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 September 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: 788,454 shares of common stock, par value $10 per share, October 31, 2004.

CNB Corporation

		Page
Forward-Looking Statements		1
PART I.	FINANCIAL INFORMATION	
Item 1.	Financial Statements:	
	Consolidated Balance Sheets as of September 30, 2004, December 31, 2003 and September 30, 2003	2
	Consolidated Statement of Income for the Three Months and Nine Months Ended September 30, 2004 and 2003	3
	Consolidated Statement of Comprehensive Income for the Three Months and Nine Months Ended September 30, 2004 and 2003	4
	Consolidated Statement of Changes in Stockholders' Equity for the Nine Months Ended September 30, 2004 and 2003	5
	Consolidated Statement of Cash Flows for the Nine Months Ended September 30, 2004 and 2003	6
	Notes to Consolidated Financial Statements	7-14
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	14-24
Item 3.	Qualitative and Quantitative Disclosures About Market Risk	24
Item 4.	Controls and Procedures	24
SIGNATURE		25
PART II.		
Item 6.	Exhibits and Reports on Form 8-K	26

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:	Sept. 30, 2004 (Unaudited)	December 31, 2003	Sept. 30, 2003 (Unaudited)
Cash and due from banks	$ 30,805	$ 25,021	$ 21,621
Investment Securities (Fair values of $5,435 at September 30, 2004, $8,516 at December 31, 2003, and $9,448 at September 30, 2003)	5,150	8,081	8,962
Securities Available for Sale (Amortized cost of $195,965 at September 30, 2004, $177,825 at December 31, 2003, and $183,174 at September 30, 2003)	198,486	182,210	188,292
Federal Funds sold and securities purchased under agreement to resell	28,000	1,000	35,000
Loans:			
Total loans	395,006	362,034	343,210
Less allowance for possible loan losses	(4,888)	(4,524)	(4,498)
Net loans	390,118	357,510	338,712
Bank premises and equipment	17,629	17,068	15,020
Other assets	10,205	9,088	9,209
Total assets	$680,393	$599,978	$616,816
LIABILITIES AND STOCKHOLDERS' EQUITY:			
Deposits:			
Non-interest bearing	$ 127,465	$ 101,684	$107,888
Interest-bearing	445,509	401,429	405,842
Total deposits	572,974	503,113	513,730
Federal funds purchased and securities sold under agreement to repurchase	32,700	24,760	32,060
Other short-term borrowings	1,541	970	1,107
Other liabilities	3,233	6,512	3,691
Total liabilities	610,448	535,355	550,588
Stockholders' equity:			
Common stock, par value $10 per share: Authorized 1,500,000 in 2004 and 2003; issued 789,774 in 2004 and 718,246 in 2003	7,898	7,182	7,182
Surplus	43,541	34,801	34,792
Undivided Profits	17,137	20,113	21,343
Net Unrealized Holding Gains (Losses) on Available-For-Sale Securities	1,513	2,631	3,071
Less: Treasury stock	(144)	(104)	(160)
Total stockholders' equity	69,945	64,623	66,228
Total liabilities and stockholders' equity	$680,393	$599,978	$616,816

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

	Three Months Ended Sept 30,		Nine Months Ended Sept. 30,	
	2004	2003	2004	2003
Interest Income:				
Interest and fees on loans	$ 6,177	$ 5,608	$ 17,833	$ 16,956
Interest on investment securities:				
Taxable investment securities	1,659	1,610	4,893	4,885
Tax-exempt investment securities	249	256	734	782
Interest on federal funds sold and securities				
purchased under agreement to resell	106	86	210	197
Total interest income	8,191	7,560	23,670	22,820
Interest Expense:				
Interest on deposits	1,674	1,669	4,807	5,323
Interest on federal funds purchased and securities				253
sold under agreement to repurchase	97	77	229	
Interest on other short-term borrowings	3	4	7	11
Total interest expense	1,774	1,750	5,043	5,587
Net interest income	6,417	5,810	18,627	17,233
Provision for possible loan losses	315	250	760	750
Net interest income after provision for possible loan losses	6,102	5,560	17,867	16,483
Other income:				
Service charges on deposit accounts	875	846	2,634	2,562
Gains/(Losses) on available-for-sale securities	0	0	0	154
Other operating income	931	816	2,152	1,909
Total other income	1,806	1,662	4,786	4,625
Other expenses:				
Salaries and employee benefits	2,692	2,512	8,055	7,718
Occupancy expense	614	541	1,822	1,594
Other operating expenses	1,200	1,049	3,260	3,002
Total operating expenses	4,506	4,102	13,137	12,314
Income before income taxes	3,402	3,120	9,516	8,794
Income tax provision	935	1,002	3,007	2,770
Net income	2,467	2,118	6,509	6,024
*Per share data:				
Net income per weighted average shares outstanding	$ 3.13	$ 2.68	$ 8.25	$ 7.63
Cash dividend paid per share	$ 0	$ 0	$ 0	$ 0
Book value per actual number of shares outstanding	$ 88.69	$ 83.97	$ 88.69	$ 83.97
Weighted average number of shares outstanding	789,124	789,468	789,124	789,468
Actual number of shares outstanding	788,664	788,653	788,664	788,653

*Adjusted for the effect of a 10% stock dividend issued during 2004.

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

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2004	2003	2004	2003
Net Income	$2,467	$2,118	$6,509	$6,024
Other comprehensive income, net of tax				
Unrealized gains/(losses) on securities:				
Unrealized holding gains/(losses) during period	1,646	(1,421)	(1,118)	(873)
Net Comprehensive Income/(Loss)	$4,113	$ 697	$5,391	$5,151

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

	Nine Months Ended September 30, 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
Stock Dividend	716	None
Balance at end of period	7,898	7,182
Surplus:		
Balance, January 1	34,801	34,783
Issuance of Common Stock	None	None
Stock Dividend	8,726	None
Gain on sale of Treasury stock	14	9
Balance at end of period	43,541	34,792
Undivided profits:		
Balance, January 1	20,113	15,318
Net Income	6,509	6,024
Stock Dividend	(9,485)	None
Cash dividends declared	None	None
Balance at end of period	17,137	21,343
Net unrealized holding gains/(losses) on Available-for-sale securities:		
Balance, January 1	2,631	3,944
Change in net unrealized gains/(losses)	(1,118)	(873)
Balance at end of period	1,513	3,071
Treasury stock:		
Balance, January 1 (837 shares in 2004; 951 shares in 2003)	(104)	(102)
Purchase of treasury stock	(186)	(232)
Reissue of treasury stock	146	174
Balance at end of period (1,110 shares in 2004; 1,173 shares in 2003)	(144)	(160)
Total stockholders' equity	69,945	66,228

Note: Columns may not add due to rounding.

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

	For the nine-month period ended September 30, 2004	2003
OPERATING ACTIVITIES		
Net Income	$ 6,509	$ 6,024
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	630	517
Provision for loan losses	760	750
Provision for deferred income taxes	(1,154)	(837)
Loss (gain) on sale of investment securities	0	(154)
(Increase) decrease in accrued interest receivable	129	498
(Increase) decrease in other assets	(817)	(369)
(Decrease) increase in other liabilities	596	17
Net cash provided by operating activities	6,653	6,446
INVESTING ACTIVITIES		
Proceeds from sale of investment securities available for sale	0	6,529
Proceeds from maturities/calls of investment securities held to maturity	2,931	4,143
Proceeds from maturities/calls of investment securities available for sale	54,519	54,008
Purchase of investment securities available for sale	(72,658)	(84,216)
(Increase) decrease in federal funds sold	(27,000)	(13,000)
(Increase) decrease in loans	(32,972)	(17,588)
Premises and equipment expenditures	(1,191)	(3,088)
Net cash provided by (used for) investing activities	(76,371)	(53,212)
FINANCING ACTIVITIES		
Dividends paid	(2,870)	(2,690)
Increase (decrease) in deposits	69,861	45,421
(Decrease) increase in securities sold under repurchase agreement	7,940	5,841
(Decrease) increase in other short-term borrowings	571	(5,402)
Net cash provided by (used for) financing activities	75,502	43,170
Net increase (decrease) in cash and due from banks	5,784	(3,596)
CASH AND DUE FROM BANKS, BEGINNING OF YEAR	25,021	25,217
CASH AND DUE FROM BANKS, SEPT. 30, 2004 AND 2003	$ 30,805	$ 21,621
CASH PAID (RECEIVED) FOR:		
Interest	$ 5,077	$ 5,911
Income taxes	$ 2,941	$ 2,759

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, adjusted for a 10% stock dividend declared in September, 2004, resulting in 789,124 for the nine-month period ended September 30, 2004 and 789,468 for the nine-month period ended September 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 nine-month period ended September 30, 2004 and for the year ended December 31, 2003 were approximately $14,127 and $10,346, respectively.

NOTE 3 - INVESTMENT SECURITIES

Investment securities with a par value of approximately $107,080 at September 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 September 30, 2004 and at December 31, 2003.

	September 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	16,571	353	-	16,924	5.30%
One to five years	160,542	1,647	355	161,834	3.65
	177,113	2,000	355	178,758	3.80
Mortgage Backed Securities					
Over ten years	1,027	-	38	989	3.62%
State, county and municipal					
Within one year	481	4	-	485	5.33%
One to five years	11,785	530	-	12,315	5.85
Six to ten years	5,237	380	-	5,617	6.91
	17,503	914	-	18,417	6.15
Other-CRA Qualified Investment Fund	322	-	-	322	-
Total available for sale	$195,965	$2,914	$ 393	$198,486	4.01%
HELD TO MATURITY					
United States Treasury	$ 0	-	-	0	-%
Federal agencies	0	-	-	0	-%
State, county and municipal					
Within one year	1,031	11	-	1,042	6.97%
One to five years	3,218	192	-	3,410	7.24
Six to ten years	901	82	-	983	7.27
	5,150	285	-	5,435	7.19
Total held to maturity	$ 5,150	$ 285	$ -	$ 5,435	7.19%

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

As of the quarter ended September 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 $1,513 as of September 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 September 30, 2004 and December 31, 2003 by major classification:

	Sept. 30, 2004	December 31, 2003
Real estate loans - mortgage	$249,099	$228,556
- construction	43,981	44,099
Commercial and industrial loans	63,511	53,559
Loans to individuals for household, family and other consumer expenditures	34,818	32,884
Agriculture	2,049	1,537
All other loans, including overdrafts	1,548	1,399
Gross loans	395,006	362,034
Less allowance for loan losses	(4,888)	(4,524)
Net loans	$390,118	$357,510

NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES, continued

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

	Quarter Ended Sept. 30,		Nine Months Ended Sept. 30,		December 31,
	2004	2003	2004	2003	2003
Balance, beginning of period	$ 4,861	$ 4,564	$ 4,524	$ 4,155	$ 4,155
Charge-offs:					
Commercial, financial, and agricultural	106	246	178	295	431
Real Estate - construction and mortgage	0	4	17	48	59
Loans to individuals	208	118	340	281	392
Total charge-offs	$ 314	$ 368	$ 535	$ 624	$ 882
Recoveries:					
Commercial, financial, and agricultural	$ 9	$ 25	$ 39	$ 83	$ 115
Real Estate - construction and mortgage	0	3	1	11	26
Loans to individuals	17	24	99	123	150
Total recoveries	$ 26	$ 52	$ 139	$ 217	$ 291
Net charge-offs/(recoveries)	$ 288	$ 316	$ 396	$ 407	$ 591
Additions charge to operations	$ 315	$ 250	$ 760	$ 750	$ 960
Balance, end of period	$ 4,888	$ 4,498	$ 4,888	$ 4,498	$ 4,524
Ratio of net charge-offs during the period to average loans outstanding during the period	.07%	.09%	.10%	.12%	.17%

The entire balance is available to absorb future loan losses.

At September 30, 2004 and December 31, 2003 loans on which no interest was being accrued totalled approximately $428 and $351, respectively and foreclosed real estate totalled $80 and $0, respectively; and loans 90 days past due and still accruing totalled $280 and $130, respectively.

OTHER INTEREST-BEARING ASSETS

As of September 30, 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 September 30, 2004 and December 31, 2003 is summarized as follows:

	Sept. 30 2004	December 31, 2003
Land and buildings	$ 15,333	$ 15,866
Furniture, fixtures and equipment	7,327	6,923
Construction in progress	5,692	4,371
	$ 28,352	$ 27,160
Less accumulated depreciation and amortization	10,723	10,092
	$ 17,629	$ 17,068

Depreciation and amortization of bank premises and equipment charged to operating expense was $208 and $630 for the quarter ended and the nine-month period ended September 30, 2004, respectively and $739 for the year ended December 31, 2003.

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

At September 30, 2004 and December 31, 2003, certificates of deposit of $100,000 or more included in time deposits totaled approximately $106,809 and $86,975 respectively. Interest expense on these deposits was approximately $536 and $1,474 for the quarter ended and the nine-month period ended September 30, 2004, respectively, and $1,929 for the year ended December 31, 2003.

NOTE 7 - SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

At September 30, 2004 and December 31, 2003, securities sold under repurchase agreements totaled $32,700 and $24,760. Securities with a book value of $43,752 ($44,702 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 1.31 percent and .96 percent at September 30, 2004 and December 31, 2003.

NOTE 8 - LINES OF CREDIT

At September 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 bonds with a market value of $6,042 at September 30, 2004. The amount outstanding under the note totalled $1,541 and $970 at September 30, 2004 and December 31, 2003, respectively.

The Bank also has a line of credit from the Federal Home Loan Bank of Atlanta for $69,615 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 September 30, 2004 and December 31, 2003, respectively.

NOTE 9 - INCOME TAXES

Income tax expense for the quarter ended September 30, 2004 and September 30, 2003 on pretax income of $3,402 and $3,120 totalled $935 and $1,002 respectively. Income tax expense for the nine-month period ended September 30, 2004 and September 30, 2003 on pretax income of $9,516 and $8,794 totalled $3,007 and $2,770 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 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 September 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:

	Sept. 30, 2004
Loan Commitments	$ 41,640
Standby letters of credits	2,797

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 nine-month periods ended September 30, 2004 and year ended December 31, 2003, $144, $436, 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 September 30, 2004:

	Actual		For Capital adequacy Purposes		To be well capitalized under prompt corrective action provisions	
			Minimum		Minimum	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital (to risk weighted assets)	$69,182	16.52%	$33,794	8.0%	$41,868	10.0%
Tier I Capital (to risk weighted assets)	64,294	15.36	16,747	4.0	25,121	6.0
Tier I Capital (to avg. assets	64,294	9.86	26,094	4.0	32,617	5.0

NOTE 13 - CONDENSED FINANCIAL INFORMATION

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

CONDENSED BALANCED SHEET
SEPTEMBER 30, 2004
(Unaudited)

ASSETS	$ 4,101
Cash	65,807
Investment in subsidiary	37
Other assets	$ 69,945
LIABILITIES AND STOCKHOLDERS' EQUITY	$ 0
Other liability	69,945
Stockholders' equity	$ 69,945

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

EQUITY IN NET INCOME OF SUBSIDIARY	$ 6,563
OTHER INCOME	0
OTHER EXPENSES	(54)
Net Income	$ 6,509

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 September 30, 2004 and for the three-month and nine-month periods ending September 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 15.1% from $343,210 at September 30, 2003 to $395,006 at September 30, 2004 and have increased as a percentage of total assets from 55.6% to 58.0% 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 37.7% at September 30, 2003 to 34.1% at September 30, 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 17.5% at September 30, 2003 to 18.7% at September 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 decreased slightly from 65.8% of total assets at September 30, 2003 to 65.5% at September 30, 2004 while securities sold under agreement to repurchase have declined from 5.2% to 4.8% 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 September 30, 2004 and 2003:

	Sept. 30, 2004	Sept. 30, 2003
Assets:		
Earning assets:		
Loans	58.0%	55.6%
Investment securities	.8	1.5
Securities Available for Sale	29.2	30.5
Federal funds sold and securities purchased under agreement to resell	4.1	5.7
Total earning assets	92.1	93.3
Other assets	7.9	6.7
Total assets	100.0%	100.0%
Liabilities and stockholders' equity:		
Interest-bearing liabilities:		
Interest-bearing deposits	65.5%	65.8%
Federal funds purchased and securities sold under agreement to resell	4.8	5.2
Other short-term borrowings	.2	.2
Total interest-bearing liabilities	70.5	71.2
Noninterest-bearing deposits	18.7	17.5
Other liabilities	.5	.6
Stockholders' equity	10.3	10.7
Total liabilities and stockholders' equity	100.0%	100.0%

RESULTS OF OPERATION

CNB Corporation experienced earnings for the three-month period ended September 30, 2004 and 2003 of $2,467 and $2,118, respectively, resulting in a return on average assets of 1.47% and 1.38% and a return on average stockholders' equity of 14.50% and 12.89%.

CNB Corporation experienced earnings for the nine-month period ended September 30, 2004 and 2003 of $6,509 and $6,024, respectively, resulting in a return on average assets of 1.34% and 1.37% and a return on average stockholders' equity of 12.96% and 12.54%.

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 $63,577 or 10.3% from $616,816 at September 30, 2003 to $680,393 at September 30, 2004. The following table sets forth the financial highlights for the three-month and nine-month periods ending September 30, 2004 and September 30, 2003:

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

	Three-Month Period Ended Sept. 30,			Nine-Month Period Ended Sept. 30,		
	2004	2003	Percent Increase (Decrease)	2004	2003	Percent Increase (Decrease)
Net interest income after provision for loan losses	6,102	5,560	9.8%	17,867	16,483	8.4%
Income before income taxes	3,402	3,120	9.0	9,516	8,794	8.2
Net Income	2,467	2,118	16.5	6,509	6,024	8.1
Per Share (1)	3.13	2.68	16.8	8.25	7.63	8.1
Cash dividends declared	0	0	-	0	0	-
Per Share (1)	0	0	-	0	0	-
Total assets	680,393	616,816	10.3%	680,393	616,816	10.3%
Total deposits	572,974	513,730	11.5	572,974	513,730	11.5
Loans	395,006	343,210	15.1	395,006	343,210	15.1
Investment securities and securities available for sale	203,636	197,254	3.2	203,636	197,254	3.2
Stockholders' equity	69,945	66,228	5.6	69,945	66,228	5.6
Book value per share (1)	88.69	83.97	5.6	88.69	83.97	5.6
Ratios (2):						
Annualized return on average total assets	1.47%	1.38%	6.5%	1.34%	1.37%	(2.2)%
Annualized return on average stockholders' equity	14.50%	12.89%	12.5%	12.96%	12.54%	3.3 %

(1)Adjusted for a 10% stock dividend issued during 2004.

(2) For the three-month period ended September 30, 2004 and September 30, 2003, average total assets amounted to $672,538 and $612,261 with average stockholders’ equity totaling $68,076 and $65,700, respectively. For the nine-month period ended September 30, 2004 and September 30, 2003, average total assets amounted to $649,870 and $585,555 with average stockholders' equity totaling $66,972 and $64,066 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 has maintained net interest margins for the three-month and nine-month periods ended September 30, 2004, of 4.20% and 4.21%, respectively, and 4.18% and 4.31%, 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 the latter part of 2004 and into 2005 which should enhance our earnings potential through a wider net interest margin.

Fully-tax-equivalent net interest income showed a 10.0% increase from $5,966 for the three-month period ended September 30, 2003 to $6,565 for the three-month period ended September 30, 2004. During the same period, total fully-tax-equivalent interest income increased by 8.1% from $7,716 to $8,339 and total interest expense increased by 1.4% from $1,750 to $1,774. Fully-tax-equivalent net interest income as a percentage of total earning assets has shown an increase of .02% from 4.18% for the three-month period ended September 30, 2003 to 4.20% for the three-month period ended September 30, 2004.

Fully-tax-equivalent net interest income showed a 7.7% increase from $17,660 for the nine-month period ended September 30, 2003 to $19,025 for the nine-month period ended September 30, 2004. During the same period, total fully-tax-equivalent interest income increased by 3.5% from $23,247 to $24,068 and total interest expense decreased by 9.7% from $5,587 to $5,043. Fully-tax-equivalent net interest income as a percentage of total earning assets has shown a decrease of .10% from 4.31% for the nine-month period ended September 30, 2003 to 4.21% for the nine-month period ended September 30, 2004.

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

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

	Three Months Ended 9/30/04			Three Months Ended 9/30/03		
	Avg. Balance	Interest Income/ Expense(1)	Avg. Ann. Yield or Rate	Avg. Balance	Interest Income/ Expense(1)	Avg. Ann. Yield or Rate
Assets:						
Earning assets:						
Loans, net of unearned income	$393,807	$ 6,197	6.29%	$347,292	$ 5,632	6.49%
Securities:				160,733		
Taxable	176,309	1,659	3.76	24,828	1,610	4.01
Tax-exempt	22,757	377	6.63		388	6.25
Federal funds sold and securities purchased under agreement to resell	32,165	106	1.32	38,132	86	.90
Total earning assets	625,038	8,339	5.34	570,985	7,716	5.41
Other assets	47,500			41,276		
Total assets	$672,538			$612,261		
Liabilities and stockholder equity						
Interest-bearing liabilities:						
Interest-bearing deposits	$440,555	1,674	1.52	$399,589	1,669	1.67
Federal funds purchased and securities sold under agreement to repurchase	30,114	97	1.29	31,197	77	.99
Other short-term borrowings	1,160	3	1.03	1,553	4	1.03
Total interest-bearing liabilities	$471,829	$ 1,774	1.50	$432,339	$ 1,750	1.62
Noninterest-bearing deposits	129,009			109,948		
Other liabilities	3,624			4,274		
Stockholders' equity	68,076			65,700		
Total liabilities and stockholders' equity	$672,538			$612,261		
Net interest income as a percent of total earning assets	$625,038	$ 6,565	4.20	$570,985	$ 5,966	4.18
(1) Tax-equivalent adjustment based on a 34% tax rate		$ 148			$ 156	

Ratios:	9/30/04	9/30/03
Annualized return on average total assets	1.47	1.38
Annualized return on average stockholders' equity	14.50	12.89
Cash dividends declared as a percent of net income	0	0
Average stockholders' equity as a percent of:		
Average total assets	10.12	10.73
Average total deposits	11.95	12.89
Average loans	17.29	18.92
Average earning assets as a percent of average total assets	92.94	93.26

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

	Nine Months Ended 9/30/04 Avg. Balance	Interest Income/ Expense(1)	Avg. Ann. Yield or Rate	Nine Months Ended 9/30/03 Avg. Balance	Interest Income/ Expense(1)	Avg. Ann. Yield or Rate
Assets:						
Earning assets:						
Loans, net of unearned income	$382,869	$ 17,853	6.22%	$344,010	$ 16,980	6.58%
Securities:						
Taxable	170,817	4,893	3.82	150,789	4,885	4.32
Tax-exempt	23,057	1,112	6.43	25,540	1,185	6.19
Federal funds sold and securities purchased under agreement to resell	26,313	210	1.06	25,618	197	1.03
Total earning assets	603,056	24,068	5.32	545,957	23,247	5.68
Other assets	46,814			39,598		
Total assets	$649,870			$585,555		
Liabilities and stockholder equity						
Interest-bearing liabilities:						
Interest-bearing deposits	$433,911	4,807	1.48	$387,589	5,323	1.83
Federal funds purchased and securities sold under agreement to repurchase	27,398	229	1.11	28,599	253	1.18
Other short-term borrowings	1,084	7	.86	1,381	11	1.06
Total interest-bearing liabilities	$462,393	$ 5,043	1.45	$417,569	$ 5,587	1.78
Noninterest-bearing deposits	117,055			99,198		
Other liabilities	3,450			4,722		
Stockholders' equity	66,972			64,066		
Total liabilities and stockholders' equity	$649,870			$585,555		
Net interest income as a percent of total earning assets	$603,056	$ 19,025	4.21	$545,957	$ 17,660	4.31
(1) Tax-equivalent adjustment based on a 34% tax rate		$ 398			$ 427	

Ratios:	9/30/04	9/30/03
Annualized return on average total assets	1.34	1.37
Annualized return on average stockholders' equity	12.96	12.54
Cash dividends declared as a percent of net income	0	0
Average stockholders' equity as a percent of:		
Average total assets	10.31	10.94
Average total deposits	12.16	13.16
Average loans	17.49	18.62
Average earning assets as a percent of average total assets	92.80	93.24

CNB Corporation and Subsidiary
Rate/Volume Variance Analysis
For the Three Months Ended September 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:										
Total Loans (2)	393,807	347,292	6.29%	6.49%	6,197	5,632	565	(174)	755	(16)
Investment securities:										
Taxable	176,309	160,733	3.76%	4.01%	1,659	1,610	49	(100)	156	(7)
Tax-exempt	22,757	24,828	6.63%	6.25%	377	388	(11)	24	(32)	(3)
Federal funds sold and Securities purchased under agreement to resell	32,165	38,132	1.32%	.90%	106	86	20	40	(13)	(7)
Total Earning Assets	625,038	570,985	5.34%	5.41%	8,339	7,716	623	(210)	866	(33)
Interest-bearing Liabilities:										
Interest-bearing deposits	440,555	399,589	1.52%	1.67%	1,674	1,669	5	(150)	171	(16)
Federal funds purchased and securities sold under agreement to repurchase	30,114	31,197	1.29%	.99%	97	77	20	23	(3)	0
Other short-term borrowings	1,160	1,553	1.03%	1.03%	3	4	(1)	0	(1)	0
Total Interest-bearing Liabilities	471,829	432,339	1.50%	1.62%	1,774	1,750	24	(127)	167	(16)
Interest-free Funds Supporting Earning Assets	153,209	138,646								
Total Funds Supporting Earning Assets	625,038	570,985	1.14%	1.23%	1,774	1,750	24	(127)	167	(16)
Interest Rate Spread			3.84%	3.79%						
Impact of Non-interest-bearing Funds on Net Yield on Earning Assets			.36%	.39%						
Net Yield on Earning Assets			4.20%	4.18%	6,565	5,966				

(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 Nine Months Ended September 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:										
Total Loans (2)	382,869	344,010	6.22%	6.58%	17,853	16,980	873	(929)	1,918	(116)
Investment securities:										
Taxable	170,817	150,789	3.82%	4.32%	4,893	4,885	8	(565)	649	(76)
Tax-exempt	23,057	25,540	6.43%	6.19%	1,112	1,185	(73)	46	(115)	(4)
Federal funds sold and Securities purchased under agreement to resell	26,313	25,618	1.06%	1.03%	210	197	13	6	5	2
Total Earning Assets	603,056	545,957	5.32%	5.68%	24,068	23,247	821	(1,442)	2,457	(194)
Interest-bearing Liabilities:										
Interest-bearing deposits	433,911	387,589	1.48%	1.83%	4,807	5,323	(516)	(1,017)	636	(135)
Federal funds purchased and securities sold under agreement to repurchase	27,398	28,599	1.11%	1.18%	229	253	(24)	(15)	(11)	2
Other short-term borrowings	1,084	1,381	.86%	1.06%	7	11	(4)	(2)	(2)	0
Total Interest-bearing Liabilities	462,393	417,569	1.45%	1.78%	5,043	5,587	(544)	(1,034)	623	(133)
Interest-free Funds Supporting Earning Assets	140,663	128,388								
Total Funds Supporting Earning Assets	603,056	545,957	1.11%	1.37%	5,043	5,587	(544)	(1,034)	623	(133)
Interest Rate Spread			3.87%	3.90%						
Impact of Non-interest-bearing Funds on Net Yield on Earning Assets			.34%	.41%						
Net Yield on Earning Assets			4.21%	4.31%	19,025	17,660				

(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 $315 for the three-month period ended September 30, 2004 and $250 for the three-month period ended September 30, 2003. Net loan charge-offs/(recoveries) totaled $288 for the three-month period ended September 30, 2004 and $316 for the same period in 2004.

The provision for possible loan losses was $760 for the nine-month period ended September 30, 2004 and $750 for the nine-month period ended September 30, 2003. Net loan charge-offs/(recoveries) totalled $396 for the nine-month period ended September 30, 2004 and $407 for the same period in 2003.

The allowance for possible loan losses as a percentage of net loans was 1.25% at September 30, 2004 and 1.33% at September 30, 2003. The increased provisions during the three-month and nine-month periods ended September 30, 2004 reflect the continued strong loan portfolio growth.

Securities Transactions - At September 30, 2004, December 31, 2003, and September 30, 2003 market value appreciation in the investment portfolio totalled $2,806, $4,820, and $5,604, 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 8.7% from $1,662 for the three-month period ended September 30, 2003 to $1,806 for the three-month period ended September 30, 2004.

Other income, net of any gains/losses on security transactions, increased by 7.0% from $4,471 for the nine-month period ended September 30, 2003 to $4,786 for the nine-month period ended September 30, 2004.

This increase in the three-month and nine-month period ended September 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 9.8% from $4,102 for the three-month period ended September 30, 2003 to $4,506 for the three-month period ended September 30, 2004. The major components of other expenses are salaries and employee benefits which increased 7.2% from $2,512 to $2,692; occupancy expense which increased 13.5% from $541 to $614; and other operating expenses which increased by 14.4% from $1,049 to $1,200.

Other expenses increased by 6.7% from $12,314 for the nine-month period ended September 30, 2003 to $13,137 for the nine-month period ended September 30, 2004. The major components of other expenses are salaries and employee benefits which increased 4.4% from $7,718 to $8,055; occupancy expense which increased 14.3% from $1,594 to $1,822; and other operating expense which increased by 8.6% from $3,002 to $3,260.

NET INCOME (continued)

The increase in the three-month and nine-month period ended September 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. Looking ahead, the construction, staffing, and equipping of a new branch office in Pawleys Island, South Carolina, expected in 2005, will add to future occupancy expense.

Income Taxes - Provisions for income taxes decreased 6.7% from $1,002 for the three-month period ended September 30, 2003 to $935 for the three-month period ended September 30, 2004. Income before income taxes less interest on tax-exempt investment securities increased by 10.1% from $2,864 for the three-month period ended September 30, 2003 to $3,153 for the same period in 2004. State tax liability increased as income before income taxes increased 9.0% from $3,120 to $3,402 during the same period. Third Quarter 2004 income taxes declined slightly due to the recognition of additional deferred tax assets.

Provisions for income taxes increased 8.6% from $2,770 for the nine-month period ended September 30, 2003 to $3,007 for the nine-month period ended September 30, 2004. Income before income taxes less interest on tax-exempt investment securities increased by 9.6% from $8,012 for the nine-month period ended September 30, 2003 to $8,782 for the same period in 2004 and state tax liability increased as income before income taxes increased 8.2% from $8,794 to $9,516 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. The Bank has received regulatory approval to open a new banking office in Pawleys Island, South Carolina. Land, construction, and equipment costs are estimated at $1,750.

CAPITAL RESOURCES

Total stockholders' equity was $69,945 and $64,623 at September 30, 2004 and December 31, 2003, representing 10.28% and 10.77% of total assets, respectively. At September 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: November 10, 2004

PART II.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

See Exhibit Index.

(b) Reports on Form 8-K

On August 13, 2004, the Company furnished a Form 8-K stating that on August 10, 2004, the Registrant's Board of Directors adopted a Code of Ethics for Executive Officers that addresses specifically the standards set forth in regulation 5-K, Item 406(b). A copy of the new Code of Ethics was set forth as Exhibit 99.

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.**