

There's A New Spirit At
The Conway National Bank

Changes Have Increased Profitability and Other Good News

Positive changes have occurred at The Conway National Bank. We've expanded our programs and our number of locations to help us better serve our customers and enlarge our presence in the region. We can now better compete with the regional banks as well as the local banks within our market. Here are some of the exciting developments:

- CNB has opened additional mortgage loan offices in strategic locations, making us more available and easily accessible to more customers.
- CNB has expanded our secondary market mortgage loan program, making our loans more competitive and reaching a much larger market segment. Our other mortgage loans, consumer loans, and commercial loans have increased by nearly 24% in the last year allowing us to generate more income on deposits.
- CNB has completely revamped our online banking website, improving customer service and giving us technology that is equal to or better than that of other banks entering our market.
- In June 2005, 35 employees were paid below the minimum salary established for their job position by an outside compensation consultant based on peer bank data. We've made changes so that salaries have been raised and now no employee is paid a salary below the minimum.
- All officers and employees now have e-mail, which is so essential for conducting business in today's business environment.
- Our new Pawleys Island Office Grand Opening on January 20 was well attended as we expanded our presence on Waccamaw Neck.
- Construction is moving along quickly on our new North Conway Office on the corner of North Main Street and Cultra Road.
- We have purchased a branch site on River Oaks Drive and Village Center Boulevard at Town Center in Carolina Forest.

Because of our great employees, look at how we've progressed from 12-31-04 to 12-31-05.

Changes You Can Measure in CNB's Financial Growth

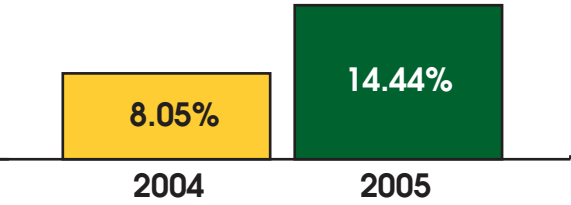
Net income increased 14.4% or \$1,196,000 to \$9,478,000.
Assets increased 18.1% or \$121,779,000 to \$793,348,000.
Loans increased 23.8% or \$96,943,000 to \$503,926,000.
Deposits increased 19.1% or \$106,741,000 to \$667,105,000.

It's a pleasure to be in an organization building for the future where morale is high, people are happy, and our customers are noticing the change. We appreciate your support as we strive to grow and improve your investment and your local independent bank.

R. Phil Hucks, President
CNB Corporation and
The Conway National Bank

GROWTH RATES

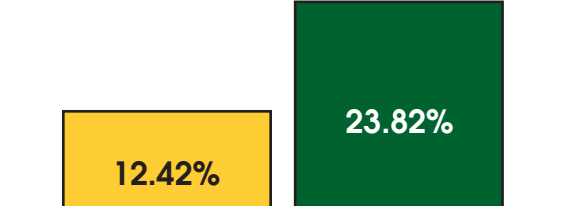
NET INCOME



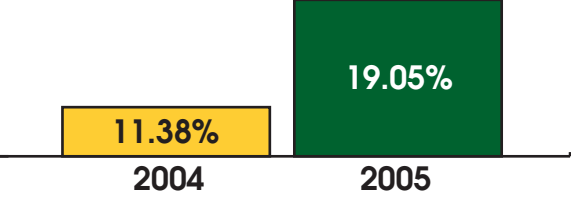
ASSETS



TOTAL LOANS



DEPOSITS



CONWAY NATIONAL BANK
OFFICERS

R. Phil Hucks President
Paul R. Dusenbury Executive Vice President
William R. Benson Senior Vice President
Marion E. Freeman, Jr. Senior Vice President
Phillip H. Thomas Senior Vice President
L. Ford Sanders, II. Senior Vice President
W.G. Holt, Jr. Vice President
M. Terry Hyman Vice President
Raymond Meeks. Vice President
A. Mitchell Godwin. Vice President
Jackie C. Stevens Vice President
Dana P. Arneman, Jr. Vice President
Betty M. Graham Vice President
Ernest J. Lareau. Vice President
D. Richard Causey Vice President
F. Timothy Howell Vice President
E. Wayne Suggs Vice President
Janice C. Simmons. Vice President
Patricia C. Catoe Vice President
W. Michael Altman. Vice President
Boyd W. Gaine, Jr. Vice President
William C. Purvis Vice President
Gail S. Sansbury. Assistant Vice President
Ray Wells Assistant Vice President
W. Page Ambrose Assistant Vice President
Roger L. Sweatt. Assistant Vice President
Linda Kay Benton Assistant Vice President
Virginia B. Hucks Assistant Vice President
Timothy L. Phillips. Assistant Vice President
Helen A. Johnson Assistant Vice President
Elaine H. Hughes. Assistant Vice President
Gwynn Branton. Assistant Vice President
Tammy S. Scarberry Assistant Vice President
D. Scott Hucks Assistant Vice President
Sherry S. Sawyer Banking Officer
Rebecca G. Singleton. Banking Officer
Josephine C. Fogle. Banking Officer
Jeffrey P. Singleton. Banking Officer
Debra B. Johnston Banking Officer
Freeman Holmes. Banking Officer
Doris B. Gasque. Banking Officer
Carlton A. Terry Banking Officer
James A. Hansen Banking Officer
Jennie L. Hyman. Banking Officer
Marsha S. Jordan Banking Officer
Sylvia G. Dorman Banking Officer
Marcie T. Shannon Banking Officer
Caroline P. Juretic Banking Officer
Dana M. Gasque Banking Officer
Sheila A. Graham Banking Officer
John H. Sawyer, Jr. Banking Officer
Robert P. Hucks, II. Banking Officer
Nicole Scalise Banking Officer
Janet F. Carter. Branch Manager
Dawn L. DePencier Branch Manager

CNB CORPORATION
BOARD OF DIRECTORS

James W. Barnette, Jr.
William R. Benson
Harold G. Cushman
H. Buck Cutts
Willis J. Duncan
W. Jennings Duncan
Paul R. Dusenbury
R. Phil Hucks
Richard M. Lovelace, Jr.
Howard B. Smith, III

BRANCH LOCATIONS

Hours: Monday - Thursday 9:00 AM - 5:00 PM
Friday 9:00 AM - 6:00 PM
Drive-Up Windows Open at 8:30 AM

CNB Access Phone Numbers:
(Account information available 24 hours a day)
248-7118 / 238-9657

Operations & Administration
1400 Third Ave.
PO Box 320
Conway, SC 29528
248-5721 or 238-2600

Conway Banking Office*
1411 Fourth Avenue
PO Box 320
Conway, SC 29528
248-5721 or 238-2600

Surfside Beach Office*
425 Hwy. 17 & 5th Ave. N.
PO Box 15069
Surfside Beach, SC 29587
238-5125

Northside Office*
9726 Hwy. 17 N.
Myrtle Beach, SC 29572
449-3373

Main Street Office
309 Main Street
PO Box 320
Conway, SC 29528
248-4008

Coastal Centre Office*
1212 16th Ave.
PO Box 320
Conway, SC 29528
248-5751

Red Hill Office*
1360 Hwy. 501
PO Box 320
Conway, SC 29528
347-4601

Socastee Office*
Hwy. 17 Bypass S.
3591 North Gate Rd.
Myrtle Beach, SC 29588
293-4422

Aynor Office*
2605 Hwy. 501
PO Box 400
Aynor, SC 29511
358-1600

Myrtle Beach Office*
1353 21st Ave. N.
PO Drawer 8249
Myrtle Beach, SC 29578
626-4441

West Conway Office*
2810 Church Street
PO Box 320
Conway, SC 29528
365-4500

North Conway ATM*
2601 Main Street
Conway, SC 29526

Murrells Inlet Office*
4345 Hwy. 17 Bypass
PO Box 2490
Murrells Inlet, SC 29576
651-8135

North Myrtle Beach Office*
110 Hwy. 17 North
North Myrtle Beach,
SC 29582
663-5721

Little River ATM*
2396 Highway 9 West
Longs, SC 29568

Pawleys Island*
10608 Ocean Hwy.
PO Box 4539
Pawleys Island, SC 29585
979-5721

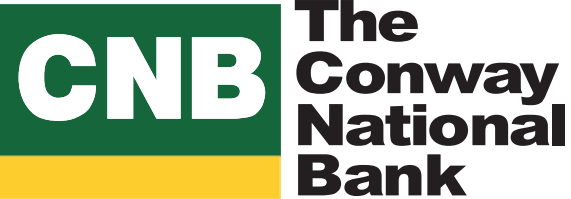
*Denotes ATM on premises

CNB CORPORATION

and

THE CONWAY NATIONAL BANK

FINANCIAL REPORT



Serving Our Community Since 1903

MEMBER FDIC

DECEMBER 31, 2005

www.conwaynationalbank.com

CNB CORPORATION AND SUBSIDIARY
Conway, South Carolina

CONSOLIDATED BALANCE SHEET
(Unaudited)

ASSETS:	Dec. 31, 2005	Dec. 31, 2004
Cash and due from banks	\$ 33,461,000	\$ 25,793,000
Interest-bearing deposits with banks	0	0
Investment securities:		
United States government securities	0	0
Obligations of United States government agencies and corporations.....	159,127,000	191,352,000
Obligations of states and political subdivisions	21,028,000	22,838,000
Other securities.....	1,788,000	1,636,000
Total investment securities	<u>181,943,000</u>	<u>215,826,000</u>
Federal funds sold and securities purchased under agreement to resell	46,000,000	0
Loans.....	503,926,000	406,983,000
Less allowance for loan losses	(5,918,000)	(5,104,000)
Net loans	<u>498,008,000</u>	<u>401,879,000</u>
Bank premises and equipment.....	20,574,000	17,628,000
Other assets.....	13,362,000	10,443,000
Total assets.....	<u><u>\$793,348,000</u></u>	<u><u>\$ 671,569,000</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Liabilities:		
Deposits:		
Noninterest-bearing.....	\$ 135,081,000	\$ 118,580,000
Interest-bearing	532,024,000	441,784,000
Total deposits.....	<u>\$ 667,105,000</u>	<u>\$ 560,364,000</u>
Federal funds purchased and securities sold under agreement to repurchase	43,296,000	33,950,000
Other short-term borrowings	2,197,000	2,895,000
Other liabilities.....	10,192,000	6,775,000
Total Liabilities.....	<u>\$ 722,790,000</u>	<u>\$ 603,984,000</u>
Stockholders' Equity:		
Common stock, par value \$10.00 per share:		
Authorized 1,500,000; issued 789,774 in 2004 and 2005	7,898,000	7,898,000
Surplus	43,547,000	43,543,000
Undivided profits	21,093,000	15,558,000
Net unrealized holding gains (losses) on available-for-sale securities	(1,810,000)	734,000
Less treasury stock.....	(170,000)	(148,000)
Total stockholders' equity	<u>\$ 70,558,000</u>	<u>\$ 67,585,000</u>
Total liabilities and stockholders' equity.....	<u><u>\$ 793,348,000</u></u>	<u><u>\$ 671,569,000</u></u>

CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	Twelve Months Ended	
	Dec. 31, 2005	Dec. 31, 2004
INTEREST INCOME:		
Interest and fees on loans.....	\$ 30,725,000	\$ 24,030,000
Interest on investment securities:		
Taxable investment securities.....	6,396,000	6,599,000
Tax-exempt investment securities	881,000	956,000
Other securities.....	65,000	57,000
Interest on federal funds sold and securities purchased under agreement to resell	<u>782,000</u>	<u>328,000</u>
Total interest income	<u>38,849,000</u>	<u>31,970,000</u>
INTEREST EXPENSE:		
Interest on deposits	9,778,000	6,573,000
Interest on federal funds purchased and securities sold under agreement to repurchase	667,000	351,000
Interest on other short-term borrowings	<u>14,000</u>	<u>14,000</u>
Total interest expense	<u>10,459,000</u>	<u>6,938,000</u>
Net interest income.....	28,390,000	25,032,000
Provision for loan losses.....	<u>1,275,000</u>	<u>1,155,000</u>
Net interest income after provision for loan losses	<u>27,115,000</u>	<u>23,877,000</u>
Other income:		
Service charges on deposit accounts.....	3,410,000	3,504,000
Gains/(losses) on securities	2,000	0
Other operating income	<u>3,229,000</u>	<u>3,073,000</u>
Total other income	<u>6,641,000</u>	<u>6,577,000</u>
Other expenses:		
Salaries and employee benefits.....	12,459,000	11,359,000
Occupancy expense	2,728,000	2,509,000
Other operating expenses	<u>4,342,000</u>	<u>4,377,000</u>
Total other expenses	<u>19,529,000</u>	<u>18,245,000</u>
Income before income taxes	14,227,000	12,209,000
Income tax provision	<u>4,749,000</u>	<u>3,927,000</u>
Net Income	<u><u>\$ 9,478,000</u></u>	<u><u>\$ 8,282,000</u></u>
Per share:		
Net income per weighted average shares outstanding	<u>\$ 12.02</u>	<u>\$ 10.50</u>
Cash dividend paid per share.....	<u>\$ 5.00</u>	<u>\$ 4.25</u>
Book value per actual number of shares outstanding	<u>\$ 89.48</u>	<u>\$ 85.70</u>
Weighted average number of shares outstanding	<u>788,496</u>	<u>789,006</u>
Actual number of shares outstanding	<u>788,534</u>	<u>788,645</u>

CNB CORPORATION AND SUBSIDIARY
Conway, South Carolina

FINANCIAL HIGHLIGHTS
(All Dollar Amounts, Except Per Share Data, in Thousands)

		2004 to 2005 Percent Increase		2003 to 2004 Percent Increase	
FOR THE YEAR	2005	(Decrease)	2004	(Decrease)	2003
Net Income	\$ 9,478	14.44%	\$ 8,282	8.05%	\$ 7,665
Earnings Per Share of Common Stock (1)	\$ 12.02	14.48%	\$ 10.50	8.14%	\$ 9.71
Return on Stockholders' Equity	13.41%	9.65%	12.23%	3.12%	11.86%
Return on Average Assets	1.30%	3.17%	1.26%	(2.33)%	1.29%
Cash Dividends Paid Per Share (1)	\$ 5.00	17.65%	\$ 4.25	16.76%	\$ 3.64
AT YEAR-END					
Assets	\$793,348	18.13%	\$671,569	11.93%	\$599,978
Total Loans	\$503,926	23.82%	\$406,983	12.42%	\$362,034
Deposits	\$667,105	19.05%	\$560,364	11.38%	\$503,113
Total Loans to Deposit Ratio	75.54%	4.01%	72.63%	.93%	71.96%
Stockholders' Equity	\$ 70,558	4.40%	\$ 67,585	4.58%	\$ 64,623

Footnotes:

(1) Adjusted for the effect of a 10% stock dividend paid in 2004.