

**COOPERATIVE BANKSHARES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

(In thousands, except per share data)

	<b>June 30, 2006</b>	<b>December 31, 2005*</b>
	<b>(unaudited)</b>	
<b>Assets</b>		
Cash and due from banks, noninterest-bearing	\$ 16,375	\$ 18,784
Interest-bearing deposits in other banks	3,251	5,038
Total cash and cash equivalents	19,626	23,822
Securities:		
Available for sale (amortized cost of \$42,272 in June 2006 and \$43,133 in December 2005)	40,716	42,381
Held to maturity (estimated market value of \$1,781 in June 2006 and \$1,981 in December 2005)	1,879	2,029
FHLB stock	6,535	5,829
Loans held for sale	8,509	4,894
Loans	725,426	643,727
Less allowance for loan losses	7,333	6,763
Net loans	718,093	636,964
Other real estate owned	574	26
Accrued interest receivable	3,722	3,345
Premises and equipment, net	10,492	10,537
Goodwill	1,462	1,462
Other assets	16,056	14,977
Total assets	\$ 827,664	\$ 746,266
<b>Liabilities and Stockholders' Equity</b>		
Deposits	\$ 633,430	\$ 564,990
Short-term borrowings	27,592	21,803
Escrow deposits	755	561
Accrued interest payable	422	418
Accrued expenses and other liabilities	3,474	3,857
Long-term obligations	108,538	103,541
Total liabilities	774,211	695,170
Stockholders' equity:		
Preferred stock, \$1 par value, 3,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$1 par value, 14,000 shares authorized, 6,504 and 4,305 shares issued and outstanding	6,504	4,305
Additional paid-in capital	2,825	2,735
Accumulated other comprehensive loss	(956)	(462)
Retained earnings	45,080	44,518
Total stockholders' equity	53,453	51,096
Total liabilities and stockholders' equity	\$ 827,664	\$ 746,266
Book value per common share**	\$ 8.22	\$ 7.91

\*Derived from audited consolidated financial statements.

\*\*The per share information is computed after giving the retroactive effect of a 3-for-2 stock split in the form of a 50% stock dividend declared on May 31, 2006 and paid on June 30, 2006.