

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands, except per share data)	2007	2006	2007	2006
Interest and dividend income:				
Loans	\$ 15,959	\$ 14,235	\$ 46,035	\$ 39,130
Securities	555	503	1,570	1,522
Other	79	72	201	217
Dividends on FHLB stock	106	93	299	266
Total interest and dividend income	16,699	14,903	48,105	41,135
Interest expense:				
Deposits	7,508	6,045	21,343	15,638
Short-term borrowings	341	295	949	961
Long-term obligations	1,379	1,241	3,902	3,486
Total interest expense	9,228	7,581	26,194	20,085
Net interest income	7,471	7,322	21,911	21,050
Provision for loan losses	350	525	1,000	1,885
Net interest income after provision for loan losses	7,121	6,797	20,911	19,165
Noninterest income:				
Gain on sale of loans	345	453	1,113	1,331
Service charges and fees on loans	133	136	325	415
Deposit-related fees	572	537	1,596	1,521
Gain (loss) on disposal of premises and equipment	-	-	271	(1)
Earnings on bank-owned life insurance	89	91	274	283
Other income, net	59	54	170	178
Total noninterest income	1,198	1,271	3,749	3,727
Noninterest expense:				
Compensation and fringe benefits	3,103	2,914	9,173	8,785
Occupancy and equipment	1,054	983	2,979	2,868
Professional and consulting fees	123	163	547	593
Advertising	135	149	414	407
Other	630	408	1,705	1,602
Total noninterest expenses	5,045	4,617	14,818	14,255
Income before income taxes	3,274	3,451	9,842	8,637
Income tax expense	1,167	1,172	3,566	3,106
Net income	\$ 2,107	\$ 2,279	\$ 6,276	\$ 5,531
Net income per common share:				
Basic	\$ 0.32	\$ 0.35	\$ 0.96	\$ 0.85
Diluted	\$ 0.32	\$ 0.34	\$ 0.95	\$ 0.84
Weighted average common shares outstanding:				
Basic	6,549	6,506	6,530	6,484
Diluted	6,646	6,638	6,640	6,619