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Chesapeake Financial Shares, Inc. (CPKF – OTCQX)

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Price:	$ 34.50	**Diluted EPS ***	**2024A:**	$2.42	**P/E**	**2024A:**	14.3 x
52 Wk. Range:	$19.15 - $34.50	(FY: DEC)	**2025A:**	$2.12		**2025A:**	16.3 x
Div/Div Yld:	$0.72 /2.1%		**2026E:**	$4.00		**2026E:**	8.6 x
Shrs/Mkt Cap:	4.7 mm/ $162 mm	**Book Value: ****		$29.13	**Price/Book Value:**		1.18 x

* EPS in 2025 includes a $1.69 per share nonrecurring loss on a restructuring of the investment portfolio

** Book value includes $3.91 per share in accumulated other comprehensive losses (unrealized losses on available for sale securities).

SYMBOL: CPKF

ASSETS: $1.7 B

HQ: KILMARNOCK, VA

CONTACT:
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Background

Chesapeake Financial Shares, Inc. is a one-bank holding company originally chartered in 1900 and is based in Kilmarnock, VA. As of March 31, 2026, the Company had $1.7 billion in total assets. The holding company operates two subsidiaries, Chesapeake Bank and Chesapeake Wealth Management, Inc. Chesapeake Bank is primarily a lender to small businesses. Personal and business products and services offered include checking, savings, CDs, mortgages, mobile and online banking with account opening and a business cash management program. The Bank currently operates 17 branches located in the Northern Neck, Middle Peninsula, Peninsula and Richmond markets. The Bank also offers merchant processing services for credit and debit card transactions. Chesapeake Wealth Management is an independent wealth management firm which offers investment, wealth management and trust services. Chesapeake Financial Shares, Inc.'s stock trades on the over-the-counter market (OTCQX) under the symbol "CPKF." The Company's Chairman, President, and CEO, Jeffrey M. Szyperski, is a former Chairman of the Virginia Bankers Association, as well as the former Chairman of American Bankers Association Board of Directors. Finally, for the 18th consecutive year, Chesapeake Financial Shares has been included in *American Banker* magazine's "Top 100 Community Banks" in the U.S.

1ST QUARTER HIGHLIGHTS:

RESULTS BEAT EARNINGS ESTIMATES

PRETAX INCOME BEFORE THE PROVISION AND NONRECURRING FACTORS INCREASED 80%

EPS: $1.15 VS. ($0.94)

NET INTEREST INCOME INCREASED 19%

Chesapeake Reports Excellent First Quarter 2026 Results

Chesapeake Financial Shares, Inc. reported an exceptional quarter in the three months ended March 31, 2026, with earnings per share exceeding our estimates by $0.30. As displayed in the adjacent chart, Chesapeake has consistently outpaced projections, with the exception of last year's first quarter, when results were impacted by a one-time loss of roughly $9.4 million due to a strategic portfolio repositioning. The robustness of this quarter's earnings was due to a combination of margin expansion, strong average earning asset growth, increases in all major categories of noninterest income and good expense control. Balance sheet growth was led by loans, and asset quality remained sound as well, with nonperforming assets decreasing 15% from the year-ago level.

CHESAPEAKE ACTUAL VS. ESTIMATED EPS ($)

	Q1 25	Q2 25	Q3 25	Q4 25	Q1 26
Estimated	0.64	0.62	0.74	0.79	0.85
Actual	(0.94)	0.67	1.03	1.37	1.15

First Quarter Results ($000s)	2025	2026
Net Income (Loss)	(4,450)	5,391
Pretax Income	(5,763)	6,539
Adjustments:		
Provision (includes Cash Mgt)	218	313
Add back security losses	9,351	-
Pretax Inc. Bef. Unusual Items	3,806	6,852

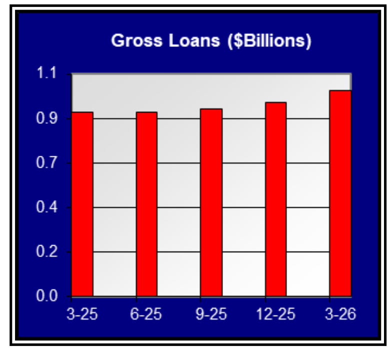
Chesapeake reported net income of $5.4 million, or $1.15 per diluted share, for the first quarter of 2026. This compares to a net loss of $4.5 million, or $0.94 per diluted share, in the first quarter of 2025. As can see from the adjacent table, pretax earnings before the provision and the losses from the portfolio repositioning were up significantly from the year-ago quarter. Net interest income grew 19% to $14.7 million in 2026's first quarter compared to $12.3 million in the year- ago quarter. The portfolio repositioning has been the largest single factor contributing to the higher interest income and improved the net interest margin (which increased to 3.98% in 2026's first quarter from 3.34% in the year-ago quarter). Excluding the security losses in the year-ago quarter, noninterest income increased 22% to $6.8 million from $5.6 million over the same period, with deposit service charges and cash management fee income showing notable growth, increasing 27% and 63%, respectively. Noninterest expense rose a moderate 4% to $14.6 million in the first quarter of 2026, up from $14.1 million in the year-ago quarter. Finally, the provision for credit losses was $313,000 for 2026's first quarter, as compared to $218,000 in the first quarter of 2025

THE MARGIN EXPANDED 64 BASIS POINTS

EXCLUDING NONRECURRING LOSSES, NONINTEREST INCOME WAS UP 22%

Loan Growth Accelerated, Loans Grew 13% Over the Past Year

As illustrated in the adjacent chart, loan growth accelerated during the first quarter of 2026, expanding 6% from year-end, or a robust 25% annualized pace. On a year-over-year basis, net loans have grown 13% since March 31, 2025. This strong loan origination activity served as the primary driver for balance sheet expansion, with total assets increasing 8% from the year-ago date to $1.7 billion at March 31, 2026. Deposit growth was more subdued (up 2%), as the Bank funded loan growth through lower cost short-term borrowings. Funding costs were also helped by a reduction in higher-cost certificates of deposit, which dropped 4% over the same period. The capital position remained sound, with shareholders' equity totaling $137 million, or 7.90% of total assets, at March 31, 2026



FROM MARCH 31, 2025 TO MARCH 31, 2026:

LOANS GREW 13%
DEPOSITS GREW 2%
TOTAL ASSETS WERE UP 8%

LOANS GREW 6% DURING THE FIRST QUARTER OF 2026, OR 25% ANNUALIZED

EQUITY /ASSETS: 7.90%

33rd Sequential Year of Dividend Increase, CPKF Shares Have Superior Performance

Chesapeake Financial Shares continues to build upon its "Legacy of Loyalty" to shareholders. With the Board's April 17, 2026, declaration of an $0.18 per share quarterly dividend, the Company has officially achieved its 33rd sequential year of dividend growth. This most recent action is part of an accelerated capital return strategy, marking the second dividend hike in a six-month window. While the Bank maintains an attractive 2.09% yield, the true CPKF advantage is visible in the total return metrics. With a three-year total return of 77% compared to the Virginia peer median of 60%, Chesapeake demonstrates a unique ability to combine consistent income with superior capital appreciation.

TOTAL RETURN (%)

	YTD	1-Year	3-Year
CPKF	22.8	86.6	77.2
VA Peer Median	11.5	41.7	59.7

THE QUARTERLY CASH DIVIDEND WAS INCREASED TO $0.18 PER SHARE

33 CONSECUTIVE YEARS OF INCREASES

SECOND INCREASE IN THE LAST SIX MONTHS

SHAREHOLDERS HAVE ALSO BEEN REWARDED WITH EXCELLENT TOTAL RETURN OF CPKF SHARES

Nonperforming Assets Decreased 15% From a Year-Ago

Chesapeake continued to maintain sound asset quality, with nonperforming assets ("NPAs", which excludes restructured loans) of $3.7 million, or 0.21% of total assets, up slightly from $3.4 million, or 0.20% of total assets, at December 31, 2025 and down 15% from $4.3 million, or 0.27% of total assets, at the year-ago date. The allowance for loan losses grew 11% to $9.6 million (0.94% of loans), at March 31, 2026, from $8.7 million (0.95% of loans) at the year-ago date.

NPAS/ASSETS: 0.21% AT 3/31/26, 0.20% AT 12/31/25 AND 0.27% AT 12/31/24

RESERVES GREW 11%

RESERVES/LOANS: 0.94%

Projections Increased

For the year 2026, we are raising our projections to $18.8 million, or $4.00 per diluted share, up from our prior projection of $15.5 million, or $3.30 per diluted share. Actual results may vary considerably from these projections given economic uncertainties.

EPS:
2024A: $2.42
2025A: $2.12
2026E: $4.00

ADDITIONAL INFORMATION UPON REQUEST