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 June 30, 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): (803) 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 12 b-2 of the Exchange Act). Yes____. No X .

State the number of shares outstanding of the issuers shares of common equity as of the latest practical date: 717,363 shares of common stock, par value $10 per share, July 31, 2004.

CNB Corporation

Forward-Looking Statements

Statements included in this report which are not historical in nature are intended to be, and are hereby identified as "forward-looking statements" for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements which are other than statements of historical facts. Such forward-looking statements may be identified, without limitation, by the use of the words "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," and similar expressions. The Company's expectations, beliefs, estimates and projections are expressed in good faith and are believed by the Company to have a reasonable basis, including without limitation, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties, but there can be no assurance that management's expectations, beliefs, estimates or projections will result or be achieved or accomplished.

The Company cautions readers that forward-looking statements, including without limitation, those relating to the Company's recent and continuing expansion, its future business prospects, revenues, working capital, liquidity, capital needs, interest costs, income, and adequacy of the allowance for loan losses, are subject to risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements, due to several important factors herein identified, among others, and other risks and factors identified from time to time in the Company's reports filed with the Securities and Exchange Commission.

The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Part I.

Item 1. Financial Statements

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

ASSETS:	June 30, 2004 (Unaudited)	December 31, 2003	June 30, 2003 (Unaudited)
Cash and due from banks	$ 24,100	$ 25,021	$ 27,630
Interest bearing deposits with banks	0	0	0
Investment Securities (Fair values of $5,685 at June 30, 2004, $8,516 at December 31, 2003, and $9,904 at June 30, 2003)	5,440	8,081	9,243
Securities Available for Sale (Amortized cost of $189,356 at June 30, 2004, $177,825 at December 31, 2003, and $156,562 at June 30, 2003)	189,133	182,210	164,049
Federal Funds sold and securities purchased under agreement to resell	31,000	1,000	37,000
Loans:			
Total loans	390,303	362,034	350,691
Less allowance for possible loan losses	(4,861)	(4,524)	(4,564)
Net loans	385,442	357,510	346,127
Bank premises and equipment	17,894	17,068	14,376
Other assets	11,162	9,088	9,317
Total assets	$664,171	$599,978	$607,742
LIABILITIES AND STOCKHOLDERS' EQUITY:			
Deposits:			
Non-interest bearing	$ 123,449	$ 101,684	$110,336
Interest-bearing	441,027	401,429	393,590
Total deposits	564,476	503,113	503,926
Federal funds purchased and securities sold under agreement to repurchase	29,087	24,760	28,699
Other short-term borrowings	1,652	970	4,924
Other liabilities	3,038	6,512	4,648
Total liabilities	598,253	535,355	542,197
Stockholders' equity:			
Common stock, par value $10 per share: Authorized 1,500,000 in 2003 and 2002; issued 718,246 in 2003 and 2002	7,182	7,182	7,182
Surplus	34,815	34,801	34,792
Undivided Profits	24,154	20,113	19,224
Net Unrealized Holding Gains (Losses) on Available-For-Sale Securities	(133)	2,631	4,492
Less: Treasury stock	(100)	(104)	(145)
Total stockholders' equity	65,918	64,623	65,545
Total liabilities and stockholders' equity	$664,171	$599,978	$607,742

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

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Interest Income:				
Interest and fees on loans	$ 5,927	$ 5,782	$ 11,656	$ 11,348
Interest on investment securities:				
Taxable investment securities	1,618	1,575	3,234	3,275
Tax-exempt investment securities	240	255	485	526
Interest on federal funds sold and securities purchased under agreement to resell	58	62	104	111
Total interest income	7,843	7,674	15,479	15,260
Interest Expense:				
Interest on deposits	1,583	1,781	3,133	3,654
Interest on federal funds purchased and securities				176
sold under agreement to repurchase	65	85	132	
Interest on other short-term borrowings	2	2	4	7
Total interest expense	1,650	1,868	3,269	3,837
Net interest income	6,193	5,806	12,210	11,423
Provision for possible loan losses	210	220	445	500
Net interest income after provision for possible loan losses	5,983	5,586	11,765	10,923
Other income:				
Service charges on deposit accounts	901	879	1,759	1,716
Gains/(Losses) on available-for-sale securities	0	0	0	154
Other operating income	725	615	1,221	1,093
Total other income	1,626	1,494	2,980	2,963
Other expenses:				
Salaries and employee benefits	2,682	2,604	5,363	5,206
Occupancy expense	603	511	1,208	1,053
Other operating expenses	1,151	1,053	2,060	1,953
Total operating expenses	4,436	4,168	8,631	8,212
Income before income taxes	3,173	2,912	6,114	5,674
Income tax provision	1,140	914	2,072	1,768
Net income	2,033	1,998	4,042	3,906
Per share data:				
Net income per weighted average shares outstanding	$ 2.83	$ 2.78	$ 5.63	$ 5.44
Cash dividend paid per share	$ 0	$ 0	$ 0	$ 0
Book value per actual number of shares outstanding	$ 91.87	$ 91.41	$ 91.87	$ 91.41
Weighted average number of shares outstanding	717,492	718,002	717,492	718,002
Actual number of shares outstanding	717,540	717,073	717,540	717,073

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

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Net Income	$2,033	$1,998	$4,042	$3,906
Other comprehensive income, net of tax				
Unrealized gains/(losses) on securities:				
Unrealized holding gains/(losses) during period	(3,219)	378	(2,764)	548
Net Comprehensive Income/(Loss)	$(1,186)	$2,376	$1,278	$4,454

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

	Six Months Ended June 30, 2004	Six Months Ended June 30, 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	34,792
Undivided profits:		
Balance, January 1	20,113	15,318
Net Income	4,042	3,906
Cash dividends declared	None	None
Balance at end of period	24,154	19,224
Net unrealized holding gains/(losses) on Available-for-sale securities:		
Balance, January 1	2,631	3,944
Change in net unrealized gains/(losses)	(2,764)	548
Balance at end of period	(133)	4,492
Treasury stock:		
Balance, January 1 (837 shares in 2004; 951 shares in 2003)	(104)	(102)
Purchase of treasury stock	(142)	(194)
Reissue of treasury stock	146	151
Balance at end of period (706 shares in 2004; 1,173 shares in 2003)	(100)	(145)
Total stockholders' equity	65,918	65,545

Note: Columns may not add due to rounding.

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

	For the six-month period ended June 30, 2004	For the six-month period ended June 30, 2003
OPERATING ACTIVITIES		
Net Income	$ 4,042	$ 3,906
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	422	344
Provision for loan losses	445	500
Provision for deferred income taxes	(1,986)	110
Loss (gain) on sale of investment securities	0	(154)
(Increase) decrease in accrued interest receivable	(68)	(2)
(Increase) decrease in other assets	(745)	23
(Decrease) increase in other liabilities	1,873	(590)
Net cash provided by operating activities	3,983	4,137
INVESTING ACTIVITIES		
Proceeds from sale of investment securities available for sale	0	6,529
Proceeds from maturities/calls of investment securities held to maturity	2,641	3,862
Proceeds from maturities/calls of investment securities available for sale	46,148	34,486
Purchase of investment securities held to maturity	0	0
Purchase of investment securities available for sale	(57,678)	(38,083)
(Increase) decrease in federal funds sold	(30,000)	(15,000)
(Increase) decrease in loans	(28,269)	(25,069)
Premises and equipment expenditures	(1,248)	(2,271)
Net cash provided by (used for) investing activities	(68,406)	(35,546)
FINANCING ACTIVITIES		
Dividends paid	(2,870)	(2,690)
Increase (Decrease) in deposits	61,363	35,617
(Decrease) increase in securities sold under repurchase agreement	4,327	2,480
(Decrease) increase in other short-term borrowings	682	(1,585)
Net cash provided by (used for) financing activities	63,502	33,822
Net increase (decrease) in cash and due from banks	(921)	2,413
CASH AND DUE FROM BANKS, BEGINNING OF YEAR	25,021	25,217
CASH AND DUE FROM BANKS, June 30, 2004 AND 2003	$ 24,100	$ 27,630
CASH PAID (RECEIVED) FOR:		
Interest	$ 3,308	$ 3,993
Income taxes	$ 2,072	$ 1,779

CNB CORPORATION AND SUBSIDIARY (The "Corporation")

CNB CORPORATION (The "Parent")

THE CONWAY NATIONAL BANK (The "Bank")

NOTES TO UNAUDITED 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, 717,492 for the six-month period ended June 30, 2004 and 718,002 for the six-month period ended June 30, 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 six-month period ended June 30, 2004 and for the year ended December 31, 2003 were approximately $13,496 and $10,346, respectively.

NOTE 3 - INVESTMENT SECURITIES

Investment securities with a par value of approximately $94,595 at June 30, 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 June 30, 2004 and at December 31, 2003.

	June 30, 2004				
	Book Value	Unrealized Holding Gains	Unrealized Holding Losses	Fair Value	Yield(1)
AVAILABLE FOR SALE					
United States Treasury	$ 0	$ -	$ -	$ 0	-%
Federal agencies					
Within one year	11,825	218	-	12,043	5.30%
One to five years	158,665	1,438	2,480	157,623	3.72
	170,490	1,656	2,480	169,666	3.83
Mortgage Backed Securities					
Over ten years	1,041	-	37	1,004	3.60%
State, county and municipal					
Within one year	481	7	-	488	5.29%
One to five years	10,530	351	-	10,881	5.77
Six to ten years	6,502	298	18	6,782	6.78
	17,513	656	18	18,151	6.14
Other-CRA Qualified Investment Fund	312	-	-	312	-
Total available for sale	$189,356	$2,312	$2,535	$189,133	4.04%
HELD TO MATURITY					
United States Treasury	$ 0	-	-	0	-%
Federal agencies	0	-	-	0	-%
State, county and municipal					
Within one year	1,140	15	-	1,155	7.01%
One to five years	3,399	172	-	3,571	7.27
Six to ten years	901	58	-	959	7.28
	5,440	245	-	5,685	7.22
Total held to maturity	$ 5,440	$ 245	$ -	$ 5,685	7.22%

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

As of the quarter ended June 30, 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 $(133) as of June 30, 2004.

NOTE 3 - INVESTMENT SECURITIES (Continued)

	December 31, 2003				
	Book Value	Unrealized Holding Gains	Unrealized 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	273	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 ALLOWANCE FOR LOAN LOSSES

The following is a summary of loans at June 30, 2004 and December 31, 2003 by major classification:

	June 30, 2004	December 31, 2003
Real estate loans - mortage	$242,791	$228,556
- construction	44,096	44,099
Commercial and industrial loans	64,992	53,559
Loans to individuals for household, family and other consumer expenditures	34,242	32,884
Agriculture	2,485	1,537
All other loans, including overdrafts	1,697	1,399
Gross loans	390,303	362,034
Less allowance for loan losses	(4,861)	(4,524)
Net loans	$385,442	$357,510

NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES, continued

Changes in the allowance for loan losses for the quarter ended and six-month period ended June 30, 2004 and 2003 and the year ended December 31, 2003 are summarized as follows:

	Quarter Ended June 30, 2004	Quarter Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003	December 31, 2003
Balance, beginning of period	$ 4,706	$ 4,377	$ 4,524	$ 4,155	$ 4,155
Charge-offs:					
Commercial, financial, and agricultural	63	19	72	49	431
Real Estate - construction and mortgage	0	39	17	44	59
Loans to individuals	41	72	132	163	392
Total charge-offs	$ 104	$ 130	$ 221	$ 256	$ 882
Recoveries:					
Commercial, financial, and agricultural	$ 17	$ 25	$ 30	$ 58	$ 115
Real Estate - construction and mortgage	0	5	1	8	26
Loans to individuals	32	67	82	99	150
Total recoveries	$ 49	$ 97	$ 113	$ 165	$ 291
Net charge-offs/(recoveries)	$ 55	$ 33	$ 108	$ 91	$ 591
Additions charge to operations	$ 210	$ 220	$ 445	$ 500	$ 960
Balance, end of period	$ 4,861	$ 4,564	$ 4,861	$ 4,564	$ 4,524
Ratio of net charge-offs during the period to average loans outstanding during the period	.02%	.01%	.03%	.03%	.17%

The entire balance is available to absorb future loan losses.

At June 30, 2004 and December 31, 2003 loans on which no interest was being accrued totalled approximately $235 and $351, respectively and foreclosed real estate totalled $80 and $0, respectively; and loans 90 days past due and still accruing totalled $5 and $130, respectively.

NOTE 5 - PREMISES AND EQUIPMENT

Property at June 30, 2004 and December 31, 2003 is summarized as follows:

	June 30 2004	December 31, 2003
Land and buildings	$ 15,866	$ 15,866
Furniture, fixtures and equipment	7,090	6,923
Construction in progress	5,452	4,371
	$ 28,408	$ 27,160
Less accumulated depreciation and amortization	10,514	10,092
	$ 17,894	$ 17,068

Depreciation and amortization of bank premises and equipment charged to operating expense was $209 and $422 for the quarter ended and the six-month period ended June 30, 2004, respectively and $739 for the year ended December 31, 2003.

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

At June 30, 2004 and December 31, 2003, certificates of deposit of $100,000 or more included in time deposits totaled approximately $107,804 and $86,975 respectively. Interest expense on these deposits was approximately $482 and $938 for the quarter ended and the six-month period ended June 30, 2004, respectively, and $1,929 for the year ended December 31, 2003.

NOTE 7 - SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

At June 30, 2004 and December 31, 2003, securities sold under repurchase agreements totaled $29,087 and $24,760. Securities with a book value of $34,770 ($35,386 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 1.15 percent and .96 percent at June 30, 2004 and December 31, 2003.

NOTE 8 - LINES OF CREDIT

At June 30, 2004, the Bank had unused short-term lines of credit to purchase Federal Funds from unrelated banks totaling $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 Notes with a market value of $5,942 at June 30, 2004. The amount outstanding under the note totaled $1,652 and $970 at June 30, 2004 and December 31, 2003, respectively.

The Bank also has a line of credit from the Federal Home Loan Bank of Atlanta for $99,874 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 June 30, 2004 and December 31, 2003, respectively.

NOTE 9 - INCOME TAXES

Income tax expense for the quarter ended June 30, 2004 and June 30, 2003 on pretax income of $3,173 and $2,912 totalled $1,140 and $914 respectively. Income tax expense for the six-month period ended June 30, 2004 and June 30, 2003 on pretax income of $6,114 and $5,674 totalled $2,072 and $1,768 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 factor. A summary of income tax components and a reconciliation of income taxes to the federal statutory rate are 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 – OFF-BALANCE SHEET ARRANGEMENTS 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 June 30, 2004.

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:

	June 30, 2004
Loan Commitments	$ 40,173
Standby letters of credits	3,180

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 three-month and six-month periods ended June 30, 2004 and year ended December 31, 2003, $145, $292, and $558, 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.

NOTE 12 – REGULATORY MATTERS (continued)

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 presented in the table below as of June 30, 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)	$66,687	16.13%	$33,074	8.0%	$41,343	10.0%
Tier I Capital (to risk weighted assets)	61,826	14.96	16,537	4.0	24,806	6.0
Tier I Capital (to avg. assets	61,826	9.71	25,468	4.0	31,834	5.0

NOTE 13 - CONDENSED FINANCIAL INFORMATION

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

CONDENSED BALANCED SHEET
JUNE 30, 2004
(Unaudited)

ASSETS	
Cash	$ 2,377
Investment in subsidiary	61,693
Fixed assets	1,811
Other assets	37
	$ 65,918
LIABILITIES AND STOCKHOLDERS' EQUITY	
Other liability	$ 0
Stockholders' equity	65,918
	$ 65,918

CONDENSED STATEMENT OF INCOME
For the six-month period ended June 30, 2004
(Unaudited)

EQUITY IN NET INCOME OF SUBSIDIARY	$ 4,095
OTHER INCOME	0
OTHER EXPENSES	(53)
Net Income	$ 4,042

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(All dollar amounts in thousands, except per share data.)

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 June 30, 2004 and for the three-month and six-month periods ending June 30, 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 11.3% from $350,691 at June 30, 2003 to $390,303 at June 30, 2004 and have increased as a percentage of total assets from 57.7% to 58.8% over the same period as loan demand has strengthened in our market. Securities and federal funds sold have decreased as a percentage of total assets from 34.6% at June 30, 2003 to 33.9% at June 30, 2004 as lending has improved. 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 18.2% at June 30, 2003 to 18.6% at June 30, 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 slightly from 64.8% of total assets at June 30, 2003 to 66.4% at June 30, 2004 while securities sold under agreement to repurchase have decreased from 4.7% to 4.4% over the same period.

The following table sets forth the percentage relationship to total assets of significant components of the corporation's balance sheet as of June 30, 2004 and 2003:

	June 30, 2004	June 30, 2003
Assets:		
Earning assets:		
Loans	58.8%	57.7%
Investment securities	.8	1.5
Securities Available for Sale	28.5	27.0
Federal funds sold and securities purchased under agreement to resell	4.6	6.1
Total earning assets	92.7	92.3
Other assets	7.3	7.7
Total assets	100.0%	100.0%
Liabilities and stockholders’ equity:		
Interest-bearing liabilities:		
Interest-bearing deposits	66.4%	64.8%
Federal funds purchased and securities sold under agreement to resell	4.4	4.7
Other short-term borrowings	.2	.8
Total interest-bearing liabilities	71.0	70.3
Noninterest-bearing deposits	18.6	18.2
Other liabilities	.5	.7
Stockholders' equity	9.9	10.8
Total liabilities and stockholders' equity	100.0%	100.0%

RESULTS OF OPERATION

CNB Corporation experienced earnings for the three-month period ended June 30, 2004 and 2003 of $2,033 and $1,998, respectively, resulting in a return on average assets of 1.25% and 1.38% and a return on average stockholders' equity of 12.18% and 12.46%.

CNB Corporation experienced earnings for the six-month period ended June 30, 2004 and 2003 of $4,042 and $3,906, respectively, resulting in a return on average assets of 1.27% and 1.37% and a return on average stockholders' equity of 12.17% and 12.35%.

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 conservative dividend policy, have supplied the necessary capital funds to support the growth in total assets. Total assets have increased $56,429 or 9.3% from $607,742 at June 30, 2003 to $664,171 at June 30, 2004. The following table sets forth the financial highlights for the three-month and six-month periods ending June 30, 2004 and June 30, 2003:

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

	Three-Month Period Ended June 30,			Six-Month Period Ended June 30,		
	2004	2003	Percent Increase (Decrease)	2004	2003	Percent Increase (Decrease)
Net interest income after provision for loan losses	5,983	5,586	7.1%	11,765	10,923	7.7%
Income before income taxes	3,173	2,912	9.0	6,114	5,674	7.8
Net Income	2,033	1,998	1.8	4,042	3,906	3.5
Per Share	2.83	2.78	1.8	5.63	5.44	3.5
Cash dividends declared	0	0	-	0	0	-
Per Share	0	0	-	0	0	-
Total assets	664,171	607,742	9.3%	664,171	607,742	9.3%
Total deposits	564,476	503,926	12.0	564,476	503,926	12.0
Loans	390,303	350,691	11.3	390,303	350,691	11.3
Investment securities and securities available for sale	194,573	173,292	12.3	194,573	173,292	12.3
Stockholders' equity	65,918	65,545	.6	65,918	65,545	.6
Book value per share	91.87	91.41	.5	91.87	91.41	.5
Ratios (1):						
Annualized return on average total assets	1.25%	1.38%	(9.4)%	1.27%	1.37%	(7.3)%
Annualized return on average stockholders' equity	12.18%	12.46%	(2.2)%	12.17%	12.35%	(1.5)%

(1) For the three-month period ended June 30, 2004 and June 30, 2003, average total assets amounted to $652,757 and $579,362 with average stockholders’ equity totaling $66,779 and $64,137, respectively. For the six-month period ended June 30, 2004 and June 30, 2003, average total assets amounted to $638,536 and $572,202 with average stockholders' equity totaling $66,420 and $63,249 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 effected 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 effect earnings.

The Bank maintained net interest margins for the three-month and six-month periods ended June 30, 2004, of 4.18% and 4.21%, respectively, and 4.40% and 4.38%, respectively, for the same periods in 2003 as compared to management’s long-term target of 4.50%. Net interest margins have been compressed at the bank and industry-wide, as we are experiencing almost fifty year lows in market interest rates. We anticipate interest rates to increase in 2004 and during 2005 which should enhance our earnings potential through a wider net interest margin.

Fully-tax-equivalent net interest income showed a 6.4% increase from $5,937 for the three-month period ended June 30, 2003 to $6,317 for the three-month period ended June 30, 2004. During the same period, total fully-tax-equivalent interest income increased by 2.1% from $7,805 to $7,967 and total interest expense decreased by 11.7% from $1,868 to $1,650. Fully-tax-equivalent net interest income as a percentage of total earning assets has shown a decrease of .22% from 4.40% for the three-month period ended June 30, 2003 to 4.18% for the three-month period ended June 30, 2004.

Fully-tax-equivalent net interest income showed a 6.6% increase from $11,694 for the six-month period ended June 30, 2003 to $12,460 for the six-month period ended June 30, 2004. During the same period, total fully-tax-equivalent interest income increased by 1.3% from $15,531 to $15,729 and total interest expense decreased by 14.8% from $3,837 to $3,269. Fully-tax-equivalent net interest income as a percentage of total earning assets has shown a decrease of .17% from 4.38% for the six-month period ended June 30, 2003 to 4.21% for the six-month period ended June 30, 2004.

The tables on the following four pages present average balance sheets, average yield and interest earned on earning assets, and average rate and interest expense on interest bearing liabilities for the three-month and six-month periods ended June 30, 2004 and 2003, and a summary of changes in net interest income resulting from changes in volume and changes in rate between the three-month and six-month periods ended June 30, 2004 and 2003.

CNB Corporation and Subsidiary
Average Balances, Yields, and Rates
(Dollars in Thousands)

	Three Months Ended 6/30/04 Avg. Balance	Interest Income/ Expense	Avg. Ann. Yield or Rate	Three Months Ended 6/30/03 Avg. Balance	Interest Income/ Expense(1)	Avg. Ann. Yield or Rate
Assets:						
Earning assets:						
Loans, net of unearned income	$385,100	$ 5,927	6.16%	$349,362	$ 5,782	6.62%
Securities:						
Taxable	171,608	1,618	3.77	144,284	1,575	4.37
Tax-exempt	21,757	364	6.69	25,010	386	6.17
Federal funds sold and securities purchased under agreement to resell	25,884	58	.90	21,471	62	1.16
Total earning assets	604,349	7,967	5.27	540,127	7,805	5.78
Other assets	48,408			39,235		
Total assets	$652,757			$579,362		
Liabilities and stockholder equity						
Interest-bearing liabilities:						
Interest-bearing deposits	$439,516	1,583	1.44	$389,082	1,781	1.83
Federal funds purchased and securities sold under agreement to repurchase	26,007	65	1.00	27,764	85	1.22
Other short-term borrowings	1,075	2	.74	1,202	2	.67
Total interest-bearing liabilities	$465,598	$ 1,650	1.41	$418,048	$ 1,868	1.79
Noninterest-bearing deposits	117,505			92,387		
Other liabilities	1,875			4,790		
Stockholders' equity	66,779			64,137		
Total liabilities and stockholders' equity	$652,757			$579,362		
Net interest income as a percent of total earning assets	$604,349	$ 6,317	4.18	$540,127	$ 5,937	4.40
(1) Tax-equivalent adjustment based on a 34% tax rate		$ 124			$ 131	

	6/30/04	6/30/03
Ratios:		
Annualized return on average total assets	1.25	1.38
Annualized return on average stockholders' equity	12.18	12.46
Cash dividends declared as a percent of net income	0	0
Average stockholders' equity as a percent of:		
Average total assets	10.23	11.07
Average total deposits	11.99	13.32
Average loans	17.34	18.36
Average earning assets as a percent of average total assets	92.58	93.23

CNB Corporation and Subsidiary
Average Balances, Yield and Rates
(Dollars in Thousands)

	Six Months Ended 6/30/04			Six Months Ended 6/30/03		
	Avg. Balance	Interest Income/ Expense	Avg. Ann. Yield or Rate	Avg. Balance	Interest Income/ Expense(1)	Avg. Ann. Yield or Rate
Assets:						
Earning assets:						
Loans, net of unearned income	$377,400	$ 11,656	6.18%	$342,369	$ 11,348	6.63%
Securities:						
Taxable	168,071	3,234	3.85	145,817	3,275	4.49
Tax-exempt	23,207	735	6.33	25,896	797	6.16
Federal funds sold and securities purchased under agreement to resell	23,387	104	.89	19,361	111	1.15
Total earning assets	592,065	15,729	5.31	533,443	15,531	5.82
Other assets	46,471			38,759		
Total assets	$638,536			$572,202		
Liabilities and stockholder equity						
Interest-bearing liabilities:						
Interest-bearing deposits	$430,589	3,133	1.46	$381,589	3,654	1.92
Federal funds purchased and securities sold under agreement to repurchase	26,040	132	1.01	27,300	176	1.29
Other short-term borrowings	1,046	4	.76	1,295	7	1.08
Total interest-bearing liabilities	$457,675	$ 3,269	1.43	$410,184	$ 3,837	1.87
Noninterest-bearing deposits	111,078			93,823		
Other liabilities	3,363			4,946		
Stockholders' equity	66,420			63,249		
Total liabilities and stockholders' equity	$638,536			$572,202		
Net interest income as a percent of total earning assets	$592,065	$ 12,460	4.21	$533,443	$ 11,694	4.38
(1) Tax-equivalent adjustment based on a 34% tax rate		$ 250			$ 271	
Ratios:						
Annualized return on average total assets			1.27			1.37
Annualized return on average stockholders' equity			12.17			12.35
Cash dividends declared as a percent of net income			0			0
Average stockholders' equity as a percent of:						
Average total assets			10.40			11.05
Average total deposits			12.26			13.30
Average loans			17.60			18.47
Average earning assets as a percent of average total assets			92.72			93.23

CNB Corporation and Subsidiary
Rate/Volume Variance Analysis
For the Three Months Ended June 30, 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)	385,100	349,362	6.16%	6.62%	5,927	5,782	145	(402)	591	(44)
Investment securities:										
Taxable	171,608	144,284	3.77%	4.37%	1,618	1,575	43	(216)	299	(40)
Tax-exempt	21,757	25,010	6.69%	6.17%	364	386	(22)	33	(50)	(5)
Federal funds sold and Securities purchased under agreement to resell	25,884	21,471	.90%	1.16%	58	62	(4)	(14)	13	(3)
Total Earning Assets	604,349	540,127	5.27%	5.78%	7,967	7,805	162	(599)	853	(92)
Interest-bearing Liabilities:										
Interest-bearing deposits	439,516	389,082	1.44%	1.83%	1,583	1,781	(198)	(379)	231	(50)
Federal funds purchased and securities sold under agreement to repurchase	26,007	27,764	1.00%	1.22%	65	85	(20)	(15)	(5)	0
Other short-term borrowings	1,075	1,202	.74%	.67%	2	2	0	0	0	0
Total Interest-bearing Liabilities	466,598	418,048	1.41%	1.79%	1,650	1,868	(218)	(394)	226	(50)
Interest-free Funds Supporting Earning Assets	137,751	122,079								
Total Funds Supporting Earning Assets	604,349	540,127	1.09%	1.38%	1,650	1,868	(218)	(394)	226	(50)
Interest Rate Spread			3.86%	3.99%						
Impact of Non-interest-bearing Funds on Net Yield on Earning Assets			.32%	.41%						
Net Yield on Earning Assets			4.18%	4.40%	6,317	5,937				

(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.

CNB Corporation and Subsidiary
Rate/Volume Variance Analysis
For the Six Months Ended June 30, 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)	377,400	342,369	6.18%	6.63%	11,656	11,348	308	(770)	1,161	(83)
Investment securities:										
Taxable	168,071	145,817	3.85%	4.49%	3,234	3,275	(41)	(467)	500	(74)
Tax-exempt	23,207	25,896	6.33%	6.16%	735	797	(62)	22	(83)	(1)
Federal funds sold and Securities purchased under agreement to resell	23,387	19,361	.89%	1.15%	104	111	(7)	(25)	23	(5)
Total Earning Assets	592,065	533,443	5.31%	5.82%	15,729	15,531	198	(1,240)	1,601	(163)
Interest-bearing Liabilities:										
Interest-bearing deposits	430,589	381,589	1.46%	1.92%	3,133	3,654	(521)	(878)	470	(113)
Federal funds purchased and securities sold under agreement to repurchase	26,040	27,300	1.01%	1.29%	132	176	(44)	(38)	(8)	2
Other short-term borrowings	1,046	1,295	.76%	1.08%	4	7	(3)	(2)	(1)	0
Total Interest-bearing Liabilities	457,675	410,184	1.43%	1.87%	3,269	3,837	(568)	(918)	461	(111)
Interest-free Funds Supporting Earning Assets	134,390	123,259								
Total Funds Supporting Earning Assets	592,065	533,443	1.10%	1.44%	3,269	3,837	(568)	(918)	461	(111)
Interest Rate Spread			3.88%	3.95%						
Impact of Non-interest-bearing Funds on Net Yield on Earning Assets			.33%	.43%						
Net Yield on Earning Assets			4.21%	4.38%	12,460	11,694				

(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 Possible Loan Losses - It is the policy of the bank to maintain the allowance for possible loan losses at the greater of 1.20% of net loans or a percentage based on a level to cover potential losses identified in the portfolio.

The provision for possible loan losses was $210 for the three-month period ended June 30, 2004 and $220 for the three-month period ended June 30, 2003. Net loan charge-offs/(recoveries) totaled $55 for the three-month period ended June 30, 2004 and $33 for the same period in 2003.

The provision for possible loan losses was $445 for the six-month period ended June 30, 2004 and $500 for the six-month period ended June 30, 2003. Net loan charge-offs/(recoveries) totalled $108 for the six-month period ended June 30, 2004 and $91 for the same period in 2003.

The allowance for possible loan losses as a percentage of net loans was 1.26% at June 30, 2004 and 1.32% at June 30, 2003. The decreased provisions during the three-month and six-month periods ended June 30, 2004 reflect the continued low net charge-offs in the loan portfolio.

Securities Transactions – At June 30, 2004, December 31, 2003, and June 30, 2003 market value appreciation in the investment portfolio totalled $22, $4,820, and $8,148, respectively. As indicated, market values have decreased due to higher market interest rates in 2004. 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 8.8% from $1,494 for the three-month period ended June 30, 2003 to $1,626 for the three-month period ended June 30, 2004.

Other income, net of any gains/losses on security transactions, increased by 6.1% from $2,809 for the six-month period ended June 30, 2003 to $2,980 for the six-month period ended June 30, 2004.

This increase in the three-month and six-month period ended June 30, 2004 other income was due to an increase in deposit account volumes and higher merchant discount income, offset somewhat by a decrease in refinancing volume in the mortgage loan department.

Other Expenses - Other expenses increased by 6.4% from $4,168 for the three-month period ended June 30, 2003 to $4,436 for the three-month period ended June 30, 2004. The major components of other expenses are salaries and employee benefits which increased 3.0% from $2,604 to $2,682; occupancy expense which increased 18.0% from $511 to $603; and other operating expenses which increased by 9.3% from $1,053 to $1,151.

Other expenses increased by 5.1% from $8,212 for the six-month period ended June 30, 2003 to $8,631 for the six-month period ended June 30, 2004. The major components of other expenses are salaries and employee benefits which increased 3.0% from $5,206 to $5,363; occupancy expense which increased 14.7% from $1,053 to $1,208; and other operating expense which increased by 5.5% from $1,953 to $2,060.

NET INCOME (continued)

The increase in the three-month and six-month period ended June 30, 2004 salaries and employee benefits was due to normal pay increases and the increased costs of providing employee benefits, particularly health insurance coverage. Occupancy expense has grown in 2004 due to the addition of a new banking office in Conway.

Income Taxes - Provisions for income taxes increased 24.7% from $914 for the three-month period ended June 30, 2003 to $1,140 for the three-month period ended June 30, 2004. Income before income taxes less interest on tax-exempt investment securities increased by 10.4% from $2,657 for the three-month period ended June 30, 2003 to $2,933 for the same period in 2004. State tax liability increased as income before income taxes increased 9.0% from $2,912 to $3,173 during the same period.

Provisions for income taxes increased 17.2% from $1,768 for the six-month period ended June 30, 2003 to $2,072 for the six-month period ended June 30, 2004. Income before income taxes less interest on tax-exempt investment securities increased by 9.3% from $5,148 for the six-month period ended June 30, 2003 to $5,629 for the same period in 2004 and state tax liability increased as income before income taxes increased 7.8% from $5,674 to $6,114 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, including the funding of off-balance sheet loan commitments and 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. It is anticipated that the Bank will make application to construct, equip, and staff a new banking office in Pawleys Island, South Carolina in the latter part of 2004. Land, construction, and equipment costs are estimated at $1,750.

CAPITAL RESOURCES

Total stockholders' equity was $65,918 and $64,623 at June 30, 2004 and December 31, 2003, representing 9.92% and 10.77% of total assets, respectively. At June 30, 2004, the Bank exceeds quantitative measures established by regulation to ensure capital adequacy (see NOTE 12 to the consolidated unaudited financial statements - REGULATORY MATTERS). Capital is considered sufficient by management to meet current and prospective capital requirements and to support anticipated growth in bank 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.

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: August 10, 2004

PART II.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

An Annual Meeting of shareholders of CNB Corporation was held in the Conway Banking Office of The Conway National Bank at 1411 Fourth Avenue, Conway, South Carolina, at 4:15 p.m., Conway, South Carolina time, on May 11, 2004.

The purpose of the Annual Meeting was to: (1) elect three Directors; and (2) ratify the appointment of Elliott Davis, LLC as the Company's independent public accountant for the fiscal year ending December 31, 2004.

Proxies for the meeting were solicited pursuant to Regulation 14 under the Act; there was no solicitation in opposition to the management's nominees as listed in the proxy statement; and all of such nominees were elected.

There were 470,485 of the 717,542 shares issued present or represented by proxy and the majority of shares were voted for the election of the three Directors listed as management's nominees in the proxy statement; and for the ratification of Elliott Davis, LLC as the Company's 2004 independent public accountant.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

See Exhibit Index.

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

EXHIBIT INDEX

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.**