FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2004

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________________ to ________________

Commission file number: 2-96350

CNB Corporation
(Exact name of registrant as specified in its charter)

South Carolina	57-0792402
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P.O. Box 320, Conway, South Carolina	29528
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code): (843) 248-5721

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No ___.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).Yes ____. No X .

State the number of shares outstanding of each of the issuer’s shares of common equity as of the latest practical date: 717,542 shares of common stock, par value $10 per share, April 30, 2004.

CNB Corporation

PART I.

Item 1. Financial Statements

CNB Corporation and Subsidiary
Consolidated Balance Sheets
(All Dollar Amounts, Except Per Share Data, in Thousands)
(Unaudited)

ASSETS:	March 31, 2004	December 31, 2003	March 31, 2003
Cash and due from banks	$ 24,385	$ 25,021	$ 24,097
Interest bearing deposits with banks	0	0	0
Investment Securities (Fair values of $7,887 at March 31, 2004, $8,516 at December 31, 2003, and $10,149 at March 31, 2003)	7,440	8,081	9,488
Securities Available for Sale (Amortized cost of $175,132 at March 31, 2004, $177,825 at December 31, 2003, 149,800 at March 31, 2003)	180,276	182,210	156,656
Federal Funds sold and securities purchased under agreement to resell	33,000	1,000	23,000
Loans:			
Loans	376,718	362,034	343,686
Less reserve for loan losses	(4,706)	(4,524)	(4,377)
Net loans	372,012	357,510	339,309
Bank premises and equipment	17,783	17,068	13,069
Other assets	9,585	9,088	9,043
Total assets	$644,481	$599,978	$574,662
LIABILITIES AND STOCKHOLDERS' EQUITY:			
Deposits:			
Non-interest bearing	$ 112,620	$ 101,684	$ 94,781
Interest-bearing	433,245	401,429	382,711
Total deposits	545,865	503,113	477,492
Federal funds purchased and securities sold under agreement to repurchase	25,674	24,760	27,096
Other short-term borrowings	1,187	970	1,316
Other liabilities	4,653	6,512	5,456
Total liabilities	577,379	535,355	511,360
Stockholders' equity:			
Common stock, par value $10 per share: Authorized 1,500,000 in 2004 and 2003; issued 718,246 in 2004 and 2003	7,182	7,182	7,182
Surplus	34,815	34,801	34,791
Undivided Profits	22,122	20,113	17,227
Net Unrealized Holding Gains (Losses) on Available-For-Sale Securities	3,086	2,631	4,114
Less: Treasury stock	(103)	(104)	(12)
Total stockholders' equity	67,102	64,623	63,302
Total liabilities and stockholders' equity	$644,481	$599,978	$574,662

CNB Corporation and Subsidiary
Consolidated Statement of Income
(All Dollar Amounts, Except Per Share Data, in Thousands)
(Unaudited)

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003
Interest Income:		
Interest and fees on loans	$ 5,729	$ 5,566
Interest on investment securities:		
Taxable investment securities	1,616	1,700
Tax-exempt investment securities	245	271
Interest on federal funds sold and securities purchased under agreement to resell	46	49
Total interest income	7,636	7,586
Interest Expense:		
Interest on deposits	1,550	1,873
Interest on federal funds purchased and securities sold under agreement to repurchase	67	91
Interest on other short-term borrowings	2	5
Total interest expense	1,619	1,969
Net interest income	6,017	5,617
Provision for loan losses	235	280
Net interest income after provision for loan losses	5,782	5,337
Other income:		
Service charges on deposit accounts	858	837
Gains on sale of securities available-for-sale	0	154
Other operating income	496	478
Total other income	1,354	1,469
Other expenses:		
Salaries and employee benefits	2,681	2,602
Occupancy expense	605	542
Other operating expenses	909	900
Total operating expenses	4,195	4,044
Income before income taxes	2,941	2,762
Income tax provision	932	854
Net income	$ 2,009	$ 1,908
Per share data:		
Net income per weighted average shares outstanding	$ 2.80	$ 2.66
Cash dividend paid per share	$ 0	$ 0
Book value per actual number of shares outstanding	$ 93.52	$ 88.15
Weighted average number of shares outstanding	717,450	718,024
Actual number of shares outstanding	717,512	718,143

CNB Corporation and Subsidiary
Consolidated Statements of Comprehensive Income
(All Dollar Amounts, Except Per Share Data, in Thousands)
(Unaudited)

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003
Net Income	$ 2,009	$ 1,908
Other comprehensive income, net of tax		
Unrealized gains/(losses) on securities:		
Unrealized holding gains/(losses) during period	455	170
Net Comprehensive Income	$ 2,464	$ 2,078

CNB Corporation and Subsidiary
Consolidated Statement of Changes in Stockholders' Equity
(All Dollar Amounts in Thousands)
(Unaudited)

	Three Months Ended March 31, 2004	2003
Common Stock:		
($10 par value; 1,500,000 shares authorized)		
Balance, January 1	$ 7,182	$ 7,182
Issuance of Common Stock	None	None
Balance at end of period	7,182	7,182
Surplus:		
Balance, January 1	34,801	34,783
Issuance of Common Stock	None	None
Gain on sale of Treasury stock	14	8
Balance at end of period	34,815	34,791
Undivided profits:		
Balance, January 1	20,113	15,318
Net Income	2,009	1,908
Cash dividends declared	None	None
Balance at end of period	22,122	17,227
Net unrealized holding gains/(losses) on Available-for-sale securities:		
Balance, January 1	2,631	3,944
Change in net unrealized gains/(losses)	455	170
Balance at end of period	3,086	4,114
Treasury stock:		
Balance, January 1 (837 shares in 2004; 951 shares in 2003)	(104)	(102)
Purchase of treasury stock	(141)	(40)
Reissue of treasury stock	142	130
Balance at end of period (734 shares in 2004; 103 shares in 2003)	(103)	(12)
Total stockholders' equity	$67,102	$63,302

Note: Columns may not add due to rounding

CNB CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	For the three-month period ended March 31, 2004	2003
OPERATING ACTIVITIES		
Net Income	$ 2,009	$ 1,908
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	213	172
Provision for loan losses	235	280
Provision for deferred income taxes	386	113
Gain on sale of investment securities	0	(154)
Decrease in accrued interest receivable	365	293
(Increase) decrease in other assets	(862)	2
Increase in other liabilities	282	633
Net cash provided by operating activities	2,628	3,247
INVESTING ACTIVITIES		
Proceeds from sale of investment securities available for sale	0	6,529
Proceeds from maturities/calls of investment securities held to maturity	641	3,617
Proceeds from maturities/calls of investment securities available for sale	23,694	14,166
Purchase of investment securities available for sale	(21,000)	(11,000)
Net increase in federal funds sold	(32,000)	(1,000)
Net increase in loans	(14,684)	(18,064)
Premises and equipment expenditures	(928)	(792)
Net cash used for investing activities	(44,277)	(6,544)
FINANCING ACTIVITIES		
Dividends paid	(2,870)	(2,690)
Net increase in deposits	42,752	9,183
Net increase in securities sold under repurchase agreement	914	877
Net (Decrease) increase in other short-term borrowings	217	(5,193)
Net cash provided by financing activities	41,013	2,177
Net decrease in cash and due from banks	(636)	(1,120)
CASH AND DUE FROM BANKS, BEGINNING OF YEAR	25,021	25,217
CASH AND DUE FROM BANKS, March 31, 2004 AND 2003	$ 24,385	$ 24,097
CASH PAID FOR:		
Interest	$ 1,789	$ 2,088
Income taxes	$ 203	$ 72

CNB CORPORATION AND SUBSIDIARY (The "Corporation")

CNB CORPORATION (The "Parent")

THE CONWAY NATIONAL BANK (The "Bank")

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All Dollar Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net income per share - Net income per share is computed on the basis of the weighted average number of common shares outstanding, 717,450 for the three-month period ended March 31, 2004 and 718,024 for the three-month period ended March 31, 2003.

NOTE 2 - RESTRICTIONS ON CASH AND DUE FROM BANKS

The Bank is required to maintain average reserve balances either at the Bank or on deposit with the Federal Reserve Bank. The average amount of these reserve balances for the three-month period ended March 31, 2004 and for the years ended December 31, 2003 and 2002 were approximately $12,648, $11,823, and $10,346, respectively.

NOTE 3 - INVESTMENT SECURITIES

Investment securities with a par value of approximately $90,735 at March 31, 2004 and $85,195 at December 31, 2003 were pledged to secure public deposits and for other purposes required by law.

The following summaries reflect the book value, unrealized gains and losses, approximate market value, and tax-equivalent yields of investment securities at March 31, 2004 and at December 31, 2003.

	March 31, 2004				
	Book Value	Unrealized Holding Gains	Losses	Fair Value	Yield(1)
AVAILABLE FOR SALE					
United States Treasury	$ 0	$ -	$ -	$ 0	-%
Federal agencies					
Within one year	15,844	362	-	16,206	4.73%
One to five years	140,391	3,495	6	143,880	3.77
	156,235	3,857	6	160,086	3.87
Mortgage Backed Securities over ten years	1,055	-	18	1,037	3.59%
State, county and municipal					
Within one year	482	11	-	493	5.29
One to five years	10,535	678	-	11,213	5.77
Six to ten years	6,506	622	-	7,128	6.78
	17,523	1,311	-	18,834	6.13
Other-CRA Qualified Investment Fund	319	-	-	319	-
Total available for sale	$175,132	$5,168	$ 24	$180,276	4.09%
HELD TO MATURITY					
United States Treasury	$ 0	-	-	0	-%
Federal agencies					
One to Five years	2,000	29	-	2,029	6.44%
	2,000	29	-	2,029	6.44%
State, county and municipal					
Within one year	1,141	25	-	1,166	7.01%
One to five years	3,399	284	-	3,683	7.27
Six to ten years	900	109	-	1,009	7.28
	5,440	418	-	5,858	7.22
Total held to maturity	$ 7,440	$ 447	$ -	$ 7,887	7.01%

(1) Tax equivalent adjustment based on a 34% tax rate

As of the quarter ended March 31, 2004, the Bank did not hold any securities of an issuer that exceeded 10% of stockholders' equity. The net unrealized holding gains/(losses) on available-for-sale securities component of capital is $3,086 as of March 31, 2004.

NOTE 3 - INVESTMENT SECURITIES (Continued)

	December 31, 2003				
	Book Value	Unrealized Gains	Holding Losses	Fair Value	Yield(1)
AVAILABLE FOR SALE					
United States Treasury	$ 0	$ -	$ -	$ 0	-%
Federal agencies					
Within one year	8,809	174	-	8,983	4.36
One to five years	149,917	3,484	273	153,128	4.00
	158,726	3,658	-	162,111	4.02
Mortgage Backed Securities					
Over ten years	1,071	-	19	1,052	3.59
State, county and municipal					
Within one year	185	1	-	186	7.03
One to five years	10,283	522	-	10,805	5.68
Six to ten years	6,961	492	-	7,453	6.81
Over ten years	288	4	-	292	5.92
	17,717	1,019		18,736	6.14
Other - CRA Qualified Investment Fund	311	-	-	311	-
Total available for sale	$177,825	$4,677	$ 292	$182,210	4.23%
HELD TO MATURITY					
United States Treasury	$ 0	-	-	0	-%
Federal agencies					
Within one year	2,000	55	-	2,055	6.44
State, county and municipal					
Within one year	1,562	30	-	1,592	6.98%
One to five years	3,086	227	-	3,313	7.40
Six to ten years	1,433	123	-	1,556	6.97
	6,081	380	-	6,461	7.19
Total held to maturity	$ 8,081	$ 435	$ -	$ 8,516	7.01%

(1) Tax equivalent adjustment based on a 34% tax rate

As of the quarter ended December 31, 2003, the Bank did not hold any securities of an issuer that exceeded 10% of stockholders' equity. The net unrealized holding gains/(losses) on available-for-sale securities component of capital is $2,631 as of December 31, 2003.

NOTE 4 - LOANS AND RESERVE FOR LOAN LOSSES

The following is a summary of loans at March 31, 2004 and December 31, 2003 by major classification:

	March 31, 2004	December 31, 2003
Real estate loans - mortage	$235,535	$228,556
- construction	44,358	44,099
Commercial and industrial loans	60,501	53,559
Loans to individuals for household, family and other consumer expenditures	32,945	32,884
Agriculture	1,954	1,537
All other loans, including overdrafts	1,425	1,399
Gross loans	376,718	362,034
Less reserve for loan losses	(4,706)	(4,524)
Net loans	$372,012	$357,510

NOTE 4 - LOANS AND RESERVE FOR LOAN LOSSES, continued

Changes in the reserve for loan losses for the quarter ended March 31, 2004 and 2003 and the year ended December 31, 2003 are summarized as follows:

	Quarter Ended March 31, 2004	Quarter Ended March 31, 2003	December 31, 2003
Balance, beginning of period	$ 4,524	$ 4,155	$ 4,155
Charge-offs:			
Commercial, financial, and agricultural	9	30	431
Real Estate - construction and mortgage	17	5	59
Loans to individuals	91	91	392
Total charge-offs	$ 117	$ 126	$ 882
Recoveries:			
Commercial, financial, and agricultural	$ 13	$ 33	$ 115
Real Estate - construction and mortgage	1	3	26
Loans to individuals	50	32	150
Total recoveries	$ 64	$ 68	$ 291
Net charge-offs	$ 53	$ 58	$ 591
Additions charge to operations	$ 235	$ 280	$ 960
Balance, end of period	$ 4,706	$ 4,377	$ 4,524
Ratio of net charge-offs during the period to average loans outstanding during the period	.01%	.02%	.17%

The entire balance is available to absorb future loan losses.

At March 31, 2004 and December 31, 2003 loans on which no interest was being accrued totaled approximately $260 and $351, respectively; foreclosed real estate totaled $80 and $0 respectively; and loans 90 days past due and still accruing totaled $44 and $130, respectively.

OTHER INTEREST-BEARING ASSETS

As of March 31, 2004, the Company does not have any interest-bearing assets that would be required to be disclosed under Item III.C.1. or 2. if such assets were loans.

NOTE 5 - PREMISES AND EQUIPMENT

Property at March 31, 2004 and December 31, 2003 is summarized as follows:

	March 31, 2004	December 31, 2003
Land and buildings	$ 15,865	$ 15,866
Furniture, fixtures and equipment	7,076	6,923
Construction in progress	5,147	4,371
	$ 28,088	$ 27,160
Less accumulated depreciation and amortization	10,305	10,092
	$ 17,783	$ 17,068

Depreciation and amortization of bank premises and equipment charged to operating expense was $213 for the quarter ended March 31, 2004 and $739 for the year ended December 31, 2003.

NOTE 6 - CERTIFICATES OF DEPOSIT IN EXCESS OF $100,000

At March 31, 2004 and December 31, 2003, certificates of deposit of $100,000 or more included in time deposits totalled approximately $97,441 and $86,975 respectively. Interest expense on these deposits was approximately $456 for the quarter ended March 31, 2004 and $1,929 for the year ended December 31, 2003.

NOTE 7 - SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

At March 31, 2004 and December 31, 2003, securities sold under repurchase agreements totalled $25,674 and $24,760. U.S. Government securities with a book value of $29,805 ($33,293 market value) and $34,100 ($35,341 market value), respectively, are used as collateral for the agreements. The weighted-average interest rate of these agreements was .98 percent and .96 percent at March 31, 2004 and December 31, 2003.

NOTE 8 - LINES OF CREDIT

At March 31, 2004, the Bank had unused short-term lines of credit to purchase Federal Funds from unrelated banks totalling $27,000. These lines of credit are available on a one to seven day basis for general corporate purposes of the Bank. All of the lenders have reserved the right to withdraw these lines at their option.

The Bank has a demand note through the U.S. Treasury, Tax and Loan system with the Federal Reserve Bank of Richmond. The Bank may borrow up to $7,000 under the arrangement at a variable interest rate. The note is secured by U.S. Treasury and Agency Securities with a market value of $6,291 at March 31, 2004. The amount outstanding under the note totalled $1,187 and $970 at March 31, 2004 and December 31, 2003, respectively.

The Bank also has a line of credit from the Federal Home Loan Bank of Atlanta for $96,395 secured by a lien on the Bank's 1-4 family mortgages. Allowable terms range from overnight to twenty years at varying rates set daily by the FHLB. The amount outstanding under the agreement totalled $0 and $0 at March 31, 2004 and December 31, 2003, respectively.

NOTE 9 - INCOME TAXES

Income tax expense for the quarters ended March 31, 2004 and March 31, 2003 on pretax income of $2,941 and $2,762 totalled $932 and $854, respectively. The provision for federal income taxes is calculated by applying the 34% statutory federal income tax rate and increasing or reducing this amount due to any tax-exempt interest, state bank tax (net of federal benefit), business credits, surtax exemption, tax preferences, alternative minimum tax calculations, or other factors. A summary of income tax components and a reconciliation of income taxes to the federal statutory rate is included in fiscal year-end reports.

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes".

NOTE 10 - COMMITMENTS AND CONTINGENT LIABILITIES

From time to time the bank subsidiary is a party to various litigation, both as plaintiff and as defendant, arising from its normal operations. No material losses are anticipated in connection with any of these matters at March 31, 2004.

Also, in the normal course of business, the bank subsidiary has outstanding commitments to extend credit and other contingent liabilities, which are not reflected in the accompanying financial statements. At March 31, 2004, commitments to extend credit totalled $39,870; financial standby letters of credit totalled $1,314; and performance standby letters of credit totalled $77. In the opinion of management, no material losses or liabilities are expected as a result of these transactions.

In the normal course of business, the bank subsidiary is party to financial instruments with off-balance-sheet risk including commitments to extend credit and standby letters of credit. Such instruments have elements of credit risk in excess of the amount recognized in the balance sheet. The exposure to credit loss in the event of nonperformance by the other parties to the financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. Generally, the same credit policies used for on-balance-sheet instruments, such as loans, are used in extending loan commitments and standby letters of credit.

Following are the off-balance-sheet financial instruments whose contract amounts represent credit risk:

	March 31,2004
Loan Commitments	$ 39,870
Standby letters of credits	1,391

Loan commitments involve agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and some involve payment of a fee. Many of the commitments are expected to expire without being fully drawn. Therefore, the total amount of loan commitments does not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if any, upon extension of credit is based on management's credit evaluation of the borrower. Collateral held varies but may include commercial and residential real properties, accounts receivable, inventory and equipment.

Standby letters of credit are conditional commitments to guarantee the performance of a customer to a third party. The credit risk involved in issuing standby letters of credit is the same as that involved in making loan commitments to customers. Many letters of credit will expire without being drawn upon and do not necessarily represent future cash requirements.

Management believes that its various sources of liquidity provide the resources necessary for the bank subsidiary to fund the loan commitments and to perform under standby letters of credit, if the need arises. Neither the Company nor the Bank are involved in other off-balance sheet contractual relationships or transactions that could result in liquidity needs or other commitments or significantly impact earnings.

NOTE 11 - EMPLOYEE BENEFIT PLAN

The Bank has a defined contribution pension plan covering all employees who have attained age twenty-one and have a minimum of one year of service. Upon ongoing approval of the Board of Directors, the Bank matches one-hundred percent of employee contributions up to three percent of employee salary deferred and fifty percent of employee contributions in excess of three percent and up to five percent of salary deferred. The Board of Directors may also make discretionary contributions to the Plan. For the quarter ended March 31, 2004 and years ended December 31, 2003, 2002 and 2001, $147, $558, $510, and $426, respectively, was charged to operations under the plan.

NOTE 12 - REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory - and possibly additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the financial statements. The regulations require the Bank to meet specific capital adequacy guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital classification is also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the maintenance of minimum amounts and ratios (set forth in the table below) of Tier I capital to adjusted total assets (Leverage Capital ratio) and minimum ratios of Tier I and total capital to risk-weighted assets. To be considered adequately capitalized under the regulatory framework for prompt corrective action, the Bank must maintain minimum Tier I leverage, Tier I risk-based and total risked-based ratios as set forth in the table. The Bank's actual capital ratios are also presented in the table below as of March 31, 2004:

	Actual		For Capital adequacy Purposes Minimum		To be well capitalized under prompt corrective action provisions Minimum	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital (to risk weighted assets)	$64,485	16.22%	31,814	8.0%	$39,767	10.0%
Tier I Capital (to risk weighted assets)	59,779	15.03	15,907	4.0	23,860	6.0
Tier I Capital (to avg.assets)	59,779	9.60	24,899	4.0	31,123	5.0

NOTE 13 - CONDENSED FINANCIAL INFORMATION

Following is condensed financial information of CNB Corporation (parent company only):

CONDENSED BALANCE SHEET
MARCH 31, 2004
(Unaudited)

ASSETS	
Cash	$ 2,389
Investment in subsidiary	62,865
Fixed assets	1,811
Other assets	37
	$ 67,102
LIABILITIES AND STOCKHOLDERS' EQUITY	
Other liability	$ 0
Stockholders' equity	67,102
	$ 67,102

CONDENSED STATEMENT OF INCOME
For the three-month period ended March 31, 2004
(Unaudited)

EQUITY IN NET INCOME OF SUBSIDIARY	$ 2,048
OTHER INCOME	0
OTHER EXPENSES	(39)
Net Income	$ 2,009

DISCUSSION OF FORWARD-LOOKING STATEMENTS

Information in the enclosed report, other than historical information, may contain forward-looking statements that involve risks and uncertainties, including, but not limited to, timing of certain business initiatives of the Company, the Company's interest rate risk condition, and future regulatory actions of the Comptroller of the Currency and Federal Reserve System. It is important to note that the Company's actual results may differ materially and adversely from those discussed in forward-looking statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis is provided to afford a clearer understanding of the major elements of the corporation's results of operations, financial condition, liquidity, and capital resources. The following discussion should be read in conjunction with the corporation's financial statements and notes thereto and other detailed information appearing elsewhere in this report. In addition, the results of operations for the interim periods shown in this report are not necessarily indicative of results to be expected for the fiscal year. The accompanying consolidated financial statements include all accounts of the Company and the Bank. All significant intercompany accounts and transactions have been eliminated in consolidation. The accompanying unaudited consolidated financial statements at March 31, 2004 and for the three-month periods ending March 31, 2004 and 2003 have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q for the Securities and Exchange Commission. Accordingly, they do not include all information and footnotes required by GAAP for complete financial statements. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included.

DISTRIBUTION OF ASSETS AND LIABILITIES

The Company maintains a conservative approach in determining the distribution of assets and liabilities. Loans have increased 9.6% from $343,686 at March 31, 2003 to $376,718 at March 31, 2004 but have decreased as a percentage of total assets from 59.8% to 58.4% over the same period. Securities and federal funds sold have increased as a percentage of total assets from 32.9% at March 31, 2003 to 34.3% at March 31, 2004. This level of investments and federal funds sold provides for a more than adequate supply of secondary liquidity. Management has sought to build the deposit base with stable, relatively non-interest-sensitive deposits by offering the small to medium deposit account holders a wide array of deposit instruments at competitive rates. Non-interest-bearing demand deposits increased as a percentage of total assets from 16.5% at March 31, 2003 to 17.5% at March 31, 2004. As more customers, both business and personal, are attracted to interest-bearing deposit accounts, we expect the percentage of demand deposits to decline over the long-term. Interest-bearing deposits have increased from 66.6% of total assets at March 31, 2003 to 67.2% at March 31, 2004 while securities sold under agreement to repurchase have decreased from 4.7% to 4.0% over the same period.

The following table sets forth the percentage relationship to total assets of significant component's of the corporation's balance sheets as of March 31, 2004 and 2003:

	March 31,	
	2004	2003
Assets:		
Earning assets:		
Loans	58.4%	59.8%
Investment securities	1.2	1.6
Securities Available for Sale	28.0	27.3
Federal funds sold and securities purchased under agreement to resell	5.1	4.0
Total earning assets	92.7	92.7
Other assets	7.3	7.3
Total assets	100.0%	100.0%
Liabilities and stockholder's equity:		
Interest-bearing liabilities:		
Interest-bearing deposits	67.2%	66.6%
Federal funds purchased and securities sold under agreement to resell	4.0	4.7
Other short-term borrowings	.2	.2
Total interest-bearing liabilities	71.4	71.5
Noninterest-bearing deposits	17.5	16.5
Other liabilities	.7	1.0
Stockholders' equity	10.4	11.0
Total liabilities and stockholders' equity	100.0%	100.0%

RESULTS OF OPERATION

CNB Corporation experienced earnings for the three-month periods ended March 31, 2004 and 2003 of $2,009 and $1,908, respectively, resulting in a return on average assets of 1.29% and 1.35% and a return on average stockholders' equity of 12.16% and 12.24%.

The earnings were primarily attributable to net interest margins in each period (see Net Income-Net Interest Income). Other factors include management's ongoing effort to maintain other income at adequate levels (see Net Income - Other Income) and to control other expenses (see Net Income - Other Expenses). This level of earnings, coupled with a moderate dividend policy, have supplied the necessary capital funds to support the growth in total assets. Total assets have increased $69,819 or 12.1% from $574,662 at March 31, 2003 to $644,481 at March 31, 2004. The following table sets forth the financial highlights for the three-month periods ending March 31, 2004 and March 31, 2003:

CNB Corporation and Subsidiary
FINANCIAL HIGHLIGHTS
(All Dollar Amounts, Except Per Share Data, in Thousands)

Three-Month Period Ended March 31,

	2004	2003	Percent Increase (Decrease)
Net interest income after provision for loan losses	5,782	5,337	8.3%
Income before income taxes	2,941	2,762	6.5
Net Income	2,009	1,908	5.3
Per Share	2.80	2.66	5.3
Cash dividends declared	0	0	0
Per Share	0	0	0
Total assets	644,481	574,662	12.1%
Total deposits	545,865	477,492	14.3
Loans	376,718	343,686	9.6
Investment securities	187,716	166,144	13.0
Stockholders' equity	67,102	63,302	6.0
Book value per share	93.52	88.15	6.1
Ratios:			
Annualized return on average total assets	1.29%	1.35%	(4.4)%
Annualized return on average stockholders' Equity	12.16%	12.24%	(.7)%

(1) For the three-month period ended March 31, 2004 and March 31, 2003, average total assets amounted to $624,314 and $565,042 with average stockholders' equity totaling $66,061 and $62,361 respectively.

NET INCOME

Net Interest Income - Earnings are dependent to a large degree on net interest income, defined as the difference between gross interest and fees earned on earning assets, primarily loans and securities, and interest paid on deposits and borrowed funds. Net interest income is affected by the interest rates earned or paid and by volume changes in loans, securities, deposits, and borrowed funds.

Interest rates paid on deposits and borrowed funds and earned on loans and investments have generally followed the fluctuations in market interest rates in 2004 and 2003. However, fluctuations in market interest rates do not necessarily have a significant impact on net interest income, depending on the bank's rate sensitivity position. A rate sensitive asset (RSA) is any loan or investment that can be repriced either up or down in interest rate within a certain time interval. A rate sensitive liability (RSL) is an interest paying deposit or other liability that can be repriced either up or down in interest rate within a certain time interval. When a proper balance between RSA and RSL exists, market interest rate fluctuations should not have a significant impact on earnings. The larger the imbalance, the greater the interest rate risk assumed by the bank and the greater the positive or negative impact of interest rate fluctuations on earnings. The bank seeks to manage its assets and liabilities in a manner that will limit interest rate risk and thus stabilize long-run earning power. Management believes that a rise or fall in interest rates will not materially affect earnings.

The Bank has maintained net interest margins for the three-month period ended March 31, 2004, of 4.2% and 4.4% for the same period in 2003, as compared to management’s long-term target of 4.5%. Net interest margins have been compressed at the bank and industry-wide as we are experiencing almost 50 year lows in market interest rates. We anticipate interest rates to increase in late 2004 and during 2005 which will enhance our earnings potential through a wider net interest margin.

Fully-tax-equivalent net interest income showed a 6.7% increase from $5,757 for the three-month period ended March 31, 2003 to $6,143 for the three-month period ended March 31, 2004. During the same period, total fully-tax-equivalent interest income increased slightly by .5% from $7,726 to $7,762 and total interest expense decreased by 17.8% from $1,969 to $1,619. Fully-tax-equivalent net interest income as a percentage of total earning assets has shown a decrease of .13% from 4.37% for the three-month period ended March 31, 2003 to 4.24% for the three-month period ended March 31, 2004.

The tables on the following two pages present selected financial data and an analysis of net interest income.

CNB Corporation and Subsidiary
Selected Financial Data

	Three Months Ended 3/31/04 Avg. Balance	Three Months Ended 3/31/04 Interest Income/ Expense	Three Months Ended 3/31/04 Avg. Ann. Yield or Rate	Three Months Ended 3/31/03 Avg. Balance	Three Months Ended 3/31/03 Interest Income/ Expense(1)	Three Months Ended 3/31/03 Avg. Ann. Yield or Rate
Assets:						
Earning assets:						
Loans	$369,700	$ 5,729	6.20%	$335,376	$ 5,566	6.64%
Securities:						
Taxable	164,534	1,616	3.93	147,350	1,700	4.61
Tax-exempt	24,657	371	6.02	26,782	411	6.14
Federal funds sold and securities purchased under agreement to resell	20,890	46	.88	17,251	49	1.14
Total earning assets	579,781	7,762	5.36	526,759	7,726	5.87
Other assets	44,533			38,283		
Total assets	$624,314			$565,042		
Liabilities and stockholder equity						
Interest-bearing liabilities:						
Interest-bearing deposits	$421,662	1,550	1.47	$374,096	1,873	2.00
Federal funds purchased and securities sold under agreement to repurchase	26,073	67	1.03	26,836	91	1.36
Other short-term borrowings	1,017	2	.79	1,388	5	1.44
Total interest-bearing liabilities	$448,752	$ 1,619	1.44	$402,320	$ 1,969	1.96
Noninterest-bearing deposits	104,651			95,259		
Other liabilities	4,850			5,102		
Stockholders' equity	66,061			62,361		
Total liabilities and stockholders' equity	$624,314			$565,042		
Net interest income as a percent of total earning assets	$579,781	$ 6,143	4.24	$526,759	$ 5,757	4.37
(1) Tax-equivalent adjustment based on a 34% tax rate		$ 126			$ 140	

	3/31/04	3/31/03
Ratios:		
Annualized return on average total assets	1.29	1.35
Annualized return on average stockholders' equity	12.16	12.24
Cash dividends declared as a percent of net income	0	0
Average stockholders' equity as a percent of:		
Average total assets	10.58	11.04
Average total deposits	12.55	13.29
Average loans	17.87	18.59
Average earning assets as a percent of average total assets	92.87	93.22

CNB Corporation and Subsidiary
Rate/Volume Variance Analysis
For the Three Months Ended March 31, 2004 and 2003
(Dollars in Thousands)

	Average Volume 2004	Average Volume 2003	Yield/Rate 2004 (1)	Yield/Rate 2003 (1)	Interest Earned/Paid 2004 (1)	Interest Earned/Paid 2003 (1)	Variance	Change Due to Rate	Change Due to Volume	Change Due to Rate X Volume
Earning Assets:										
Loans, Net of unearned Income (2)	369,700	335,376	6.20%	6.64%	5,729	5,566	163	(369)	570	(38)
Investment securities:										
Taxable	164,534	147,350	3.93%	4.61%	1,616	1,700	(84)	(250)	198	(32)
Tax-exempt	24,657	26,782	6.02%	6.14%	371	411	(40)	(8)	(33)	1
Federal funds sold and Securities purchased under agreement to resell	20,890	17,251	.88%	1.14%	46	49	(3)	(11)	10	(2)
Total Earning Assets	579,781	526,759	5.36%	5.87%	7,762	7,726	36	(638)	745	(71)
Interest-bearing Liabilities:										
Interest-bearing deposits	421,662	374,096	1.47%	2.00%	1,550	1,873	(323)	(496)	238	(65)
Federal funds purchased and securities sold under agreement to repurchase	26,073	26,836	1.03%	1.36%	67	91	(24)	(22)	(3)	1
Other short-term borrowings	1,017	1,388	.79%	1.44%	2	5	(3)	(2)	(1)	-
Total Interest-bearing Liabilities	448,752	402,320	1.44%	1.96%	1,619	1,969	(350)	(520)	234	(64)
Interest-free Funds Supporting Earning Assets	131,029	124,439								
Total Funds Supporting Earning Assets	579,781	526,759	1.12%	1.50%	1,619	1,969	(350)	(520)	234	(64)
Interest Rate Spread			3.92%	3.91%						
Impact of Non-interest-bearing Funds on Net Yield on Earning Assets			.32%	.46%						
Net Yield on Earning Assets			4.24%	4.37%	6,143	5,757				

(1) Tax-equivalent adjustment based on a 34% tax rate.
(2) Includes non-accruing loans which does not have a material effect on the Net Yield on Earning Assets.

NET INCOME (continued)

Provision for Loan Losses - It is the policy of the Bank to maintain the reserve for loan losses at the greater of 1.20% of net loans or the percentage based on the actual loan loss experience over the previous five years. In addition, management may increase the reserve to a level above these guidelines to cover potential losses identified in the portfolio.

The provision for loan losses was $235 for the three-month period ended March 31, 2004 and $280 for the three-month period ended March 31, 2003. Net loan charge-offs totalled $53 for the three-month period ended March 31, 2004 and $58 for the same period in 2003.

The reserve for loan losses as a percentage of net loans was 1.27% at March 31, 2004 and 1.29% at March 31, 2003. The provision for possible loan losses decreased from $280 during the first quarter of 2003 to $235 during the first quarter of 2004 to reflect continued low net charge-off's in the loan portfolio.

Securities Transactions - At March 31, 2004, December 31, 2003, and March 31, 2003 market value appreciation in the investment portfolio totalled $5,591, $4,820, and $7,517, respectively. As indicated, market values have remained strong due to lower market interest rates. Security gains of $154 were taken during the first quarter of 2003 to supplement liquidity and to take advantage of a steeply-sloping yield curve.

Other Income - Other income, net of any gains/losses on security transactions, increased by 3.0% from $1,315 for the three-month period ended March 31, 2003 to $1,354 for the three-month period ended March 31, 2004 primarily due to an increase in deposit account volumes and higher merchant discount income, offset somewhat by a decrease in mortgage refinancing activity.

Other Expenses - Other expenses increased by 3.7% from $4,044 for the three-month period ended March 31, 2003 to $4,195 for the three-month period ended March 31, 2004. The major components of other expenses are salaries and employee benefits which increased 3.0% from $2,602 to $2,681; occupancy expense which increased 11.6% from $542 to $605; and other operating expenses which increased by 1.0% from $900 to $909. The increase in the three-month period ended March 31, 2004 salaries and employee benefits was due to normal pay increments and the increased costs of providing employee benefits, particularly health insurance coverage. Occupancy expense grew in 2004 due to the construction of a new banking office in Conway.

Income Taxes - Provisions for income taxes increased 9.1% from $854 for the three-month period ended March 31, 2003 to $932 for the three-month period ended March 31, 2004. Income before income taxes less interest of tax-exempt investment securities increased by 8.2% from $2,491 for the three-month period ended March 31, 2003 to $2,696 for the same period in 2004. State tax liability increased as income before income taxes increased 6.5% from $2,762 to $2,941 during the same period.

LIQUIDITY

The bank's liquidity position is primarily dependent on short-term demands for funds caused by customer credit needs and deposit withdrawals and upon the liquidity of bank assets to meet these needs. The bank's liquidity sources include cash and due from banks, federal funds sold, and short-term investments. In addition, the bank has established federal funds lines of credit from correspondent banks and has the ability to borrow funds from the Federal Reserve System and the Federal Home Loan Bank of Atlanta. Management feels that short-term and long-term liquidity sources are more than adequate to meet funding needs.

CAPITAL RESOURCES

Total stockholders' equity was $67,102, $64,623, $61,125 and $53,996 at March 31, 2004, December 31, 2003, December 31, 2002, and December 31, 2001, representing 10.41%, 10.77%, 10.73%, and 10.68% of total assets, respectively. At March 31, 2004, the Bank exceeds quantitative measures established by regulation to ensure capital adequacy (see NOTE 12 - REGULATORY MATTERS). Capital is considered sufficient by management to meet current and prospective capital requirements and to support anticipated growth in bank operations.

EFFECTS OF REGULATORY ACTION

Effective March 11, 2000, the Gramm-Leach-Bliley Act of 1999 allows bank holding companies to elect to be treated as financial holding companies which may engage in a broad range of securities, insurance, and other financial activities. At this time, neither the Company nor the Bank plan to enter these new lines of business. The management of the Company and the Bank is not aware of any other current recommendations by the regulatory authorities which, if they were to be implemented, would have a material effect on liquidity, capital resources, or operations.

ACCOUNTING ISSUES

Accounting standards that have been issued or proposed by the Financial Accounting Standards Board that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption.

RISKS AND UNCERTAINTIES

In the normal course of its business the Company encounters two significant types of risks: economic and regulatory. There are three main components of economic risk: interest rate risk, credit risk and market risk. The Company is subject to interest rate risk to the degree that its interest-bearing liabilities mature or reprice at different speeds, or on different basis, than its interest-earning assets. Credit risk is the risk of default on the Company's loan portfolio that results from borrower's inability or unwillingness to make contractually required payments. Market risk reflects changes in the value of collateral underlying loans receivable and the valuation of real estate held by the Company.

The Company is subject to the regulations of various governmental agencies. These regulations can and do change significantly from period to period. The Company also undergoes periodic examinations by the regulatory agencies, which may subject it to further changes with respect to asset valuations, amounts of required loss allowances and operating restrictions from the regulators' judgments based on information available to them at the time of their examination.

Item 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss from adverse changes in market prices and rates. The Company's market risk arises principally from interest rate risk inherent in its lending, deposit and borrowing activities. Management actively monitors and manages its interest rate risk exposure. In addition to other risks which the Company manages in the normal course of business, such as credit quality and liquidity risk, management considers interest rate risk to be a significant market risk that could potentially have a material effect on the Company's financial condition and results of operations (See Net Income - Net Interest Income). Other types of market risks, such as foreign currency risk and commodity price risk, do not arise in the normal course of the Company's business activities.

Item 4. CONTROLS AND PROCEDURES

Based on the evaluation required by 17 C.F.R. Section 240.13a-15(b) or 240.15d-15(b) of the Company’s disclosure controls and procedures (as defined in 17 C.F.R. Sections 240.13a-15(e) and 240.15d-15(e)), the Company’s chief executive officer and chief financial officer concluded that the effectiveness of such controls and procedures, as of the end of the period covered by this quarterly report, was adequate.

No disclosure is required under 17 C.F.R. Section 229.308(c).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CNB Corporation
(Registrant)

/s/Paul R. Dusenbury
Paul R. Dusenbury
Treasurer
(Chief Financial and Accounting Officer)

Date: May 14, 2004

PART II.

Item 5. EXHIBITS AND REPORTS ON FORM 8-K

See Exhibit Index appearing below.

(b) Reports on Form 8-K - No reports on Form 8-K were filed during the quarter covered by this report.

EXHIBIT INDEX

All exhibits, the filing of which are required with this Form, are listed below

Exhibit 31.1 Certification of Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 Certification of Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.