

COOPERATIVE BANKSHARES, INC. AND SUBSIDIARY
Consolidated Statements of Operations (Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
(In thousands, except per share data)	2007	2006	2007*	2006*
Interest and dividend income:				
Loans	\$ 15,771	\$ 14,676	\$ 61,806	\$ 53,805
Securities	523	503	2,093	2,025
Other	71	119	273	337
Dividends on FHLB stock	107	96	406	362
Total interest and dividend income	16,472	15,394	64,578	56,529
Interest expense:				
Deposits	7,644	6,752	28,987	22,389
Short-term borrowings	180	327	1,129	1,309
Long-term obligations	1,495	1,228	5,397	4,694
Total interest expense	9,319	8,307	35,513	28,392
Net interest income	7,153	7,087	29,065	28,137
Provision for loan losses	450	350	1,450	2,235
Net interest income after provision for loan losses	6,703	6,737	27,615	25,902
Noninterest income:				
Gain on sale of loans	258	461	1,371	1,792
Service charges and fees on loans	137	190	462	606
Deposit-related fees	630	533	2,225	2,054
Gain on disposal of premises and equipment	-	5	271	3
Earnings on bank-owned life insurance	89	91	364	373
Other income, net	64	75	234	254
Total noninterest income	1,178	1,355	4,927	5,082
Noninterest expense:				
Compensation and fringe benefits	3,073	2,966	12,246	11,750
Occupancy and equipment	1,012	935	3,992	3,804
Professional and consulting fees	175	127	722	720
Advertising	152	150	566	557
Other	633	583	2,338	2,185
Total noninterest expense	5,045	4,761	19,864	19,016
Income before income taxes	2,836	3,331	12,678	11,968
Income tax expense	1,031	1,222	4,597	4,328
Net income	\$ 1,805	\$ 2,109	\$ 8,081	\$ 7,640
Net income per common share:				
Basic	\$ 0.28	\$ 0.32	\$ 1.24	\$ 1.18
Diluted	\$ 0.27	\$ 0.32	\$ 1.22	\$ 1.15
Weighted average common shares outstanding:				
Basic	6,552	6,513	6,536	6,491
Diluted	6,632	6,645	6,638	6,626

* Derived from audited consolidated financial statements.