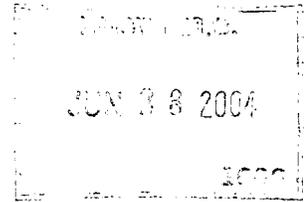




MANUALLY SIGNED

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K



(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended December 31, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED) for the transition period from _____ to _____

Commission file number: 000-24626

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Cooperative Bank 401(k) Supplemental Retirement Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Cooperative Bankshares, Inc.
201 Market Street
Wilmington, North Carolina 28402-0600

PROCESSED
JUN 29 2004
THOMSON
FINANCIAL

REQUIRED INFORMATION

Items 1-3. The Cooperative Bank 401(k) Supplemental Retirement Plan (the "Plan") is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and files plan financial statements and schedules prepared in accordance with the financial reporting requirements of ERISA. As permitted by Item 4, the Plan is filing financial statements and schedules in accordance with the financial reporting requirements of ERISA in lieu of the financial statements required by Items 1-3.

Item 4. The Plan, which is subject to ERISA, files plan financial statements and schedules prepared in accordance with the financial reporting requirements of ERISA.

Exhibits

23.0 Consent of Dixon Hughes PLLC

PLAN FINANCIALS

**COOPERATIVE BANK
401(k) SUPPLEMENTAL RETIREMENT PLAN**

FINANCIAL STATEMENTS

***As of December 31, 2003 and 2002
and for the Year Ended December 31, 2003***

**COOPERATIVE BANK
401(k) SUPPLEMENTAL RETIREMENT PLAN**

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DIXON HUGHES PLLC

Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

The Retirement Committee
Cooperative Bank 401(k) Supplemental
Retirement Plan

We have audited the accompanying statement of net assets available for benefits of Cooperative Bank 401(k) Supplemental Retirement Plan as of December 31, 2003 and 2002 and related statement of changes in net assets available for benefits for the year ended December 31, 2003. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Cooperative Bank 401(k) Supplemental Retirement Plan as of December 31, 2003 and 2002, and the changes in its net assets available for benefits for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes PLLC

Southern Pines, North Carolina
April 29, 2004

COOPERATIVE BANK
401(k) SUPPLEMENTAL RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2003 and 2002

ASSETS	<u>2003</u>	<u>2002</u>
Investments, at fair value:		
Mutual funds	\$ 772,167	\$ 503,396
Employer stock	<u>5,312,922</u>	<u>3,234,385</u>
Total investments	<u>6,085,089</u>	<u>3,737,781</u>
Receivables:		
Employer contributions	8,920	7,923
Employee contributions	<u>22,352</u>	<u>19,652</u>
Total receivables	<u>31,272</u>	<u>27,575</u>
Cash	<u>1,021</u>	<u>5,059</u>
	TOTAL ASSETS	3,770,415
	6,117,382	3,770,415
LIABILITIES	<u>-</u>	<u>-</u>
	NET ASSETS AVAILABLE	
	FOR BENEFITS	
	<u>\$ 6,117,382</u>	<u>\$ 3,770,415</u>

COOPERATIVE BANK
401(k) SUPPLEMENTAL RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year Ended December 31, 2003

ADDITIONS TO NET ASSETS ATTRIBUTED TO:

Investment income:	
Interest and dividends	\$ 50,780
Net appreciation in fair value of investments	<u>2,118,683</u>
Total investment income	<u>2,169,463</u>

Contributions:

Employer contributions	105,027
Employee contributions	<u>255,602</u>
Total contributions	<u>360,629</u>

TOTAL ADDITIONS	<u>2,530,092</u>
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DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:

Benefits paid directly to participants	175,200
Administrative expenses	<u>7,925</u>

TOTAL DEDUCTIONS	<u>183,125</u>
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NET INCREASE	2,346,967
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NET ASSETS AVAILABLE FOR BENEFITS

Beginning of year	<u>3,770,415</u>
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END OF YEAR	<u>\$6,117,382</u>
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COOPERATIVE BANK
401(k) SUPPLEMENTAL RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2003 and 2002

NOTE A - DESCRIPTION OF THE PLAN

The following description of Cooperative Bank 401(k) Supplemental Retirement Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all eligible employees of Cooperative Bank and its subsidiaries (the "Company") who have one year of service and are age twenty-one or older. The Company is a wholly owned subsidiary of Cooperative Bankshares, Inc. Effective December 31, 2003, the Plan sponsor changed its name to Cooperative Bank. The original Plan was established on April 1, 1992. It was amended and restated as of October 1, 1999, and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year, participants may contribute up to 15% of pretax annual compensation, as defined by the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans (rollovers). Participants direct the investment of their contributions into various investment options offered by the Plan. Participants may change their deferral percentage quarterly, on January 1, April 1, July 1 or October 1.

The Company matches 50 percent of the first 6 percent of base compensation that a participant contributes to the Plan. Additionally, the Company may make an additional discretionary matching contribution. Employer contributions are allocated to the Cooperative Bankshares Common Stock Fund. Contributions are subject to certain limitations.

Participant Accounts

Each participant account is credited with the participant's contributions and allocations of (a) the Company's contribution and forfeitures and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in participant contributions plus actual earnings thereon. Vesting in the Company's matching and discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. Until December 31, 2002, a participant's share of employer contributions became 100 percent vested after five years of credited service. Effective January 1, 2003, a participant's share of employer contributions vests in 20% increments for years two through four, with the remaining 40% vesting after five years.

Forfeitures

Forfeitures are allocated to eligible participants in accordance with the Plan agreement. At December 31, 2003 and 2002, forfeited nonvested accounts totaled \$70,947 and \$48,570, respectively.

COOPERATIVE BANK
401(k) SUPPLEMENTAL RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2003 and 2002

NOTE A - DESCRIPTION OF THE PLAN (Continued)

Payment of Benefits

On termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a period certain not to extend beyond the life expectancy of the participant or his designated beneficiary. If the value of the participant's account is \$5,000 or less, a lump sum distribution will be made.

Administrative Expenses

The Company pays certain administrative expenses of the Plan.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value, as determined by quoted market prices. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end.

Purchases and sales of securities are recorded on the trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Payment of Benefits

Benefits are recorded when paid.

Fair Value of Financial Instruments

The Plan's financial instruments consist of investments and short-term receivables. Investments are accounted for at fair market value, and the carrying amount of the receivables approximates fair value due to their short-term nature.

**COOPERATIVE BANK
401(k) SUPPLEMENTAL RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2003 and 2002**

NOTE C - INCOME TAX STATUS

The Plan obtained its latest determination letter on November 5, 2001, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's trustee believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

NOTE D - INVESTMENTS

The following presents investments that represent 5 percent or more of the Plan's net assets.

	<u>2003</u>	<u>2002</u>
Discretionary Trust with First Trust Corporation:		
Common stock:		
Cooperative Bankshares Common Stock Fund	\$ 5,312,922	\$ 3,234,385

NOTE E - NONPARTICIPANT-DIRECTED INVESTMENT

All employer contributions are considered nonparticipant-directed and are invested in the Cooperative Bankshares Common Stock Fund, which invests solely in the common stock of Cooperative Bankshares, Inc. Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investment is as follows:

	<u>2003</u>	<u>2002</u>
Net Assets:		
Common stock:		
Cooperative Bankshares, Inc.	\$1,837,335	\$ 1,099,283
Employer contribution receivable	8,920	7,923
	<u>2003</u>	
Changes in Net Assets:		
Employer contributions	\$ 105,027	
Dividends	14,090	
Net appreciation	676,295	
Benefits paid to participants	57,360	

COOPERATIVE BANK
401(k) SUPPLEMENTAL RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2003 and 2002

NOTE F - RELATED PARTY TRANSACTIONS

As of December 31, 2003 and 2002, the Plan's investments included \$5,312,922 and \$3,234,385, respectively, in common stock of Cooperative Bankshares, Inc. These investments represent approximately 87.3% and 86.5% of total Plan investments at December 31, 2003 and 2002, respectively. At December 31, 2003, the Plan holds approximately 7% of total outstanding stock of Cooperative Bankshares, Inc. For the year ended December 31, 2003, the Plan purchased 10,566 shares of Cooperative Bankshares, Inc. common stock at a cost of \$218,121. In addition, the Plan sold 1,742 shares of Cooperative Bankshares, Inc. common stock for proceeds of \$43,837.

NOTE G - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants are 100 percent vested in their accounts.

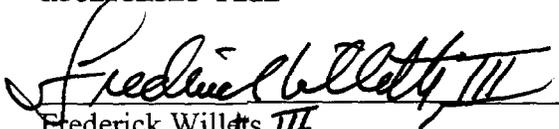
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 28, 2004

COOPERATIVE BANK, as administrator

**For Cooperative Bank 401(k) Supplemental
Retirement Plan**

A handwritten signature in black ink, appearing to read "Frederick Willits, III". The signature is written in a cursive style and is positioned above a horizontal line.

Frederick Willits, III

President and Chief Executive Officer

**EXHIBIT 23.0
CONSENT OF DIXON HUGHES PLLC**



DIXON HUGHES PLLC

Certified Public Accountants and Advisors

CONSENT OF INDEPENDENT AUDITORS

To Plan Administrator
Cooperative Bank 401(k) Supplemental Retirement Plan

We consent to incorporation by reference in the registration statements (Nos. 333-101442 and 333-22335) on Form S-8 of Cooperative Bankshares, Inc. of our report dated April 29, 2004 relating to the statement of net assets of Cooperative Bank 401(k) Supplemental Retirement Plan and the related statement of changes in net assets available for benefits for the year then ended, which report appears in the December 31, 2003 annual report on Form 11-K of Cooperative Bank 401(k) Supplemental Retirement Plan.

Dixon Hughes PLLC

Southern Pines, North Carolina
April 29, 2004