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# Zacks Small-Cap Research

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## Chesapeake Financial Shares, Inc. (CPKF-OTCQX)

### CPKF: CPKF Posts Another Strong Quarter with Diluted EPS Up 53% Year over Year

We have chosen \$38.75 as our new valuation, based upon CPKF's 2027 P/E of \$40.00 and forward Price/Tangible Book Value of \$37.50

Current Price (06/11/26) **\$34.50**  
Valuation **\$38.75**

### OUTLOOK

CPKF produced another strong quarter with 2026 first quarter net earnings jumping \$1.8 million, or 52%, to \$5.4 million year over year, while 2026's first quarter diluted EPS rose \$0.40, or 53%, to \$1.15. This was much better than our estimate. Earnings growth was driven a 19%, increase in net interest income plus a 22% rise in total noninterest income as all business lines posted strong improvement (particularly cash management) and was partly offset by a modest \$0.6 million growth in noninterest expense, a \$0.1 million larger credit loss provision, and \$1.1 million more income taxes as the tax rate reverted to normal. We are increasing our diluted EPS estimate for 2026 by \$0.10 from \$3.90 to \$4.00, representing a 12% gain over 2025's actual EPS of \$3.58, both years excluding nonrecurring items. We are initiating our 2027 diluted EPS estimate at \$4.20, or a gain of 5% over our 2026 estimate. We expect good gains in net interest income as solid loan growth will be aided by decent 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 \$0.18 per share and has raised its annual dividend payment every year for the past thirty-four 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 51 banks listed.

### SUMMARY DATA

52-Week High **\$35.00**  
52-Week Low **\$20.50**  
One-Year Return (%) **71.58**  
Beta **0.25**  
Average Daily Volume (sh) **1,082**

Shares Outstanding (mil) **5**  
Market Capitalization (\$mil) **\$163**  
Short Interest Ratio (days) **N/A**  
Institutional Ownership (%) **4**  
Insider Ownership (%) **40**

Annual Cash Dividend **\$0.72**  
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 **8.7**  
P/E using 2026 Estimate **8.6**  
P/E using 2027 Estimate **8.2**

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)  |
| 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 | 21.5 A | 21.5 E | 21.9 E | 22.1 E | 87.0 E |
| 2027 | 22.2 E | 22.9 E | 23.2 E | 23.5 E | 91.8 E |

#### Earnings per Share\*

(EPS is operating earnings before nonrecurring items)

|      | Q1     | Q2     | Q3     | Q4     | Year   |
|------|--------|--------|--------|--------|--------|
|      | (Mar)  | (Jun)  | (Sep)  | (Dec)  | (Dec)  |
| 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 | 1.15 A | 0.86 E | 1.01 E | 0.98 E | 4.00 E |
| 2027 | 0.92 E | 1.02 E | 1.14 E | 1.12 E | 4.20 E |

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

## FIRST QUARTER

CPKF produced another strong quarter with 2026 first quarter net earnings jumping \$1.8 million, or 52%, to \$5.4 million year over year, while 2026's first quarter diluted EPS rose \$0.40, or 53%, to \$1.15.

This was much better than our estimate, which had called for a \$1.1 million increase in net earnings to \$4.6 million (off by \$0.18 million) and a \$0.23 increase in diluted EPS to \$0.98 (off by \$0.17).

The primary reasons for the difference between reported results and our estimate were net revenues were \$0.2 million more than the \$21.3 million we had anticipated, consisting of noninterest income that was \$0.5 million above our projection largely on the strength of cash management (\$0.4 million above our estimate) partially offset by a \$0.3 million shortfall in net interest income reflecting a slightly weaker net interest margin than expected due to deposit costs pressures (3.91% versus our 4.00% estimate).

Furthermore, total noninterest expense of \$14.6 million was \$0.7 million below what we had projected, primarily reflecting compensation costs that were \$0.5 million less than anticipated and other miscellaneous expense that was \$0.3 million less.

The major reasons for the first quarter's \$1.8 million increase in net earnings versus the prior-year quarter were a \$2.4 million, or 19%, increase in net interest income plus a \$1.2 million, or 22%, rise in total noninterest income as all business lines posted strong improvement led by cash management that surged \$0.7 million (up 63% year over year) as receivables outstanding more than doubled. This was partly offset by a modest \$0.6 million growth in total noninterest expense, a \$0.1 million larger credit loss provision, and \$1.1 million more income taxes as the tax rate reverted to a more normal 17.6% compared to an extraordinarily low 1% effective tax rate in the year-ago quarter.

We are increasing our diluted EPS estimate for 2026 by \$0.10 from \$3.90 to \$4.00, representing a 12% gain over 2025's actual EPS of \$3.58, excluding nonrecurring items. Our 2026 estimate excludes a \$3.1 million aftertax gain on the sale of CPKF's interest in Bearing Insurance Group, LLC on May 1, 2026 during the second quarter. We are initiating our 2027 diluted EPS estimate at \$4.20, or a gain of 5% over our 2026 estimate.

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 11% in 2026 (up from 8% previously, reflecting stronger loan demand in the first quarter) and 8% in 2027, will be aided by decent prospects for CPKF's net interest margin (estimated at 3.83% in 2026 and 3.80% in 2027), reflecting higher loan pricing as loan rates reset, gains in investment income from the larger restructured securities portfolio, and continued contribution from swaps income, partly offset by funding cost pressures from expected higher deposit rates. 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 increasing our estimate for the loan loss provision in 2026 by \$0.1 million to \$1.3 million with another \$0.1 million rise to \$1.4 million expected in 2027. This 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 \$450,000 in 2026 (up from \$120,000 previously) and \$500,000 in 2027 and compares to \$40,000 reported in 2025. These large increases reflect strong growth in receivables outstanding, which more than doubled in 2026's first quarter.

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.

CPKF raised the dividend again, representing the second dividend increase in the last six months. At the April 17, 2026 Chesapeake Financial Shares Board of Directors meeting, the Board raised the quarterly dividend to \$0.18 per share from \$0.17 per share (a 6% increase), to be paid on or before June 15, 2026. Notably, CPKF has increased the annual dividend payment every year for the past thirty-four 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 first quarter results more fully. Our projections are shown at the back of the report.

#### Net Interest Income

Net interest income rose \$2.4 million, or 19%, year over year in the first quarter to \$14.7 million (\$0.3 million below our \$15.0 million estimate). While a 7% increase in average interest-earning assets was partly offset by a much improved net interest margin of 3.91%, that was 9 basis points lower than our 4.00% estimate but 37 basis points higher than the 3.54% earned in the year-ago quarter.

We expect good gains in net interest income as solid loan growth, estimated at 11% in 2026 (up from 8% previously, reflecting stronger loan demand in the first quarter) and 8% in 2027, will be aided by decent prospects for CPKF's net interest margin (estimated at 3.83% in 2026 and 3.80% in 2027), reflecting higher loan pricing as loan rates reset, gains in investment income from the larger restructured securities portfolio, and continued contribution from swaps income, partly offset by funding cost pressures from expected higher deposit rates. 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 have reduced our net interest margin estimate for 2026 to 3.83% from 3.90%, up 3 basis points from 3.80% actually reported for 2025. Our initial 2027 net interest margin estimate is 3.80%.

#### Noninterest Income

Noninterest income increased \$1.2 million, or 22%, as all business lines posted significant revenue improvement (particularly cash management, up 63% as receivables outstanding more than doubled).

Our estimates for total noninterest income are \$28.5 million in 2026 and \$30.8 million in 2027, 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 \$95,000 to \$313,000 compared to the year-ago quarter and was about the same as our estimate. Loan loss reserves rose \$0.3 million to \$9.6 million (0.94% of loans) compared with the fourth quarter (0.97% of loans) and were \$0.9 million above the \$8.7 million (0.95% of loans) in the year-ago quarter.

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 \$22,000 in the first quarter. This compares to net charge-offs of \$26,000 in the year-ago quarter and net charge-offs of \$229,000 for the full year in 2025.

We are increasing our estimate for the loan loss provision in 2026 by \$0.1 million to \$1.3 million with another \$0.1 million rise to \$1.4 million expected in 2027. This compares to \$1.1 million actual in 2025.

We project that the total loss allowance will decrease to 1.12% of total loans plus receivables at yearend 2026 from 1.15% actual at the end of 2025 before rising to 1.27% at the end of 2027.

#### Noninterest Expense

Noninterest expense advanced \$0.6 million, or 4%, to \$14.6 million (\$0.7 million below our estimate) from the prior-year quarter, largely reflecting higher compensation costs (up \$0.4 million).

We project that compensation costs will increase from \$34.9 million actual in 2025 to \$37.6 million in 2026 and \$40.2 million in 2027 due to increases in full-time equivalent employees from new hires and replacement staffing. Our estimate of noncompensation costs is \$25.1 million in 2026 and \$25.9 million in 2027, compared to 2025's \$23.9 million actual.

Our estimates of the efficiency ratio are 72% in both 2026 and 2027, compared to 74% actual in 2025.

#### Income Taxes

The Company had an 17.6% effective tax rate in the first quarter. This compares to a 1.0% 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 and 2027 compared to 14.2% actual in 2025.

#### Net Income

CPKF produced another strong quarter with 2026 first quarter net earnings jumping \$1.8 million, or 52%, to \$5.4 million year over year, while 2026's first quarter diluted EPS rose \$0.40, or 53%, to \$1.15.

This was much better than our estimate, which had called for a \$1.1 million increase in net earnings to \$4.6 million (off by \$0.18 million) and a \$0.23 increase in diluted EPS to \$0.98 (off by \$0.17).

#### Profitability

CPKF posted a 16.0% ROE and 1.27% ROA for the first quarter of 2026, compared to 12.6% and 0.91%, respectively, in the prior-year quarter.

#### Loans and Asset Quality

Gross loans rose about \$108 million, or 12%, year over year and increased \$59 million, or 6%, sequentially to \$1,019 million.

By category, commercial real estate loans increased \$38.0 million, or 10% to \$420 million; cash management receivables jumped \$14.9 million, or 36% to \$56 million; construction and land development loans rose \$9.9 million, or 10%, to \$111 million; 1-4 family gained \$6.2 million at \$255 million, commercial and industrial loans increased \$3.6 million, or 2%, to \$157 million; other loans (primarily multifamily) rose \$2.3 million, or 4%, to \$61 million; and consumer loans decreased \$0.6 million, or 4%, to \$15 million.

Loan demand strengthened in the first quarter, and we are raising our loan growth estimate to 11% from 8% for 2026 and initiating our 2027 loan growth estimate at 8%.

Asset quality measures slightly worsened during 2026's first quarter but remained quite strong. Total nonperforming assets increased \$0.3 million to \$3.7 million from \$3.4 million sequentially, reflecting the rise 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, were stable at 0.34% of outstandings + OREO sequentially, but decreased 12 basis points year over year from 0.46%.

The loss allowance as a percent of nonperforming assets decreased to 317% from 344% sequentially, 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 decreased \$5 million sequentially to \$29 million at the end of the first quarter, while the securities portfolio fell \$11 million to \$535 million. By category, the private-label mortgage securities portfolio decreased \$8 million to \$212 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 \$3 million to \$71 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 \$160 million at March 31, 2026 from \$0 at yearend 2022, while large time deposits

rose to \$94 million from \$22 million over the same period. Because of this, liquid assets as a percent of purchased funds weakened to 50% at March 31, 2026 from 100%-plus levels of years prior to 2023.

That said, core deposit funding, which was \$1,205 million at March 31, 2026, remains very strong, with core deposits to total loans and receivables at 112% at quarterend.

#### Capital Adequacy and Dividends

The Company's capital adequacy ratios fell during the first quarter. The Tier 1 capital ratio declined 15 basis points sequentially to 11.15% at the end of 2026's first quarter from 11.30% at December 31, 2025, as growth in risk-weighted assets outpaced growth in Tier 1 capital. The Total capital ratio decreased 30 basis points, falling to 15.31% from 15.61%. That said, issuance of \$25 million in subordinated notes in 2025 considerably strengthened Total capital.

Total shareholders' equity increased \$3.5 million during the first quarter, due to a \$4.6 million increase in retained earnings, a \$0.8 million decline in the accumulated other comprehensive loss account, and a \$0.3 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 a \$60 million increase in total assets, the total tangible equity to total assets ratio fell 10 basis points to 7.52% at the end of the first quarter from 7.62% in the prior quarter.

Reflecting these factors plus a 14,000 share decline in common shares outstanding, tangible book value per share increased during the first quarter, by \$0.65 per share, to \$27.59 from \$26.94.

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## OVERVIEW

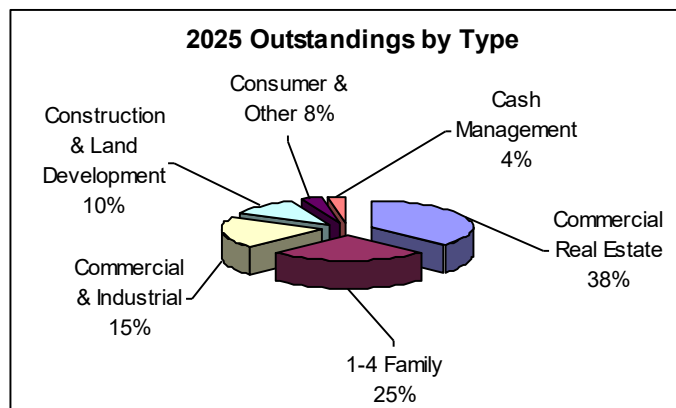
Chesapeake Financial Shares, Inc. (CPKF or the Company) is a financial holding company headquartered in Kilmarnock, Virginia, with \$1,730 million in total assets at March 31, 2026. CPKF is predominantly a small business lender with 17 branch offices and two loan production offices that serve customers 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).

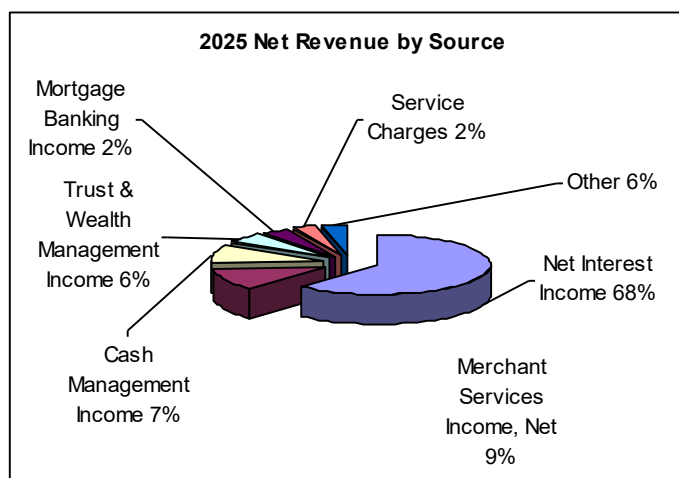


Source:  
Zacks Analyst

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 22.1% year to date, much better than both the 16.1% median price increase for our small-cap bank universe and the 6.2% price gain for the S&P 500, as shown in the following table.

At its current price, CPKF is trading at a 15% discount to the industry median P/E, based upon our current CPKF EPS estimate for 2027. Assuming a median small-cap bank universe valuation of 9.6X, CPKF's target price based upon our 2027 EPS estimate is about \$40.00.

Turning to Price/Tangible Book Value, CPKF is currently valued at 1.2X, roughly the same as the median for our small-cap bank universe of 1.2X. Assuming a 1.2X multiple based upon our estimated tangible book value twelve months out, our target price is about \$37.50, which compares to CPKF's current tangible book value per share of \$27.59.

We have chosen \$38.75 as our new valuation, based upon CPKF's 2027 P/E of \$40.00 and forward Price/Tangible Book Value of \$37.50.

### Industry Comparables - Small-cap Banks

|                          | Pr Chg<br>YTD | EPS<br>TTM* | EPS<br>2026E | EPS<br>2027E | ROE<br>TTM* | ROE<br>5-Yr<br>Avg | ROA<br>TTM* | ROA<br>5-Yr<br>Avg | Div<br>Yld |
|--------------------------|---------------|-------------|--------------|--------------|-------------|--------------------|-------------|--------------------|------------|
| <b>Chesapeake Finc'l</b> | 22.1          | 8.7         | 8.6          | 8.2          | 15.9        | 13.3               | 1.20        | 0.98               | 2.1        |
| S&P 500                  | 6.2           | 27.1        | 22.5         | 19.0         | N/A         | N/A                | N/A         | N/A                | 1.2        |
| <b>Median</b>            | <b>16.1</b>   | <b>10.8</b> | <b>10.4</b>  | <b>9.6</b>   | <b>12.2</b> | <b>11.7</b>        | <b>1.09</b> | <b>1.00</b>        | <b>2.3</b> |
| Average                  | 18.7          | 11.7        | 11.0         | 9.8          | 10.5        | 11.9               | 1.1         | 1.1                | 2.3        |
| High                     | 88.6          | 29.0        | 25.3         | 15.6         | 18.2        | 20.2               | 2.3         | 2.1                | 5.1        |
| Low                      | (4.5)         | 8.2         | 8.3          | 7.2          | (17.1)      | 4.8                | (0.9)       | 0.3                | -----      |

\*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                  | 12/21   | 12/22   | 12/23   | 12/24   | 12/25   | 12/26E  | 12/27E  |
|-----------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Net interest income                     | 41.6    | 44.1    | 41.6    | 46.0    | 54.1    | 58.6    | 61.0    |
| Non-interest income                     | 18.9    | 19.9    | 22.3    | 22.7    | 25.6    | 28.4    | 30.8    |
| Total net revenue                       | 60.5    | 64.0    | 63.9    | 68.7    | 79.7    | 87.0    | 91.8    |
| Loan loss provision                     | (0.4)   | 0.7     | 0.8     | 0.9     | 1.1     | 1.3     | 1.4     |
| Non-interest expense                    | 43.6    | 45.1    | 50.7    | 54.5    | 59.0    | 62.8    | 66.3    |
| Income taxes & other                    | 2.3     | 2.3     | 2.3     | 1.9     | 2.8     | 4.1     | 4.3     |
| Zacks adjusted income before NRI        | 15.0    | 15.9    | 10.1    | 11.4    | 16.8    | 18.8    | 19.8    |
| GAAP net income                         | 15.0    | 17.6    | 10.1    | 11.4    | 10.0    | 21.9    | 19.8    |
| Diluted EPS before NRI                  | 3.11    | 3.37    | 2.15    | 2.42    | 3.58    | 4.00    | 4.20    |
| Reported EPS                            | 3.11    | 3.73    | 2.15    | 2.42    | 2.12    | 4.65    | 4.20    |
| Dividends per share                     | 0.53    | 0.58    | 0.61    | 0.63    | 0.65    | 0.71    | 0.72    |
| Liquid assets                           | 98.8    | 79.6    | 93.9    | 75.2    | 168.8   | 169.6   | 176.5   |
| Outstandings, gross                     | 699.7   | 778.1   | 864.4   | 907.9   | 1,000.4 | 1,110.4 | 1,201.9 |
| Total assets                            | 1,385.8 | 1,329.0 | 1,471.0 | 1,524.6 | 1,670.2 | 1,809.0 | 1,920.0 |
| Core deposits                           | 1,101.6 | 1,144.5 | 1,118.1 | 1,162.9 | 1,234.5 | 1,260.3 | 1,337.6 |
| Purchased funds                         | 122.4   | 67.8    | 210.3   | 214.6   | 239.2   | 337.0   | 354.2   |
| Long-term debt                          | 25.2    | 25.2    | 25.2    | 25.2    | 50.2    | 50.2    | 50.2    |
| Shareholders' equity                    | 126.1   | 79.1    | 98.5    | 111.7   | 133.6   | 150.3   | 166.7   |
| <b>Profitability</b>                    |         |         |         |         |         |         |         |
| Return on avg assets                    | 1.14%   | 1.19%   | 0.73%   | 0.74%   | 1.03%   | 1.07%   | 1.06%   |
| Return on avg equity                    | 11.87%  | 18.88%  | 11.11%  | 10.57%  | 13.76%  | 13.24%  | 12.50%  |
| Net interest margin                     | 3.80%   | 3.70%   | 3.50%   | 3.50%   | 3.80%   | 3.83%   | 3.80%   |
| Loan loss provision % avg assets        | (0.03)% | 0.05%   | 0.06%   | 0.06%   | 0.07%   | 0.07%   | 0.08%   |
| Noninterest income % avg assets         | 1.44%   | 1.49%   | 1.61%   | 1.47%   | 1.57%   | 1.63%   | 1.65%   |
| Noninterest expense % avg assets        | 3.32%   | 3.98%   | 3.66%   | 3.54%   | 3.60%   | 3.59%   | 3.56%   |
| Preprovision pretax income % avg assets | 1.29%   | 0.81%   | 0.95%   | 0.93%   | 1.27%   | 1.38%   | 1.37%   |
| Tangible efficiency ratio               | 73%     | 79%     | 76%     | 79%     | 74%     | 72%     | 72%     |
| Payout ratio                            | 17%     | 16%     | 28%     | 26%     | 31%     | 15%     | 17%     |
| <b>Asset Quality</b>                    |         |         |         |         |         |         |         |
| Net charge-offs % avg outstandings      | 0.38%   | (0.03)% | 0.12%   | 0.02%   | 0.02%   | 0.06%   | 0.09%   |
| Allowance % outstandings                | 1.17%   | 1.21%   | 1.09%   | 1.14%   | 1.13%   | 1.12%   | 1.27%   |
| NPAs % loans + OREO                     | 0.61%   | 0.52%   | 0.31%   | 0.32%   | 0.34%   | 0.38%   | 0.42%   |
| Allowance % NPAs                        | 194%    | 232%    | 347%    | 356%    | 276%    | 291%    | 301%    |
| <b>Liquidity &amp; Funding</b>          |         |         |         |         |         |         |         |
| Liquid assets % purchased funds         | 81%     | 117%    | 45%     | 35%     | 71%     | 50%     | 50%     |
| Core deposits % outstandings            | 157%    | 147%    | 129%    | 128%    | 123%    | 113%    | 111%    |
| Liquid assets % assets                  | 7%      | 6%      | 6%      | 5%      | 10%     | 9%      | 9%      |
| Outstandings % assets                   | 50%     | 59%     | 59%     | 60%     | 60%     | 61%     | 63%     |
| <b>Capital Adequacy</b>                 |         |         |         |         |         |         |         |
| Total equity % assets                   | 9.10%   | 5.95%   | 6.70%   | 7.33%   | 8.00%   | 8.31%   | 8.68%   |
| Tangible equity % assets                | 9.10%   | 5.95%   | 6.23%   | 6.89%   | 7.62%   | 7.97%   | 8.37%   |
| Tier 1 capital ratio                    | 12.28%  | 13.04%  | 11.25%  | 11.64%  | 11.30%  |         |         |
| Total capital ratio                     | 15.16%  | 15.89%  | 13.77%  | 14.64%  | 15.61%  |         |         |
| <b>Parent Company Statistics</b>        |         |         |         |         |         |         |         |
| Interest coverage                       | 3.7X    | 4.7X    | 6.2X    | 3.7X    | 0.7X    | 1.0X    | 1.0X    |
| Interest & dividend coverage            | 0.5X    | 1.1X    | 1.6X    | 0.9X    | 0.3X    | 0.5X    | 0.5X    |
| Short-term debt coverage                | Lge     | Lge     | Lge     | Lge     | Lge     | Lge     | Lge     |
| Total debt coverage                     | 0.7X    | 1.3X    | 1.3X    | 1.2X    | 0.5X    | 0.5X    | 0.5X    |
| Double leverage                         | 117.5%  | 128.2%  | 127.3%  | 119.2%  | 132.0%  | 131.9%  | 130.8%  |

## PROJECTED INCOME STATEMENT & BALANCE SHEET - QUARTERLY

### Chesapeake Financial Shares, Inc.

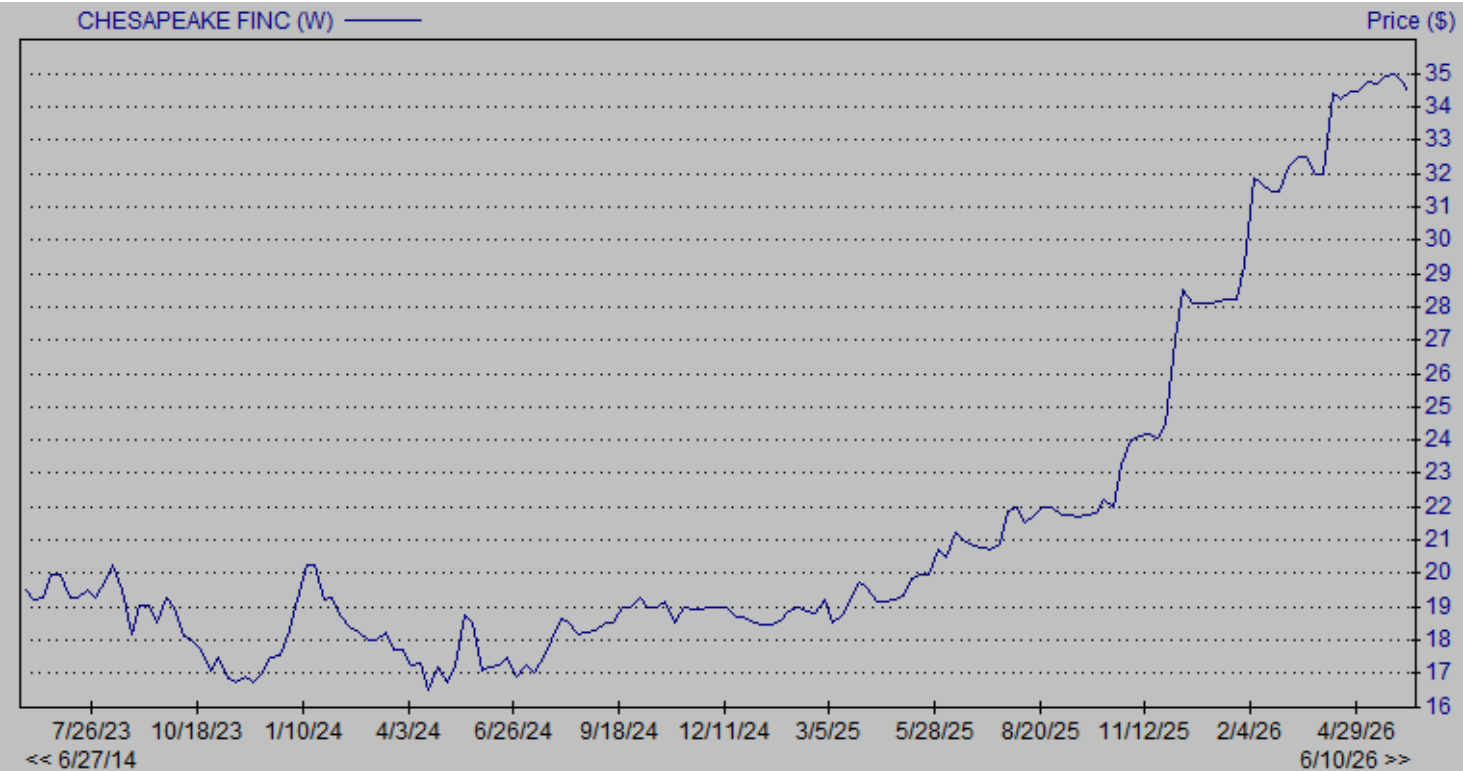
#### Income Statement and Balance Sheet

(Dollars in millions, except per share data)

|                                       | 2025    |         |         |         | 2026    |         |         |         |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Summary Financial Data                | Q1 A    | Q2 A    | Q3 A    | Q4 A    | Q1 A    | Q2 E    | Q3 E    | Q4 E    |
| Net interest income                   | 12.3    | 13.2    | 14.0    | 14.6    | 14.7    | 14.5    | 14.6    | 14.8    |
| Non-interest income                   | 5.6     | 6.4     | 7.2     | 6.4     | 6.8     | 7.0     | 7.3     | 7.3     |
| Total net revenue                     | 17.9    | 19.6    | 21.2    | 21.0    | 21.5    | 21.5    | 21.9    | 22.1    |
| Loan loss provision                   | 0.2     | 0.2     | 0.3     | 0.3     | 0.3     | 0.3     | 0.3     | 0.4     |
| Non-interest expense                  | 14.1    | 15.2    | 15.4    | 14.3    | 14.7    | 16.2    | 15.9    | 16.1    |
| Income taxes & other                  | 0.0     | 1.1     | 1.0     | 0.8     | 1.1     | 0.9     | 1.0     | 1.0     |
| Zacks adjusted income before NRI      | 3.6     | 3.1     | 4.5     | 5.6     | 5.4     | 4.1     | 4.7     | 4.6     |
| GAAP net income                       | (4.5)   | 3.1     | 4.9     | 6.5     | 5.4     | 7.1     | 4.7     | 4.6     |
| Diluted EPS before NRI                | 0.75    | 0.67    | 0.96    | 1.20    | 1.15    | 0.86    | 1.01    | 0.98    |
| Reported EPS                          | (0.94)  | 0.67    | 1.03    | 1.37    | 1.15    | 1.52    | 1.01    | 0.98    |
| Dividends per share                   | 0.16    | 0.16    | 0.16    | 0.17    | 0.17    | 0.18    | 0.18    | 0.18    |
| Liquid assets                         | 169.5   | 175.9   | 166.3   | 168.8   | 164.6   | 166.3   | 168.0   | 169.6   |
| Outstandings, gross                   | 936.5   | 941.0   | 963.1   | 1,000.4 | 1,074.5 | 1,088.5 | 1,099.4 | 1,110.4 |
| Total assets                          | 1,607.2 | 1,634.6 | 1,637.3 | 1,670.2 | 1,730.0 | 1,756.0 | 1,782.3 | 1,809.0 |
| Core deposits                         | 1,172.4 | 1,209.8 | 1,192.2 | 1,234.5 | 1,205.2 | 1,223.3 | 1,241.6 | 1,260.3 |
| Purchased funds                       | 257.2   | 241.9   | 254.0   | 239.2   | 327.1   | 330.4   | 333.7   | 337.0   |
| Long-term debt                        | 50.2    | 50.2    | 50.2    | 50.2    | 50.2    | 50.2    | 50.2    | 50.2    |
| Shareholders' equity                  | 114.6   | 116.7   | 124.9   | 133.6   | 136.4   | 142.7   | 146.5   | 150.3   |
| <b>Profitability</b>                  |         |         |         |         |         |         |         |         |
| Return on avg assets*                 | 0.91%   | 0.78%   | 1.11%   | 1.36%   | 1.27%   | 0.93%   | 1.07%   | 1.03%   |
| Return on avg equity *                | 12.55%  | 10.88%  | 14.98%  | 17.41%  | 15.98%  | 11.65%  | 13.07%  | 12.43%  |
| Net interest margin*                  | 3.54%   | 3.71%   | 3.87%   | 3.98%   | 3.91%   | 3.80%   | 3.80%   | 3.80%   |
| Loan loss provision % avg assets*     | 0.06%   | 0.06%   | 0.07%   | 0.08%   | 0.07%   | 0.07%   | 0.07%   | 0.08%   |
| Noninterest income % avg assets*      | 1.43%   | 1.57%   | 1.78%   | 1.55%   | 1.61%   | 1.62%   | 1.66%   | 1.61%   |
| Noninterest expense % avg assets*     | 3.60%   | 3.74%   | 3.77%   | 3.47%   | 3.44%   | 3.73%   | 3.59%   | 3.58%   |
| Preprovision pretax inc.% avg assets* | 0.97%   | 1.08%   | 1.42%   | 1.63%   | 1.61%   | 1.21%   | 1.38%   | 1.33%   |
| Tangible efficiency ratio             | 79%     | 77%     | 72%     | 68%     | 68%     | 75%     | 72%     | 73%     |
| Payout ratio                          | (17)%   | 24%     | 16%     | 12%     | 15%     | 12%     | 18%     | 18%     |
| <b>Asset Quality</b>                  |         |         |         |         |         |         |         |         |
| Net charge-offs % avg outstandings*   | 0.01%   | (0.00)% | 0.02%   | 0.04%   | 0.01%   | 0.07%   | 0.07%   | 0.07%   |
| Allowance % outstandings              | 1.12%   | 1.15%   | 1.15%   | 1.13%   | 1.08%   | 1.09%   | 1.10%   | 1.12%   |
| NPA's % loans + OREO                  | 0.46%   | 0.47%   | 0.47%   | 0.34%   | 0.34%   | 0.35%   | 0.37%   | 0.38%   |
| Allowance % NPAs                      | 245%    | 244%    | 241%    | 334%    | 317%    | 307%    | 299%    | 291%    |
| <b>Liquidity &amp; Funding</b>        |         |         |         |         |         |         |         |         |
| Liquid assets % purchased funds       | 66%     | 73%     | 65%     | 71%     | 50%     | 50%     | 50%     | 50%     |
| Core deposits % outstandings          | 125%    | 129%    | 124%    | 123%    | 112%    | 112%    | 113%    | 113%    |
| Liquid assets % assets                | 11%     | 11%     | 10%     | 10%     | 10%     | 9%      | 9%      | 9%      |
| Outstandings % assets                 | 58%     | 58%     | 59%     | 60%     | 62%     | 62%     | 62%     | 61%     |
| <b>Capital Adequacy</b>               |         |         |         |         |         |         |         |         |
| Total equity % assets                 | 7.13%   | 7.14%   | 7.63%   | 8.00%   | 7.88%   | 8.12%   | 8.22%   | 8.31%   |
| Tangible equity % assets              | 6.72%   | 6.74%   | 7.23%   | 7.62%   | 7.52%   | 7.77%   | 7.87%   | 7.97%   |
| Tier 1 capital ratio                  | 10.85%  | 10.84%  | 11.13%  | 11.30%  | 11.15%  |         |         |         |
| Total capital ratio                   | 15.30%  | 15.23%  | 15.54%  | 15.61%  | 15.31%  |         |         |         |

\*Annualized.

HISTORICAL STOCK PRICE



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