

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

(In thousands, except per share data)	Three Months Ended March 31,	
	2007	2006
Interest and dividend income:		
Loans	\$ 14,798	\$ 11,649
Securities	509	513
Other	65	100
Dividends on FHLB stock	94	79
Total interest and dividend income	15,466	12,341
Interest expense:		
Deposits	6,766	4,431
Short-term borrowings	244	257
Long-term obligations	1,271	1,108
Total interest expense	8,281	5,796
Net interest income	7,185	6,545
Provision for loan losses	300	585
Net interest income after provision for loan losses	6,885	5,960
Noninterest income:		
Gain on sale of loans	293	340
Service charges and fees on loans	110	140
Deposit-related fees	498	474
Gain (loss) on disposal of premises and equipment	275	(1)
Bank-owned life insurance earnings	92	96
Other income, net	59	58
Total noninterest income	1,327	1,107
Noninterest expense:		
Compensation and fringe benefits	3,105	2,995
Occupancy and equipment	960	942
Professional and examination fees	177	168
Advertising	143	133
Other	527	610
Total noninterest expenses	4,912	4,848
Income before income taxes	3,300	2,219
Income tax expense	1,197	766
Net income	\$ 2,103	\$ 1,453
Net income per common share:		
Basic*	\$ 0.32	\$ 0.22
Diluted*	\$ 0.32	\$ 0.22
Weighted average common shares outstanding:		
Basic*	6,515	6,465
Diluted*	6,639	6,593

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