

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

(In thousands, except per share data)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006*	2005*
Interest and dividend income:				
Loans	\$ 14,676	\$ 10,935	\$ 53,805	\$ 36,762
Securities	503	514	2,025	2,107
Other	119	96	337	172
Dividends on FHLB stock	96	63	362	217
Total interest and dividend income	15,394	11,608	56,529	39,258
Interest expense:				
Deposits	6,752	3,851	22,389	12,002
Short-term borrowings	327	224	1,309	1,119
Long-term obligations	1,228	1,139	4,694	3,038
Total interest expense	8,307	5,214	28,392	16,159
Net interest income	7,087	6,394	28,137	23,099
Provision for loan losses	350	935	2,235	2,485
Net interest income after provision for loan losses	6,737	5,459	25,902	20,614
Noninterest income:				
Gain on sale of loans	461	527	1,792	2,422
Service charges and fees on loans	190	120	606	772
Deposit-related fees	533	498	2,054	1,803
Gain on disposal of premises and equipment	5	419	3	412
Bank-owned life insurance earnings	91	95	373	348
Other income, net	75	46	254	190
Total noninterest income	1,355	1,705	5,082	5,947
Noninterest expense:				
Compensation and fringe benefits	2,966	2,609	11,750	10,371
Occupancy and equipment	935	924	3,804	3,550
Professional and examination fees	127	76	720	447
Advertising	150	170	557	574
Other	583	783	2,185	2,359
Total noninterest expenses	4,761	4,562	19,016	17,301
Income before income taxes	3,331	2,602	11,968	9,260
Income tax expense	1,222	1,145	4,328	3,758
Net income	\$ 2,109	\$ 1,457	\$ 7,640	\$ 5,502
Net income per share:				
Basic**	\$ 0.32	\$ 0.23	\$ 1.18	\$ 0.85
Diluted**	\$ 0.32	\$ 0.22	\$ 1.15	\$ 0.84
Weighted average common shares outstanding:				
Basic**	6,513	6,456	6,491	6,448
Diluted**	6,645	6,580	6,626	6,564

* Derived from audited consolidated financial statements.

** The share and per share information is computed after giving retroactive effect to the 3-for-2 stock splits in the form of a 50% stock dividend declared on May 31, 2006 and January 19, 2005.