FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

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SIC: **6021** National commercial banks

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A Amendment No. I

(Mark One)

X Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 1998.

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required]

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 of incorporation)	(I.R.S. Employer Identification No.)

1400 Third Avenue, P.O. Box 320, Conway, South Carolina	29526
(Address of Principal executive offices)	(Zip Code)

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

Securities registered pursuant to section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Title of each class	Name of each exchange of which registered
Common Stock, par value $10.00 per share	None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of February 28, 1999, 597,431 shares of Common Stock of CNB Corporation were outstanding and the aggregate market value of such Common Stock held by nonaffiliates (based upon the price at which stock was sold during the 60 days prior to the date of filing) was approximately $59,145,669.

No Documents have been incorporated by reference.

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PART I

ITEM 1. Description of Business

DESCRIPTION OF CNB CORPORATION

CNB Corporation (the "Company") is a South Carolina business corporation organized for the purpose of becoming a bank holding company for The Conway National Bank (the "Bank") under the Bank Holding Company Act. The Company was organized with $500 of capital on March 8, 1985; received approval from the Board of Governors of the Federal Reserve System on May 15, 1985, to become a bank holding company; and on June 10, 1985, acquired, in exchange for its own shares of common stock, substantially all of the common stock of the Bank. The activities of the Company are subject to the supervision of the Federal Reserve, and the Company may engage directly or through subsidiary corporations in those activities closely related to banking which are specifically permitted under the Bank Holding Company Act. See "Supervision and Regulation." Although the Company, after obtaining the requisite approval of the Federal Reserve and any other appropriate regulatory agency, may seek to enter businesses closely related to banking or to acquire existing businesses already engaged in such activities, the Company has not conducted, and has no present intent to conduct, negotiations for the acquisition or formation of any entities to engage in other permissible activities other than the acquisition of the Bank. There can be no assurance that the Company will form or acquire any other entity.

The Company and the Bank compete with those banks and other financial institutions that compete with the Bank. See "Competition." In addition, if the Company attempts to form or acquire other entities and engage in activities closely related to banking, the Company will be competing with other bank holding companies and companies currently engaged in lines of business or permissible activities in which the Company might engage, many of which have far greater assets and financial resources than the Company and a greater capacity to raise additional debt and equity capital than the Company.

DESCRIPTION OF THE SUBSIDIARY

The Bank is an independent community bank engaged in the general commercial banking business in Horry County, South Carolina. The Bank was organized on June 5, 1903 as the Bank of Horry located on Main Street in Conway, South Carolina. The Bank became a national bank operating as The Conway National Bank in 1914. On June 10, 1985, the Bank was reorganized into a bank holding company structure when substantially all of the common stock of the Bank was acquired by CNB Corporation in exchange for its own shares of common stock. In 1960, the Bank opened its first additional office at 1400

Third Avenue in Conway. Since that time, the following offices have been opened in Horry County: Coastal Centre in Conway (1969); Surfside in Surfside Beach (1971); Northside, north of Myrtle Beach (1977); Red Hill in Conway (1981); Socastee, in the southern portion of Myrtle Beach (1986); Aynor in the Town of Aynor (1991), Myrtle Beach in the City of Myrtle Beach (1995), and West Conway in Conway (1998). The Surfside office was enlarged in 1977 and 1984, and the Coastal Centre office was expanded in 1980. The Third Avenue office, which houses the Bank's administrative offices and data processing facilities was expanded in 1982 from 11,150 square feet to 33,616 square feet. The Bank employs approximately 198 full-time-equivalent employees at its principal office and nine branch offices.

The Bank performs the full range of normal commercial banking functions. Some of the major services provided include checking accounts, NOW accounts, money market deposit accounts, IRA accounts, savings and time deposits of various types and loans to individuals for personal use, home mortgages home improvement, automobiles, real estate, agricultural purposes and business needs. Commercial lending operations include various types of credit for business, industry, and agriculture. In addition, the Bank offers safe deposit boxes, wire transfer services, bank money orders, 24-hour teller machines on the HONOR Network, direct deposits and a MasterCard/Visa program. Through a correspondent relationship the Bank offers discount brokerage services. The Bank does not provide trust services; does not sell annuities; and does not sell mutual funds.

The majority of the Bank's customers are individuals and small to medium-sized businesses headquartered within the Bank's service area. The Bank has no material concentration of deposits from any single customer or group of customers. No significant portion of the Bank's loans is concentrated within a single industry or group of related industries. There are no material seasonal factors that would have any adverse effect on the Bank nor does the Bank rely on foreign sources of funds or income.

COMPETITION

The Bank actively competes with other institutions in Horry County in providing customers with deposit, credit and other financial services. The principal competitors of the Bank include local offices of five regional banks, two state-wide banks, six locally owned banks in Horry County and various other financial and thrift institutions. The regional banks with offices in Horry County are Nationsbank, First Union National Bank, First Citizens Bank and Trust Company, Branch Bank and Trust and Wachovia, N.A.. The statewide banks with offices in Horry County are National Bank of South Carolina and Carolina First Savings Bank. The locally owned banks having offices in Horry County are The Anchor Bank of Myrtle Beach, Anderson Brothers Bank, Coastal Federal Savings Bank, Horry County State Bank, First National South Bank, and Beach First National Bank. In addition, one thrift institution has offices in Horry County. The Bank also competes with credit unions, money market funds, brokerage houses, insurance companies, mortgage companies, leasing companies, consumer finance companies and other financial institutions. Significant competitive factors include interest rates on loans and deposits, prices and fees for services, office location, customer service, community reputation, and continuity of personnel.

SUPERVISION AND REGULATION

General

The Company and the Bank are subject to an extensive collection of state and federal banking laws and regulations which impose specific requirements and restrictions on, and provide for general regulatory oversight with respect to, virtually all aspects of the Company's and the Bank's operations. The Company and the Bank are also affected by government monetary policy and by regulatory measures affecting the banking industry in general. The actions of the Federal Reserve System affect the money supply and, in general, the Bank's lending abilities in increasing or decreasing the cost and availability of funds to the Bank. Additionally, the Federal Reserve System regulates the availability of bank credit in order to combat recession and curb inflationary pressures in the economy by open market operations in United States government securities, changes in the discount rate on member bank borrowings, and changes in the reserve requirements against bank deposits.

During 1989 and 1991, the United States Congress enacted two major pieces of banking legislation: The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") and the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"). The FIRREA and FDICIA have significantly changed the commercial banking industry through, among other things, revising and limiting the types and amounts of investment authority, significantly increasing minimum regulatory capital requirements, and broadening the scope and power of federal bank and thrift regulators over financial institutions and affiliated persons in order to protect the deposit insurance funds and depositors. These laws, and the resulting implementing regulations, have subjected the Bank and the Company to extensive regulation, supervision and examination by the Office of the Comptroller of the Currency (OCC). This has resulted in increased administrative, professional and compensation expenses in complying with a substantially increased number of new regulations and policies. The regulatory structure created by these laws gives the regulatory authorities extensive authority in connection with their supervisory and enforcement activities and examination policies.

The Omnibus Consolidated Appropriations Act was enacted on September 30, 1996. Among the law's many provisions is a resolution of the BIF-SAIF deposit insurance premium disparity, many regulatory burden relief provisions and other bank-related legislation. The BIF-SAIF provisions are contained in the Deposit Insurance Funds Act of 1996.

The following is a brief summary of certain statutes, rules and regulations affecting the Company and the Bank. This summary is qualified in its entirety by reference to the particular statutory and regulatory provisions referred to below and is not intended to be an exhaustive description of the statutes or regulations applicable to the business of the Company and the Bank. Any change in applicable laws or regulations may have a material adverse effect on the business and prospects of the Company and the Bank.

The Company

The Company is a bank holding company within the meaning of the Federal Bank Holding Company Act of 1956, as amended (the "BHCA") and is registered as such with the Federal Reserve. The Company is required to file annual reports and other information regarding its business operations and those of its subsidiaries. It is also subject to supervision and regular examinations.

The BHCA requires every bank holding company to obtain the prior approval of the Federal Reserve Board before (i) it or any of its subsidiaries (other than a bank) acquires substantially all of the assets of any bank, (ii) it acquires ownership or control of any voting shares of any bank if after such acquisition it would own or control, directly or indirectly, more than 5% of the voting shares of such bank, or (iii) it merges or consolidates with any other bank holding company.

The BHCA and the Federal Change in Bank Control Act, together with regulations promulgated by the Federal Reserve Board, require that, depending on the particular circumstances, either the Federal Reserve Board's approval must be obtained or notice must be furnished to the Federal Reserve Board and not disapproved prior to any person or company acquiring control of a bank holding company, such as the Company, subject to certain exemptions for certain transactions.

Under the BHCA, a bank holding company is generally prohibited from engaging in, or acquiring direct or indirect control of more than 5% of the voting shares of any company engaged in, nonbanking activities, unless the Federal Reserve Board, by order or regulation, has found those activities to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Some of the activities that the Federal Reserve Board has determined by regulation to be proper incidents to the business of a bank holding company include making or servicing loans and certain types of leases, engaging in certain insurance and discount brokerage activities, performing certain data processing services, acting in certain circumstances as a fiduciary or investment or financial adviser, owning savings associations and making investments in certain corporations or projects designed primarily to promote community welfare. The Company is also restricted in its activities by the provisions of the Glass-Stegall Act of 1933, which prohibits the Company from owning subsidiaries that are engaged principally in the issue, flotation, underwriting, public sale or distribution of securities. The regulatory requirements to which the Company is subject also set forth various conditions regarding the eligibility and qualifications of its directors and officers.

The Bank

The Bank is subject to regulation and supervision, of which regular bank examinations are a part, by the Comptroller of the Currency. The Bank is a member of the Federal Deposit Insurance Corporation (the "FDIC") which currently insures the deposits of each member bank to a maximum of $100,000 per depositor. For this protection, each bank pays a statutory assessment and is subject to the rules and regulations of the FDIC. The Company is an "affiliate" of the Bank within the meaning of the Federal Reserve Act and the Federal Deposit Insurance Act, which imposes restrictions on loans by any subsidiary bank to the Company, on investments by any subsidiary bank in the stock or securities of the Company and on the use of such stock or securities as collateral security for loans by any subsidiary bank to any borrower. The Company will also be subject to certain restrictions with respect to engaging in the business of issuing, underwriting and distributing securities.

DESCRIPTION OF BANK STOCK

The Bank is authorized to issue 199,536 shares and has outstanding 193,536 shares of Bank Stock. The holders of Bank Stock are entitled to one vote per share. Holders of shares of Bank Stock have preemptive rights to purchase additional shares of Bank Stock and have cumulative rights in the elections of directors of the Bank. The National Bank Act generally provides for a majority vote of the Bank Stock to approve an action by the Bank but a two-thirds vote of the outstanding shares of Bank Stock is required to approve certain fundamental changes.

The National Bank Act, 12 U.S.C. Section 55, provides for the pro rata assessment of holders of common stock of a national bank in the event that its capital becomes impaired, such assessment to be enforced by sale to the extent necessary of the stock of the stockholder failing to pay his assessment. However, the Company has been advised that the Comptroller of the Currency has not used this provision in recent years. Accordingly, the shares of Bank Stock are subject to such assessment. However, the Bank's management does not anticipate the Bank Stock being assessed in this manner in the foreseeable future.

The holders of Bank Stock are entitled to receive such dividends as may be declared by the Board of Directors of the Bank out of funds legally available therefor. National banking laws and regulations impose restrictions on the payment of dividends and other distributions to stockholders. The National Bank Act provides that a national bank cannot pay dividends or other distributions to stockholders out of any portion of its capital and surplus, and that no dividend shall be paid by a bank in an amount greater than its "net profits then on hand" (as defined in the National Bank Act), after deduction of statutory "bad debts." In addition, 12 U.S.C. Section 60 provides that the approval of the Comptroller of the Currency is required for the payment of dividends by a national bank if the total of all dividends declared by the bank in any calendar year shall exceed the total of its "net profits" of that year combined with its "retained net profits" of the preceding two years. The same section further provides that, until the surplus fund of a national bank shall equal its common capital, no dividends shall be declared unless there has been carried to the surplus fund not less than one-tenth part of the bank's net profits of the preceding half year in the case of quarterly or semiannual dividends, or not less than one-tenth part of its net dividends. Also, under 12 U.S.C. Section 1818, the Comptroller of the Currency can restrict a national bank's dividend payments if they are deemed an unsafe or unsound banking practice.

In the event of the liquidation, dissolution or winding-up of the affairs of the Bank, the holders of outstanding shares of Bank Stock will be entitled to share pro rata according to their respective interests in the Bank's assets and funds remaining after payment or provision for payment of all debts and other liabilities of the Bank.

DESCRIPTION OF COMPANY STOCK

General

The Company is authorized to issue 1,500,000 shares of Company Stock and as of December 31, 1998, has 598,681 shares issued and 596,615 shares outstanding. The holders of Company Stock are entitled to one vote per share. Holders of shares of Company Stock do not have pre-emptive rights to purchase any additional shares of Company Stock and do not have cumulative voting rights in the election of directors. Without pre-emptive rights, stockholders could experience dilution of their voting power and of their equity interest in the Company.

The ability of the Company to pay dividends to the holders of the Company Stock depends upon the amount of dividends paid by the Bank to the Company. The holders of shares of Company Stock will be entitled to receive such dividends as may be declared by the Board of Directors of the Company out of the funds legally available therefor. The payment of dividends by the company are subject to the restrictions of South Carolina laws applicable to the declaration of dividends by a business corporation. Under such provisions, dividends may be paid in cash or in property of the Company, including the shares of other corporations, except when the Company is insolvent or would thereby be made insolvent or when the declaration of payment thereof would be contrary to any restrictions in the Company Articles. Dividends may be declared and paid only out of the unreserved and unrestricted earned surplus of the Company.

In the event of the liquidation, dissolution or winding-up of the affairs of the Company, the holders of outstanding shares of Company Stock will be entitled to share pro rata according to their respective interests in the Company's assets and funds remaining after payment or provision for payment of all debts and other liabilities of the Company.

All shares of Company Stock are fully paid and nonassessable.

The Bank is the transfer agent for shares of Company Stock.

DISCUSSION OF FORWARD-LOOKING STATEMENTS

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

SUPPLEMENTARY DATA

QUARTERLY SHAREHOLDER INFORMATION

CNB CORPORATION
QUARTERLY SHAREHOLDER INFORMATION
(All Dollar Amounts, Except Per Share Data, in Thousands)

Summary of Operating Results by Quarter
<TABLE>
<CAPTION>

	Quarter Ended			
1998	March 31	June 30	September 30	December 31
<S>	<C>	<C>	<C>	<C>
Interest income	$ 7,187	$ 7,554	$ 7,737	$ 7,565
Interest expense	3,166	3,282	3,324	3,258
Net interest income	4,021	4,272	4,413	4,307
Provision for loan losses	190	175	160	155
Net interest income after provision for loan losses	3,831	4,097	4,253	4,152

Noninterest income	816	963	1,161	992
Noninterest expenses	2,754	2,758	2,906	3,518
Income before income taxes	1,893	2,302	2,508	1,626
Income taxes	657	756	821	587
Net income	$ 1,236	$ 1,546	$ 1,687	$ 1,039
Net income per share	$ 2.07	$ 2.58	$ 2.83	$ 1.74
Weighted average shares outstanding	598,098	597,768	597,258	596,684
1997				
Interest income	$ 6,520	$ 6,813	$ 7,108	$ 7,318
Interest expense	2,798	2,923	3,022	3,021
Net interest income	3,722	3,890	4,086	4,297
Provision for loan losses	240	210	150	200
Net interest income after provision for loan losses	3,482	3,680	3,936	4,097
Noninterest income	775	871	993	774
Noninterest expenses	2,541	2,687	2,621	3,192
Income before income taxes	1,716	1,864	2,308	1,679
Income taxes	603	712	805	640
Net income	$ 1,113	$ 1,152	$ 1,503	$ 1,039
Net income per share	$ 1.86	$ 1.92	$ 2.51	$ 1.74
Weighted average shares outstanding	598,198	598,401	598,486	598,435

</TABLE>
SUPPLEMENTARY INFLATION ADJUSTED FINANCIAL DATA

Inflation-adjusted accounting has not been applied to the Company's financial information as management does not believe this type of analysis provides useful information within the financial services industry. The Company currently does not meet the asset size criteria which would make detailed disclosure of inflation adjusted data mandatory.

GUIDE 3. STATISTICAL DISCLOSURE BY BANK HOLDING COMPANIES

The following tables present additional statistical information about CNB Corporation and its operation and financial condition and should be read in conjunction with the consolidated financial statements and related notes thereto contained elsewhere in this report.

DISTRIBUTION OF ASSETS, LIABILITIES, AND STOCKHOLDERS' EQUITY: INTEREST RATES AND INTEREST DIFFERENTIAL

The tables on the following 5 pages present selected financial data and an analysis of net interest income.

CNB Corporation and Subsidiary
Selected Financial Data

<TABLE>
<CAPTION>

	Twelve Months Ended 12/31/98		
	Average Balance	Interest Income/ Expense(2)	Avg. Annual Yield or Rate
<S>	<C>	<C>	<C>
Assets:			
Earning assets			
Loans, net of unearned income	$228,057	$20,755	9.10%
Investment securities:			
Taxable	118,941	7,187	6.04
Tax-exempt	13,771	1,053	7.65
Federal funds sold and securities purchased under agreement to resell	26,890	1,406	5.23
Total earning assets	$387,659	$30,401	7.84
Other assets	26,219		
Total assets	$413,878		
Liabilities and stockholders' equity:			
Interest-bearing liabilities:			
Interest-bearing deposits	$273,469	11,432	4.18
Federal funds purchased and securities sold under agreement to repurchase	34,274	1,514	4.42
Other short-term borrowings	1,514	84	5.55
Total interest-bearing liabilities	$309,257	$13,030	4.21
Noninterest-bearing deposits	62,582		
Other liabilities	1,841		
Stockholders' equity	40,198		
Total liabilities and stockholders' equity	$413,878		

Net interest income as a percent of total earning assets	$387,659	$17,371	4.48%
(1) Tax-equivalent adjustment based on a 34% tax rate		$ 358	

</TABLE>

Ratios:

Annualized return on average total assets	1.33%
Annualized return on average stockholders' equity	13.70
Cash dividends declared as a percent of net income	37.94
Average stockholders' equity as a percent of:	
Average total assets	9.71
Average total deposits	11.96
Average loans, net of unearned income	17.63
Average earning assets as a percent of average total assets	93.67%

(2) The Company had no out-of-period adjustments or foreign activities. Loan fees of $0 are included in the above interest income. Loans on a non-accrual basis for the recognition of interest income totalling $422 as of December 31, 1998 are included in loans, net of unearned income, for purpose of this analysis.

CNB Corporation and Subsidiary
Selected Financial Data

<TABLE>
<CAPTION>

<S>	Twelve Months Ended 12/31/97 Average Balance <C>	Interest Income/ Expense(2) <C>	Avg. Annual Yield or Rate <C>
Assets:			
Earning assets			
Loans, net of unearned income	$204,987	$19,110	9.32%
Investment securities:			
Taxable	118,900	7,191	6.05
Tax-exempt	13,841	1,083	7.82
Federal funds sold and securities purchased under agreement to resell	13,730	743	5.41
Total earning assets	$351,458	$28,127	8.00
Other assets	24,531		
Total assets	$375,989		
Liabilities and stockholders' equity:			
Interest-bearing liabilities:			
Interest-bearing deposits	$241,009	10,009	4.15
Federal funds purchased and securities sold under agreement to repurchase	36,148	1,676	4.64
Other short-term borrowings	1,562	79	5.06
Total interest-bearing liabilities	$278,719	$11,764	4.22
Noninterest-bearing deposits	57,645		
Other liabilities	3,130		
Stockholders' equity	36,495		
Total liabilities and stockholders' equity	$375,989		
Net interest income as a percent of total earning assets	$351,458	$16,363	4.66%
(1) Tax-equivalent adjustment based on a 34% tax rate		$ 368	

</TABLE>

Ratios:

Annualized return on average total assets	1.28%
Annualized return on average stockholders' equity	13.17
Cash dividends declared as a percent of net income	37.32
Average stockholders' equity as a percent of:	
Average total assets	9.71
Average total deposits	12.22
Average loans, net of unearned income	17.80
Average earning assets as a percent of average total assets	93.48%

(2) The Company had no out-of-period adjustments or foreign activities. Loan fees of $0 are included in the above interest income. Loans on a non-accrual basis for the recognition of interest income totalling

$24 as of December 31, 1997 are included in loans, net of unearned income, for purpose of this analysis.

CNB Corporation and Subsidiary
Selected Financial Data

<TABLE>
<CAPTION>

	Twelve Months Ended 12/31/96 Average Balance	Interest Income/ Expense(2)	Avg. Annual Yield or Rate
<S>	<C>	<C>	<C>
Assets:			
Earning assets			
Loans, net of unearned income	$169,815	$15,808	9.31%
Investment securities:			
Taxable	126,368	7,488	5.93
Tax-exempt	13,999	1,121	8.01
Federal funds sold and securities purchased under agreement to resell	8,626	460	5.33
Total earning assets	$318,808	$24,877	7.80
Other assets	23,374		
Total assets	$342,182		
Liabilities and stockholders' equity:			
Interest-bearing liabilities:			
Interest-bearing deposits	$214,194	8,610	4.02
Federal funds purchased and securities sold under agreement to repurchase	39,506	1,906	4.82
Other short-term borrowings	1,164	63	5.41
Total interest-bearing liabilities	$254,864	$10,579	4.15
Noninterest-bearing deposits	51,249		
Other liabilities	2,449		
Stockholders' equity	33,620		
Total liabilities and stockholders' equity	$342,182		
Net interest income as a percent of total earning assets	$318,808	$14,298	4.48%
(1) Tax-equivalent adjustment based on a 34% tax rate		$ 381	

</TABLE>

Ratios:	
Annualized return on average total assets	1.19%
Annualized return on average stockholders' equity	12.15
Cash dividends declared as a percent of net income	35.09
Average stockholders' equity as a percent of:	
Average total assets	9.83
Average total deposits	12.67
Average loans, net of unearned income	19.80
Average earning assets as a percent of average total assets	93.17%

(2) The Company had no out-of-period adjustments or foreign activities. Loan fees of $0 are included in the above interest income. Loans on a non-accrual basis for the recognition of interest income totalling $377 as of December 31, 1996 are included in loans, net of unearned income, for purpose of this analysis.

<TABLE>
<CAPTION>

CNB Corporation and Subsidiary
Rate/Volume Variance Analysis
For the Twelve Months Ended December 31, 1998 and 1997
(Dollars in Thousands)

<S>	<C> Average Volume 1998	<C> Average Volume 1997	<C> Yield/Rate 1998 (1)	<C> Yield/Rate 1997 (1)	<C> Interest Earned/Paid 1998 (1)	<C> Interest Earned/Paid 1997 (1)	<C> Variance	<C> Change Due to Rate	<C> Change Due To Volume	<C> Change Due To Rate X Volume
Earning Assets:										
Loans, Net of unearned income (2)	228,057	204,987	9.10%	9.32%	20,755	19,110	1,645	(451)	2,147	(51)
Investment securities:										

Taxable	118,941	118,900	6.04%	6.05%	7,187	7,191	(4)	(7)	3	-
Tax-exempt	13,771	13,841	7.65%	7.82%	1,053	1,083	(30)	(24)	(6)	-
Federal funds sold and securities purchased under agreement to resell	26,890	13,730	5.23%	5.41%	1,406	743	663	(25)	712	(24)
Total Earning Assets	387,659	351,458	7.84%	8.00%	30,401	28,127	2,274	(507)	2,856	(75)
Interest-bearing Liabilities:										
Interest-bearing deposits	273,469	241,009	4.18%	4.15%	11,432	10,009	1,423	72	1,342	9
Federal funds purchased and securities sold under agreement to repurchase	34,274	36,148	4.42%	4.64%	1,514	1,676	(162)	(80)	(86)	4
Other short-term borrowings	1,514	1,562	5.55%	5.06%	84	79	5	8	(3)	-
Total Interest-bearing Liabilities	309,257	278,719	4.21%	4.22%	13,030	11,764	1,266	-	1,253	13
Interest-free Funds Supporting Earning Assets	78,402	72,739								
Total Funds Supporting Earning Assets	387,659	351,458	3.36%	3.34%	13,030	11,764	1,266	-	1,253	13
Interest Rate Spread			3.63%	3.78%						
Impact of Non-interest-bearing Funds on Net Yield on Earning Assets			.85%	.88%						
Net Yield on Earning Assets			4.48%	4.66%	17,371	16,363				

</TABLE>

(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.

<TABLE>
<CAPTION>

CNB Corporation and Subsidiary
Rate/Volume Variance Analysis
For the Twelve Months Ended December 31, 1997 and 1996
(Dollars in Thousands)

<S>	<C> Average Volume 1997	<C> Average Volume 1996	<C> Yield/Rate 1997 (1)	<C> Yield/Rate 1996 (1)	<C> Interest Earned/Paid 1997 (1)	<C> Interest Earned/Paid 1996 (1)	<C> Variance	<C> Change Due to Rate	<C> Change Due To Volume	<C> Change Due To Rate X Volume
Earning Assets:										
Loans, Net of unearned income (2)	204,987	169,815	9.32%	9.31%	19,110	15,808	3,302	17	3,281	4
Investment securities:										
Taxable	118,900	126,368	6.05%	5.93%	7,191	7,488	(297)	152	(440)	(9)
Tax-exempt	13,841	13,999	7.82%	8.01%	1,083	1,121	(38)	(26)	(13)	1
Federal funds sold and securities purchased under agreement to resell	13,730	8,626	5.41%	5.33%	743	460	283	7	272	4
Total Earning Assets	351,458	318,808	8.00%	7.80%	28,127	24,877	3,250	150	3,100	-
Interest-bearing Liabilities:										
Interest-bearing deposits	241,009	214,194	4.15%	4.02%	10,009	8,610	1,399	278	1,086	35
Federal funds purchased and securities sold under agreement to repurchase	36,148	39,506	4.64%	4.82%	1,676	1,906	(230)	(71)	(165)	6
Other short-term borrowings	1,562	1,164	5.06%	5.41%	79	63	16	(4)	21	(1)
Total Interest-bearing Liabilities	278,719	254,864	4.22%	4.15%	11,764	10,579	1,185	203	942	40
Interest-free Funds Supporting Earning Assets	72,739	63,944								
Total Funds Supporting Earning Assets	351,458	318,808	3.34%	3.32%	11,764	10,579	1,185	203	942	40
Interest Rate Spread			3.78%	3.65%						
Impact of Non-interest-bearing										

Funds on Net Yield on Earning Assets	.88%	.83%		
Net Yield on Earning Assets	4.66%	4.48%	16,363	14,298

</TABLE>

(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.

INVESTMENT SECURITIES

Investment securities with a par value of $74,500, $69,965, and $55,665 at December 31, 1998, 1997, and 1996, respectively, 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 on investment securities at December 31, 1998, 1997, and 1996.

	December 31, 1998				
	Book Value	Unrealized Gains	Unrealized Losses	Fair Value	Yield(1)
AVAILABLE FOR SALE					
United States Treasury					
Within one year	$ 8,011	$ 59	$ -	$ 8,070	6.28%
One to five years	5,962	179	-	6,141	6.09%
	13,973	238	-	14,211	6.20%
Federal agencies					
Within one year	5,171	30	-	5,201	6.20%
One to five years	60,289	520	87	60,722	5.77%
	65,460	550	87	65,923	5.81%
State, county and municipal					
Within one year	325	7	-	332	7.90%
Other-restricted Federal Reserve Bank Stock	116	-	-	116	6.03%
Total available for sale	$79,874	$ 795	$ 87	$80,582	5.88%
HELD TO MATURITY					
United States Treasury					
Within one year	$ 6,995	$ 81	$ -	$ 7,076	6.56%
One to five years	4,019	76	-	4,095	6.05%
	11,014	157	-	11,171	6.38%
Federal agencies					
Within one year	2,036	6	-	2,042	5.50%
One to five years	33,350	615	-	33,965	6.14%
	35,386	621	-	36,007	6.10%
State, county and municipal					
Within one year	1,236	11	-	1,247	9.57%
One to five years	8,430	260	-	8,690	7.69%
Six to ten years	4,582	231	-	4,813	7.56%
	14,248	502	-	14,750	7.81%
Total held to maturity	$60,648	$1,280	$ -	$61,298	6.56%

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

As of the quarter ended December 31, 1998, the Bank did not hold any securities of an issuer that exceeded 10% of stockholders' equity.

INVESTMENT SECURITIES, continued

	December 31, 1997				
	Book Value	Unrealized Gains	Unrealized Losses	Fair Value	Yield(1)

AVAILABLE FOR SALE					
United States Treasury					
Within one year	$10,252	$ 52	$ 8	$10,296	6.53%
One to five years	11,987	125	-	12,112	6.30%
	22,239	177	8	22,408	6.41%
Federal agencies					
Within one year	4,995	1	12	4,984	5.11%
One to five years	23,805	158	18	23,945	6.26%
After ten years	1,375	21	-	1,396	6.90%
	30,175	180	30	30,325	6.10%
State, county and municipal					
One to five years	325	10	-	335	7.85%
Other-restricted					
Federal Reserve					
Bank Stock	116	-	-	116	6.03%
Total available for sale	$52,855	$ 367	$ 38	$53,184	6.24%
HELD TO MATURITY					
United States Treasury					
Within one year	$17,703	$ 11	$ 49	$17,665	5.14%
One to five years	9,977	131	-	10,108	6.46%
	27,680	142	49	27,773	5.62%
Federal agencies					
One to five years	28,235	216	45	28,406	6.34%
State, county and municipal					
Within one year	1,540	9	-	1,549	8.88%
One to five years	6,436	214	1	6,649	8.71%
Six to ten years	5,746	157	-	5,903	7.39%
After ten years	602	11	-	613	7.39%
	14,324	391	1	14,714	8.14%
Total held to maturity	$70,239	$ 749	$ 95	$70,893	6.42%

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

As of the quarter ended December 31, 1997, the Bank did not hold any securities of an issuer that exceeded 10% of stockholders' equity.

INVESTMENT SECURITIES, continued

	December 31, 1996				
	Book	Unrealized		Fair	
	Value	Gains	Losses	Value	Yield(1)
AVAILABLE FOR SALE					
United States Treasury					
Within one year	$15,533	$ 52	$ 22	$15,563	5.95%
One to five years	16,262	169	27	16,404	6.46%
	31,795	221	49	31,967	6.21%
Federal agencies					
One to five years	29,072	48	169	28,951	6.04%
After ten years	784	-	18	766	6.08%
	29,856	48	187	29,717	6.04%
State, county and municipal					
One to five years	326	12	-	338	7.85%
Other-restricted					
Federal Reserve					
Bank Stock	116	-	-	116	6.03%
Total available for sale	$62,093	$ 281	$ 236	$62,138	6.14%
HELD TO MATURITY					
United States Treasury					

Within one year	$17,066	$ 20	$ 30	$17,056	5.36%
One to five years	23,703	154	176	23,681	5.67%
	40,769	174	206	40,737	5.54%
Federal agencies					
One to five years	13,320	97	110	13,307	6.27%
Six to ten years	2,002	-	35	1,967	6.40%
	15,332	97	145	15,274	6.28%
State, county and municipal					
Within one year	1,112	2	2	1,112	8.87%
One to five years	6,950	302	15	7,237	8.72%
Six to ten years	5,626	20	75	5,571	6.98%
After ten years	370	5	-	375	7.89%
	14,058	329	92	14,295	8.01%
Total held to maturity	$70,149	$ 600	$ 443	$70,306	6.20%

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

As of the quarter ended December 31, 1996, the Bank did not hold any securities of an issuer that exceeded 10% of stockholders' equity.

<TABLE>
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LOAN PORTFOLIO

CLASSIFICATION OF LOANS

The following is a summary of loans, in thousands of dollars, at December 31, 1998, 1997, 1996, 1995, and 1994 by major classification:

<S>	1998 <C>	1997 <C>	1996 <C>	1995 <C>	1994 <C>
Real estate Loans - mortgage	$142,039	$136,441	$111,474	$ 95,451	$ 89,728
- construction	15,560	19,653	15,148	5,453	6,328
Loans to farmers	1,487	1,214	1,328	1,032	1,180
Commercial and industrial loans	36,393	34,606	28,105	23,133	17,472
Loans to individuals for household family and other consumer expenditure	32,669	30,772	29,642	28,095	30,700
All other loans, including					
Overdrafts	1,951	140	236	334	186
Gross Loans	230,099	222,826	185,933	153,498	145,594
Less unearned income	(970)	(1,105)	(1,058)	(1,094)	(1,231)
Less reserve for loan losses	(3,132)	(2,879)	(2,370)	(2,242)	(2,220)
Net loans	$225,997	$218,842	$182,505	$150,162	$142,143

</TABLE>

MATURITIES AND SENSITIVITY TO CHANGES IN INTEREST RATES

The Company's loan portfolio consisted of approximately $178,510 and $160,088 in fixed rate loans as of December 31, 1998 and 1997, respectively. At December 31, 1998, and 1997, fixed rate loans with maturities in excess of one year amounted to approximately $137,928 and $119,218, respectively. Variable rate loans are those on which the interest rate can be adjusted to changes in the Bank's prime rate. Fixed rate loans are those on which the interest rate generally cannot be changed for the term of the loan.

RISK ELEMENTS

The following information relates to certain assets which are defined as risk elements by the Securities and Exchange Commission. All loans which meet the criteria set forth by the Securities and Exchange Commission are detailed below, regardless of the likelihood of collection in full or in part. All loans classified for regulatory purposes as loss, doubtful, substandard, or especially mentioned that have not been disclosed do not represent or result from trends or uncertainties which management reasonably expects will materially impact future operating results, liquidity, or capital resources or represent material credits about which management is aware of any information which causes management to have serious doubts as to the ability of such borrower to comply with the loan repayment terms. As a matter of practice, loans which management has serious concerns about the borrower being able to pay are put into a non-accrual status and disclosed under Risk Elements. Management reviews these loans periodically and feels that the current reserve for possible loan losses adequately provides coverage for actual loss potential. Other interest-bearing assets considered a risk element are also detailed in this section.

NONACCRUAL, PAST DUE AND RESTRUCTURED LOANS

The following schedule summarizes the amount of nonaccrual, past due, and restructured loans, in thousands of dollars, for the periods ended December 1998, 1997, 1996, 1995, 1994:

	December 31,				
	1998	1997	1996	1995	1994
Nonaccrual loans	$ 422	$ 24	$ 377	$ 479	$1,062
Accruing loans which are contractually past due 90 days or more as to principal or interest payments	$ 100	$ 135	$ 77	$ 87	$ 55
Restructed trouble debt	None	None	None	None	None

Information relating to interest income on nonaccrual and renegotiated loans outstanding for the year ended December 31, 1998, 1997, and 1996 is as follows:

	1998	1997	1996
Interest included in income during the year	$ 16	$ 1	$ 7
Interest which would have been included at the original contract rates	$ 40	$ 3	$ 45

Loans are placed in a non-accrual status when, in the opinion of management, the collection of additional interest is questionable. Thereafter no interest is taken into income unless received in cash or until such time as the borrower demonstrates the ability to pay principal and interest.

POTENTIAL PROBLEM LOANS

In addition to those loans disclosed under "Risk Elements", there are certain loans in the portfolio which are presently current but about which management has concerns regarding the ability of the borrower to comply with present loan repayment terms. Management maintains a loan review of the total loan portfolio to identify loans where there is concern that the borrower will not be able to continue to satisfy present loan repayment terms. Such problem loan identification includes the review of individual loans, loss experience, and economic conditions. Problem loans include both current and past due loans.

As of December 31, 1998, loans which management had serious concerns about the borrower being able to repay were put into a non-accrual status which are disclosed under "Risk Elements".

FOREIGN OUTSTANDINGS

As of the year ended December 31, 1998, the Company had no foreign loans outstanding.

LOAN CONCENTRATIONS

As of the year ended December 31, 1998, the Company did not have any concentration of loans exceeding 10% of total loans which are not otherwise disclosed as a category of loans pursuant to Item III. A. of Guide 3.

OTHER INTEREST-BEARING ASSETS

The Bank maintains an investment in an executive life insurance program through Confederation Life Insurance and Annuity Company, Inc.. During 1994 the Michigan Insurance Commission seized control of this United States Corporation due to a similar action by the Canadian regulatory authorities over the company's parent corporation, Confederation Life Insurance Company. Regulatory oversight began as concerns regarding investment losses of the parent corporation developed during 1993 and 1994. Management determined that any impairment of the approximate $2,100,000 cash surrender value of the policies is remote due to the financial stability of the U.S. subsidiary. Subsequently, on October 23, 1996, a plan of Rehabilitation for Confederation Life Insurance Company (U.S.) was confirmed by the State of Michigan in the Circuit Court for the County of Ingham. The plan provides for the assumption of company owned life insurance policies (COLI), such as the Bank's, to be assumed by Pacific Mutual Life Insurance Company. Under the agreement, holders of COLI Policies will have the option to have a policy reinsured by Pacific Mutual which is expected to have the same account value and substantially the same contract terms as the original policy or to receive the liquidation or "opt-out" value of the policy.

The Bank's independent external auditors have revisited the facts and circumstances regarding the investment in the COLI program and have read the significant uncertainties requiring the recognition of a loss contingency as of the date of this report.

The Bank's COLI policies were reinsured by Pacific Mutual during the third quarter of 1997. Management received permission from the Office of the Comptroller of the Currency to return this asset to accrual status and to adjust the carrying value during the first quarter of 1998 with the total cash surrender values totalling approximately $85,000 above the carrying value on the bank's books.

As of December 31, 1998, 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.

<TABLE>
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SUMMARY OF LOAN LOSS EXPERIENCE

Loan loss experience for each reported period, in thousands of dollars, is summarized as follows:

	Year Ended December 31,				
	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Loans (net of unearned income):					
Average loans outstanding for the period	$228,057	$204,987	$169,815	$149,940	$140,104
Reserve for loan losses:					
Balance at beginning of period	$ 2,879	$ 2,370	$ 2,242	$ 2,220	$ 2,170
Charge-offs:					
Commercial, financial, and Agricultural	189	238	111	133	122
Real Estate - construction and mortgage	14	5	22	3	57
Loans to individuals	553	399	296	313	277
Total charge-offs	$ 756	$ 642	$ 429	$ 449	$ 456

Recoveries:					
Commercial, financial, and Agricultural	89	100	47	166	58
Real estate-construction and mortgage	5	106	15	44	35
Loans to individuals	235	145	135	151	118
Total recoveries	$ 329	$ 351	$ 197	$ 361	$ 211
Net charge-offs	$ 427	$ 291	$ 232	$ 88	$ 245
Additions charged to operations	$ 680	$ 800	$ 360	$ 110	$ 295
Balance at end of period	$ 3,132	$ 2,879	$ 2,370	$ 2,242	$ 2,220
Ratio of net charge-offs during the period to average loans outstanding during the period	.19%	.14%	.14%	.06%	.17%

</TABLE>
[FN]
The reserve for loan losses is maintained at the greater of 1.20% of net loans or an amount that bears the same ratio to eligible loans as net charge-offs to average eligible loans over the past six years. In addition, the Asset/ Liability Management Committee and the Loan Committee review the adequacy of the reserve quarterly and make recommendations as to the desired amount of the reserve. Determination of the adequacy of the reserve is based on the above ratios and, but not limited to, considerations of classified and internally-identified problem loans, the current trend in delinquencies, the volume of past-due loans, and current or expected economic conditions. Based upon these factors, net charge-offs are anticipated to be approximately $420 during 1999.
</FN>

DEPOSITS

AVERAGE DEPOSITS BY CLASSIFICATION

The following table sets forth the classification of average deposits for the indicated period, in the thousands of dollars:

	Years Ended December 31, 1998	1997	1996
Noninterest bearing demand deposits	62,582	57,645	51,249
Interest bearing demand deposits	47,249	45,844	44,886
Savings deposits	28,428	29,894	31,375
Time deposits	197,792	165,271	137,733
Total deposits	336,051	298,654	265,443

AVERAGE RATES PAID ON DEPOSITS

The following table sets forth average rates paid on categories of interest-bearing deposits for the periods indicated:

	Years Ended December 31, 1998	1997	1996
Interest bearing demand deposits	1.49%	1.70%	1.70%
Savings deposits	2.69%	2.70%	2.79%
Time deposits	5.04%	5.10%	5.06%

MATURITIES OF TIME DEPOSITS OF $100,000 OR MORE

The following table sets forth the maturity of time deposits of $100,000 or more, in thousands of dollars, at December 31, 1998:

Time Certificates of Deposit	
Maturity within 3 months or less	$27,018
Over 3 through 6 months	17,923
Over 6 through 12 months	8,246
Over 12 months	8,141
Total	61,328

RETURN ON EQUITY AND ASSETS

The following table presents certain ratios relating to the Company's equity and assets:

	Year ended December 31, 1998	1997	1996
Return on average total assets	1.33%	1.28%	1.19%
Return on average stockholders' equity	13.70%	13.17%	12.15%
Cash dividend payout ratio	37.94%	37.32%	35.09%
Average equity to average assets ratio	9.71%	9.71%	9.83%

SHORT-TERM BORROWINGS

Federal funds purchased and securities sold under repurchase agreements are short-term borrowings which generally mature within 90 days from the dates of issuance. No other category of short-term borrowings had an average balance outstanding during the reported period which represented 30 percent or more of stockholders' equity at the end of the period.

The following is a summary of short-term borrowings at December 31 of each reported period, in thousands of dollars:

	December 31, 1998	1997	1996
Federal funds purchased and securities sold under agreement to repurchase	$32,518	$32,366	$33,018

The following information relates to short-term borrowings outstanding during 1998, 1997, and 1996:

	Maximum Amount Outstanding in Any Month End			Weighted Average Interest Rate at December 31,		
	1998	1997	1996	1998	1997	1996
Federal funds purchased and securities sold under agreement to repurchase	$39,678	$49,506	$45,333	4.12%	4.61%	4.81%

	Year ended December 31, 1998	1997	1996
Federal funds purchased and securities sold under agreement to repurchase-average daily amount outstanding	$34,274	$36,148	$39,506
Weighted average interest rate paid	4.42%	4.64%	4.82%

ITEM 2. PROPERTIES

The Company's subsidiary, The Conway National Bank, has ten permanent offices in Horry County. The principal office, located at 1400 Third Avenue in Conway, houses the Bank's administrative offices and data processing facilities. This three-story structure, which was significantly expanded in 1982, contains approximately 33,616 square feet. In addition, the Bank has a 632 square foot building for express banking services adjacent to the principal office. The Bank has a two-story office on Main Street in Conway containing 8,424 square feet. Bank offices are housed in one-story facilities at the Coastal Centre in Conway (3,500 square feet with an adjacent 675 square foot building for express banking services), Red Hill in Conway (3,760 square feet) West Conway in Conway (3,286 square feet) Surfside in Surfside Beach (6,339 square feet), Northside, north of Myrtle Beach (2,432 square feet), Socastee in the southern portion of Myrtle Beach (3,498 square feet), Aynor in The Town of Aynor (2,809 square feet),and Myrtle Beach in the City of Myrtle Beach (12,000 square feet). Of the ten offices, the bank owns the principal office, the office at Red Hill, West Conway, Northside, Main Street, Socastee, Aynor, and Myrtle Beach. All other facilities are leased by the Bank under long-term leases with renewal options. In addition to the existing facilities, the Company has purchased two future office sites. The sites consist of approximately 1.5 acres on Highway 17 south of Myrtle Beach in Murrells Inlet and 1.1 acres on Highway 701 north of Conway. An office is scheduled to be constructed and opened on the Murrells Inlet property during the fourth quarter of 1999. The company also anticipates building an office on the other site within the next three years, depending on market conditions.

ITEM 3. LEGAL PROCEEDINGS

There were no material legal proceedings against the Company or its subsidiary, The Conway National Bank, as of December 31, 1998.

There were no administrative or judicial proceedings arising under Section 8 of the Federal Deposit Insurance Act.

There were no material proceedings to which any director, officer, or owner of record of more than 5% of the voting securities of the Company or any associate is a party adverse to the Company.

There are other legal proceedings pending against the Company or its subsidiary, The Conway National Bank, in the ordinary course of business. In the opinion of management, based upon the opinion of counsel, liabilities arising from these proceedings, if any, would not have a material adverse effect on the financial position of the Company.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

On May 12, 1998, at the Annual Meeting of CNB Corporation, the security holders:

1) Nominated and elected four directors to serve for a three-year term; and

2) Ratified the appointment of Elliott, Davis, and Company, Certified Public Accountants, as independent auditors for the Company and its subsidiary for the year ending December 31, 1998.

PART II

ITEM 5. MARKET PRICE OF REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

As of December 31, 1998, there were approximately 670 holders of record of Company stock. There is no established market for shares of Company stock and only limited trading in such shares has occurred since the formation of the Company on June 10, 1985. Most of the limited trading transactions have been effected through the efforts of officers of the Company in matching interested purchasers with shareholders who have expressed an interest in selling their shares of Company stock. Some private trading of Company stock has occurred without any participation in the transaction by the officers of the Company other than to effect the transfer on the Company's shareholder records. Accordingly, management of the Company is not aware of the prices at which all shares of Company stock have traded. The following table sets forth the prices known to management of the Company at which shares of Company stock have traded in each quarter within the two most recent fiscal years adjusted for the effect of a 25% stock dividend paid during 1997.

	1998		1997	
	High	Low	High	Low
First Quarter	$90.00	$90.00	$76.80	$76.80
Second Quarter	$94.00	$90.00	$84.00	$76.80
Third Quarter	$94.00	$94.00	$84.00	$84.00
Fourth Quarter	$99.00	$94.00	$90.00	$84.00

Holders of shares of Company stock are entitled to such dividends as may be declared from time to time by the Board of Directors of the Company. The Company paid an annual cash dividend of $3.50 per share in 1998, $3.00 per share in 1997, 1996 and 1995, $2.00 per share in 1994, 1993 and 1992, $1.50 per share in 1991, and $1.00 per share in the years 1985 through 1990. In addition, the Company may from time to time pay a stock dividend. The Company paid a 25% stock dividend in September, 1997, a 20% stock dividend in September, 1994, a 50% stock dividend in July, 1989, a 20% stock dividend in August, 1987 and a 15% stock dividend in November, 1985. There can be no assurance, however, as to the payment of dividends by the Company in the future since payment will be dependent upon the earnings and financial condition of the Company and the Bank and other related factors.

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ITEM 6. SELECTED FINANCIAL DATA
CNB Corporation
FINANCIAL SUMMARY
(All Dollar Amounts, Except Per Share Data, in Thousands)

The following table sets forth certain selected financial data relating to the Company and subsidiary and is qualified in its entirety by reference to the more detailed financial statements of the Company and subsidiary and notes thereto included elsewhere in this report.

	Year Ended December 31,				
	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Selected Income Statement Data:					
Total Interest Income	$ 30,043	$ 27,759	$ 24,496	$ 22,601	$ 19,847
Total Interest Expense	13,030	11,764	10,579	10,115	7,613
Net Interest Income	17,013	15,995	13,917	12,486	12,234
Provision for Possible Loan Losses	680	800	360	110	295
Net Interest Income after Provision for Possible Loan Losses	16,333	15,195	13,557	12,376	11,939
Total Other Operating Income	3,932	3,413	3,015	2,954	2,814
Total Other Operating Expense	11,936	11,041	10,393	9,797	9,599
Income Before Income Taxes	8,329	7,567	6,179	5,533	5,154
Income Taxes	2,821	2,760	2,095	1,777	1,657
Net Income	$ 5,508	$ 4,807	$ 4,084	$ 3,756	$ 3,497
Per Share:					
Net Income Per Weighted Average Shares Outstanding*	$ 9.22	$ 8.03	$ 6.84	$ 6.29	$ 5.87
Cash Dividend Paid Per Share	$ 3.50	$ 3.00	$ 3.00	$ 3.00	$ 2.00
Weighted Average Shares Outstanding*	597,452	598,435	596,870	597,275	595,463

*Restated for stock dividend

Selected Balance Sheet Data:					
Assets	$426,359	$381,144	$341,818	$324,694	$297,120
Net Loans	225,997	218,842	182,505	150,162	142,143
Investment Securities	141,230	123,423	132,287	138,768	126,613
Federal Funds Sold	22,100	11,375	-	7,300	3,125

Deposits:					
Non-Interest-Bearing	$ 66,303	$ 55,422	$ 49,911	$ 44,723	$ 40,986
Interest-Bearing	279,809	245,905	218,502	206,433	193,207
Total Deposits	$346,112	$301,327	$268,413	$251,156	$234,193
Stockholders' Equity	$ 41,201	$ 37,717	$ 34,496	$ 32,195	$ 28,857

</TABLE>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

"Management's Discussion and Analysis" is provided to afford a clearer understanding of the major elements of the Company's financial condition, results of operations, liquidity, and capital resources. The following discussion should be read in conjunction with the Company's financial statements and notes thereto and other detailed information appearing elsewhere in this report.

Distribution of Assets and Liabilities

The Company maintains a conservative approach in determining the distribution of assets and liabilities. Loans, net of unearned income, increased 19.9% from $184,875 at December 31, 1996 to $221,721 at December 31, 1997; and 3.3% from December 31, 1997 to $229,129 at December 31, 1998. Loan growth is attributed to overall business development efforts to meet business and personal loan demand in our market area. Loan demand was strong in our market area in 1997 due to a strong local economy but slowed somewhat in 1998. Loans, net of unearned income, increased as a percentage of total assets from 54.1% at year-end 1996 to 58.2% at year-end 1997 and decreased to 53.7% at year-end 1998. Correspondingly, investment securities and federal funds sold decreased as a percentage of total assets from 38.7% at year-end 1996 to 35.3% at year-end 1997 and increased to 39.5% at year-end 1998 as investments have been utilized to balance the growth in loan outstandings. Investments and federal funds sold provide for an adequate supply of secondary liquidity. Year-end other assets as a percentage of total assets decreased from 7.2% in 1996 to 6.5% in 1996 as the Bank grew into its expanded infrastructure but increased to 6.8% in 1998 due to a branch office addition and $199,000 in Y-2K related hardware and software purchases. Management has sought to build the deposit base with stable, relatively non-interest-rate sensitive deposits by offering the small to medium account holders a wide array of deposit instruments at competitive rates. Non-interest-bearing demand deposits remained flat at 14.6% at December 31, 1996 and 14.5% at December 31, 1997 but grew to 15.6% at December 31, 1998. Demand deposits are expected to decline over the long-term as more customers utilize interest-bearing deposit and repo accounts. Interest-bearing liabilities as a percentage of total assets have declined from 74.3% at December 31, 1996 and 1997 to 73.5% at December 31, 1998.

The following table sets forth the percentage relationship to total assets of significant components of the Company's balance sheet as of December 31, 1998, 1997 and 1996:

<TABLE>
<CAPTION>

	December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
Assets:			
Earning assets			
Loans, net of unearned income	53.7%	58.2%	54.1%
Investment securities:			
Taxable	29.8	28.6	34.6

Tax-exempt	3.3	3.7	4.1
Federal funds sold and securities purchased under agreement to resell	6.4	3.0	-
Other earning assets	-	-	-
Total earning assets	93.2	93.5	92.8
Other assets	6.8	6.5	7.2
Total assets	100.0%	100.0%	100.0%
Liabilities and stockholders' equity:			
Interest-bearing liabilities:			
Interest-bearing deposits	65.6%	64.5%	63.9%
Federal funds purchased and securities sold under agreement to repurchase	7.6	8.5	9.7
Other short-term borrowingS	.3	1.3	.7
Total interest-bearing liabilities	73.5	74.3	74.3
Non-interest-bearing deposits	15.6	14.5	14.6
Other liabilities	1.2	1.3	1.0
Stockholders' equity	9.7	9.9	10.1
Total liabilities and stockholders' equity	100.0%	100.0%	100.0%

</TABLE>

Results of Operation

CNB Corporation and subsidiary experienced earnings in 1998, 1997 and 1996 of $5,508, $4,807,and $4,084, respectively, resulting in a return of average assets of 1.33%, 1.28%, and 1.19% and a return on average stockholders' equity of 13.70%, 13.17% and 12.15%. The earnings were primarily attributable to favorable 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). These strong earnings, coupled with a conservative dividend policy, have supplied the necessary capital funds to support bank operations. Total assets were $426,359 at December 31, 1998 as compared to $381,144 at December 31, 1997 and $341,818 at December 31, 1996. The following table sets forth the financial highlights for fiscal years 1998, 1997, and 1996.

<TABLE>
<CAPTION>

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

	December 31, 1998	1997 to 1998 Percent Increase (Decrease)	December 31, 1997	1996 to 1997 Percent Increase (Decrease)	December 31, 1996
<S>	<C>	<C>	<C>	<C>	<C>
Net interest income after provision for loan losses	$ 16,333	7.5%	$ 15,195	12.1%	$ 13,557
Income before income taxes	8,329	10.1	7,567	22.5	6,179
Net Income	5,508	14.6	4,807	17.7	4,084
Per share (weighted average of shares outstanding)*	$ 9.22	14.8	$ 8.03	17.4	$ 6.84
Cash dividends declared	2,090	16.5	1,794	25.2	1,433
Per Share	$ 3.50	16.7	$ 3.00	-	$ 3.00
Total assets	$426,359	11.9%	$381,144	11.5%	$ 341,818
Total deposits	346,112	14.9	301,327	12.3	268,413
Loans, net of unearned income	229,129	3.3	221,721	19.9	184,875
Investment securities	141,230	14.4	123,423	(6.7)	132,287
Stockholders' equity	41,201	9.2	37,717	9.3	34,496
Book value per share* (actual number of shares outstanding)	$ 69.06	9.5	$ 63.06	9.2	$ 57.73

</TABLE>
<TABLE>
<CAPTION>
*Restated for stock dividend

<S>	<C>	<C>	<C>	<C>	<C>
Ratios(1):					
Returns on average total assets	1.33%	3.9	1.28%	7.6	1.19%
Return on average stockholders' equity	13.70%	4.0	13.17%	8.4	12.15%

</TABLE>

(1) For the fiscal years ended December 31, 1998, 1997, and 1996, average total assets amounted to $413,878, $375,989, and $342,182 with average stockholders' equity totaling $40,198,$36,495, and $33,620, 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 investment securities, and interest paid on deposits and borrowed funds. Net interest income is affected by the interest rates earned or paid and by volume changes in loans, investment securities, deposits, and borrowed funds.

The Bank has maintained strong net interest margins in 1998, 1997 and 1996 by earning adequate yields on loans and investments and funding these assets with a favorable deposit and repurchase agreement mix. Fully-tax-equivalent net interest income has grown from $14,298 in 1996 and $16,363 in 1997 to $17,371 in 1998. During the three-year period, total fully-tax-equivalent interest income increased by 13.1% from $24,877 in 1996 to $28,127 in 1997 and increased 8.1% in 1998 to $30,401. Over the same period, total interest expense increased by 11.2% from $10,579 in 1996 to $11,764 in 1997 and increased 10.8% to $13,030 in 1998. Fully-tax-equivalent net interest income as a percentage of average total earning assets increased from 4.5% in 1996 to 4.7% in 1997 and decreased back to 4.5% in 1998. The increase was reflective of strong loan growth and higher loan to deposit ratios.

Interest rates paid on deposits and borrowed funds and earned on loans and investments have generally followed the fluctuations in market interest rates in 1998, 1997, and 1996. 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 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. The following table sets forth the Bank's static gap rate sensitivity position at each of the time intervals indicated. The table illustrates the Bank's rate sensitivity position on specific dates and may not be indicative of the position at other points in time. Management believes that a rise or fall in interest rates will not materially effect earnings.
<TABLE>
<CAPTION>

Interest Rate Sensitivity Analysis

<S>	1 Day <C>	90 Days <C>	180 Days <C>	365 Days <C>	5 Years <C>	5 Years <C>
Rate Sensitive Assets (RSA)						
Federal Funds Sold	27,100	0	0	0	0	0
Investment Securities	0	5,885	6,230	11,754	112,856	4,389
Loans (net of non-accruals $422)	51,589	17,340	11,354	11,465	98,042	39,886
Total, RSA	78,689	23,225	17,584	23,219	210,898	44,275
Rate Sensitive Liabilities (RSL)						
Deposits:						
Certificates of Deposit of $100,000 or more	0	27,018	17,923	8,246	8,141	0
All Other Time Deposits	0	40,559	28,490	26,898	11,505	0
Money Market Deposit Accounts	32,713	0	0	0	0	0
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	30,428	90	0	0	2,000	0
Total RSL	63,141	67,667	46,413	35,144	21,646	0
RSA-RSL	15,548	(44,442)	(28,829)	(11,925)	189,252	44,275
Cumulative RSA-RSL	15,548	(28,894)	(57,723)	(69,648)	119,604	163,879
Cumulative RSA/RSL	1.25	.78	.67	.67	1.51	1.70

NET INCOME (continued)

Provision for Possible Loan Losses - It is the policy of the bank to maintain the reserve for possible loan losses at the greater of 1.20% of net loans or the percentage based on the actual loan loss experience over the previous five years. In addition, management may increase the reserve to a level above these guidelines to cover potential losses identified during the ongoing in-house problem loan identification process. The Company includes the provisions of SFAS No. 114, "Accounting by Creditors for Impairment of a Loan", in the allowance for loan losses (see NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES). The provision for possible loan losses was $680 in 1998, $800 in 1997 and $360 in 1996. Net loan charge-offs totalled $427 in 1998, $291 in 1997, and $232 in 1996 with net charge-offs being centered in consumer purpose loans during each period. The reserve for possible loan losses as a percentage of net loans was 1.39% at December 31, 1998, 1.32% at December 31, 1997, and 1.30% at December 31, 1996.

Securities Transactions - Net unrealized gains/(losses) in the investment securities portfolio were $1,358 at December 31, 1998, $983 at December 31, 1997, and $202 at December 31, 1996. The market value of investment securities rose in 1996, 1997, and 1998 as overall market rates declined. Security gains/(losses) of $(28) and $41 were taken in 1997 and 1996, respectively, when bonds were sold to provide additional primary liquidity and to manage the bank's interest rate sensitivity position. No security gains/(losses) were taken in 1998.

Other Income - Other income, net of security sales, increased by 15.7% from $2,974 in 1996 to $3,441 in 1997 and grew 14.3% from $3,441 in 1997 to $3,932 in 1998. Other income rose in 1996 due to higher volumes in deposit and loan account activity and rose significantly in 1997 and 1998 due to continued growth in these areas compounded by a June 1, 1997 increase in overall service charge rates. Also, 1998 other income was enhanced by the start-up of an in-house mortgage loan department dedicated to the origination of mortgage loans for the secondary market.

Other Expenses - Other expenses increased by 6.2% from $10,393 in 1996 to $11,041 in 1997 and 8.1% from $11,041 in 1997 to $11,936 in 1998. The components of other expenses are salaries and employee benefits of $6,166, $6,591, and $7,259; occupancy and furniture and equipment expenses of $1,759, $1,698, and $1,704; and other operating expenses of $2,468, $2,752, and $2,973 for 1996, 1997, and 1998, respectively. The increase in salaries and employee benefits reflects compensation increments, the increased costs of providing employee benefits, and an increase from 180 to 198 full-time equivalent employees over the three-year period. The addition of the Myrtle Beach office in 1995 and the West Conway office in 1998 impacted occupancy and furniture and equipment expense. Also, approximately $106 of the budgeted "Year 2000" costs (see Year 2000) of $276 were expensed during 1998. Looking ahead, non-interest expense should grow due to a planned addition of an office to the bank's branch network during the fourth quarter of 1999 and the remaining "Year 2000" expenditures.

Income Taxes - Provisions for income taxes increased 31.7% from $2,095 in 1996 to $2,760 in 1997 and 2.2% from $2,760 in 1997 to $2,821 in 1998. The increase in income taxes is primarily due to an increase in income before income taxes of 22.5% from $6,179 in 1996 to $7,567 in 1997 and 10.1% from $7,567 in 1997 to $8,329 in 1998. Also, the utilization of tax-free income as a percentage of income before income taxes declined in 1997 and 1998.

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, on a short-term basis, to borrow funds from the Federal Reserve System. The Company has cash balances on hand of $4,467, $3,480, and $3,078 at December 31, 1998, 1997, and 1996 with liabilities, consisting of cash dividends payable, totalling $2,090, $1,794, and $1,435, respectively. In anticipation of potential "Year 2000" liquidity needs, the bank is in the process of joining the Federal Home Loan Bank system and obtaining additional borrowing capacity, as well as increasing short-term assets that may be easily converted to cash. Management feels that liquidity sources are more than adequate to meet funding needs.

CAPITAL RESOURCES

Total stockholders' equity was $41,201, $37,717, and $34,496 at December 31, 1998, 1997, and 1996, representing 9.66%, 9.90%, and 10.09% of total assets, respectively. At December 31, 1998, the Bank exceeds quantitative measures established by regulation to ensure capital adequacy (see NOTE 15 - REGULATORY MATTERS). Capital is considered sufficient by management to meet current and prospective capital requirements and to support anticipated growth in bank operations.

EFFECTS OF INFLATION

Inflation normally has the effect of accelerating the growth of both a bank's assets and liabilities. One result of this inflationary effect is an increased need for equity capital. Income is also affected by inflation. While interest rates have traditionally moved with inflation, the effect on net income is diminished because both interest earned on assets and interest paid on liabilities vary directly with each other. In some cases, however, rate increases are delayed on fixed-rate instruments. Loan demand normally declines during periods of high inflation. Inflation has a direct impact on the Bank's non-interest expense. The Bank responds to inflation changes through readjusting non-interest income by repricing services.

EFFECTS OF REGULATORY ACTION

The Federal Deposit Insurance Corporation (FDIC) reduced FDIC insurance premium rates during the third quarter of 1995. This decrease had a positive effect on earnings in 1996, 1997, and 1998, and should favorably impact future years income. The management of the Company and the Bank is not aware of any other current recommendations by the regulatory authorities which, if they were to be implemented, would have a material effect on liquidity, capital resources, or operations.

ACCOUNTING ISSUES

In an effort to simplify the current standards in the United States for computing earnings per share ("EPS") and make them more compatible with international standards, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share" in February 1997. SFAS 128 applies to entities with publicly traded common stock or potential common stock and is effective for financial statements for periods ending after December 15, 1997, including interim periods. SFAS 128 simplifies the standards for computing EPS previously found in APB Opinion 15, "Earnings per Share." It replaces the presentation of primary EPS with a presentation of basic EPS. It also requires dual presentation of basic and diluted EPS on the face of the income statement for all companies with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. The Company does not have any dilutive common stock or equivalents and accordingly the adoption of SFAS had no effect on earnings per share computations.

The FASB also issued SFAS No. 129, "Disclosure of Information about Capital Structure" in February 1997. The purpose of SFAS 129 is to consolidate existing disclosure requirements for ease of retrieval. SFAS 129 contains no change in disclosure requirements for companies that were subject to the previously existing requirements. It applies to all entities and is effective for financial statements for periods ending after December 15, 1997.

ACCOUNTING ISSUES (continued)

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income." SFAS 130 establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains, and losses) in a full set of general purpose financial statements. SFAS 130 requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. SFAS 130 requires that companies (i) classify items of other comprehensive income by their nature in a financial statement and (ii) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of the statement of financial condition. SFAS 130 is effective for fiscal years beginning after December 15, 1997. Reclassification of financial statements for earlier periods provided for comprehensive purposes is required. The adoption of SFAS 130 had no effect on the Company's net income or stockholders' equity.

In June, 1997, the FASB also issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS 131 establishes standards for the way public enterprises are to report information about operating segments in annual financial statements and requires those enterprises to report selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas, and major customers. SFAS 131 supersedes SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise." SFAS 131 becomes effective for financial statements for periods beginning after December 15, 1997, and requires that comparative information from earlier years be restated to conform to its requirements. The adoption of the provisions of SFAS 131 is not expected to have a material impact on the Company.

In June 1998, the FASB issued SFAS 133, "Accounting for Derivative Instrument and Hedging Activities." All derivatives are to be measured at fair value and recognized in the balance sheet as assets or liabilities. The statement is effective for fiscal years and quarters beginning after June 15, 1999. Because the Company does not use derivative transactions at this time, management does not expect that this standard will have a significant effect on the Company.

YEAR 2000

The Year 2000 poses a significant challenge for financial institutions because of the way date fields have been historically handled. Older versions of software used a two digit year date field and assumed the first two digits of the year date to be "19". All software applications using this dating method must be replaced or modified to avoid computer systems reverting to the year date of 1900 in the year 2000.

The Board of Directors early in 1997 assigned Year 2000 Project implementation responsibility to the Electronic Data Processing (EDP) Steering Committee. The EDP Steering Committee is comprised of the following members: President, Executive Vice President, Vice President and Cashier, Vice President-Systems, Vice President-Data Processing, and Assistant Vice President-Systems. The committee meets at least quarterly with the meetings being reviewed by the Board Audit Committee and progress reports made to the full Board. The CPA firm of Tourville, Simpson, & Henderson has been engaged to assist in Year 2000 Plan development, implementation, and examination.

All systems used by the bank have been identified and prioritized with a time line established for projected dates of upgrades, replacement, certification, and testing. Anticipated Year 2000 costs are projected to be approximately $276,000. The majority of this amount has been spent on capital expenditures to be expensed over the next four years. $20,000 will be spent this year on public information and education.

All mission critical systems have been replaced or upgraded to Year 2000 compliance. All mission critical systems have been tested to ensure Year 2000 functionality. Further testing will be conducted during 1999 as deemed appropriate. The bank has in place a Business Interruption Plan in case of unforeseen problems or failures.

In June of this year, The Conway National Bank and The Conway Chamber of Commerce will jointly sponsor a Year 2000 Community Forum. Participants will include local utilities, city and county governments, social security, health services, the post office and educational institutions. The public will have an opportunity to hear progress reports on participants' Year 2000 projects.

The bank is currently working on its Year 2000 Contingency Plan for cash services. This plan will anticipate and provide for the increased demand for extra cash by customers as we approach year end.

ITEM 8 - FINANCIAL STATEMENTS

CNB CORPORATION AND SUBSIDIARY

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 1998, 1997, AND 1996

CNB CORPORATION AND SUBSIDIARY
CONWAY, SOUTH CAROLINA

CONTENTS

ELLIOTT, DAVIS & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS
MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

GREENVILLE, SC
GREENWOOD, SC
ANDERSON, SC
AIKEN, SC
COLUMBIA, SC
AUGUSTA, GA

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Directors and Stockholders
CNB Corporation
Conway, South Carolina

We have audited the accompanying consolidated balance sheets of CNB Corporation and Subsidiary as of December 31, 1998 and 1997, and the related consolidated statements of income, changes in stockholders' equity, comprehensive income and cash flows for each of the three years in the period ended December 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CNB Corporation and Subsidiary at December 31, 1998 and 1997 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

ELLIOTT, DAVIS & COMPANY, LLP

January 28, 1999

Internationally - Moore Stephens Elliott Davis, LLC
870 S. Pleasantburg Drive Post Office Box 6286 Greenville, South Carolina
TELEPHONE (864) 242-3370 TELEFAX (864) 232-7161 29606-6286

</TABLE>
<TABLE>
<CAPTION>

CNB CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(amounts, except share data, in thousands)

	December 31, 1998	December 31, 1997
ASSETS		
<S>	<C>	<C>
CASH AND DUE FROM BANKS	$ 17,864	$ 14,371
FEDERAL FUNDS SOLD	27,100	11,375
INVESTMENT SECURITIES HELD TO MATURITY (fair value $61,928 in 1998 and $70,893 in 1997)	60,648	70,239
INVESTMENT SECURITIES AVAILABLE FOR SALE	80,582	53,184
LOAN	230,099	222,826
Less unearned income	(970)	(1,105)
Less allowance for loan losses	(3,132)	(2,879)
Net loans	225,997	218,842
PREMISES AND EQUIPMENT	7,258	6,798
ACCRUED INTEREST RECEIVABLE	4,102	3,680
OTHER ASSETS	2,808	2,655
	$426,359	$381,144
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		

Deposits		
Noninterest-bearing	$ 66,303	$ 55,422
Interest-bearing	279,809	245,905
Total deposits	346,112	301,327
Securities sold under repurchase agreements	32,518	32,366
United States Treasury demand notes	1,148	5,000
Other liabilities	5,380	4,734
Total liabilities	385,158	343,427
COMMITMENTS AND CONTINGENT LIABILITIES - Notes 10, 11 and 12		
STOCKHOLDERS' EQUITY		
Common stock - $10 par value; authorized 1,500,000 shares in 1998 and1997; issued 598,681 shares in 1998 and 1997	5,987	5,987
Capital in excess of par value of stock	24,538	24,552
Retained earnings	10,448	7,030
Accumulated other comprehensive income	425	197
	41,398	37,766
Less 2,066 shares and 539 shares held in Treasury at cost	(197)	(49)
Total stockholders' equity	41,201	37,717
	$426,359	$381,144

</TABLE>
The accompanying notes are an integral part of these consolidated financial statements.

<TABLE>
<CAPTION>

CNB CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(amounts, except per share data, in thousands)

	For the years ended December 31, 1998	1997	1996
<S>	<C>	<C>	<C>
INTEREST INCOME			
Loans and fees on loans	$ 20,755	$ 19,110	$ 15,808
Investment securities			
Taxable	7,187	7,191	7,488
Nontaxable	695	715	740
Total interest on investment securities	7,882	7,906	8,228
Federal funds sold	1,406	743	460
Total interest income	30,043	27,759	24,496
INTEREST EXPENSE			
Deposits	11,432	10,009	8,610
Securities sold under repurchase agreements	1,514	1,676	1,906
United States Treasury demand notes	84	79	63
Total interest expense	13,030	11,764	10,579
Net interest income	17,013	15,995	13,917
PROVISION FOR LOAN LOSSES	680	800	360
Net interest income after provision for loan losses	16,333	15,195	13,557
NONINTEREST INCOME			
Service charges on deposit accounts	2,449	2,246	1,956
Other service and exchange charges	1,483	1,195	1,018
Gain (loss) on sale of investment securities available for sale	-	(28)	41
Total noninterest income	3,932	3,413	3,015
NONINTEREST EXPENSES			
Salaries and wages	5,857	5,328	5,031
Pensions and other employee benefits	1,402	1,263	1,135
Occupancy	690	670	719
Furniture and equipment	1,014	1,028	1,040
Liability insurance	103	105	79
Office supplies	407	366	290
Credit card operations	737	624	569
Other operating expenses	1,726	1,657	1,530
Total noninterest expenses	11,936	11,041	10,393
Income before provision for income taxes	8,329	7,567	6,179
PROVISION FOR INCOME TAXES	2,821	2,760	2,095
Net income	$ 5,508	$ 4,807	$ 4,084
NET INCOME PER SHARE OF COMMON STOCK	$ 9.22	$ 8.03	$ 6.84

</TABLE>
The accompanying notes are an integral part of these consolidated financial statements.

CNB CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the years ended December 31, 1998, 1997 and 1996
(amounts, except share data, in thousands)

<TABLE>
<CAPTION>

Capital in excess of	Accumulated other	Total

<S>	Shares <C>	Common stock <C>	par value of stock <C>	Retained earnings <C>	Treasury stock <C>	comprehensive income <C>	stockholders equity <C>
BALANCE, DECEMBER 31, 1995	479,093	$ 4,791	$ 15,676	$ 11,431	$ (133)	$ 430	$ 32,195
1996							
Net income	-	-	-	4,084	-	-	4,084
Cash dividend, $3.00 per share	-	-	-	(1,433)	-	-	(1,433)
Treasury stock transactions (net)	-	-	-	-	32	-	32
Gain on sale of treasury stock	-	-	21	-	-	-	21
Net change in unrealized holding gain, net of income taxes of $269	-	-	-	-	-	(403)	(403)
BALANCE, DECEMBER 31, 1996	479,093	4,791	15,697	14,082	(101)	27	34,496
1997							
Net income	-	-	-	4,807	-	-	4,807
Cash dividend, $3.00 per share	-	-	-	(1,794)	-	-	(1,794)
Stock dividend	119,588	1,196	8,850	(10,046)	-	-	-
Cash in lieu of fractional shares on stock dividend	-	-	-	(19)	-	-	(19)
Treasury stock transactions (net)	-	-	-	-	52	-	52
Gain on sale of treasury stock	-	-	5	-	-	-	5
Net change in unrealized holding gain, net of income taxes of $114	-	-	-	-	-	170	170
BALANCE, DECEMBER 31, 1997	598,681	5,987	24,552	7,030	(49)	197	37,717
1998							
Net income	-	-	-	5,508	-	-	5,508
Cash dividend, $3.50 per share	-	-	-	(2,090)	-	-	(2,090)
Treasury stock transactions (net)	-	-	-	-	(148)	-	(148)
Gain on sale of treasury stock	-	-	6	-	-	-	6
Minority interest purchase premium	-	-	(20)	-	-	-	(20)
Net change in unrealized holding gain, net of income taxes of $152	-	-	-	-	-	228	228
BALANCE, DECEMBER 31, 1998	598,681	$ 5,987	$ 24,538	$ 10,448	$ (197)	$ 425	$ 41,201

</TABLE>
The accompanying notes are an integral part of these consolidated financial statements.

<TABLE>
<CAPTION>

CNB CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(amounts in thousands)

<S>	For the years ended December 31, 1998 <C>	1997 <C>	1996 <C>
NET INCOME	$ 5,508	$ 4,807	$ 4,084
OTHER COMPREHENSIVE INCOME, NET OF TAX:			
Unrealized holding (losses) gains on investment securities available for sale	228	198	(444)
Reclassification adjustments for losses (gains) included in net income	-	(28)	41
COMPREHENSIVE INCOME	$ 5,736	$ 4,977	$ 3,681

</TABLE>

<TABLE>
<CAPTION>

CNB CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

	For the years ended December 31, 1998	1997	1996
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	$ 5,508	$ 4,807	$ 4,084
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	693	700	757
Provision for loan losses	680	800	360
Provision for deferred income taxes	(272)	50	89
Loss on disposal of equipment	78	51	-
Changes in assets and liabilities:			
Increase in accrued interest receivable	(422)	(355)	(38)
Increase in other assets	(153)	(170)	(79)
Increase in other liabilities	767	998	108
Net cash provided by operating activities	6,879	6,881	5,281
INVESTING ACTIVITIES			
Proceeds from sale of investment securities available for sale	-	4,707	3,932
Proceeds from maturities of investment securities held to maturity	22,676	17,776	19,670
Proceeds from maturities of investment securities available for sale	17,474	18,832	11,546
Purchases of investment securities available for sale	(44,493)	(14,301)	(15,921)
Purchases of investment securities held to maturity	(13,085)	(17,866)	(13,418)
Net (increase) decrease in federal funds sold	(15,725)	(11,375)	7,300
Net increase in loans	(7,835)	(37,137)	(32,702)
Premises and equipment expenditures	(1,231)	(683)	(457)
Net cash used for investing activities	(42,219)	(40,047)	(20,050)
FINANCING ACTIVITIES			
Dividends paid	(2,090)	(1,794)	(1,432)
Net increase in deposits	44,785	32,914	17,257
Increase (decrease) in securities sold under repurchase agreements	152	3,348	(7,917)
Increase (decrease) in federal funds purchased	-	(4,000)	4,000
Increase (decrease) in United States Treasury demand notes	(3,852)	2,681	1,553
Treasury stock transactions (net)	(162)	57	53
Cash in lieu of fractional shares on stock dividend	-	(19)	-
Net cash provided by financing activities	38,833	33,187	13,514
Net increase (decrease) in cash and due from banks	3,493	21	(1,255)
CASH AND DUE FROM BANKS, BEGINNING OF YEAR	14,371	14,350	15,605
CASH AND DUE FROM BANKS, END OF YEAR	$ 17,864	$ 14,371	$ 14,350
CASH PAID FOR			
Interest	$ 12,744	$ 11,233	$ 10,580
Income taxes	$ 2,935	$ 2,665	$ 1,915

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

CNB CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES

Principles of consolidation and nature of operations

The consolidated financial statements include the accounts of CNB Corporation ("the Company") and its wholly-owned subsidiary, The Conway National Bank ("the Bank"). All significant intercompany balances and transactions have been eliminated. The Bank operates under a national bank charter and provides full banking services to customers. The Bank is subject to regulation of the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation. The Company is subject to regulation of the Federal Reserve Board.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates of the consolidated balance sheets and the consolidated statements of income for the periods covered. Actual results could differ from those estimates.

Concentrations of credit risk

The Company, through its subsidiary, makes commercial and personal loans to individuals and small businesses located primarily in the South Carolina coastal region. The Company has a diversified loan portfolio and the borrowers' ability to repay their loans is not dependent upon any specific economic sector.

Cash and cash equivalents

For purposes of the statements of cash flows, cash and cash equivalents are defined as those amounts included in the balance sheet caption "Cash and Due from Banks". Cash and cash equivalents have an original maturity of three months or less.

Investment securities

The Company accounts for investment securities in accordance with Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." This statement requires that the Company classify debt securities upon purchase as available for sale, held to maturity or trading. Such assets classified as available for sale are carried at fair value. Unrealized holding gains or losses are reported as a component of stockholders' equity (accumulated other comprehensive income) net of deferred income taxes. Securities classified as held to maturity are carried at cost, adjusted for the amortization of premiums and the accretion of discounts. To qualify as held to maturity the Company must have the intent and ability to hold the securities to maturity. Trading securities are carried at market value. The Company has no trading securities. Gains or losses on disposition of securities are based on the difference between the net proceeds and the adjusted carrying amount of the securities sold, using the specific identification method.

Loans and interest income

Interest on loans is accrued and taken into income based upon the interest method. Interest on certain installment loans is accrued and taken into income based upon the sum-of-the-months-digits method. The results from the use of the sum-of-the-months-digits method are not materially different from those that would be obtained using the interest method.

(Continued)

Loans and interest income, continued

The Company accounts for impaired loans in accordance with SFAS No. 114, "Accounting by Creditors for Impairment of a Loan". This standard requires that all creditors value loans at the loan's fair value if it is probable that the creditor will be unable to collect all amounts due according to the terms of the loan agreement. Fair value may be determined based upon the present value of expected cash flows, market price of the loan, if available, or value of the underlying collateral. Expected cash flows are required to be discounted at the loan's effective interest rate. SFAS No. 114 was amended by SFAS No. 118 to allow a creditor to use existing methods for recognizing interest income on an impaired loan and by requiring additional disclosures about how a creditor recognizes interest income on an impaired loan.

Under SFAS No. 114, as amended by SFAS 118, when the ultimate collectibility of an impaired loan's principal is in doubt, wholly or partially, all cash receipts are applied to principal. When this doubt does not exist, cash receipts are applied under the contractual terms of the loan agreement first to principal then to interest income. Once the reported principal balance has been reduced to zero, future cash receipts are applied to interest income, to the extent that any interest has been foregone. Further cash receipts are recorded as recoveries of any amounts previously charged off.

A loan is also considered impaired if its terms are modified in a troubled debt restructuring. For these accruing impaired loans, cash receipts are typically applied to principal and interest receivable in accordance with the terms of the restructured loan agreement. Interest income is recognized on these loans using the accrual method of accounting. As of December 31, 1998 and 1997, the Company had no impaired loans.

Allowance for loan losses

The allowance for loan losses is based on management's ongoing evaluation of the loan portfolio and reflects an amount that, in management's opinion, is adequate to absorb losses in the existing portfolio. In evaluating the portfolio, management takes into consideration numerous factors, including current economic conditions, prior loan loss experience, the composition of the loan portfolio, and management's estimate of anticipated credit losses. Loans are charged against the allowance at such time as they are determined to be losses. Subsequent recoveries are credited to the allowance. Management considers the year-end allowance appropriate and adequate to cover possible losses in the loan portfolio; however, management's judgment is based upon a number of assumptions about future events, which are believed to be reasonable, but which may or may not prove valid. Thus, there can be no assurance that charge-offs in future periods will not exceed the allowance for loan losses or that additional increases in the allowance for loan losses will not be required.

Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed over the estimated useful lives of the assets using primarily the straight-line method. Additions to premises and equipment and major replacements or improvements are capitalized at cost. Maintenance, repairs and minor replacements are expensed when incurred. Gains and losses on routine dispositions are reflected in current operations.

Non-performing assets

Non-performing assets include real estate acquired through foreclosure or deed taken in lieu of foreclosure, and loans on non-accrual status. Loans are placed on non-accrual status when, in the opinion of management, the collection of additional interest is questionable. Thereafter no interest is taken into income unless received in cash or until such time as the borrower demonstrates the ability to pay principal and interest.

(Continued)

Advertising expense

Advertising, promotional and other business development costs are generally expensed as incurred. External costs incurred in producing media advertising are expensed the first time the advertising takes place. External costs relating to direct mailing costs are expensed in the period in which the direct mailings are sent. Advertising, promotional and other business development costs of $295,000, $338,000 and $294,000 were included in the Company's results of operations for 1998, 1997 and 1996, respectively.

Income taxes

Income taxes are accounted for in accordance with SFAS No. 109, "Accounting for Income Taxes". Under SFAS No. 109, deferred tax liabilities are recognized on all taxable temporary differences (reversing differences where tax deductions initially exceed financial statement expense, or income is reported for financial statement purposes prior to being reported for tax purposes). In addition, deferred tax assets are recognized on all deductible temporary differences (reversing differences where financial statements expense initially exceeds tax deductions, or income is reported for tax purposes prior to being reported for financial statement purposes). Valuation allowances are established to reduce deferred tax assets if it is determined to be "more likely than not" that all or some portion of the potential deferred tax assets will not be realized.

Net income per share

The Company computes net income per share in accordance with SFAS No. 128, "Earnings Per Share." Net income per share is computed on the basis of the weighted average number of common shares outstanding, 597,452 in 1998, 598,435 in 1997, and 596,870 in 1996. The Company does not have any dilutive instruments and therefore only basic net income per share is presented.

In September of 1997, the Company's Board of Directors declared a five-for-four stock split effected in the form of a 25 percent common stock dividend. This stock was issued on September 30, 1997, to common stockholders of record on September 12, 1997. Share and per share data have been restated to reflect this stock split.

Fair values of financial instruments

SFAS No. 107, "Disclosures About Fair Value of Financial Instruments," as amended by SFAS No. 119, requires disclosure of fair value information for financial instruments, whether or not recognized in the balance sheet, when it is practicable to estimate the fair value. SFAS No. 107 defines a financial instrument as cash, evidence of an ownership interest in an entity or contractual obligations which require the exchange of cash or other financial instruments. Certain items are specifically excluded from the disclosure requirements, including the Company's common stock. In addition, other nonfinancial instruments such as premises and equipment and other assets and liabilities are not subject to the disclosure requirements.

The following methods and assumptions were used by the Company in estimating fair values of financial instruments as disclosed herein:

Cash and due from banks - The carrying amounts of cash and due from banks (cash on hand, due from banks and interest bearing deposits with other banks) approximate their fair value.

Federal funds sold - The carrying amounts of federal funds sold approximate their fair value.

Investment securities held to maturity and available for sale - Fair values for investment securities are based on quoted market prices.

(Continued)

Fair values of financial instruments

Loans - For variable rate loans that reprice frequently and for loans that mature within one year, fair values are based on carrying values. Fair values for all other loans are estimated using discounted cash flow analyses, with interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values for impaired loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

Deposits - The fair values disclosed for demand deposits are, by definition, equal to their carrying amounts. The carrying amounts of variable rate, fixed-term money market accounts and short-term certificates of deposit approximate their fair values at the reporting date. Fair values for long-term fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities.

Short-term borrowings - The carrying amounts of borrowings under repurchase agreements, federal funds purchased and U. S. Treasury demand notes approximate their fair values.

Off balance sheet instruments - Fair values of off balance sheet lending commitments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing.

Comprehensive income

In June 1997, the Financial Accounting Standards Board (FSAB) issued SFAS No. 130, "Reporting Comprehensive Income," which establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Under this statement, the Company is required to classify items of "other comprehensive income" by their nature in the financial statements. Statement 130 is effective for both interim and annual periods beginning after December 15, 1997. Comparative financial statements provided for earlier periods were required to be reclassified to reflect the provisions of the statement. The adoption of SFAS 130 had no effect on the Company's net income or stockholders' equity.

Recently issued accounting standards

In June 1997, the FASB issued SFAS 131, "Disclosure about Segments of an Enterprise and Related Information." SFAS 131 requires that a public business enterprise report financial and descriptive information about its reportable operating segments. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. SFAS 131 requires that a public enterprise report a measure of segment profit or loss, certain specific revenue and expense items, segment assets, information about the way that the operating segments were determined and other items. The Statement is effective for fiscal years beginning after December 15, 1997. Management does not anticipate that adoption of SFAS 131 will have a material effect on the Company's financial statements.

In June 1998, the FASB issued SFAS 133, "Accounting for Derivative Instrument and Hedging Activities." All derivatives are to be measured at fair value and recognized in the balance sheet as assets or liabilities. The statement is effective for fiscal years and quarters beginning after June 15, 1999. Because the Company does not use derivative transactions at this time, management does not expect that this standard will have a significant effect on the Company.

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 amounts of these reserve balances for the years ended December 31, 1998 and 1997 were approximately $6,839,000 and $5,909,000, respectively.

<TABLE>
<CAPTION>

NOTE 3 - INVESTMENT SECURITIES

The book value and approximate fair value of investment securities are summarized as follows (amounts in thousands):

	December 31, 1998			
	Amortized Cost	Unrealized Holding Gains	Losses	Fair value
<S>	<C>	<C>	<C>	<C>
AVAILABLE FOR SALE				
United States Treasury				
Within one year	$ 8,011	$ 59	$ -	$ 8,070
One to five years	5,962	179	-	6,141
	13,973	238	-	14,211
Federal agencies				
Within one year	5,171	30	-	5,201
One to five years	60,289	520	87	60,722
	65,460	550	87	65,923
State, county and municipal				
Within one year	325	7	-	332
Other - restricted				
Federal Reserve Bank stock	116	-	-	116
Total available for sale	$ 79,874	$ 795	$ 87	$ 80,582
HELD TO MATURITY				
United States Treasury				
Within one year	$ 6,995	$ 81	$ -	$ 7,076
One to five years	4,019	76	-	4,095
	11,014	157	-	11,171
Federal agencies				
Within one year	2,036	6	-	2,042
One to five years	33,350	615	-	33,965
	35,386	621	-	36,007
State, county and municipal				
Within one year	1,236	11	-	1,247
One to five years	8,430	260	-	8,690
Six to ten years	4,582	231	-	4,813
	14,248	502	-	14,750
Total held to maturity	$ 60,648	$ 1,280	$ -	$ 61,298

</TABLE>

(Continued)

NOTE 3 - INVESTMENT SECURITIES, Continued

<TABLE>
<CAPTION>

	December 31, 1997			
AVAILABLE FOR SALE	Amortized cost	Unrealized Holding Gains	Losses	Fair value
<S>	<C>	<C>	<C>	<C>
United States Treasury				
Within one year	$ 10,252	$ 52	$ 8	$ 10,296
One to five years	11,987	125	-	12,112
	22,239	177	8	22,408
Federal agencies				
Within one year	4,995	1	12	4,984
One to five years	23,805	158	18	23,945
Six to ten years	1,375	21	-	1,396
	30,175	180	30	30,325
State, county and municipal				
One to five years	325	10	-	335
Other - restricted				
Federal Reserve Bank stock	116	-	-	116
Total available for sale	$ 52,855	$ 367	$ 38	$ 53,184

</TABLE>
<TABLE>
<CAPTION>

	December 31, 1997			
	Amortized Cost	Unrealized Holding Gains	Losses	Fair value
<S>	<C>	<C>	<C>	<C>
HELD TO MATURITY				
United States Treasury				

Within one year	$ 17,703	$ 11	$ 49	$ 17,665
One to five years	9,977	131	-	10,108
	27,680	142	49	27,773
Federal agencies				
One to five years	28,235	216	45	28,406
State, county and municipal				
Within one year	1,540	9	-	1,549
One to five years	6,436	214	1	6,649
Six to ten years	5,746	157	-	5,903
After ten years	602	11	-	613
	14,324	391	1	14,714
Total held to maturity	$ 70,239	$ 749	$ 95	$ 70,893

Investment securities with an aggregate par value of $74,500,000 at December 31, 1998 and $69,965,000 at December 31, 1997 were pledged to secure public deposits and for other purposes.

NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES

Following is a summary of loans by major classification (tabular amounts in thousands):

	December 31, 1998	1997
Real estate - mortgage	$142,039	$136,441
Real estate - construction	15,560	19,653
Commercial and industrial	36,393	34,606
Loans to individuals for household, family and other consumer expenditures	32,669	30,772
Agriculture	1,487	1,214
All other loans, including overdrafts	1,951	140
	$230,099	$222,826

The Bank's loan portfolio consisted of $178,510,000 and $160,088,000 in fixed rate loans as of December 31, 1998 and 1997, respectively. At December 31, 1998, fixed rate loans with maturities in excess of one year amounted to $137,928,000.

Changes in the allowance for loan losses are summarized as follows (tabular amounts in thousands):

	1998	1997	1996
Balance, beginning of year	$ 2,879	$ 2,370	$ 2,242
Recoveries of loans previously charged against the allowance	329	351	197
Provided from current year's income	680	800	360
Loans charged against the allowance	(756)	(642)	(429)
Balance, end of year	$ 3,132	$ 2,879	$ 2,370

At December 31, 1998 and 1997, non-accrual loans totaled $422,000 and $24,000, respectively. The total amount of interest earned on non-accrual loans was $16,000 in 1998, $1,000 in 1997, and $7,000 in 1996. The gross interest income which would have been recorded under the original terms of the non-accrual loans amounted to $40,000 in 1998, $3,000 in 1997, and $45,000 in 1996. As of December 31, 1998 and 1997, the Company had no impaired loans.

NOTE 5 - PREMISES AND EQUIPMENT

Premises and equipment at December 31 is summarized as follows (tabular amounts in thousands):

	1998	1997
Land and buildings	$ 9,581	$ 8,853
Furniture, fixtures and equipment	5,188	5,313
	14,769	14,166
Less accumulated depreciation and amortization	7,530	7,370
	7,239	6,796
Construction in progress	19	2
	$ 7,258	$ 6,798

Depreciation and amortization of premises and equipment charged to operating expense totaled $693,000 in 1998, $700,000 in 1997, and $757,000 in 1996.

NOTE 6 - DEPOSITS

At December 31, 1998 and 1997, certificates of deposit of $100,000 or more totaled $61,328,000 and $56,305,000, respectively. Interest expense on these deposits was $3,455,000 in 1998, $2,815,000 in 1997, and $1,639,000 in 1996.

NOTE 7 - SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

</TABLE>
<TABLE>
<CAPTION>
Securities sold under repurchase agreements are summarized as follows (amounts in thousands):

	December 31, 1998	1997
<S>	<C>	<C>
U. S. Government securities with a book value of $35,127 ($35,672 fair value) and $38,984 ($39,216 fair value) at December 31, 1998 and 1997, respectively, are used as collateral for the agreements.	$ 32,518	$ 32,366

</TABLE>
The Bank enters into sales of securities under agreements to repurchase. These obligations to repurchase securities sold are reflected as liabilities in the consolidated balance sheets. The dollar amount of securities underlying the agreements are book entry securities maintained at the Federal Reserve Bank of Richmond. The weighted average interest rate of these agreements was 4.12 and 4.61 percent at December 31, 1998 and 1997, respectively. Securities sold under repurchase agreements averaged $34,274,000 and $35,815,000 during 1998 and 1997, respectively. The maximum amounts outstanding at any month-end were $39,678,000 and $49,506,000 during 1998 and 1997, respectively.

NOTE 8 - LINES OF CREDIT

At December 31, 1998, the Bank had unused short-term lines of credit totaling $23,000,000 to purchase Federal Funds from unrelated banks. 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 $7,000,000 under the arrangement at an interest rate of 4.11%. The note is secured by U.S. Treasury Notes with a market value of $7,530,000 at December 31, 1998. The amount outstanding under the note totaled $1,148,000 and $5,000,000 at December 31, 1998 and 1997, respectively.

NOTE 9 - INCOME TAXES

The provision for income taxes is reconciled to the amount of income tax computed at the federal statutory rate on income before income taxes as follows (amounts in thousands):
<TABLE>
<CAPTION>

	1998		1997		1996	
	Amount	%	Amount	%	Amount	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Tax expense at statutory rate	$ 2,832	34.0%	$ 2,573	34.0%	$ 2,101	34.0%
Increase (decrease) in taxes resulting from:						
Tax exempt interest	(213)	(2.6)	(219)	(2.9)	(253)	(4.1)
State bank tax (net of federal benefit)	166	2.0	132	1.8	121	2.0

Other - net	36	0.5	274	3.6	126	2.0
Tax provision	$ 2,821	33.9%	$ 2,760	36.5%	$ 2,095	33.9%

</TABLE>

The sources and tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

<TABLE>
<CAPTION>

<S>	December 31, 1998 <C>	1997 <C>
Deferred tax assets:		
Allowance for loan losses deferred for tax purposes	$ 1,065	$ 979
Other	125	28
Gross deferred tax assets	1,190	1,007
Less valuation allowance	1,072	1,007
Net deferred tax assets	118	-
Deferred tax liabilities:		
Unrealized net gains on securities available for sale	(283)	(132)
Accumulated discount accretion	-	(125)
Depreciation for income tax reporting in excess of amount for financial reporting	(312)	(330)
Other	-	(31)
Gross deferred tax liabilities	(595)	(618)
Net deferred tax liability	$ (477)	$ (618)

</TABLE>

(Continued)

A portion of the change in the net deferred tax liability relates to the change in unrealized net gains on securities available for sale. The related 1998 deferred tax provision of $151,000 has been recorded directly to stockholders' equity. The balance of the change in the net deferred tax liability results from the current period deferred tax expense.

The following summary of the provision for income taxes includes tax deferrals which arise from temporary differences in the recognition of certain items of revenue and expense for tax and financial reporting purposes (amounts in thousands):

	1998	1997	1996
Income taxes currently payable			
Federal	$ 2,864	$ 2,487	$ 1,828
State	249	223	178
	3,113	2,710	2,006
Tax consequences of differences			
Loan losses	(86)	(173)	(43)
Depreciation	(18)	(15)	39
Accretion on investments	(125)	22	20
Other	(63)	216	73
Provision	$ 2,821	$ 2,760	$ 2,095

NOTE 10 - FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

The Bank is a party to financial instruments with off balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statements of financial position. The contract amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on balance sheet instruments.

The contract value of the Bank's off balance sheet financial instruments is as follows as of December 31, 1998 (amounts in thousands):

	Contract amount
Commitments to extend credit	$ 20,637
Standby letters of credit	$ 710

Commitments to extend credit are agreements to lend 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 may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Bank upon extension of credit is based on management's credit evaluation.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

At December 31, 1998, the Bank was obligated under a number of non-cancelable operating leases on land used for branch offices and a computer maintenance contract that had initial or remaining terms of more than one year. Future minimum payments under these agreements at December 31, 1998 were (tabular amounts in thousands):

Payable in year ending	Amount
1999	$ 93
2000	77
2001	7
2002	5
2003 and thereafter	25
Total future minimum payments required	$ 207

Lease payments under all operating leases charged to expense totaled $56,000 in 1998, $62,000 in 1997, and $61,000 in 1996. The leases provide that the lessee pay property taxes, insurance and maintenance cost.

The Company is party to litigation and claims arising in the normal course of business. Management, after consultation with legal counsel, believes that the liabilities, if any, arising from such litigation and claims will not be material to the Company's financial position.

NOTE 12 - RESTRICTION ON DIVIDENDS

The ability of the Company to pay cash dividends is dependent upon receiving cash in the form of dividends from the Bank. Federal banking regulations restrict the amount of dividends that can be paid and such dividends are payable only from the retained earnings of the Bank. At December 31, 1998 the Bank's retained earnings were $34,247,000.

NOTE 13 - TRANSACTIONS WITH DIRECTORS, EXECUTIVE OFFICERS AND ASSOCIATES

Directors and executive officers of the Company and the Bank and associates of such persons are customers of and had transactions with the Bank in the ordinary course of business. Additional transactions may be expected to take place in the future. Also, included in such transactions are outstanding loans and commitments, all of which were made on comparable terms, including interest rates and collateral, as those prevailing at the time for other customers of the Bank, and did not involve more than normal risk of collectibility or present other unfavorable features. Total loans to all executive officers and directors, including immediate family and business interests, at December 31, 1998 and 1997, were $1,085,000 and $1,628,000, respectively. During 1998, $55,000 of new loans were made to this group and repayments of $598,000 were received.

NOTE 14 - 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 one percent of employee salary deferred and fifty percent of employee contributions in excess of one percent and up to six percent of salary deferred. The Board of Directors may also make discretionary contributions to the Plan. For the years ended December 31, 1998, 1997 and 1996, $378,000, $361,000, and $336,000, respectively, were charged to operations under the plan.

Supplemental benefits are provided to certain key officers under The Conway National Bank Executive Supplemental Income Plan (ESI) and the Long-Term Deferred Compensation Plan (LTDC). These plans are not qualified under the Internal Revenue Code. The plans are unfunded. However, certain benefits under the ESI Plan are informally and indirectly funded by insurance policies on the lives of the covered employees.

NOTE 15 - 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 Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital to risk-weighted assets, and of Tier I capital to average assets. Management believes, as of December 31, 1998, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 1998, the most recent notification from the Office of the Comptroller of the Currency categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank's category. The Bank's actual capital amounts and ratios and minimum regulatory amounts and ratios are presented as follows (dollar amounts in thousands):
<TABLE>
<CAPTION>

	Actual		For capital adequacy purposes Minimum		To be well capitalized under prompt corrective action provisions Minimum	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<S>	<C>	<C>	<C>	<C>	<C>	<C>
As of December 31, 1998						
Total Capital (to risk weighted assets)	$ 41,177	16.82%	$ 19,586	8.0%	$ 24,483	10.0%
Tier I Capital (to risk weighted assets)	38,117	15.57	9,793	4.0	14,690	6.0
Tier I Capital (to average assets)	38,117	9.22	16,541	4.0	20,677	5.0

</TABLE>

NOTE 15 - REGULATORY MATTERS, Continued
<TABLE>
<CAPTION>

	Actual		For capital adequacy purposes Minimum		To be well capitalized under prompt corrective action provisions Minimum	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<S>	<C>	<C>	<C>	<C>	<C>	<C>
As of December 31, 1997						
Total Capital (to risk weighted assets)	$ 38,295	16.98%	$ 18,046	8.0%	$ 22,558	10.0%
Tier I Capital (to risk weighted assets)	35,475	15.73	9,023	4.0	13,535	6.0
Tier I Capital (to average assets)	35,475	9.45	15,018	4.0	18,773	5.0

NOTE 16 - ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of the Company's financial instruments were as follows at December 31 (amounts in thousands):

</TABLE>
<TABLE>
<CAPTION>

	1998		1997	
	Carrying amount	Fair value	Carrying amount	Fair value
<S>	<C>	<C>	<C>	<C>
FINANCIAL ASSETS				
Cash and due from banks	$ 17,864	$ 17,864	$ 14,371	$ 14,371
Federal funds sold	27,100	27,100	11,375	11,375
Investment securities held to maturity	60,648	61,928	70,239	70,893
Investment securities available for sale	80,582	80,582	53,184	53,184

Loans	230,099	227,831	222,826	219,546
FINANCIAL LIABILITIES				
Deposits	346,112	346,460	301,327	301,490
Securities sold under repurchase agreements	32,518	32,602	32,366	32,420
U. S. Treasury demand notes	1,148	1,148	5,000	5,000
OFF BALANCE SHEET INSTRUMENTS				
Commitments to extend credit	20,637	20,637	20,551	20,551
Standby letters of credit	710	710	1,438	1,438

</TABLE>

NOTE 17 - PARENT COMPANY INFORMATION

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

<TABLE>
<CAPTION>

CONDENSED BALANCE SHEETS

	December 31, 1998	December 31, 1997
<S>	<C>	<C>
ASSETS		
Cash	$ 4,467	$ 3,480
Investment in subsidiary	38,542	35,646
Land	245	348
Other assets	37	37
	$ 43,291	$ 39,511
LIABILITIES AND STOCKHOLDERS' EQUITY		
Dividends payable	$ 2,090	$ 1,794
Stockholders' equity (net of $197 and $49 of treasury stock)	41,201	37,717
	$ 43,291	$ 39,511

</TABLE>
<TABLE>
<CAPTION>

CONDENSED STATEMENTS OF INCOME

	For the years ended December 31, 1998	1997	1996
<S>	<C>	<C>	<C>
INCOME			
Dividend from bank subsidiary	$ 2,903	$ 1,934	$ 1,548
Other income	-	-	11
	2,903	1,934	1,559
EXPENSES			
Sundry	38	34	30
Income before equity in undistributed net income of bank subsidiary	2,865	1,900	1,529
EQUITY IN UNDISTRIBUTED NET INCOME OF SUBSIDIARY	2,643	2,904	2,555
Net income	$ 5,508	$ 4,804	$ 4,084

</TABLE>

NOTE 17 - PARENT COMPANY INFORMATION, Continued

<TABLE>
<CAPTION>

CONDENSED STATEMENTS OF CASH FLOWS

For the years ended December 31,

	1998	1997	1996
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	$ 5,508	$ 4,804	$ 4,084
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in undistributed net income of bank subsidiary	(2,643)	(2,904)	(2,555)
Net cash provided by operating activities	2,865	1,900	1,529
INVESTING ACTIVITIES			
Purchase of land	(122)	(103)	-
Proceeds from the sale of land	200	-	-
Net cash provided by (used for) investing activities	78	(103)	-
FINANCING ACTIVITIES			
Dividends paid	(1,794)	(1,433)	(1,431)
Cash in lieu of fractional shares on stock dividend	-	(19)	-
Treasury stock transactions (net)	(162)	57	53
Net cash provided by (used for) financing activities	(1,956)	(1,395)	(1,378)
Net increase in cash	987	402	151
CASH, BEGINNING OF YEAR	3,480	3,078	2,927
CASH, END OF YEAR	$ 4,467	$ 3,480	$ 3,078

</TABLE>

NOTE 18 - QUARTERLY FINANCIAL DATA (UNAUDITED)

<TABLE>
<CAPTION>

Unaudited condensed financial data by quarter for 1998 and 1997 is as follows (amounts, except per share data, in thousands):

	Quarter ended			
<S>	<C>	<C>	<C>	<C>
1998	March 31	June 30	September 30	December 31
Interest income	$ 7,187	$ 7,554	$ 7,737	$ 7,565
Interest expense	3,166	3,282	3,324	3,258
Net interest income	4,021	4,272	4,413	4,307
Provision for loan losses	190	175	160	155
Net interest income after provision for loan losses	3,831	4,097	4,253	4,152
Noninterest income	816	963	1,161	992
Noninterest expenses	2,754	2,758	2,906	3,518
Income before income taxes	1,893	2,302	2,508	1,626
Income taxes	657	756	821	587
Net income	$ 1,236	$ 1,546	$ 1,687	$ 1,039
Net income per share	$ 2.07	$ 2.58	$ 2.83	$ 1.74
Weighted average shares outstanding	598,098	597,768	597,258	596,684

</TABLE>

NOTE 18 - QUARTERLY FINANCIAL DATA (UNAUDITED), Continued

<TABLE>
<CAPTION>

	Quarter ended			
<S>	<C>	<C>	<C>	<C>
1997	March 31	June 30	September 30	December 31
Interest income	$ 6,520	$ 6,813	$ 7,108	$ 7,318
Interest expense	2,798	2,923	3,022	3,021
Net interest income	3,722	3,890	4,086	4,297
Provision for loan losses	240	210	150	200
Net interest income after provision for loan losses	3,482	3,680	3,936	4,097
Noninterest income	775	871	993	774
Noninterest expenses	2,541	2,687	2,621	3,192
Income before income taxes	1,716	1,864	2,308	1,679
Income taxes	603	712	805	640
Net income	$ 1,113	$ 1,152	$ 1,503	$ 1,039
Net income per share	$ 1.86	$ 1.92	$ 2.51	$ 1.74
Weighted average shares outstanding	598,198	598,401	598,486	598,435

</TABLE>

ITEM 9 - DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

<TABLE>
<CAPTION>

PART III
ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT
MANAGEMENT OF THE COMPANY

Directors

The Directors and Nominees for election to the Board of Directors of the Company are as follows:

Name (Age)	Director Since	Proposed Term Expires	Present Principal Occupation	Company Stock Owned Number	%
<S>	<C>	<C>	<C>	<C>	
Willis J. Duncan (71)	1958	2000	Chairman of the Board. The President of the Bank from November 1985 to February 1988.	31,150(1)	5.22
W. Jennings Duncan (43)	1984	2001	President. Executive Vice President of the Bank from November 1985 to February 1988.	19,342(2)	3.24
Dr. R. C. Smith (84)	1959	2001	Past Chairman of the Board. Chairman of the Board from 1979 to 1985, when he became Vice Chairman. Chairman of the Board from November 1985 to February 1988. Retired in 1985 as a physician with Conway Internists, P.A. of Conway,South Carolina.	1,867	.31
James W. Barnette, Jr. (53)	1984	2001	President of Surfside Rent Mart, Inc., a general rental company located in Surfside Beach, S.C., since 1992. Private real estate investor from 1988 to 1991. Previously, Mr. Barnette was General Manager of Coastal Golf Corp., Burning Ridge Corp., and Indian Wells Golf Club, which own and operate golf courses in the Myrtle Beach, South Carolina, area.	4,858(3)	.81

</TABLE>

<TABLE>
<CAPTION>
ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT
MANAGEMENT OF THE COMPANY (continued)

Proposed Present Company

Name (Age)	Director Since	Term Expires	Principal Occupation	Stock Owned Number	%
<S>	<C>	<C>	<C>	<C>	
*Harold G. Cushman, Jr. (69)	1963	2002	Retired in 1995 as President of Dargan Construction Company, Inc.	20,403(4)	3.42
*Charles C. Cutts (93)	1945	2002	Retired.	15,367(5)	2.58
Paul R. Dusenbury (40)	1997	2000	Treasurer. Vice President and Cashier of the Bank since 1988.	836(6)	.14
*G. Heyward Goldfinch (80)	1976	2002	Retired. Director of Goldfinch's, Inc., a funeral home, and of Hillcrest Cemetery of Conway, Incorporated.	1,937	.32
John Monroe J. Holliday (82)	1969	2000	President of Palmetto Farms Corp. and partner in Holliday Associates, diversified agricul- tural, real estate development, and retail companies headquartered in Horry County, South Carolina.	15,025(7)	2.52
*Robert P. Hucks (53)	1993	2002	Executive Vice President. Served as Vice President and Cashier of the Bank from 1985 to 1988.	1,774(8)	.30
Richard M. Lovelace,Jr. (52)	1984	2000	Attorney in private practice with Lovelace & Rogers, PA in Conway, South Carolina.	1,912(9)	.32
John K. Massey (84)	1959	2001	Retired.	4,722(10)	.79
*Howard B. Smith, III (50)	1993	2002	Asst. Professor of Accounting with Coastal Carolina University since January, 1998. Previously, Mr. Smith was a practicing certified public accountant with Smith, Sapp,Bookhout,Crumpler, & Callihan,P.A. in Myrtle Beach, South Carolina.	2,393	.40

</TABLE>

* Nominee for election to the Board of Directors.

Except as indicated below, each director or director nominee of the company has sole voting and investment power with respect to all shares of Company stock owned by such director or director nominee. The address of each director or director nominee is c/o The Conway National Bank, Post Office Drawer 320, 1400 Third Avenue, Conway, South Carolina 29526. All directors and officers of the Company and its subsidiary, The Conway National Bank, as a group (42 persons), own 155,938 (26.14%) shares of Company stock.

(1) Includes 10,517 shares held by Harriette B. Duncan (wife).

(2) Includes 871 shares held by Robin F. Duncan (wife); 2,510 shares held by Ann Louise Duncan (daughter); 2,510 shares held by Mary Kathryn Duncan (daughter); 2,510 shares by Willis Jennings Duncan, V (son); and 2,510 shares by Margaret Brunson Duncan (daughter).

(3) Includes 4,022 shares held by Janet J. Barnette (wife).

(4) Includes 17,500 shares held by the Cushman Family Limited partnership; 261 shares held by Dianne C. Cushman (wife); 941 shares held by Marion Shannon Cushman (son); 485 shares held by Frances Faison Cushman (daughter); 485 shares held by Harold G. Cushman, III (son); 62 shares held by Harold G. Cushman, IV (grandson); and 62 shares held by Kara Dawn Cushman (granddaughter).

(5) Includes 7,703 shares held by Eugenia B. Cutts (wife).

(6) Includes 125 shares held by Jennifer S. Dusenbury (wife); 37 shares held by Elena Cox Dusenbury (daughter); and 37 shares held by Sarah Cherry Dusenbury (daughter).

(7) Includes 1,575 shares held by Marjorie R. Holliday Irrevocable Trust (wife); 4,130 shares held by M. Russell Holliday, Jr. (daughter); 2,472 shares held by Christian M. Holliday Douglas (daughter); 432 shares held by Christian M. H. Douglas, Jr. (granddaughter); 432 shares held by Marjorie Russell Douglas (granddaughter); 432 shares held by David Duvall Douglas, Jr. (grandson); and 605 shares held by David D. and Christian M.H. Douglas Trust (grandchildren).

(8) Includes 250 shares held by Willie Ann Hucks (wife); 25 shares held by Mariah J. Hucks (daughter); 62 shares held by Norah Leigh Hucks (daughter); and 187 shares held by Robert P. Hucks, II (son).

(9) Includes 362 shares held by Rebecca S. Lovelace (wife); 235 shares held by Richard Blake Lovelace (son); and 550 shares held by Macon B. Lovelace (son).

(10) Includes 1,322 shares held by Bertha T. Massey (wife).

Each director of the Company has been engaged in his principal occupation of employment as specified above for five (5) years or more unless otherwise indicated.

W. Jennings Duncan is Willis J. Duncan's son. Richard M. Lovelace, Jr. is Dr. R. C. Smith's son-in-law. No other family relationships exist among the above named directors or officers of the Company. None of the directors of the Company holds a directorship in any company with a class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, or subject to the requirements of Section 15(d) of that act or in any company registered as an investment company under the Investment Company Act of 1940, as amended.

The Board of Directors of the Company, as originally constituted, was classified into three (3) classes with each class consisting of five (5) directors. Five (5) directors in Class II will be elected at the 1999 Annual Meeting to serve for a three (3) year term. Directors in Class III will be elected at the 2000 Annual Meeting to serve for a three (3) year term and Directors in Class I will be elected at the 2001 Annual Meeting to serve for a three (3) year term. Currently, there are thirteen (13) Directors, with five (5) directors in Class II. The Board of Directors has passed a resolution fixing the total number of Directors at thirteen (13).

The Board of Directors of the Company serves as the Board of Directors of its subsidiary, The Conway National Bank. The Company's Board of Directors meets as is necessary and the Bank's Board of Directors meets on a monthly basis.

The Board of Directors of the Bank has an Executive Committee that meets when necessary between scheduled meetings of the Board of Directors. The Executive Committee recommends to the Board of Directors the appointment of officers; determines officer compensation subject to Board approval; reviews employee salaries; considers any director nominee submitted by the shareholders; and addresses any other business as is necessary which does not come under the authority of other committees on the Board of Directors. The Executive Committee will consider any nominee to the Board of Directors submitted by the shareholders, provided shareholders intending to nominate director candidates for election deliver written notice thereof to the Secretary of the Company not later than (i) with respect to at election to be held at an Annual Meeting of shareholders, ninety (90) days prior to the anniversary date of the immediately preceding Annual Meeting of shareholders, and (ii) with respect to an election to be held at a special meeting of shareholders, the close of business on the tenth (10th) day following the date on which notice of such meeting is first given to shareholders. The Bylaws further provide that the notice shall set forth certain information concerning such shareholder and his nominee(s), including their names and addresses, a representation that the shareholder is entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, a description of all arrangements or understandings between the shareholder and each nominee, such other information as would be required to be included in a proxy statement soliciting proxies for the election of the nominees of such shareholder and the consent of each nominee to serve as Director of the Company if so elected. The Chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedures. The members of the Executive Committee are Charles C. Cutts, Willis J. Duncan, W. Jennings Duncan, and Dr. R. C. Smith.

In addition, the Board of Directors of the Bank has Audit, Loan, Public Relations, and Building Committees. The members of the Audit Committee are Charles C. Cutts, Paul R. Dusenbury, John Monroe J. Holliday, John K. Massey, Howard B. Smith, III, and Dr. R. C. Smith. The members of the Loan Committee are James W. Barnette, Jr., Harold G. Cushman, Jr., Willis J. Duncan, W. Jennings Duncan, G. Heyward Goldfinch, Robert P. Hucks, and Richard M. Lovelace, Jr. The members of the Public Relations Committee are James W. Barnette, Jr., G. Heyward Goldfinch, and John K. Massey. The members of the Building Committee are James W. Barnette, Jr., Harold G. Cushman, Jr., Willis J. Duncan, W. Jennings Duncan, and Robert P. Hucks. Willis J. Duncan, Chairman of the Board, and W. Jennings Duncan, President, are ex officio members of each of these committees of the Board with the exception of the Audit Committee.

The function of the Audit Committee is to ensure that adequate accounting procedures are in existence and functioning in a manner adequate to safeguard the assets of the Bank. The Audit Committee also monitors internal and external audit activities. The function of the Loan Committee is to review and approve new loans and monitor the performance and quality of existing loans, as well as to ensure that sound policies and procedures exist in the Bank's lending operations.

During 1998, the Company's Board of Directors met four (4) times; the Bank's Board of Directors met twelve (12) times; the Executive Committee met eleven (11) times; the Audit Committee met nine (9) times; the Loan Committee met twelve (12) times; the Building Committee met two (2) times; and the Public Relations Committee did not meet. With the exception of Charles C. Cutts, each Director attended at least 75% of the aggregate of (a) the total number of meetings of the Board of Directors held during the period for which he served as Director and (b) the total number of meetings held by all committees of the Board of Directors of which he served.

Executive Officers:

The Executive Officers and other officers of the Company are as follows:

Name	Age	Position(s) Currently With The Company
Willis J. Duncan	71	Chairman of the Board (1)
W. Jennings Duncan	43	President and Director (1)
Robert P. Hucks	53	Executive Vice President and Director (1)

Verta Lee Chestnut	60	Secretary
Paul R. Dusenbury	40	Treasurer and Director (1) (Chief Financial Officer and Chief Accounting Officer)

____
(1) Executive Officer

All executive officers and other officers serve at the pleasure of the Board of Directors of the Company. Each executive officer and other officer of the Company has been an officer of the Company and/or the Bank for five (5) years.

ITEM 11. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The Company pays no remuneration to its Directors and Executive Officers. All remuneration for services rendered are paid by the Company's subsidiary, The Conway National Bank, Conway, South Carolina ("the Bank").

Compensation Committee Report

The Executive Committee of the Bank recommends to the Board of Directors the appointment of officers; determines officer compensation subject to Board approval; and reviews employee salaries. The compensation of the President (Chief Executive Officer) and the other executive officers is not tied directly to corporate performance or any measure thereof. However, it would be deemed unacceptable by the Executive Committee, Board, and management to establish compensation levels that are not consistent with the performance of the Bank or return to shareholders. During the compensation decision process, much emphasis is placed on the Job Evaluation Salary Administration Program (JESAP) Committee. The "JESAP" Committee is charged with the responsibility of establishing job position descriptions; applying values to each job position in the form of a salary range; and obtaining salary surveys of a local, regional, and national level to determine that salary ranges are consistent with the industry and peers. The "JESAP" committee utilizes an independent management consulting firm to aid in this process. For each Bank employee, including the President (Chief Executive Officer) and all executive officers, a salary minimum, midpoint, and maximum is established. For fiscal 1998, all executive officer salary levels were below the midpoint as established by the JESAP process.

<TABLE>
<CAPTION>
Summary Compensation Table

		Annual Compensation			Long-Term Compensation Awards		Payouts	
Name and Principal Position	Year	($) Salary	($) Bonus	Other Annual(1) Compensation	Restricted Stock($) Awards	Stock Options /SAR'S (#)	Long-Term Incentive Payout ($)	All Other(2) Compensation
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
W. Jennings Duncan	1998	135,504	29,900	4,361	0	0	0	10,163
President and	1997	128,136	25,000	3,386	0	0	0	9,610
Director of Bank	1996	121,740	15,640	2,985	0	0	0	9,131
Robert P. Hucks	1998	119,796	26,500	6,000	0	0	0	8,985
Executive Vice	1997	113,280	22,188	6,000	0	0	0	8,496
President and	1996	107,628	13,960	6,000	0	0	0	8,072

Director of Bank

Paul R. Dusenbury	1998	111,060	24,588	6,000	0	0	0	8,330
Vice President and	1997	105,024	20,688	6,000	0	0	0	7,877
Cashier of Bank	1996	99,780	13,000	6,000	0	0	0	7,484

</TABLE>
[FN]
(1) Cash value of personal use of automobile furnished by the Bank or automobile travel allowance.

(2) Cash contributions made by the Bank to the Bank's contributory profit-sharing and savings defined contribution plan.
</FN>

PENSION PLAN DISCLOSURE

The Bank has a defined contribution pension plan covering all employees who have attained age twenty-one and have a minimum one year of service. Upon ongoing approval of the Board of Directors, the Bank matches one hundred percent of employee contributions up to one percent of employee contributions of salary deferred and fifty percent of employee contributions in excess of one percent and up to six percent of salary deferred. For the years ended December 31, 1998, 1997, and 1996, $378,000, $361,000, and $336,000, respectively, was charged to operations under the plan.

The Board of Directors of the Bank provides supplemental benefits to certain key officers, including Willis J. Duncan, W. Jennings Duncan, Robert P. Hucks, and Paul R. Dusenbury, under The Conway National Bank Executive Supplemental Income (ESI) Plan and a Long-Term Deferred Compensation (LTDC) Plan. These plans are not qualified under the Internal Revenue Code. These plans are unfunded, however, certain benefits under the ESI Plan are informally and indirectly funded by insurance policies on the lives of the covered employees. Under the provisions of the ESI Plan, the Bank and the participating employees will execute agreements providing each employee (or his beneficiary, if applicable) with a pre-retirement death benefit and a post-retirement annuity benefit. The ESI Plan is designed to provide participating employees with a pre-retirement benefit based on a percentage of the employee's current compensation. The ESI agreement's post-retirement benefit is designed to supplement a participating employee's retirement benefits from Social Security in order to provide the employee with a certain percentage of his final average income at retirement age. While the employee is receiving benefits under the ESI Agreement, the agreement will prohibit the employee from competing with the Bank and will require the participating employee to be available for consulting work for the Bank. The ESI Agreement may be amended or revoked at any time prior to the participating employee's death or retirement, but only with the mutual written consent of the covered employee and the Bank. The ESI Agreements require that the participating employee be employed at the Bank at the earlier of death or retirement to be eligible to receive, or have his beneficiary receive, benefits under the agreement. During 1997, the Board approved a LTDC Plan to be finalized in 1998. Under the LTDC Plan, certain key employees and the Board of Directors may defer a portion of their compensation for their retirement and purchase units which are equivalent in value to one share of the Company's stock at market value. The employee or Director receives appreciation, if any, in the market value of the unit as compared to the initial value per unit.

Performance Graphs

The performance graph shall be submitted in paper form under cover of Form SE as provided in Rule 304(d) of Regulation S-T.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS (continued)

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

No Compensation Committee interlocks exist. The members of the Executive Committee of the Board, which serves as the Compensation Committee, are Charles C. Cutts (outside Director), Willis J. Duncan (Chairman of the Board and inside Director), W. Jennings Duncan (President and inside Director), and Dr. R.C. Smith (outside Director). Membership of the "JESAP" Committee consists of six Bank officers.

Director Compensation

Directors who are not Bank officers received $400 for each monthly meeting of the Board of Directors and an additional $100 for each committee meeting attended in 1998. Effective February, 1999, Director compensation for each committee meeting attended was increased to $150.

COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers and persons who own more than ten percent of a registered class of the Company's equity securities to file reports of ownership on Form 3 and changes in ownership on Form 4 or 5 with the Securities and Exchange Commission (the "SEC") and the National Association of Securities Dealers. Such officers, directors, and 10 percent shareholders are also required by SEC rules to furnish the Company with copies of all Section 16(a) forms that they file.

Based solely on its review of copies of such reports received or written representations from certain reporting persons, the Company believes that during the fiscal year ended December 31, 1998, all Section 16(a) filing requirements applicable to its officers, directors, and 10 percent shareholders were complied with.

ITEM 12. SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth as of December 31, 1998, certain information regarding the ownership of Company Stock of all officers and directors of the Company. No shareholder who is not an officer or director of the Company is known to the management of the Company to be the beneficial owner of more than five (5%) percent of the Company Stock. The Company Stock is the Company's only class of voting securities.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Willis J. Duncan 1400 Third Avenue	31,150	5.2%

Conway, South Carolina 29526

All Officers and Directors as a Group

(41 persons) (2)	155,938	26.1%

____

(1) For a description of the amount and nature of ownership of the directors of the Company, see "Management of the Company -Directors".

(2) Includes 28 officers of the subsidiary, The Conway National Bank, who are not officers of the Company.

ITEM 13. CERTAIN TRANSACTIONS

Directors, principal shareholders, and Executive Officers of the Company and the Bank are customers of and had transactions with the Bank in the ordinary course of business. Included in such transactions are outstanding loans and commitments, all of which were made on comparable terms, including interest rates and collateral as those prevailing at the time for other customers of the Bank, and did not involve more than normal risk of collectibility or present other unfavorable features.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following exhibits, financial statements and financial statement schedules are filed as part of this report:

FINANCIAL STATEMENTS

Report of Independent Public Accountants
Consolidated Statements of Condition - December 31, 1998 and 1997
Consolidated Statements of Income - Years ended December 31, 1998, 1997, and 1996
Consolidated Statements of Changes in Stockholders' Equity - Years ended December 31, 1998, 1997, and 1996
Consolidated Statements of Comprehensive Income - Years ended December 31, 1998, 1997, and 1996.
Consolidated Statements of Cash Flows - Years Ended December 31, 1998, 1997, and 1996
Notes to Consolidated Financial Statements

FINANCIAL STATEMENT SCHEDULES

All financial statement schedules have been omitted from this Annual Report because the required information is presented in the financial statements or in the notes thereto or the required subject matter is not applicable.

EXHIBITS

See Exhibit Index appearing below.

Reports on Form 8-K - No reports on Form 8-K were filed during the last quarter of the period covered by this report.

EXHIBIT INDEX

Exhibit Number	
3	Articles of Incorporation - A copy of the Articles of Incorporation of the Company is incorporated herein by reference to Exhibit 3(a) which was filed with a Form 8-A dated June 24, 1998
	By-laws of the Company - A copy of the By-laws of the Company is incorporated herein by reference to Exhibit 3(b) which was filed with a Form 10-Q Quarterly Report dated June 30, 1997.
22	Subsidiaries of the Registrant - A copy of the subsidiaries of the registrant is incorporated herein by reference to Exhibit 22 which was filed with a Form 10-K Annual Report dated March 28, 1986.
27	Financial Data Schedule - Article 9 Financial Data Schedule for 10-k for electronic filers (pages 67 and 68).

All other exhibits, the filing of which are required with this Form, are not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

W. Jennings Duncan, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in their capacities on March 17, 1999.

Signature	Capacity
Willis J. Duncan	Chairman of the Board
W. Jennings Duncan	President and Director
Robert P. Hucks	Executive Vice President and Director
Verta Lee Chestnut	Secretary
Paul R. Dusenbury	Treasurer and Director (Chief Financial Officer and Chief Accounting Officer)
Harold G. Cushman, Jr.	Director
Charles C. Cutts	Director
G. Heyward Goldfinch	Director

J.M.J Holliday	Director
John K. Massey	Director
Howard B. Smith, III	Director

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE MORE DETAILED FINANCIAL STATEMENTS OF THE COMPANY AND SUBSIDIARY AND NOTES THERETO INCLUDED ELSEWHERE IN THIS REPORT AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIALS.
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