

CHESAPEAKE FINANCIAL SHARES INC
Form 10QSB/A
September 25, 2002

U. S. Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-QSB/A

- QUARTERLY REPORT UNDER SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2002
- TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number: 0-18543

CHESAPEAKE FINANCIAL SHARES, INC.
(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

54-1210845
(I.R.S. Employer
Identification No.)

97 N. Main St., Kilmarnock, VA 22482
(Address of principal executive offices) (Zip Code)

(804) 435-1181
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report.)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

State the number of shares outstanding of each of the issuer's classes of common equity, as of latest practicable date.

<u>Class</u>	<u>Outstanding at August 1, 2002</u>
Common Stock, voting, \$5.00 par value	1,284,198
Common Stock, non-voting, \$5.00 par value	0

Transitional Small Business Disclosure Format: Yes No

Explanatory Note: The undersigned registrant hereby amends Part I, Item 2, Management's Discussion and Analysis or Plan of Operation, to revise and correct a typographical error in the table under the Assets and Loans section concerning the amount of nonaccrual loans at June 30, 2002 and the corresponding total of nonaccrual loans and loans 90 days past due at June 30, 2002. No other changes are being made.

PART I FINANCIAL INFORMATION

Item 2 Management's Discussion and Analysis or Plan of Operation

CHESAPEAKE FINANCIAL SHARES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION (Unaudited)

Assets and Loans:

At June 30, 2002, Chesapeake Financial Shares had total assets of \$266.1 million, up 8.6% from \$245.0 million at December 31, 2001 and up 13.5% from \$234.4 million of one year ago. Management has budgeted for a 10.6% growth in total assets for 2002.

Total loans (gross) at June 30, 2002 were \$183.9 million, representing an increase of 8.8% from December 31, 2001, when loans were \$169.0 million. Chesapeake Bank's loan quality is good as the following table shows. Management is confident that no serious delinquency trends are developing.

	6/30/02	12/31/01
Nonaccrual loans	\$ 442,517	\$ 822,264
90 days past due	480,655	21,551
Restructured loans	0	0
	\$ 923,172	\$ 843,815
Totals		
Impaired loans with a valuation allowance	\$ 268,906	\$ 552,104
Valuation allowance related to impaired loans	\$ 219,928	\$ 350,000

Management is also confident there will be no significant loss incurred as the Bank is well secured on these assets.

Charged off loans through June 30, 2002, amounted to \$200,166 and charged off loans through June 30, 2001, were \$13,572. Recoveries through June 30, 2002 were \$7,090 as compared to \$1,474 as of June 30, 2001.

Concentrations of credit in loans are compiled quarterly by management and reviewed with the Board of Director's Loan Review Committee. There have been no material changes in the concentrations of credit within the past three months that would warrant above average additions to the allowance. The Bank's only concentrations of credit greater than 60% of capital are individual consumer (224% of capital) and residential real estate (65% of total capital). Bank management feels that the current levels are consistent with the objectives of the Bank and do not represent unwarranted risk.

The Bank currently has no assets carried as Other Real Estate Owned (OREO) nor any repossessed assets.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this amendment to its quarterly report on Form 10-QSB for the quarterly period ended June 30, 2002 to be signed on its behalf by the undersigned thereunto duly authorized.

Chesapeake Financial Shares, Inc.
(Registrant)

/s/ DOUGLAS D. MONROE, JR.

09/24/02

Douglas D. Monroe, Jr.
Chairman and Chief Executive Officer

/s/ JOHN H. HUNT, II

09/24/02

John H. Hunt, II
Secretary and Chief Financial Officer