assets	10.18%	9.10%	5.95%	6.23%	6.89%	7.62%	8.05%
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	0.7X	1.0X
Interest & dividend coverage	2.0X	0.5X	1.1X	1.6X	0.9X	0.3X	0.5X
Short-term debt coverage	Lge						
Total debt coverage	4.8X	0.7X	1.3X	1.3X	1.2X	0.5X	0.5X
Double leverage	102.1%	117.5%	128.2%	127.3%	119.2%	132.0%	130.9%

PROJECTED INCOME STATEMENT & BALANCE SHEET - QUARTERLY

Chesapeake Financial Shares, Inc.

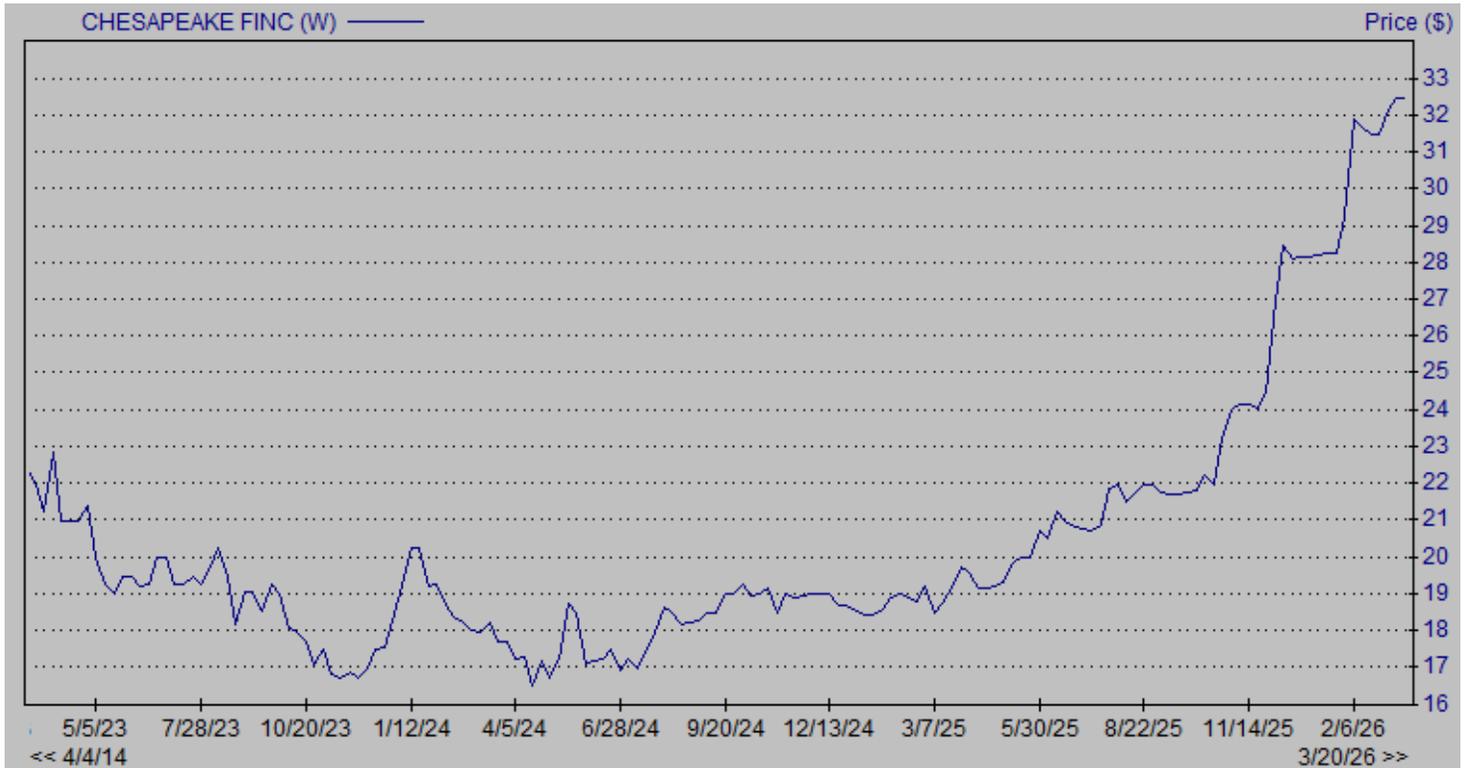
Income Statement and Balance Sheet

(Dollars in millions, except per share data)

Summary Financial Data	2024				2025			
	Q1 A	Q2 A	Q3 A	Q4 A	Q1 A	Q2 A	Q3 A	Q4 A
Net interest income	10.6	11.5	11.8	12.1	12.3	13.2	14.0	14.6
Non-interest income	5.1	5.8	6.2	5.5	5.6	6.4	7.2	6.4
Total net revenue	15.7	17.3	18.0	17.6	17.9	19.6	21.2	21.0
Loan loss provision	0.2	0.3	0.2	0.2	0.2	0.2	0.3	0.3
Non-interest expense	12.3	13.3	14.7	14.2	14.1	15.2	15.4	14.3
Income taxes & other	0.5	0.7	0.5	0.2	0.0	1.1	1.0	0.8
Zacks adjusted income before NRI	2.7	3.0	2.6	3.0	3.6	3.1	4.5	5.6
GAAP net income	2.7	3.0	2.6	3.0	(4.5)	3.1	4.9	6.5
Diluted EPS before NRI	0.58	0.65	0.55	0.64	0.75	0.67	0.96	1.20
Reported EPS	0.58	0.65	0.55	0.64	(0.94)	0.67	1.03	1.37
Dividends per share	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.17
Liquid assets	88.1	97.7	111.5	75.2	169.5	175.9	166.3	168.8
Outstandings, gross	900.0	914.8	910.6	907.9	936.5	941.0	963.1	1,000.4
Total assets	1,511.9	1,533.1	1,589.3	1,524.6	1,607.2	1,634.6	1,637.3	1,670.2
Core deposits	1,154.5	1,177.8	1,169.9	1,162.9	1,172.4	1,209.8	1,192.2	1,234.5
Purchased funds	213.3	209.9	259.7	214.6	257.2	241.9	254.0	239.2
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	116.7	124.9	133.6
Profitability								
Return on avg assets*	0.74%	0.80%	0.67%	0.78%	0.91%	0.78%	1.11%	1.36%
Return on avg equity *	10.94%	11.68%	9.53%	10.84%	12.55%	10.88%	14.98%	17.41%
Net interest margin*	3.38%	3.55%	3.52%	3.55%	3.54%	3.71%	3.87%	3.98%
Loan loss provision % avg assets*	0.05%	0.09%	0.05%	0.05%	0.06%	0.06%	0.07%	0.08%
Noninterest income % avg assets*	1.38%	1.52%	1.58%	1.43%	1.43%	1.57%	1.78%	1.55%
Noninterest expense % avg assets*	3.30%	3.50%	3.76%	3.64%	3.60%	3.74%	3.77%	3.47%
Preprovision pretax inc.% avg assets*	0.93%	1.05%	0.85%	0.89%	0.97%	1.08%	1.42%	1.63%
Tangible efficiency ratio	78%	77%	81%	80%	79%	77%	72%	68%
Payout ratio	27%	24%	28%	25%	(17)%	24%	16%	12%
Asset Quality								
Net charge-offs % avg outstandings*	(0.03)%	0.02%	0.01%	0.09%	0.01%	(0.00)%	0.02%	0.04%
Allowance % outstandings	1.08%	1.10%	1.13%	1.14%	1.12%	1.15%	1.15%	1.13%
NPAs % loans + OREO	0.18%	0.93%	0.55%	0.32%	0.46%	0.47%	0.47%	0.34%
Allowance % NPAs	603%	118%	206%	356%	245%	244%	241%	334%
Liquidity & Funding								
Liquid assets % purchased funds	41%	47%	43%	35%	66%	73%	65%	71%
Core deposits % outstandings	128%	129%	128%	128%	125%	129%	124%	123%
Liquid assets % assets	6%	6%	7%	5%	11%	11%	10%	10%
Outstandings % assets	60%	60%	57%	60%	58%	58%	59%	60%
Capital Adequacy								
Total equity % assets	6.78%	6.88%	7.10%	7.33%	7.13%	7.14%	7.63%	8.00%
Tangible equity % assets	6.33%	6.44%	6.67%	6.89%	6.72%	6.74%	7.23%	7.62%
Tier 1 capital ratio	11.06%	11.11%	11.04%	11.64%	10.85%	10.84%	11.13%	11.30%
Total capital ratio	13.53%	13.58%	13.47%	14.64%	15.30%	15.23%	15.54%	15.61%

*Annualized.

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Ann H. Heffron, CFA, CPA, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business. SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.