

COOPERATIVE BANKSHARES, INC. AND SUBSIDIARY  
Consolidated Statements of Financial Condition

(In thousands, except per share data)	<u>September 30, 2007</u> (Unaudited)	<u>December 31, 2006*</u>
Assets		
Cash and due from banks, noninterest-bearing	\$ 13,297	\$ 12,825
Interest-bearing deposits in other banks	5,683	4,190
Total cash and cash equivalents	18,980	17,015
Securities:		
Available for sale (amortized cost of \$42,601 at September 30, 2007 and \$44,079 at December 31, 2006)	42,265	43,351
Held to maturity (estimated market value of \$4,544 at September 30, 2007 and \$1,681 at December 31, 2006)	4,564	1,738
FHLB stock	7,311	6,715
Loans held for sale	2,206	4,442
Loans	814,340	761,398
Less allowance for loan losses	8,745	7,786
Net loans	805,595	753,612
Other real estate owned	1,043	653
Accrued interest receivable	5,364	4,467
Premises and equipment, net	12,297	10,437
Intangible assets	5,736	1,462
Other assets	16,604	16,198
Total assets	\$ 921,965	\$ 860,090
Liabilities and Stockholders' Equity		
Deposits	\$ 707,897	\$ 661,892
Short-term borrowings	26,960	27,485
Escrow deposits	865	415
Accrued interest payable	639	480
Accrued expenses and other liabilities	3,589	3,659
Long-term obligations	118,531	108,536
Total liabilities	858,481	802,467
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, 6,549 and 6,514 issued and outstanding at September 30, 2007 and December 31, 2006, respectively	6,549	6,514
Additional paid-in capital	3,199	2,909
Accumulated other comprehensive loss	(206)	(447)
Retained earnings	53,942	48,647
Total stockholders' equity	63,484	57,623
Total liabilities and stockholders' equity	\$ 921,965	\$ 860,090
Book value per common share	\$ 9.69	\$ 8.85

\* Derived from audited consolidated financial statements.