

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

(In thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Interest and dividend income:				
Loans	\$ 13,696	\$ 15,279	\$ 28,243	\$ 30,077
Securities	622	505	1,231	1,015
Other	16	57	50	122
Dividends on FHLB stock	122	100	228	193
Total interest and dividend income	<u>14,456</u>	<u>15,941</u>	<u>29,752</u>	<u>31,407</u>
Interest expense:				
Deposits	6,433	7,069	13,788	13,835
Short-term borrowings	319	365	492	608
Long-term obligations	1,446	1,252	2,923	2,523
Total interest expense	<u>8,198</u>	<u>8,686</u>	<u>17,203</u>	<u>16,966</u>
Net interest income	6,258	7,255	12,549	14,441
Provision for loan losses	2,470	350	3,325	650
Net interest income after provision for loan losses	<u>3,788</u>	<u>6,905</u>	<u>9,224</u>	<u>13,791</u>
Noninterest income:				
Gain on sale of loans	241	475	718	768
Service charges and fees on loans	127	84	251	192
Deposit-related fees	554	526	1,103	1,024
Gain (loss) on disposal of premises and equipment	(1)	(4)	2	271
Earnings on bank-owned life insurance	89	92	178	185
Other income, net	63	52	126	111
Total noninterest income	<u>1,073</u>	<u>1,225</u>	<u>2,378</u>	<u>2,551</u>
Noninterest expense:				
Compensation and fringe benefits	3,206	2,965	6,466	6,070
Occupancy and equipment	1,096	967	2,125	1,926
Professional and consulting fees	254	246	492	423
Advertising	118	136	260	279
(Gain) loss on other real estate owned	91	-	306	(8)
Other	804	548	1,550	1,084
Total noninterest expense	<u>5,569</u>	<u>4,862</u>	<u>11,199</u>	<u>9,774</u>
Income (loss) before income taxes	(708)	3,268	403	6,568
Income tax expense (benefit)	(358)	1,202	1	2,399
Net income (loss)	<u>\$ (350)</u>	<u>\$ 2,066</u>	<u>\$ 402</u>	<u>\$ 4,169</u>
Net income (loss) per common share:				
Basic	\$ (0.05)	\$ 0.32	\$ 0.06	\$ 0.64
Diluted	\$ (0.05)	\$ 0.31	\$ 0.06	\$ 0.63
Weighted average common shares outstanding:				
Basic	6,585	6,527	6,576	6,521
Diluted	6,585	6,634	6,615	6,636