

# P99000070268

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### MERGER OR SHARE EXCHANGE

COMMERCE BANK, N.A.

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ARTICLES OF MERGER  
OF  
PALM BEACH COUNTY BANK  
(a Florida Corporation)  
WITH AND INTO  
COMMERCE BANK, N.A.  
(a National Banking Association)

To the Department of State - State of Florida

Pursuant to Section 607.1109 of the Florida Business Corporation Act, the domestic business corporation and the National Banking Association herein named do hereby submit the following articles of merger.

1. The name, street address of its principal office and jurisdiction of the merging party is: Palm Beach County Bank, 2130 Centrepark West Drive, West Palm Beach, Florida 33410, a Florida business corporation. Florida Document/Registration Number #P99000070268 and FEI Number #65-0940289.

2. The name, street address of its principal office and jurisdiction of the surviving party is: Commerce Bank, N.A., 2005 Market Street, Philadelphia, Pennsylvania 19103, a National Banking Association. FEI Number 22-2486057.

3. The attached Agreement and Plan of Reorganization meets the requirements section 607.1108, Florida Statutes, and was approved by Palm Beach County Bank in accordance with Chapter 607, Florida Statutes. The shareholders entitled to vote on the aforesaid Agreement and Plan of Reorganization of Palm Beach County Bank approved and adopted the Agreement and Plan of Reorganization by written consent of the said shareholders as of September 19, 2005.

4. The attached Agreement and Plan of Reorganization was approved by the board of directors of Commerce Bank, N.A. in accordance with the respective laws of all applicable jurisdictions as of July 19, 2005.

5. Commerce Bank, N.A. hereby appoints the Florida Secretary of State as its agent for substitute service of process pursuant to Chapter 48, Florida Statutes, in any proceeding to enforce any obligation or rights of any dissenting shareholders of Palm Beach County Bank.

6. Commerce Bank, N.A. agrees to pay the dissenting shareholders of Palm Beach County Bank, the amount, if any, to which they are entitled under section 607.1302, Florida Statutes.

7. The merger of Palm Beach County Bank with and into Commerce Bank, N.A. is permitted under the respective laws of all applicable jurisdictions and has been authorized in compliance with said laws.

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8. The effective time and date of the merger herein provided for in the State of Florida shall be upon filing.

9. The Articles of Merger comply and were executed in accordance with the laws of each party's applicable jurisdiction.

IN WITNESS WHEREOF, each of the undersigned has caused these Articles of Merger to be signed by a duly authorized officer as of the 5<sup>th</sup> day of December, 2005.

PALM BEACH COUNTY BANK

By: 

Name: Calvin L. Corley

Title: Chief Executive Officer

COMMERCE BANK N.A.

By: 

Name: Douglas J. Pauls

Title: Chief Financial Officer

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**AGREEMENT AND PLAN OF REORGANIZATION**

**among**

**COMMERCE BANCORP, INC.**

**COMMERCE BANK, N.A.**

**and**

**PALM BEACH COUNTY BANK**

Dated as of July 25, 2005

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## AGREEMENT AND PLAN OF REORGANIZATION

AGREEMENT AND PLAN OF REORGANIZATION (this "Agreement"), dated as of July 25, 2005, among Commerce Bancorp, Inc., a New Jersey business corporation ("CBH"), Commerce Bank, N.A., a national banking association and a wholly-owned subsidiary of CBH ("NA") and Palm Beach County Bank, a Florida commercial banking association ("PBCB").

### RECITALS

The Boards of Directors of CBH, NA and PBCB have determined that it is in the best interests of their respective companies and their stockholders to consummate the business combination transaction provided for herein in which PBCB will, subject to the terms and conditions set forth herein, merge (the "Merger") with and into NA.

As an inducement and condition to CBH and NA entering into this Agreement, (i) the Voting Trust Agreement dated as of August 12, 1999 ("Voting Trust Agreement") by and among PBCB, all of the stockholders of PBCB and the Voting Trustees shall be terminated with respect to the PBCB common stock within ten business days of the date hereof and (ii) certain of the shareholders of PBCB (i.e., all of its directors and certain stockholders) have agreed to vote all of their shares of PBCB common stock which they are entitled to vote in favor of the transactions contemplated by this Agreement at the meeting of PBCB Stockholders at which this Agreement is considered as set forth in the form attached hereto as Exhibit A ("Voting Agreement").

The parties desire to make certain representations, warranties and agreements in connection with the Merger and also to prescribe certain conditions to the Merger.

### AGREEMENT

In consideration of the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

#### ARTICLE I. DEFINITIONS AND INTERPRETATION

1.1 Definitions. The following terms shall have the indicated definitions.

Acquisition Proposal. A proposed tender offer, written agreement, understanding or other proposal of any nature pursuant to which any Person or group, other than CBH or any CBH Subsidiary, would directly or indirectly (i) acquire or participate in a merger, share exchange, consolidation or any other business combination involving PBCB or any PBCB Subsidiary; (ii) acquire the right to vote 10% or more of the outstanding voting securities of PBCB or any PBCB Subsidiary; (iii) acquire 10% or more of the assets or earning power of PBCB or of any PBCB Subsidiary; or (iv) acquire in excess of 10% of any class of capital stock of PBCB or any Subsidiary.

Affiliate. With respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common



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control with, such Person. For the purposes of this definition, "control" means, when used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract, or otherwise, and the terms "controlling" and "controlled" have correlative meanings.

Articles of Merger. The articles of merger complying with the FBA and the NBA reflecting the merger of PBCB with and into NA.

BHC Act. The Bank Holding Company Act of 1956, as amended.

CBH Common Stock. The common stock, par value \$1.00 per share, of CBH.

DPC Shares. Shares held by PBCB, CBH or any of CBH's Subsidiaries in respect of a debt previously contracted.

Effective Time. The effective time of the Merger as specified in the Articles of Merger.

Environmental Laws. All federal, state and local laws, including common-law statutes, regulations, ordinances, codes, rules and other governmental restrictions, standards and requirements relating to the discharge of air pollutants, water pollutants or process waste water or substances, as now or at any time hereafter in effect, including, but not limited to, the Federal Solid Waste Disposal Act, the Federal Hazardous Materials Transportation Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resource Conservation and Recovery Act of 1976, the Federal Comprehensive Environmental Responsibility Cleanup and Liability Act of 1980, as amended ("CERCLA"), regulations of the Environmental Protection Agency, regulations of the Nuclear Regulatory Agency, regulations of the Occupational Safety and Health Administration, and any so-called "Superfund" or "Superlien" Laws.

ERISA. The Employee Retirement Income Security Act of 1974, as amended.

Exchange Act. The Securities Exchange Act of 1934, as amended.

Exchange Agent. The current or the successor stock transfer agent of CBH, which shall be responsible for the exchange of the Merger Consideration for the PBCB Common Stock.

Exchange Ratio. 1.9835 shares of CBH Common Stock for each share of PBCB Common Stock.

Expenses. All reasonable in amount and reasonably incurred out-of-pocket expenses (including all reasonable fees and reasonable expenses of counsel, accountants, investment bankers, experts and consultants to the applicable Party and its Affiliates) incurred by or on behalf of a Party to this Agreement in connection with this Agreement or the transactions contemplated by this Agreement.

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FBA. Florida Interstate Branching Act, as amended, and the Florida Banking Corporation Act, as amended.

FDIC. The Federal Deposit Insurance Corporation.

FRB. The Board of Governors of the Federal Reserve System.

Fair Market Value. The average of the last reported sale price per share of the CBH Common Stock as reported on the NYSE (as reported in the Wall Street Journal or another mutually agreeable authoritative source) for the seven consecutive trading days immediately prior to the second business day prior to the Effective Time.

GAAP. Generally accepted accounting principles consistently applied during the periods involved.

Governmental Entity. Any court, administrative agency or commission or other governmental authority or instrumentality.

Hazardous Materials. Any chemicals, pollutants, contaminants, wastes, toxic substances, petroleum or other regulated substances or materials.

Intellectual Property. (i) trademarks, service marks, trade names, Internet domain names, designs, logos, slogans, and general intangibles of like nature, together with all goodwill, registrations and applications related to the foregoing; (ii) patents and industrial designs (including any continuations, divisionals, continuations-in-part, renewals, reissues, and applications for any of the foregoing); (iii) copyrights (including any registrations and applications for any of the foregoing); (iv) Software; and (v) technology, trade secrets and other confidential information, know-how, proprietary processes, formulas, algorithms, models, and methodologies.

IRS. The Internal Revenue Service.

Knowledge or aware. Any term of similar import means, (i) with respect to PBCB, the actual knowledge of each director and executive officer of PBCB or any PBCB Subsidiary, and (ii) with respect to CBH, the actual knowledge of each director and executive officer of CBH or any CBH Subsidiary.

Loan Property. Any property in which PBCB holds a security interest, and, where required by the context, such term means the owner or operator of such property.

Material Adverse Effect. With respect to CBH or PBCB, as the case may be, a material adverse effect on (i) the business, results of operations or financial condition of such party and its Subsidiaries taken as a whole, other than any such effect attributable to or resulting from (i) any change in banking or similar laws, rules or regulations of general applicability or interpretations thereof by courts or governmental authorities, (u) any change in GAAP or regulatory accounting principles applicable to banks, thrifts or their holding companies

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generally, (v) any action or omission of the parties taken with the prior written consent of the other parties hereto, (w) any events, conditions or trends in business or financial conditions affecting the banking industry, (x) any change or development in financial or securities markets or the economy in general, including changes in interest rates, (y) the announcement or execution of this Agreement, including any impact on relationships with customers or employees, or (z) charges and expenses contemplated in connection with the Merger and not otherwise in violation of this Agreement, including those related to employment contracts and severance payments; legal, accounting and investment banking fees; data processing conversion costs; and accounting changes or charges taken pursuant to Section 7.8 or (ii) the ability of the parties to consummate the transactions contemplated hereby.

Merger Consideration. The aggregate number of shares of CBH Common Stock issuable by CBH upon conversion of the PBCB Common Stock as provided herein.

NBA. The National Banking Act, as amended.

NYSE. The New York Stock Exchange.

OCC. The Office of the Comptroller of the Currency.

OCC Consent. The consent of the OCC necessary to consummation of the Merger.

Participation Facility. Any facility in which PBCB or its Subsidiaries participates in the management and, where required by the context, such term means the owner or operator of such facility.

PBCB Common Stock. The common stock, par value \$5.60 per share, of PBCB.

PBCB Option Plan. The Palm Beach County Bank Voting Trust Plan "A" Incentive Stock Option Plan for officers and employees and Plan "B" Non-qualified Stock Option Plan for directors, officers and employees.

PBCB Stock Certificate. A certificate, which previous to the Merger represented any shares of PBCB Common Stock.

PBCB Voting Trust Certificates. Certificates issued by the Voting Trust Agreement dated August 12, 1999, by and among Palm Beach County Bank and the persons listed on Annex A thereto, representing interests in the PBCB Common Stock.

Per Share Merger Consideration. The shares of CBH Common Stock issuable hereunder for each share of PBCB Common Stock, which is 1.9835 shares of CBH Common Stock for each share of PBCB Common Stock.

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**Person.** An individual, partnership (general or limited), corporation, joint venture, business trust, limited liability company, cooperative association or other form of business organization, trust, estate or any other entity.

**Regulatory Agencies.** The OCC, the FRB, the FDIC and any other regulatory authority or applicable self-regulatory organization with jurisdiction over the Merger.

**Rights.** Subscriptions, options, warrants, calls, commitments or agreements of any character to purchase capital stock.

**SEC.** The Securities and Exchange Commission.

**Software.** Computer programs, whether in source code or object code form (including any and all software implementation of algorithms, models and methodologies), databases and compilations (including any and all data and collections of data), and all documentation (including user manuals and training materials) related to the foregoing.

**Subsidiary.** The word "Subsidiary" (1) when used with respect to PBCB shall mean any corporation, partnership or other organization, whether incorporated or unincorporated, which is consolidated with such party for financial reporting purposes, and (2) when used with respect to CBH shall mean each Subsidiary of CBH that is a "Significant Subsidiary" within the meaning of Rule 1-02 of Regulation S-X of the SEC.

**Surviving Corporation.** The surviving corporation to the Merger, which shall be NA.

**Taxes.** Taxes shall mean all taxes, charges, fees, levies, penalties or other assessments imposed by any United States federal, state, local or foreign taxing authority, including, but not limited to income, estate, property, sales, transfer, franchise, payroll, withholding, social security or other taxes, including any interest, penalties or additions attributable thereto.

**Tax Return.** Any return, report, information return or other document (including any related or supporting information) with respect to Taxes.

**Trust Account Shares.** Shares of PBCB Common Stock or CBH Common Stock held directly or indirectly in trust accounts, managed accounts and the like or otherwise held in a fiduciary capacity for the benefit of third parties.

**Voting Trust.** The Palm Beach County Bank Voting Trust.

1.2 **Terms Defined Elsewhere.** The capitalized terms set forth below are defined in the following sections:

"Agreement"  
"Benefit Agreements"

Preamble  
Section 7.8(d)

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"CBH"	Preamble
"CBH Financial Statements"	Section 5.7
"CBH Preferred Stock"	Section 5.2
"CBH Reports"	Section 5.5
"CBH's Counsel"	Section 8.1(f)
"Closing"	Section 10.1
"Closing Date"	Section 10.1
"Code"	Section 2.3
"ERISA Affiliate"	Section 4.17(a)
"Exchange Fund"	Section 2.8
"Injunction"	Section 8.1(e)
"Loans"	Section 4.25(a)
"Maximum Amount"	Section 7.9
"Merger"	Recitals
"PBCB "	Preamble
"PBCB Contract"	Section 4.19(a)
"PBCB Disclosure Schedule"	Section 3.1
"PBCB Financial Statements"	Section 4.8
"Plans"	Section 4.17(a)
"Prospectus"	Section 4.4
"Regulatory Agreement"	Section 4.20
"Representatives"	Section 7.3(a)
"Requisite Regulatory Approvals"	Section 8.1(c)
"S-4"	Section 4.18
"Securities Act"	Section 2.10(b)
"State Banking Approvals"	Section 4.4
"Suntrust"	Section 4.10

1.3 Interpretation. When a reference is made in this Agreement to Sections, Exhibits or Schedules, such reference shall be to a Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The phrases "the date hereof" and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date of this Agreement. No provision of this Agreement shall be construed to require PBCB, CBH or any of their respective Affiliates to take any action that would violate any applicable law (including common law), rule or regulation.

## ARTICLE II. PLAN OF MERGER

2.1 The Merger. Subject to the terms and conditions of this Agreement, in accordance with the FBA and NBA, at the Effective Time, PBCB shall merge with and into NA. NA shall be the Surviving Corporation, and shall continue its corporate existence under the laws of the United States of America. The name of the Surviving Corporation shall continue to be

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"Commerce Bank, National Association" Upon consummation of the Merger, the separate corporate existence of PBCB shall terminate.

## 2.2 Effective Time and Effects of the Merger.

(a) Subject to the provisions of this Agreement, on the Closing Date, the Articles of Merger shall be duly prepared, executed and delivered for filing with the Secretary of State of the State of Florida and the OCC. The Merger shall become effective at the Effective Time. At and after the Effective Time, the Merger shall have the effects set forth in the FBA and NBA.

(b) At the Effective Time, the separate existence of PBCB shall cease, and NA, as the Surviving Corporation, shall thereupon and thereafter possess all of the assets, rights, privileges, appointments, powers, licenses, permits and franchises of the two merged corporations, whether of a public or a private nature, and shall be subject to all of the liabilities, restrictions, disabilities and duties of PBCB.

(c) At the Effective Time, all rights, assets, licenses, permits, franchises and interests of PBCB in and to every type of property, whether real, personal, or mixed, whether tangible or intangible, and choses in action shall be deemed to be vested in NA as the Surviving Corporation by virtue of the Merger becoming effective and without any deed or other instrument or act of transfer whatsoever.

(d) At the Effective Time, the Surviving Corporation shall become and be liable for all debts, liabilities, obligations and contracts of PBCB whether the same shall be matured or unmatured; whether accrued, absolute, contingent or otherwise; and whether or not reflected or reserved against in the balance sheets, other financial statements, books of account or records of PBCB.

2.3 Tax Consequences. It is intended that the Merger shall constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code") and that this Agreement shall constitute a plan of reorganization for the purposes of Sections 354 and 361 of the Code.

## 2.4 Conversion of PBCB Common Stock.

(a) At the Effective Time, subject to Section 2.9(e), each share of PBCB Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of PBCB Common Stock held directly or indirectly by PBCB, CBH or any of CBH's Subsidiaries (except for Trust Account Shares and DPC Shares)) shall, by virtue of this Agreement and without any action on the part of the holder thereof, be converted into and exchangeable for the right to receive, the Per Share Merger Consideration.

(b) At the Effective Time, all of the shares of PBCB Common Stock converted into the Per Share Merger Consideration pursuant to this Article II shall no longer be outstanding and shall automatically be cancelled and shall cease to exist, and each holder of PBCB Stock Certificates shall thereafter cease to have any rights with respect to such securities,

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except the right to receive for each share (i) the Per Share Merger Consideration, (ii) any dividends and other distributions in accordance with Section 2.9(b) hereof, and (iii) any cash in lieu of fractional shares pursuant to Section 2.9(e).

(c) If, between the date hereof and the Effective Time, (i) the shares of CBH Common Stock shall be changed (or CBH establishes a record date for changing such shares which is prior to the Effective Time) into a different number or class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, (ii) a stock dividend shall be declared (or CBH establishes a record date for such dividend which is prior to the Effective Time) in respect of CBH Common Stock, or (iii) any distribution is made (or CBH establishes a record date for such distribution which is prior to the Effective Time) in respect of CBH Common Stock other than a regular quarterly cash dividend consistent with past practice, proportionate adjustments shall be made to the Exchange Ratio.

(d) At the Effective Time, all shares of PBCB Common Stock that are owned directly or indirectly by PBCB, CBH or any of CBH's Subsidiaries (other than Trust Account Shares and DPC Shares) shall be cancelled and shall cease to exist and no stock of CBH, cash or other consideration shall be delivered in exchange therefor.

(e) As specifically permitted by this Agreement, if prior to the Effective Time, a dividend or distribution with respect to the PBCB common stock has been declared but not paid, such dividend or distribution shall be paid immediately prior to the Effective Time to the holders of PBCB Common Stock as of the applicable record date.

2.5 NA Common Stock. The shares of NA Common Stock issued and outstanding immediately prior to the Effective Time shall be unaffected by the Merger and such shares shall remain issued and outstanding and wholly-owned by CBH.

2.6 Articles of Incorporation and Bylaws. At the Effective Time, the Articles of Incorporation of NA, as in effect immediately prior to the Effective Time, shall be the Articles of Incorporation of the Surviving Corporation. At the Effective Time, the Bylaws of NA, as in effect immediately prior to the Effective Time, shall be the Bylaws of the Surviving Corporation until thereafter amended in accordance with applicable law.

2.7 Directors and Executive Officers. At and after the Effective Time, the directors of NA shall consist of all of the directors of NA serving immediately prior to the Effective Time, each to hold office in accordance with the Articles of Incorporation and Bylaws of the Surviving Corporation until their respective successors are duly elected or appointed and qualified. The executive officers of NA immediately prior to the Effective Time shall be the officers of the Surviving Corporation, each to hold office in accordance with the Articles of Incorporation and Bylaws of the Surviving Corporation until their respective successors are duly elected or appointed and qualified.

2.8 CBH to Make Shares Available. At the Effective Time, CBH shall deposit, or shall cause to be deposited with the Exchange Agent, for exchange in accordance with this Article II, (i) certificates representing the shares of CBH Common Stock to be issued pursuant to Section 2.4 and Section 2.9(a) in exchange for outstanding shares of PBCB Common Stock, and

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(ii) the cash in lieu of fractional shares to be paid in accordance with Section 2.9(e) hereof. Such cash and certificates for shares of CBH Common Stock, together with any dividends or distributions with respect thereto, are hereinafter referred to as the "Exchange Fund."

## 2.9 Exchange of Shares.

(a) As soon as practicable after the Effective Time, and in any event within five business days after the Effective Time, or otherwise as may be agreed upon by the parties, the Exchange Agent shall mail to each holder of record of PBCB Stock Certificates at the Effective Time, a form letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the PBCB Stock Certificates shall pass, only upon delivery of the PBCB Stock Certificates, to the Exchange Agent) and instructions for use in effecting the surrender of the PBCB Stock Certificates in exchange for Per Share Merger Consideration. PBCB shall have the right to review both the letter of transmittal and the instructions prior to the Effective Time and provide reasonable comments thereon. Upon surrender of PBCB Stock Certificates for exchange and cancellation to the Exchange Agent, together with a properly executed letter of transmittal, the holder of such PBCB Stock Certificates shall be entitled to receive in exchange therefor (x) a certificate representing that number of whole shares of CBH Common Stock which such holder of PBCB Common Stock became entitled to receive pursuant to the provisions of Article II hereof and (y) a check representing the amount of cash in lieu of fractional shares, if any, which such holder has the right to receive in respect of the PBCB Stock Certificates, as provided in Section 2.9(e), and the PBCB Stock Certificates so surrendered shall forthwith be cancelled. No interest will be paid or accrued on the cash in lieu of fractional shares or the unpaid dividends and distributions, if any, payable to holders of PBCB Stock Certificates.

(b) No dividends or other distributions declared after the Effective Time with respect to CBH Common Stock and payable to the holders of record thereof shall be paid to the holder of any unsurrendered PBCB Stock Certificate until the holder thereof shall surrender such PBCB Stock Certificate in accordance with this Article II. After the surrender of a PBCB Stock Certificate in accordance with this Article II, the record holder thereof shall be entitled to receive any such dividends or other distributions, without any interest thereon, which theretofore had become payable with respect to shares of CBH Common Stock represented by such PBCB Stock Certificate.

(c) If any certificate representing shares of CBH Common Stock is to be issued in a name other than that in which the PBCB Stock Certificate surrendered in exchange therefor is registered, it shall be a condition of the issuance thereof that the PBCB Stock Certificate so surrendered shall be properly endorsed (or accompanied by an appropriate instrument of transfer) and otherwise in proper form for transfer, and that the person requesting such exchange shall pay to the Exchange Agent in advance any transfer or other taxes required by reason of the issuance of a certificate representing shares of CBH Common Stock in any name other than that of the registered holder of the PBCB Stock Certificate surrendered, or required for any other reason, or shall establish to the reasonable satisfaction of the Exchange Agent that such tax has been paid or is not payable.

(d) After the Effective Time, there shall be no transfers on the stock transfer books of PBCB of the shares of PBCB Common Stock which were issued and



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outstanding immediately prior to the Effective Time. If, after the Effective Time, PBCB Stock Certificates representing such shares are presented for transfer to the Exchange Agent, they shall be cancelled and exchanged for certificates representing shares of CBH Common Stock, as provided in this Article II.

(e) Notwithstanding anything to the contrary contained herein, no certificates or scrip representing fractional shares of CBH Common Stock shall be issued upon the surrender for exchange of PBCB Stock Certificates, no dividend or distribution with respect to CBH Common Stock shall be payable on or with respect to any fractional share, and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a shareholder of CBH. In lieu of the issuance of any such fractional share, CBH shall pay to each former stockholder of PBCB who otherwise would be entitled to receive a fractional share of CBH Common Stock an amount in cash determined by multiplying (i) the Fair Market Value by (ii) the fraction of a share of CBH Common Stock which such holder would otherwise be entitled to receive pursuant to Section 2.4 hereof.

(f) Any portion of the Exchange Fund that remains unclaimed by the stockholders of PBCB for twelve months after the Effective Time shall be paid to CBH. Any stockholders of PBCB who have not theretofore complied with this Article II shall thereafter look only to CBH for payment of the Per Share Merger Consideration and/or the unpaid dividends and distributions on the CBH Common Stock deliverable in respect of each share of PBCB Common Stock such stockholder holds as determined pursuant to this Agreement, in each case, without any interest thereon. Notwithstanding the foregoing, none of CBH, PBCB, the Exchange Agent or any other person shall be liable to any former holder of shares of PBCB Common Stock for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

(g) In the event any PBCB Stock Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such PBCB Stock Certificate to be lost, stolen or destroyed and the posting by such person of a bond in such amount as the Exchange Agent may direct as indemnity against any claim that may be made against it with respect to such PBCB Stock Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed PBCB Stock Certificate the Per Share Merger Consideration deliverable in respect thereof pursuant to this Agreement.

## 2.10 Stock Options.

(a) At the Effective Time, each option granted by PBCB under the PBCB Option Plan (whether vested or unvested), which is outstanding and unexercised immediately prior thereto shall cease to represent a right to acquire shares of PBCB Common Stock in the Voting Trust and shall be converted automatically into a fully-vested option to purchase shares of CBH Common Stock in an amount and at an exercise price determined as provided below (and otherwise subject to the terms of the applicable CBH option plans, the agreements evidencing grants thereunder, and any other agreements between PBCB and an optionee regarding PBCB Options):

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(i) the number of shares of CBH Common Stock to be subject to the new option shall be equal to the product of the number of shares of PBCB Common Stock subject to the original option and the Exchange Ratio, provided that any fractional shares of CBH Common Stock resulting from such multiplication shall be rounded to the nearest whole share (and .5 of a share shall be rounded up), and

(ii) the exercise price per share of CBH Common Stock under the new option shall be equal to the exercise price per share of PBCB Common Stock under the original option divided by the Exchange Ratio, provided that such exercise price shall be rounded to the nearest cent (and .5 of a cent shall be rounded up).

(b) Prior to the Effective Time, CBH shall reserve for issuance under its existing stock option plans the number of shares of CBH Common Stock necessary to satisfy CBH's obligations under this Section.

2.11 Voting Agreements. As a material inducement for CBH and NA entering into this Agreement, simultaneously with the execution of this Agreement by the Parties, each director and certain stockholders of PBCB shall enter into the Voting Agreement which shall become effective upon the termination of the Voting Trust Agreement which shall occur no later than ten business days from the date hereof.

### ARTICLE III. DISCLOSURE SCHEDULES; STANDARDS FOR REPRESENTATIONS AND WARRANTIES

3.1 Disclosure Schedules. Prior to the execution and delivery of this Agreement, PBCB has delivered to CBH, (the "PBCB Disclosure Schedule," ) setting forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more of PBCB's representations or warranties contained in Article IV, or to one or more of PBCB's covenants contained in Article VI (it being understood and agreed that (if an item is properly set forth in one PBCB Disclosure Schedule, it shall be deemed to be set forth in any other relevant PBCB Disclosure Schedule,) provided, however, that notwithstanding anything in this Agreement to the contrary (a) no such item is required to be set forth in the Disclosure Schedule as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect under the standard established by Section 3.2, and (b) the mere inclusion of an item in a Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission by a party that such item represents a material exception or material fact, event or circumstance or that such item has had or would have a Material Adverse Effect with respect to PBCB.

3.2 Standards. No representation or warranty of PBCB contained in Article IV or of CBH contained in Article V shall be deemed untrue or incorrect for any purpose under this Agreement, and no party hereto shall be deemed to have breached a representation or warranty for any purpose under this Agreement, in any case as a consequence of the existence or absence of any fact, circumstance or event unless such fact, circumstance or event, individually or when taken together with all other facts, circumstances or events inconsistent with any representations

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or warranties contained in Article IV, in the case of PBCB, or Article V, in the case of CBH, has had or would have a Material Adverse Effect with respect to PBCB or CBH, respectively.

3.3 Subsidiaries. Where the context permits, "CBH" shall refer to CBH and each of its Subsidiaries and "PBCB" shall refer to PBCB and each of its Subsidiaries.

#### ARTICLE IV. REPRESENTATIONS AND WARRANTIES OF PBCB

Subject to Article III, PBCB hereby represents and warrants to CBH and NA as follows:

##### 4.1 Corporate Organization.

(a) PBCB is a Florida chartered commercial banking association duly organized, validly existing and in good standing under the laws of the State of Florida and a member of the FRB. PBCB has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, holds properties and assets only of the types permitted by the laws of the State of Florida, the United States, the rules and regulations promulgated by the Banking Department and the FRB for insured depository institutions, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary. The Articles of Incorporation and Bylaws of PBCB, copies of which have previously been made available to CBH, are true and correct copies of such documents as in effect as of the date hereof. The deposit accounts of PBCB are insured by the FDIC through the Bank Insurance Fund to the fullest extent permitted by law, and all premiums and assessments required in connection therewith have been paid when due.

(b) Each Subsidiary of PBCB is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization. Each Subsidiary of PBCB has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary.

(c) PBCB has no, and since December 31, 2000, PBCB has not had any, Subsidiaries other than those listed in Section 4.1(c) of the PBCB Disclosure Schedule, all of which are 100% owned. PBCB neither owns nor controls, directly or indirectly 5% or more of the outstanding equity securities, either directly or indirectly, of any Person.

(d) The minute books of PBCB contain true and correct records of all meetings and other corporate actions held or taken since December 31, 2000 of its stockholders and Board of Directors (including committees of the Board of Directors). PBCB has provided to CBH true, correct and complete copies of the charter documents of PBCB and each PBCB subsidiary.

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4.2 Capitalization. The authorized capital stock of PBCB consists of 2,000,000 shares of common stock, par value \$5.60 per share. As of the date hereof, (1) there are 1,676,575 shares of PBCB Common Stock issued and outstanding and (2) no shares of PBCB Common Stock held by PBCB as treasury stock. All shares of PBCB Common Stock are held of record by the Voting Trust which Voting Trust shall be terminated within ten business days of the date hereof. Except as set forth on Section 4.2 of the PBCB Disclosure Schedule, as of the date hereof, there were no shares of PBCB Common Stock reserved for issuance for any reason or purpose. All of the issued and outstanding shares of PBCB Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. Except as set forth on the PBCB Disclosure Schedule, PBCB does not have and is not bound by any outstanding Rights calling for the purchase or issuance of any shares of PBCB Common Stock or any other equity security of PBCB or any securities representing the right to purchase or otherwise receive any shares of PBCB Common Stock or any other equity security of PBCB.

4.3 Authority. PBCB has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly approved by the Board of Directors of PBCB. The Board of Directors of PBCB has directed that this Agreement and the transactions contemplated hereby be submitted to PBCB's stockholders for approval at a meeting of such stockholders and, except for the adoption of this Agreement by the requisite vote of PBCB's stockholders, no other corporate proceedings on the part of PBCB are necessary to approve this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by PBCB and (assuming due authorization, execution and delivery by CBH) this Agreement constitutes a valid and binding obligation of PBCB, enforceable against PBCB in accordance with its terms, except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of equity and by bankruptcy, insolvency and similar laws affecting creditors' rights and remedies generally.

4.4 Consents and Approvals. Except for (a) the filing with the SEC of the S-4, including the prospectus therein relating to the meeting of PBCB's stockholders to be held in connection with the transactions contemplated herein (the "Prospectus") and the SEC's declaration of the effectiveness of the S-4, (b) the approval of this Agreement by the requisite vote of the stockholders of PBCB, (c) the filing of applications and notices, as applicable, with the OCC under the Bank Merger Act, and approval of such applications and notices, (d) the filing of such applications, filings, authorizations, orders and approvals as may be required under applicable state law (the "State Banking Approvals") and (e) any consents or approvals listed in Section 4.4 of the PBCB Disclosure Schedule, no consents or approvals of or filings or registrations with any Governmental Entity or with any third party are required to be made by PBCB in connection with (1) the execution and delivery by PBCB of this Agreement or (2) the consummation by PBCB of the Merger and the other transactions contemplated hereby.

4.5 No Violations. Except as may be set forth in Section 4.5 of the PBCB Disclosure Schedule, neither the execution and delivery of this Agreement by PBCB, nor the consummation by PBCB of the transactions contemplated hereby, nor compliance by PBCB with any of the terms or provisions hereof, will (i) violate any provision of the Articles of Incorporation or

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Bylaws of PBCB, or (ii) assuming that the consents and approvals referred to in Section 4.4 hereof are duly obtained, (x) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to PBCB or any of its properties or assets, or (y) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any lien, pledge, security interest, charge or other encumbrance upon any of the properties or assets of PBCB under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which PBCB is a party, or by which it or its properties or assets may be bound or affected.

**4.6 Licenses, Franchises and Permits.** PBCB and each PBCB Subsidiary holds all licenses, licenses, franchises, permits and authorizations necessary for the lawful conduct of their respective businesses, except where the failure to hold such licenses, franchises, permits and authorizations would not reasonably be expected to have a Material Adverse Effect. All of such licenses, franchises, permits and authorizations are in full force and effect and are transferable to a successor to PBCB or any PBCB Subsidiary in connection with or subsequent to the Closing of the transactions contemplated herein without any Consent, other than the Banking Approvals, subject to the legal right and authority of such successor to engage in the activities licensed, franchised, permitted or authorized thereby and except where the failure of such licenses, franchises, permits and authorizations to be in full force and effect and transferable to a successor to PBCB or a PBCB Subsidiary would not reasonably be expected to have a Material Adverse Effect. Neither PBCB nor any PBCB Subsidiary has received notice of any Proceeding for the suspension or revocation of any such license, franchise, permit, or authorization and no such Proceeding is pending or, to PBCB's Knowledge, has been threatened by any Governmental Authority.

**4.7 Regulatory Reports.** PBCB has timely filed all reports, registrations and statements, together with any amendments required to be made with respect thereto, that it was required to file since December 31, 2001 with the Regulatory Agencies and has paid all fees and assessments due and payable in connection therewith. Except for normal examinations conducted by a Regulatory Agency in the regular course of the business of PBCB, no Regulatory Agency has initiated any proceeding or, to the Knowledge of PBCB, investigation into the business or operations of PBCB since December 31, 2001. There is no unresolved violation or exception by any Regulatory Agency with respect to any report or statement relating to any examinations of PBCB.

**4.8 Financial Statements.** PBCB has previously made available to CBH (1) copies of the balance sheets of PBCB as of December 31 for the fiscal years 2003 and 2004, and the related statements of earnings, stockholders' equity and cash flows for the fiscal years 2002 through 2004, inclusive, as reported in PBCB's Annual Report to Stockholders for the fiscal year ended December 31, 2004 ("Balance Sheet Date"), accompanied by the audit reports of McGladrey & Pullen, LLP, independent public accountants with respect to PBCB, and (2) copies of unaudited balance sheets and the related statements of earnings and stockholders' equity of PBCB at and for the quarters ended March 31, 2005 and June 30, 2005 (collectively, the "PBCB Financial Statements"). Subject, in the case of the unaudited statements, to audit adjustments

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reasonable in nature and amount, the PBCB Financial Statements fairly present the financial position of PBCB as of the dates indicated therein, and when included in the Prospectus will fairly present the results of the operations and financial position of PBCB for the respective fiscal periods or as of the respective dates therein set forth. Subject, in the case of the unaudited statements, to audit adjustments reasonable in nature and amount, each of the PBCB Financial Statements (including the related notes, where applicable) complies, and PBCB's Financial Statements to be included in the Prospectus after the date hereof will comply, with applicable accounting requirements; and each of such statements (including the related notes, where applicable) has been, and PBCB's Financial Statements to be included in the Prospectus will be, prepared in accordance with GAAP, except as indicated in the notes thereto. The books and records of PBCB have been, and are being, maintained in accordance with GAAP and any other applicable legal and accounting requirements.

4.9 Deposits. None of the PBCB deposits (consisting of certificates of deposit, savings accounts, NOW accounts, money market accounts and checking accounts), is a brokered deposit.

4.10 Broker's Fees. Neither PBCB nor any of its officers or directors has employed any broker or finder or incurred any liability for any broker's fees, commissions or finder's fees in connection with any of the transactions contemplated by this Agreement, except that PBCB has engaged, and will pay a fee or commission to SunTrust Capital Markets, Inc. ("Suntrust") in accordance with the terms of a letter agreement between Suntrust and PBCB, a true and correct copy of which has been previously made available by PBCB to CBH.

4.11 Properties. Section 4.11 of the PBCB Disclosure Schedule contains a true and complete list of all material real property owned or leased by PBCB. Except as adequately reserved against in the PBCB Financial Statements or disposed of since the Balance Sheet Date in the ordinary course of business, PBCB and each PBCB Subsidiary has good and marketable title; free and clear of all material liens, encumbrances, charges, defaults, or equities of whatever character to all of the material properties and assets, real or personal, reflected in the PBCB Financial Statements as being owned by PBCB or any PBCB Subsidiary as of the dates thereof. All buildings, and all fixtures, equipment, and other property and assets that are material to the business of PBCB and the PBCB Subsidiaries on a consolidated basis, held under leases or subleases by PBCB or any PBCB Subsidiary, are held under valid instruments enforceable in accordance with their respective terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other laws affecting the enforcement of creditors' rights generally, or by equitable principles), and neither PBCB nor any PBCB Subsidiary nor, to PBCB's Knowledge, any other party thereto is in material breach or material default thereunder.

4.12 Intellectual Property. Section 4.12 of the PBCB Disclosure Schedule contains a true and complete list of all material PBCB Intellectual Property. Either PBCB or one of the PBCB Subsidiaries own or have a valid license to use all PBCB Intellectual Property, free and clear of all liens, encumbrances, royalty or other payment obligations (except for royalties or payments with respect to off-the-shelf Software at standard commercial rates). PBCB Intellectual Property constitutes all of the Intellectual Property necessary to carry on the business of PBCB and the PBCB Subsidiaries as currently conducted, except where the failure to have

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such property would not reasonably be expected to have a Material Adverse Effect. The PBCB Intellectual Property is valid and has not been cancelled, forfeited, expired or abandoned, and neither PBCB nor any PBCB Subsidiary has received any notice challenging the validity or enforceability of PBCB Intellectual Property, other than as would not reasonably be expected to have a Material Adverse Effect. To PBCB's Knowledge, the conduct of the business of PBCB and the PBCB Subsidiaries does not violate, misappropriate or infringe upon the Intellectual Property rights of any third Person. The consummation of the transactions contemplated by this Agreement will not result in the material loss or material impairment of the right of PBCB or any PBCB Subsidiary to own or use any of the PBCB Intellectual Property, and the Surviving Company and its Subsidiaries will have substantially the same rights to own or use the PBCB Intellectual Property following the consummation of such transactions as PBCB and the PBCB Subsidiaries had prior to the consummation of such transactions, except such rights as would not reasonably be expected to have a Material Adverse Effect.

**4.13 Condition of Fixed Assets and Equipment.** Section 4.13 of the PBCB Disclosure Schedule contains a list of all material fixed assets and equipment used in the conduct of the business of PBCB and the PBCB Subsidiaries as of the Balance Sheet Date. Each such item of fixed assets and equipment having a net book value in excess of \$25,000 is, to PBCB's Knowledge, in good operating condition and repair, normal wear and tear excepted.

**4.14 Absence of Certain Changes or Events.**

(a) Except as disclosed in any PBCB filings with the FRB prior to the date hereof, since December 31, 2004, (i) there has been no change or development or combination of changes or developments which, individually or in the aggregate, has had a Material Adverse Effect on PBCB, and (ii) PBCB has carried on its business in the ordinary course of business consistent with past practices.

(b) Except as may be set forth in Section 4.14(b) of the PBCB Disclosure Schedule, since December 31, 2004 and solely with respect to executive officers (senior vice president or above) and directors, PBCB has not (1) increased the wages, salaries, compensation, pension, or other fringe benefits or perquisites payable to any such person from the amount thereof in effect as of December 31, 2004, (2) granted any severance or termination pay to such person or entered into any contract to make or grant any severance or termination pay to such person, (3) paid any bonus to such person or (4) entered into any employment- or compensation-related agreement with such person.

**4.15 Legal Proceedings.** Except as may be set forth in Section 4.15 of the PBCB Disclosure Schedule, (a) PBCB is not a party to any, and there are no pending or, to PBCB's Knowledge, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any nature against PBCB or challenging the validity or propriety of the transactions contemplated by this Agreement and (b) there is no injunction, order, judgment or decree imposed upon PBCB or its assets.

**4.16 Taxes.**

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(a) Except as may be set forth in Section 4.16 of the PBCB Disclosure Schedule, PBCB has (i) duly and timely filed (including applicable extensions granted without penalty) all material Tax Returns required to be filed at or prior to the Effective Time, and all such Tax Returns are true and correct, and (ii) paid in full or made adequate provision in the financial statements of PBCB (in accordance with GAAP) for all material Taxes shown to be due on such Tax Returns. Except as set forth in Section 4.16 of the PBCB Disclosure Schedule, (i) as of the date hereof PBCB has not requested any extension of time within which to file any Tax Returns in respect of any fiscal year which have not since been filed and no request for waivers of the time to assess any Taxes are pending or outstanding, and (ii) as of the date hereof, with respect to each taxable period of PBCB, the federal and state income Tax Returns of PBCB have not been audited by the IRS or appropriate state tax authorities.

(b) PBCB has qualified as a Subchapter S corporation for all periods from its formation through the Closing Date

(c) Section 4.16 of the PBCB Disclosure Schedule identifies each subsidiary of PBCB that is a "qualified Subchapter S subsidiary" within the meaning of Code Section 1361(b)(3)(B). Each PBCB subsidiary so identified has been a qualified Subchapter S subsidiary for all periods from its formation through the Closing Date.

(d) Neither NA nor any of its subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any required change in the method of tax accounting for PBCB and/or its subsidiaries as a result of the Merger.

(e) Except as may be set forth in Section 4.16 of the PBCB Disclosure Schedule, PBCB has complied (and until the Closing Date will comply) in all material respects with the provisions of the Code relating to the withholding and payment of Taxes, including, without limitation, the withholding and reporting requirements under Code sections 1441 through 1446, 3401 through 3406, and 6041 through 6049, as well as similar provisions under any other state, local or foreign laws, and have, within the time and in the manner prescribed by law, withheld from employee wages and paid over to the proper taxing authorities all amounts required. PBCB has under taken in good faith to appropriately classify all service providers as either employees or independent contractors for all Tax purposes.

(f) PBCB has disclosed to the Internal Revenue Service on the appropriate Tax Returns any Reportable Transaction in which it has participated. PBCB has retained all documents and other records pertaining to any Reportable Transaction in which it has participated, including documents and other records listed in Treasury Regulation Section 1.6011-4(g) and any other documents or other records which are related to any Reportable Transaction in which it has participated but not listed in Treasury Regulation Section 1.6011-4(g). For purposes of this Agreement, the term "Reportable Transaction" shall mean any transaction listed in Treasury Regulation Section 1.6011-4(b).

#### 4.17 Employees.



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(a) Section 4.17(a) of the PBCB Disclosure Schedule sets forth a true and correct list of each deferred compensation plan, incentive compensation plan, equity compensation plan, "welfare" plan, fund or program (within the meaning of section 3(1) of ERISA); "pension" plan, fund or program (within the meaning of section 3(2) of ERISA); each employment, termination or severance agreement; and each other employee benefit plan, fund, program, agreement or arrangement; in each case, that is sponsored, maintained or contributed to or required to be contributed to by PBCB, any of its Subsidiaries or by any trade or business, whether or not incorporated (an "ERISA Affiliate"), all of which together with PBCB would be deemed a "single employer" within the meaning of Section 4001 of ERISA, for the benefit of any employee or former employee of PBCB, any Subsidiary or any ERISA Affiliate (the "Plans").

(b) PBCB has heretofore made available to CBH with respect to each of the Plans true and correct copies of each of the following documents, if applicable: (i) the Plan document; (ii) the actuarial report for such Plan for each of the last two years, (iii) the most recent determination letter from the IRS for such Plan and (iv) the most recent summary plan description and related summaries of material modifications.

(c) Except as may be set forth in Section 4.17(c) of the PBCB Disclosure Schedule: each of the Plans is in compliance with the applicable provisions of the Code and ERISA; each of the Plans intended to be "qualified" within the meaning of section 401(a) of the Code has received a favorable determination letter from the IRS; no Plan is subject to Title IV of ERISA; no Plan is a multiemployer plan within the meaning of section 4001(a)(3) of ERISA and no Plan is a multiple employer plan as defined in Section 413 of the Code; and there are no pending, or to the Knowledge of PBCB, threatened or anticipated claims (other than routine claims for benefits) by, on behalf of or against any of the Plans or any trusts related thereto.

(d) Except as may be set forth in Section 4.17(d) of the PBCB Disclosure Schedule, since December 31, 2004, PBCB has not (i) suffered any strike, work stoppage, slow-down, or other labor disturbance, (ii) been a party to a collective bargaining agreement, contract or other agreement or understanding with a labor union or organization, or (iii) had any union organizing activities.

(e) Section 4.17(e) of the PBCB Disclosure Schedule sets forth all employment contracts, plans, programs, agreements or other benefits which could be subject to Section 280G of the Code.

4.18 Intentionally Omitted

4.19 Certain Contracts.

(a) Except as set forth in Section 4.19(a) of the PBCB Disclosure Schedule, PBCB is not a party to or bound by any contract (whether written or oral) (i) with respect to the employment of any directors, officers, employees or consultants, (ii) which, upon the consummation of the transactions contemplated by this Agreement, will (either alone or upon the occurrence of any additional acts or events) result in any payment or benefits (whether of

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severance pay or otherwise) becoming due, or the acceleration or vesting of any rights to any payment or benefits, from CBH, PBCB, the Surviving Corporation or any of their respective Subsidiaries to any officer, director, employee or consultant of PBCB, (iii) which is a material contract (as defined in Item 601(b)(10) of Regulation S-K of the SEC) to be performed after the date hereof, (iv) which is a consulting agreement (including data processing, software programming and licensing contracts) not terminable on 90 days or less notice involving the payment of more than \$25,000 per annum, or (v) which materially restricts the conduct of any line of business by PBCB. Each contract, arrangement, commitment or understanding of the type described in this Section 4.19(a), whether or not set forth in Section 4.19(a) of the PBCB Disclosure Schedule, is referred to herein as a "PBCB Contract." PBCB has previously delivered or made available to CBH true and correct copies of each contract, arrangement, commitment or understanding of the type described in this Section 4.20(a).

(b) Except as set forth in Section 4.19(b) of the PBCB Disclosure Schedule, (i) each PBCB Contract is valid and binding and in full force and effect, (ii) PBCB has performed all obligations required to be performed by it to date under each PBCB Contract, (iii) no event or condition exists which constitutes or, after notice or lapse of time or both, would constitute, a default on the part of PBCB under any PBCB Contract, and (iv) no other party to any PBCB Contract is, to the Knowledge of PBCB, in default in any respect thereunder.

**4.20 Agreements with Regulatory Agencies.** Except as may be set forth in Section 4.20 of the PBCB Disclosure Schedule, PBCB is not subject to any cease-and-desist or other order issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any order or directive by, or is a recipient of any extraordinary supervisory letter from, or has adopted any board resolutions at the request of (each, whether or not set forth on Section 4.20 of the PBCB Disclosure Schedule, a "Regulatory Agreement"), any Regulatory Agency that restricts the conduct of its business or that in any manner relates to its capital adequacy, its credit policies, its management or its business, nor has PBCB been advised by any Regulatory Agency that it is considering issuing or requesting any Regulatory Agreement.

**4.21 Environmental Matters.** Except as may be set forth in Section 4.21 of the PBCB Disclosure Schedule:

(a) PBCB and, to the Knowledge of PBCB, each of the Participation Facilities and the Loan Properties, are in compliance with all Environmental Laws.

(b) To the Knowledge of PBCB, there is no suit, claim, action or proceeding pending or threatened before any Governmental Entity or other forum in which PBCB, any Participation Facility or any Loan Property, has been or, with respect to threatened proceedings, may be, named as a defendant (x) for alleged noncompliance (including by any predecessor) with any Environmental Laws, or (y) relating to the release, threatened release or exposure to any Hazardous Material whether or not occurring at or on a site owned, leased or operated by PBCB, any Participation Facility or any Loan Property.

(c) To the Knowledge of PBCB, during the period of (x) PBCB's ownership or operation of any of its current or former properties, (y) PBCB's participation in the

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management of any Participation Facility, or (z) PBCB's interest in a Loan Property, there has been no release of Hazardous Materials in, on, under or affecting any such property. To the Knowledge of PBCB, prior to the period of (x) PBCB's ownership or operation of any of its current or former properties, (y) PBCB's participation in the management of any Participation Facility, or (z) PBCB's interest in a Loan Property, there was no release of Hazardous Materials in, on, under or affecting any such property, Participation Facility or Loan Property.

4.22 Opinion. Prior to the execution of this Agreement, PBCB has received an opinion from Suntrust to the effect that, as of the date thereof and based upon and subject to the matters set forth therein, the Merger Consideration to be received by the stockholders of PBCB is fair to such stockholders from a financial point of view. Such opinion has not been amended or rescinded as of the date hereof.

4.23 Insurance. Section 4.23 of the PBCB Disclosure Schedule includes a complete list of all insurance policies (other than title insurance policies or insurance policies of which any PBCB Subsidiary is a beneficiary incident to the making of individual loans) held by PBCB or any PBCB Subsidiary. There are no outstanding unresolved claims for losses under any such insurance policies. PBCB and the PBCB Subsidiaries have paid all amounts due and payable under any insurance policies and guaranties applicable to them and their assets and operations; all such insurance policies and guaranties are in full force and effect; and PBCB, the PBCB Subsidiaries and all of the PBCB Real Estate and other material properties of PBCB and the PBCB Subsidiaries are insured against fire, casualty, theft, loss, and such other events against which it is customary to insure, all such insurance policies being in amounts that are adequate and are consistent with past practices and experience.

4.24 Approvals. As of the date hereof, PBCB knows of no fact or condition relating to PBCB that would prevent all regulatory approvals required for the consummation of the transactions contemplated hereby (including, without limitation, the Merger) from being obtained.

4.25 Loan Portfolio.

(a) Except as may be set forth in Section 4.25 of the PBCB Disclosure Schedule, PBCB is not a party to any written or oral (i) loan agreement, note or borrowing arrangement (including, without limitation, leases, credit enhancements, commitments, guarantees or interest-bearing assets) (collectively, "Loans"), other than Loans the unpaid principal balance of which does not exceed \$25,000, under the terms of which the obligor was, as of June 30, 2005, over 90 days delinquent in payment of principal or interest or in default of any other provision, or (ii) Loan with any director, executive officer or 5% or greater stockholder of PBCB, or to the Knowledge of PBCB, any person, corporation or enterprise controlling, controlled by or under common control with any of the foregoing. Section 4.25 of the PBCB Disclosure Schedule sets forth (i) all of the Loans of PBCB that as of June 30, 2005, were classified by any bank examiner (whether regulatory or internal) as "Other Loans Specially Mentioned," "Special Mention," "Substandard," "Doubtful," "Loss," "Classified," "Criticized," "Credit Risk Assets," "Concerned Loans," "Watch List" or words of similar import, together with the principal amount of and accrued and unpaid interest on each such Loan and the identity of

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the borrower thereunder, and (ii) each asset of PBCB that as of June 30, 2005, was classified as "Other Real Estate Owned" and the book value thereof.

(b) Each Loan in original principal amount in excess of \$25,000 (i) is evidenced by notes, agreements or other evidences of indebtedness which are true, genuine and what they purport to be, (ii) to the extent secured, has been secured by valid liens and security interests which have been perfected and (iii) is the legal, valid and binding obligation of the obligor named therein, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4.26 Reorganization. As of the date hereof, PBCB has no reason to believe that the Merger will fail to qualify as a reorganization under Section 368(a) of the Code.

4.27 State Takeover Laws and Charter Provisions. PBCB has taken all necessary action to exempt the transactions contemplated by this Agreement from any restrictive provision of (i) any applicable moratorium, control share, fair price, business combination, or other anti-takeover laws and regulations, or (ii) the Articles of Incorporation or Bylaws of PBCB.

4.28 Sole Agreement. With the exception of this Agreement, neither PBCB, nor any PBCB Subsidiary, is a party to any letter of intent or agreement to merge, to consolidate, to sell or purchase assets (other than in the normal course of its business) or, except as disclosed on Section 4.28 of the PBCB Disclosure Schedule, any other agreement which contemplates the involvement of PBCB or any PBCB Subsidiary (or any of their assets) in any business combination of any kind; or any agreement, contract, commitment, understanding or arrangement obligating PBCB or any PBCB Subsidiary to issue or sell or authorize the sale or transfer of any shares of capital stock of PBCB or any PBCB Subsidiary, except PBCB Stock Options. There are no contracts, agreements, understandings or commitments relating to the right of PBCB to vote or to dispose of any shares of capital stock of any PBCB Subsidiary.

4.29 Disclosure.

(a) The information concerning, and representations and warranties made by, PBCB set forth in this Agreement, or in the PBCB Disclosure Schedule, or in any document, statement, certificate or other writing furnished or to be furnished by or on behalf of PBCB or any PBCB Subsidiary to CBH pursuant hereto, do not and will not contain any untrue statement of a material fact or omit and will not omit to state a material fact required to be stated herein or therein which is necessary to make the statements and facts contained herein or therein, in light of the circumstances in which they were or are made, not false or misleading.

(b) Copies of all documents heretofore or hereafter delivered or made available to CBH by or on behalf of PBCB or any PBCB Subsidiary pursuant hereto were or will be complete and accurate copies of such documents.

4.30 Absence of Undisclosed Liabilities. To PBCB's Knowledge, neither PBCB nor any PBCB Subsidiary has any obligation or liability that is material to the financial condition or operations of any of them, or that, when combined with all similar obligations or liabilities,

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would be material to their financial condition or operations (i) except as disclosed in the PBCB Financial Statements delivered to CBH prior to the date of this Agreement, or (ii) except as contemplated under this Agreement. Except as disclosed on Section 4.31 of the PBCB Disclosure Schedule, since the Balance Sheet Date, neither PBCB nor any PBCB Subsidiary has incurred or paid any obligation or liability which would be material to the financial condition or operations of PBCB and its Subsidiaries, taken as a whole, except for obligations paid in connection with transactions made by them in the ordinary course of their business consistent with past practices and Applicable Law.

4.31 Allowance for Loan Losses.

(a) The allowance for loan losses shown on the PBCB Financial Statements is adequate in all material respects to provide for anticipated losses inherent in loans outstanding.

(b) The allowance for losses in real estate owned, if any, shown on the PBCB Financial Statements is or will be adequate in all material respects to provide for anticipated losses inherent in real estate owned by PBCB or any PBCB Subsidiary and the net book value of real estate owned as shown on the most recent balance sheet included in the PBCB Financial Statements is the fair value of the real estate owned in accordance with Statement of Position 92-3.

4.32 Compliance with Laws.

(a) PBCB and each PBCB Subsidiary is in compliance with all Applicable Laws, reporting and licensing requirements, and orders applicable to its business or employees (including, but not limited to, the Equal Credit Opportunity Act, the Fair Housing Act, the Community Reinvestment Act, the Home Mortgage Disclosure Act, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, the Bank Secrecy Act, fair lending laws or other laws relating to discrimination, consumer disclosure and currency transaction reporting) the noncompliance, breach or violation of which would reasonably be expected to have a Material Adverse Effect, or which would reasonably be expected to subject PBCB or any other PBCB Subsidiary or any of their directors or officers to civil money penalties; and

(b) Except with respect to those that would not reasonably be expected to have a Material Adverse Effect on PBCB and its Subsidiaries, taken as a whole, neither PBCB nor any PBCB Subsidiary has received notification or communication from any Governmental Authorities, or the staff thereof (i) asserting that PBCB or any PBCB Subsidiary is not in compliance with any Applicable Law, (ii) threatening to revoke any Consent, license, franchise, permit, or governmental authorization, or (iii) requiring PBCB or any PBCB Subsidiary to enter into a cease and desist order, consent, agreement, memorandum of understanding or similar arrangement.

4.33 Material Contract Defaults. Neither PBCB nor any PBCB Subsidiary is in default under any contract, agreement, commitment, arrangement, lease, insurance policy, or other instrument to which it is a party or by which its respective assets, business, or operations may be

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bound or affected or under which it or its respective assets, business, or operations receives benefits, and which default would reasonably be expected to have either individually or in the aggregate a Material Adverse Effect, and there has not occurred any event that, with the lapse of time or the giving of notice or both, would constitute such a default.

4.34 Certain Regulatory Matters.

- (a) PBCB is a member of the Federal Home Loan Bank of Atlanta.
- (b) PBCB has not paid any dividends to PBCB or any Affiliate thereof that (i) caused the regulatory capital of PBCB to be less than the amount then required by Applicable Law or (ii) exceeded any other limitation on the payment of dividends imposed by Applicable Law, agreement or regulatory policy.
- (c) PBCB has adopted policies and procedures designed to promote overall compliance with the Bank Secrecy Act (31 U.S.C. Section 5301), the Truth-in-Lending Act (15 U.S.C. Section 1601 et seq.), the Expedited Funds Availability Act (12 U.S.C. Section 4001) and the regulations adopted under each such act and have materially complied with the reporting requirements under the Bank Secrecy Act and the regulations thereunder.

**ARTICLE V. REPRESENTATIONS AND WARRANTIES OF CBH**

Subject to Article III, CBH hereby represents and warrants to PBCB as follows:

5.1 Corporate Organization.

(a) CBH is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey. CBH has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary. CBH is duly registered as a bank holding company under the BHC Act. The Articles of Incorporation and Bylaws of CBH, copies of which have previously been made available to PBCB, are true and correct copies of such documents as in effect as of the date hereof.

(b) Each Subsidiary of CBH is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization. Each Subsidiary of CBH has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary. The deposit accounts of each Subsidiary of CBH that is a bank are insured by the FDIC through the Bank Insurance Fund to the fullest extent permitted by law, and all premiums and assessments required in connection therewith have been paid when due.

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5.2 Capitalization. The authorized capital stock of CBH consists of 500,000,000 shares of CBH Common Stock and 10,000,000 shares of preferred stock, no par value per share ("CBH Preferred Stock"). As of the date hereof, there were approximately 164,815,000 shares of CBH Common Stock and no shares of CBH Preferred Stock issued and outstanding, and 838,850 shares of CBH Common Stock held in CBH's treasury. All of the issued and outstanding shares of CBH Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. The shares of CBH Common Stock to be issued pursuant to the Merger will be duly authorized and validly issued and, at the Effective Time, all such shares will be fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof.

5.3 Authority: No Violation.

(a) CBH and NA have full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly approved by the Boards of Directors of CBH and NA, and no other corporate proceedings on the part of CBH and NA are necessary to approve this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by CBH and NA and (assuming due authorization, execution and delivery by PBCB) this Agreement constitutes a valid and binding obligation of CBH and NA, enforceable against CBH and NA in accordance with its terms, except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of equity and by bankruptcy, insolvency and similar laws affecting creditors' rights and remedies generally.

(b) Neither the execution and delivery of this Agreement by CBH, nor the consummation by CBH of the transactions contemplated hereby, nor compliance by CBH with any of the terms or provisions hereof, will (i) violate any provision of the Articles of Incorporation or Bylaws of CBH, or the articles of incorporation or bylaws or similar governing documents of any of its Subsidiaries or (ii) assuming that the consents and approvals referred to in Section 5.4 are duly obtained, (x) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to CBH or any of its Subsidiaries or any of their respective properties or assets, or (y) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any lien, pledge, security interest, charge or other encumbrance upon any of the respective properties or assets of CBH or any of its Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which CBH or any of its Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound or affected.

5.4 Consents and Approvals. Except for (a) the filing of applications and notices, as applicable, with the OCC under the Bank Merger Act, and approval of such applications and notices, (b) the filing with the SEC and declaration of effectiveness of the S-4, (c) the filing of

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the Articles of Merger with the Florida Secretary of State and the OCC and approval of such applications and notices, (e) the State Banking Approvals, (f) such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of CBH Common Stock pursuant to this Agreement, and (g) approval of the listing of the CBH Common Stock to be issued in the Merger on the NYSE, no consents or approvals of or filings or registrations with any Governmental Entity or with any third party are required to be made by CBH or NA in connection with (1) the execution and delivery by CBH or NA of this Agreement and (2) the consummation by CBH or NA of the Merger and the other transactions contemplated hereby.

**5.5 SEC Reports.** CBH has previously made available to PBCB a true and correct copy of each (a) final registration statement, prospectus, report, schedule and definitive proxy statement filed since December 31, 2004 by CBH with the SEC pursuant to the Securities Act or the Exchange Act (the "CBH Reports") and (b) communication mailed by CBH to its stockholders since December 31, 2004, and no such CBH Report (when filed and at their respective effective time, if applicable) or communication (when mailed) contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading, except that information as of a later date shall be deemed to modify information as of an earlier date. CBH has timely filed all CBH Reports and other documents required to be filed by it under the Securities Act and the Exchange Act since December 31, 2004, and each such CBH Report and other documents complied in all material respects with the rules and regulations applicable thereto when filed.

**5.6 Regulatory Reports.** CBH has timely filed all reports, registrations and statements, together with any amendments required to be made with respect thereto, that it was required to file since December 31, 2003 with the Regulatory Agencies and has paid all fees and assessments due and payable in connection therewith. Except as previously disclosed to PBCB and for normal examinations conducted by a Regulatory Agency in the regular course of the business of CBH, no Regulatory Agency has initiated any proceeding or, to the knowledge of CBH, investigation into the business or operations of CBH since December 31, 2003. Except as previously disclosed to PBCB, there is no unresolved violation or exception by any Regulatory Agency with respect to any report or statement relating to any examinations of CBH.

**5.7 Financial Statements.** CBH has previously made available to PBCB (1) copies of the consolidated balance sheets of CBH and its Subsidiaries as of December 31 for the fiscal years 2003 and 2004 and the related consolidated statements of income, changes in stockholders' equity and comprehensive income, and cash flows for the fiscal years 2002 through 2004, inclusive, as reported in CBH's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the SEC under the Exchange Act, accompanied by the audit report of Ernst & Young LLP, independent public accountants with respect to CBH, and (2) copies of unaudited consolidated balance sheets and the related consolidated statements of earnings, stockholders' equity and cash flows of CBH at and for the quarter ended March 31, 2005 as reported in CBH's Quarterly Report on Form 10-Q for such quarter filed with the SEC under the Exchange Act, (collectively, the "CBH Financial Statements"). Subject, in the case of the unaudited statements, to audit adjustments reasonable in nature and amount, the CBH Financial Statements fairly present the financial position of CBH as of the dates indicated therein, and



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when included in the Prospectus will fairly present the results of the operations and financial position of CBH for the respective fiscal periods or as of the respective dates therein set forth. Subject, in the case of the unaudited statements, to audit adjustments reasonable in nature and amount, each of the CBH Financial Statements (including the related notes, where applicable) complies, and CBH's Financial Statements to be included in the Prospectus after the date hereof will comply, with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto; and each of such statements (including the related notes, where applicable) has been, and CBH's Financial Statements to be included in the Prospectus will be, prepared in accordance with GAAP, except as indicated in the notes thereto or, in the case of unaudited statements, as permitted by the SEC. The books and records of CBH have been, and are being, maintained in accordance with GAAP and any other applicable legal and accounting requirements.

5.8 Broker's Fees. CBH has not employed any broker or finder or incurred any liability for any broker's fees, commissions or finder's fees in connection with any of the transactions contemplated by this Agreement.

5.9 Absence of Certain Changes or Events. Except as disclosed in any CBH Report filed with the SEC prior to the date hereof, since December 31, 2004, there has been no change or development or combination of changes or developments which, individually or in the aggregate, has had a Material Adverse Effect on CBH.

5.10 Legal Proceedings.

(a) Except as disclosed in any CBH Report, neither CBH nor any of its Subsidiaries or affiliates is a party to any and there are no pending or, to CBH's Knowledge, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations (collectively, the "Proceedings") of any nature against CBH or any of its Subsidiaries or challenging the validity or propriety of the transactions contemplated by this Agreement. None of the pending Proceedings of CBH, its Subsidiaries or its would reasonably be expected to have a Material Adverse Effect on CBH and its Subsidiaries, taken as a whole.

(b) There is no injunction, order, judgment or decree imposed upon CBH, any of its Subsidiaries or the assets of CBH or any of its Subsidiaries.

5.11 CBH Information. The information relating to CBH and its Subsidiaries to be contained in the Prospectus and the S-4, or in any other document filed with any other regulatory agency in connection herewith, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading. The Prospectus (except for such portions thereof that relate to PBCB) will comply in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder. The S-4 (except for such portions thereof that relate to PBCB) will comply in all material respects with the provisions of the Securities Act and the rules and regulations thereunder.

5.12 Compliance with Laws.

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(a) CBH and each of its Subsidiaries is in compliance with all Applicable Laws, reporting and licensing requirements, and orders applicable to its business or employees (including, but not limited to, the Equal Credit Opportunity Act, the Fair Housing Act, the Community Reinvestment Act, the Home Mortgage Disclosure Act, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, the Bank Secrecy Act, fair lending laws or other laws relating to discrimination, consumer disclosure and currency transaction reporting) the noncompliance, breach or violation of which would reasonably be expected to have a Material Adverse Effect, or which would reasonably be expected to subject CBH or any of its Subsidiaries or any of their directors or officers to civil money penalties; and

(b) Except with respect to those that would not reasonably be expected to have a Material Adverse Effect on CBH and its Subsidiaries, taken as a whole, neither CBH nor any of its Subsidiaries has received notification or communication from any Governmental Authorities, or the staff thereof (i) asserting that CBH or any of its Subsidiaries is not in compliance with any Applicable Law, (ii) threatening to revoke any Consent, license, franchise, permit, or governmental authorization, or (iii) requiring CBH or any of its Subsidiaries to enter into a cease and desist order, consent, agreement, memorandum of understanding or similar arrangement.

5.13 Ownership of PBCB Common Stock. Neither CBH nor any of its Affiliates or associates (as such terms are defined under the Exchange Act) (i) beneficially owns, directly or indirectly, or (ii) is a party to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of PBCB (other than Trust Account Shares).

5.14 Approvals. As of the date hereof, CBH knows of no fact or condition relating to CBH that would prevent all regulatory approvals required for the consummation of the transactions contemplated hereby (including, without limitation, the Merger) from being obtained.

5.15 Reorganization. As of the date hereof, CBH has no reason to believe that the Merger will fail to qualify as a reorganization under Section 368(a) of the Code.

5.16 Taxes. CBH has (i) duly and timely filed (including applicable extensions granted without penalty) all material Tax Returns required to be filed at or prior to the Effective Time, and all such Tax Returns are true and correct, and (ii) paid in full or made adequate provision in the financial statements of CBH (in accordance with GAAP) for all material Taxes shown to be due on such Tax Returns.

## ARTICLE VI. COVENANTS RELATING TO CONDUCT OF BUSINESS

6.1 Covenants of PBCB. During the period from the date hereof and continuing until the Effective Time, except as expressly contemplated or permitted by this Agreement or with the prior written consent of CBH, PBCB shall carry on its business in the ordinary course consistent with past practice. Without limiting the generality of the foregoing, and except as set forth in

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Section 6.1 of the PBCB Disclosure Schedule or as otherwise contemplated by this Agreement or consented to in writing by CBH, PBCB shall not:

(a) except for withdrawal of \$4.3 million, declare or pay any dividends on, or make other distributions in respect of, any of its capital stock;

(b) (i) repurchase, redeem or otherwise acquire (except for the acquisition of Trust Account Shares and DPC Shares) any shares of the capital stock of PBCB, or any securities convertible into or exercisable for any shares of the capital stock of PBCB, (ii) split, combine or reclassify any shares of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, or (iii) except pursuant to Rights referenced on the PBCB Disclosure Schedule, issue, deliver or sell, or authorize or propose the issuance, delivery or sale of, any shares of its capital stock or any securities convertible into or exercisable for, or any rights, warrants or options to acquire, any such shares, or enter into any agreement with respect to any of the foregoing (including additional Rights similar to those set forth on the PBCB Disclosure Schedule);

(c) amend its Articles of Incorporation, Bylaws or other similar governing documents;

(d) make any capital expenditures other than those which (i) are made in the ordinary course of business or are necessary to maintain existing assets in good repair and (ii) in any event are in an amount of no more than \$100,000 in the aggregate;

(e) enter into any new line of business;

(f) acquire or agree to acquire, by merging or consolidating with, or by purchasing a substantial equity interest in or a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire any assets, other than in connection with foreclosures, settlements in lieu of foreclosure or troubled loan or debt restructurings or in the ordinary course of business consistent with past practices;

(g) take any action that is intended or may reasonably be expected to result in any of its representations and warranties set forth in this Agreement being or becoming untrue, or in any of the conditions to the Merger set forth in Article VIII not being satisfied;

(h) change its methods of accounting in effect at December 31, 2004, except as required by changes in GAAP or regulatory accounting principles as concurred to by PBCB's independent auditors;

(i) (i) except as required by applicable law, as set forth in Section 4.17, or as required to maintain qualification pursuant to the Code, adopt, amend, or terminate any employee benefit plan (including, without limitation, any Plan) or any agreement, arrangement, plan or policy between PBCB or one or more of its current or former directors, officers or employees or any Affiliate of any such person, or (ii) except for normal increases in the ordinary course of business consistent with past practice (including, but not limited to, the

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payment of bonuses for 2005 in the aggregate amount of \$252,000 to the employees of PBCB and its Subsidiaries on or about December 5, 2005 to be allocated by Calvin Cearley) or except as required by applicable law, increase in any manner the compensation or fringe benefits of any director, officer or employee or pay any benefit not required by any Plan or agreement as in effect as of the date hereof (including, without limitation, the granting of any stock options, stock appreciation rights, restricted stock, restricted stock units or performance units or shares);

(j) other than activities in the ordinary course of business consistent with past practice, sell, lease, encumber, assign or otherwise dispose of, or agree to sell, lease, encumber, assign or otherwise dispose of, any of its material assets, properties or other rights or agreements;

(k) other than in the ordinary course of business consistent with past practice, incur any indebtedness for borrowed money or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other individual, corporation or other entity;

(l) file any application to relocate or terminate the operations of any of its banking offices;

(m) create, renew, amend or terminate or give notice of a proposed renewal, amendment or termination of, any contract, agreement or lease for goods, services or office space, involving payments thereunder by PBCB in excess of \$100,000 per year, to which PBCB is a party or by which PBCB or its properties is bound, other than the renewal in the ordinary course of business of any lease the term or option to renew of which expires prior to the Closing Date;

(n) take or cause to be taken any action which would or could...  
reasonably be expected to prevent the Merger from qualifying as a reorganization under Section 368(a) of the Code;

(o) PBCB and its stockholders shall not revoke PBCB's election to be taxed as a Subchapter S Corporation within the meaning of Code Sections 1361 and 1362. PBCB and its stockholders shall not take or allow any action (other than the consummation of the Merger) that would result in the termination of PBCB's status as a validly electing S corporation within the meaning of Code Sections 1361 and 1362; or

(p) agree to do any of the foregoing.

6.2 Covenants of CBH. Except as otherwise contemplated by this Agreement or consented to in writing by PBCB, CBH shall not, and shall not permit any of its Subsidiaries to:

(a) except for regular quarterly cash dividends consistent with past practice, declare or pay any dividends on or make any other distributions in respect of any of its capital stock;

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(b) take any action that is intended or may reasonably be expected to result in any of its representations and warranties set forth in this Agreement being or becoming untrue, or in any of the conditions to the Merger set forth in Article VIII not being satisfied;

(c) take any action or enter into any agreement that could reasonably be expected to jeopardize or materially delay the receipt of any Requisite Regulatory Approval (as defined in Section 8.1(c));

(d) take or cause to be taken any action which would or could reasonably be expected to prevent the Merger from qualifying as a reorganization under Section 368(a) of the Code; or (e) agree to do any of the foregoing.

## ARTICLE VII ADDITIONAL AGREEMENTS

### 7.1 Regulatory Matters.

(a) CBH, with the cooperation of PBCB, shall promptly prepare and file with 30 days of the date hereof with the SEC the S-4. Each of PBCB and CBH shall use its reasonable best efforts to have the S-4 declared effective under the Securities Act as promptly as practicable after such filing, and PBCB shall thereafter mail the Prospectus to its stockholders. CBH shall also use its reasonable best efforts to obtain all necessary state securities law or "Blue Sky" permits and approvals required to carry out the transactions contemplated by this Agreement.

(b) The parties hereto shall cooperate with each other and use their reasonable best efforts to promptly prepare and file all necessary documentation, to effect all applications, notices, petitions and filings, and to obtain as promptly as practicable all permits, consents, approvals and authorizations of all third parties and Governmental Entities which are necessary or advisable to consummate the transactions contemplated by this Agreement (including without limitation the Merger). PBCB and CBH shall have the right to review in advance, and to the extent practicable each will consult the other on, in each case subject to applicable laws relating to the exchange of information, all the information relating to PBCB or CBH, as the case may be, and any of CBH's Subsidiaries, which appears in any filing made with, or written materials submitted to, any third party or any Governmental Entity in connection with the transactions contemplated by this Agreement. In exercising the foregoing right, each of the parties hereto shall act reasonably and as promptly as practicable. The parties hereto agree that they will consult with each other with respect to the obtaining of all permits, consents, approvals and authorizations of all third parties and Governmental Entities necessary or advisable to consummate the transactions contemplated by this Agreement and each party will keep the other apprised of the status of matters relating to completion of the transactions contemplated herein.

(c) CBH and PBCB shall, upon request, furnish each other with all information concerning themselves, their Subsidiaries, directors, officers and stockholders and such other matters as may be reasonably necessary or advisable in connection with the Prospectus, the S-4 or any other statement, filing, notice or application made by or on behalf of CBH, PBCB or their Subsidiaries to any Governmental Entity in connection with the Merger and the other transactions contemplated by this Agreement.

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(d) CBH and PBCB shall promptly furnish each other with copies of written communications received by CBH or PBCB, as the case may be, or any of their respective Affiliates or Associates (as such terms are defined in Rule 12b-2 under the Exchange Act as in effect on the date hereof) from, or delivered by any of the foregoing to, any Governmental Entity in respect of the transactions contemplated hereby.

#### 7.2 Access to Information.

(a) PBCB and CBH will each keep the other advised of all material developments relevant to their respective businesses, and to the consummation of the Merger, and each shall provide to the other, upon request, reasonable details of any such development. Upon reasonable notice, each party shall afford to representatives of the other party reasonable access, during normal business hours during the period prior to the Effective Time, to all of their respective properties, books, contracts, commitments and records, and during such period, shall make available all information concerning their respective businesses as may be reasonably requested (except that the parties shall take into account in determining the reasonableness of due diligence requests the fact that CBH is a public company which is substantially larger than PBCB and that CBH is issuing shares to PBCB stockholders as compared to selling its business). The other provisions of this Section notwithstanding, neither party nor any of its Subsidiaries shall be required to provide access to or to disclose information where such access or disclosure would violate or prejudice the rights of its customers, jeopardize any attorney-client privilege or contravene any law (including without limitation laws regarding exchange of information), rule, regulation, order, judgment, decree, fiduciary duty or binding agreement entered into prior to the date hereof.

(b) All non-public information furnished to CBH or PBCB by the other party hereto pursuant to this Agreement (other than (i) information already in the receiving party's possession, or (ii) information that is or becomes generally available to the public other than as a result of a disclosure by the receiving party or any of its directors, officers, employees, agents or advisors, or (iii) information that becomes available to the receiving party on a non-confidential basis from a source other than the disclosing party or its advisors, provided that such source is not known by the receiving party after due inquiry to be bound by a confidentiality agreement with or other obligation of secrecy to the disclosing party) shall be kept confidential, and the parties shall maintain, and shall cause each of their respective directors, officers, attorneys and advisors to maintain, the confidentiality of all information obtained hereunder which is not otherwise publicly disclosed by the other party, said undertakings with respect to confidentiality to survive any termination of this Agreement. In the event of the termination of this Agreement, each party shall return to the other party upon request all confidential information previously furnished in connection with the transactions contemplated by this Agreement.

(c) No investigation by either of the parties or their respective representatives shall affect the representations, warranties, covenants or agreements of the other set forth herein.

#### 7.3 Certain Actions.

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(a) Except with respect to this Agreement and the transactions contemplated hereby, neither PBCB nor any of its directors, officers, agents, Affiliates or representatives (collectively, "Representatives") shall, directly or indirectly, initiate, solicit, encourage or knowingly facilitate (including by way of furnishing information) any inquiries with respect to or the making of any Acquisition Proposal.

(b) PBCB agrees that it will, and will cause its Representatives to, immediately cease and cause to be terminated any activities, discussions, or negotiations existing as of the date hereof with any parties conducted heretofore with respect to any Acquisition Proposal.

7.4 Stockholder Meeting. PBCB shall take all steps necessary to duly call, give notice of, convene and hold a meeting of its stockholders to be held as soon as is reasonably practicable after the date on which the S-4 becomes effective for the purpose of voting upon the approval of this Agreement and the consummation of the transactions contemplated hereby. PBCB shall, through its Board of Directors, subject to the fiduciary duties of such board recommend to its stockholders approval of this Agreement and the transactions contemplated hereby and such other matters as may be submitted to its stockholders in connection with this Agreement.

7.5 Legal Conditions to Merger. Each of CBH and PBCB shall, and shall cause its Subsidiaries to, use their reasonable best efforts (a) to take, or cause to be taken, all actions necessary, proper or advisable to comply promptly with all legal requirements which may be imposed on such party or its Subsidiaries with respect to the Merger and, subject to the conditions set forth in Article VIII hereof, to consummate the transactions contemplated by this Agreement and (b) to obtain (and to cooperate with the other party to obtain) any consent, authorization, order or approval of, or any exemption by, any Governmental Entity and any other third party which is required to be obtained by PBCB or CBH in connection with the Merger and the other transactions contemplated by this Agreement, and to comply with the terms and conditions of such consent, authorization, order or approval.

7.6 Affiliates. PBCB shall use its reasonable best efforts to cause each director, executive officer and other person who is an "Affiliate" (for purposes of Rule 145 under the Securities Act) of PBCB to deliver to CBH, as soon as practicable after the date hereof, a written agreement, in the form of Exhibit H hereto.

7.7 NYSE Listing. CBH shall use its best efforts to cause the shares of CBH Common Stock to be issued in the Merger to be approved for listing on the NYSE as of the Effective Time.

7.8 Employee Benefit Plans; Existing Agreements.

(a) As of the Effective Time, the employees of PBCB shall be eligible to participate in employee benefit plans and severance plans of CBH or its Subsidiaries in which similarly situated employees of CBH or its Subsidiaries participate, to the same extent that similarly situated employees of CBH or its Subsidiaries participate (it being understood that

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inclusion of PBCB's employees in CBH's employee benefit plans may occur at different times with respect to different plans).

(b) With respect to each CBH Plan for which length of service is taken into account for any purpose (including CBH's severance plan), service with PBCB (or predecessor employers to the extent PBCB provides past service credit) shall be treated as service with CBH for purposes of determining eligibility to participate, vesting, and entitlement to benefits, including for severance benefits and vacation entitlement (but not for accrual of defined benefit pension benefits); provided however, that such service shall not be recognized to the extent that such recognition would result in a duplication of benefits. Such service also shall apply for purposes of satisfying any waiting periods, evidence of insurability requirements, or the application of any preexisting condition limitations. Each CBH Plan shall waive pre-existing condition limitations to the same extent waived under the applicable PBCB Plan. PBCB's employees shall be given credit for amounts paid under a corresponding benefit plan during the same period for purposes of applying deductibles, co-payments and out-of-pocket maximums as though such amounts had been paid in accordance with the terms and conditions of the CBH Plan.

(c) Simultaneous with this Agreement, NA shall enter into the employment agreement with Calvin L. Cearley attached hereto as Exhibit C (the "Cearley Employment Agreement"), the employment agreement with William Martin attached hereto as Exhibit D (the "Martin Employment Agreement") and the employment agreement with Nancy Minniear attached hereto as Exhibit E (the "Minniear Employment Agreement"), and after the Merger, CBH shall honor the employment contracts of PBCB specifically identified in Section 4.19 of the PBCB Disclosure Schedule (other than the employment contracts that are superseded by the Cearley Employment Agreement, the Martin Employment Agreement and the Minniear Employment Agreement except that Messrs. Cearley and Martin shall be entitled to receive the "change in control" payments (and any related excise tax payments) due each of them under such employment contracts), in accordance with the terms of such contracts.

(d) As of the Effective Time, CBH shall assume and honor and shall cause the appropriate Subsidiaries of CBH to assume and to honor in accordance with their terms all written agreements listed in Section 4.19 of the PBCB Disclosure Schedule (the "Benefit Agreements"). CBH acknowledges and agrees that the Merger will constitute a merger, sale or a change in control of PBCB for all purposes under such agreements. The provisions of this Section 7.8(c) are intended to be for the benefit of, and shall be enforceable by, each director, officer or employee that is a party to any Benefit Agreement.

7.9 Indemnification of PBCB Directors and Officers. For a period of six years after the Effective Time, CBH agrees to indemnify all individuals who are or have been officers, directors or employees of PBCB prior to the Effective Time from any acts or omissions in such capacities prior to the Effective Time, to the extent that such indemnification is provided pursuant to the Articles of Incorporation or Bylaws of PBCB on the date hereof and is permitted under the FBA and NBA.

7.10 Additional Agreements. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement or to vest the



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Surviving Corporation with full title to all properties, assets, rights, approvals, immunities and franchises of any of the parties to the Merger, the proper officers and directors of each party to this Agreement shall take all such necessary action as may be reasonably requested by CBH or PBCB.

7.11 Accounting Matters. PBCB shall cooperate with CBH concerning (i) accounting and financial matters necessary or appropriate to facilitate the Merger (taking into account CBH's policies, practices and procedures), including, without limitation, issues arising in connection with record keeping, loan classification, valuation adjustments, levels of loan loss reserves and other accounting practices, and (ii) PBCB's lending, investment or asset/liability management policies; provided, that any action taken pursuant to this Section 7.11 shall not be deemed to constitute or result in the breach of any representation or warranty of PBCB contained in this Agreement.

7.12 Tax Opinion. CBH and PBCB shall use their respective reasonable best efforts to obtain the tax opinion contemplated by Section 8.1(f).

7.13 Execution and Authorization of Bank Merger Agreement. As soon as reasonably practicable after the date hereof, (a) CBH shall (i) cause the Board of Directors of NA to approve a merger agreement providing for the merger of PBCB into NA in the form of Exhibit B attached hereto (the "Bank Merger Agreement"), (ii) cause NA to execute and deliver the Bank Merger Agreement, and (iii) approve the Bank Merger Agreement as the sole stockholder of NA, and (b) PBCB shall (i) cause the Board of Directors of PBCB to approve the Bank Merger Agreement, and (ii) cause PBCB to execute and deliver the Bank Merger Agreement.

7.14 PBCB Information. The information relating to PBCB which is provided to CBH by PBCB for inclusion in the registration statement on Form S-4 (the "S-4") in which the Prospectus will be included as a prospectus, or in any other document filed with any other regulatory agency in connection herewith, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading. The Prospectus (to the extent it relates to PBCB) will comply in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder.

7.15 Disclosure. None of the information prepared by or on behalf of PBCB or any PBCB Subsidiary regarding any of them included or to be included in the Prospectus and any other documents to be filed with any Governmental Authority in connection with the transactions contemplated herein, will, at the respective times such documents are filed, be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. All documents which PBCB or any PBCB Subsidiary is responsible for filing with any Governmental Authority in connection with the transactions contemplated hereby will comply as to form in all material respects with the provisions of Applicable Law. Without limiting the foregoing, at the time the Prospectus is mailed to PBCB Stockholders, and at all times subsequent to such mailing up to and including the date of the stockholders meetings at which the Merger and this Agreement will be presented for approval, the Registration Statement, with respect to all information relating to PBCB or any PBCB Subsidiary, (i) will comply in all

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material respects with the applicable provisions of the Securities Laws and (ii) will not contain any statement which, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact or omit to state any material fact necessary in order to make the statements made therein not false or misleading, or required to be stated therein or necessary to correct any statement made in an earlier communication with respect to such matters which have become false or misleading.

7.16 Exchange with Voting Trust. Within ten business days of the date hereof, the Voting Trust shall (i) distribute all of the shares of PBCB Common Stock held by it to the owners of the interests in the Voting Trust in proportion to the current ownership of the Voting Trust and (ii) be terminated with respect to the PBCB Common Stock.

#### ARTICLE VIII CONDITIONS PRECEDENT

8.1 Conditions to Each Party's Obligation To Effect the Merger. The respective obligation of each party to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) Stockholder Approval. This Agreement shall have been approved and adopted by the requisite vote of the holders of the outstanding shares of PBCB Common Stock under applicable law.

(b) Listing of Shares. The shares of CBH Common Stock which shall be issued to the stockholders of PBCB upon consummation of the Merger shall have been authorized for listing on the NYSE.

(c) Other Approvals. All regulatory approvals required to consummate the transactions contemplated hereby (including the Merger) shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired (all such approvals and the expiration of all such waiting periods being referred to herein as the "Requisite Regulatory Approvals").

(d) S-4. The S-4 shall have become effective under the Securities Act and no stop order suspending the effectiveness of the S-4 shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC.

(e) No Injunctions or Restraints; Illegality. No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger (an "Injunction") shall be in effect. No statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any Governmental Entity which prohibits, restricts or makes illegal consummation of the Merger.

(f) Federal Tax Opinion. CBH and PBCB shall have received a written opinion from Blank Rome LLP, counsel to CBH ("CBH's counsel"), in form and substance, reasonably satisfactory to CBH and PBCB, dated the Effective Time, substantially to the effect that on the basis of facts, representations and assumptions set forth in such opinion

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which are consistent with the state of facts existing at the Effective Time, the Merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. In rendering such opinion, CBH's Counsel may require and rely upon representations and covenants, including those contained in certificates of officers of CBH, PBCB and others, reasonably satisfactory in form and substance to such counsel.

8.2 Conditions to Obligations of CBH. The obligation of CBH to effect the Merger is also subject to the satisfaction or waiver by CBH at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. (i) Subject to Section 3.2, the representations and warranties of PBCB set forth in this Agreement (other than those set forth in Section 4.2) shall be true and correct as of the date hereof and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date; and (ii) the representations and warranties of PBCB set forth in Section 4.2 of this Agreement shall be true and correct in all material respects (without giving effect to Section 3.2 of this Agreement) as of the date hereof and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date. CBH shall have received a certificate signed on behalf of PBCB by the Chief Executive Officer or the Chief Financial Officer of PBCB to the foregoing effect.

(b) Performance of Obligations of PBCB. PBCB shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and CBH shall have received a certificate signed on behalf of PBCB by the Chief Executive Officer or the Chief Financial Officer of PBCB to such effect.

(c) Conditions Met. CBH shall have received a certificate of an executive officer of PBCB stating that in his knowledge, each of the conditions set forth in this Article VIII have been met.

(d) Non-Competition Agreements. Each of the PBCB Board members shall have executed a non-competition agreement in the form of Exhibit G attached hereto.

8.3 Conditions to Obligations of PBCB. The obligation of PBCB to effect the Merger is also subject to the satisfaction or waiver by PBCB at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. (i) Subject to Section 3.2, the representations and warranties of CBH set forth in this Agreement (other than those set forth in Section 5.2) shall be true and correct as of the date hereof and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date; and (ii) the representations and warranties of CBH set forth in Section 5.2 of this Agreement shall be true and correct in all material respects (without giving effect to Section 3.2 of this Agreement) as of the date hereof and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date. PBCB shall have received a certificate signed on behalf of CBH by the Chief Executive Officer or the Chief Financial Officer of CBH to the foregoing effect.

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(b) Performance of Obligations of CBH. CBH shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and PBCB shall have received a certificate signed on behalf of CBH by the Chief Executive Officer or the Chief Financial Officer of CBH to such effect.

(c) Conditions Met. PBCB shall have received a certificate of an executive officer of CBH stating that to his Knowledge, each of the conditions set forth in this Article VIII have been met.

#### ARTICLE IX. TERMINATION AND AMENDMENT

9.1 Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the matters presented in connection with the Merger by the stockholders of PBCB:

(a) by mutual consent of PBCB and CBH in a written instrument, if the Board of Directors of each so determines by a vote of a majority of the members of its entire Board;

(b) by either CBH or PBCB upon written notice to the other party (i) 30 days after the date on which any request or application for a Requisite Regulatory Approval shall have been denied or withdrawn at the request or recommendation of the Governmental Entity which must grant such Requisite Regulatory Approval, unless within the 30-day period following such denial or withdrawal a petition for rehearing or an amended application has been filed with the applicable Governmental Entity, provided, however, that no party shall have the right to terminate this Agreement pursuant to this Section 9.1(b)(i) if such denial or request or recommendation for withdrawal shall be due to the failure of the party seeking to terminate this Agreement to perform or observe the covenants and agreements of such party set forth herein or (ii) if any Governmental Entity of competent jurisdiction shall have issued a final nonappealable order enjoining or otherwise prohibiting the Merger;

(c) by either CBH or PBCB if the Merger shall not have been consummated on or before March 31, 2006, unless the failure of the Closing to occur by such date shall be due to the failure of the party seeking to terminate this Agreement to perform or observe the covenants and agreements of such party set forth herein;

(d) by either CBH or PBCB if the approval of the stockholders of PBCB required for the consummation of the Merger shall not have been obtained by reason of the failure to obtain the required vote at a duly held meeting of such stockholders or at any adjournment or postponement thereof;

(e) by either CBH or PBCB (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein) if there shall have been a material breach of any of the representations or warranties set forth in this Agreement on the part of the other party, which breach is not cured within 30 days following written notice to the party committing such breach, or which breach, by its nature, cannot be cured prior to the Closing; provided, however, that neither party shall have the right to

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terminate this Agreement pursuant to this Section 9.1(e) unless the breach of representation or warranty, together with all other such breaches, would entitle the party receiving such representation not to consummate the transactions contemplated hereby under Section 8.2(a) (in the case of a breach of representation or warranty by PBCB) or Section 8.3(a) (in the case of a breach of representation or warranty by CBH);

(f) by either CBH or PBCB (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein) if there shall have been a material breach of any of the covenants or agreements set forth in this Agreement on the part of the other party, which breach shall not have been cured within 30 days following receipt by the breaching party of written notice of such breach from the other party hereto, or which breach, by its nature, cannot be cured prior to the Closing; or

(g) By PBCB, if the average of the closing sales prices of CBH Common Stock, as reported on the NYSE, for the seven consecutive trading days ending 2 trading days prior to Closing (the "CBH Market Value") is less than \$25.70 provided, however, if the Per Share Merger Consideration is changed from 1.9835 to a value equal to \$25.70 based on the CBH Fair Market Value, at the sole and exclusive discretion of CBH, PBCB shall not have the right to terminate this Agreement pursuant to this subsection (g) hereof.

9.2 Effect of Termination. In the event of termination of this Agreement by either CBH or PBCB as provided in Section 9.1, this Agreement shall forthwith become void and have no effect except (i) Sections 7.2(b), 9.2 and 10.3 shall survive any termination of this Agreement and (ii) that, notwithstanding anything to the contrary contained in this Agreement, no party shall be relieved or released from any liabilities or damages arising out of its breach of any provision of this Agreement.

9.3 Amendment. Subject to compliance with applicable law, this Agreement may be amended by the parties hereto, by action taken or authorized by their respective Boards of Directors, at any time before or after approval of the matters presented in connection with the Merger by the stockholders of either PBCB or CBH; provided, however, that after any approval of the transactions contemplated by this Agreement by PBCB's stockholders, there may not be, without further approval of such stockholders, any amendment of this Agreement which reduces the amount or changes the form of the consideration to be delivered to PBCB stockholders hereunder other than as contemplated by this Agreement. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

9.4 Extension; Waiver. At any time prior to the Effective Time, each of the parties hereto, by action taken or authorized by its Board of Directors, may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other party hereto, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions of the other party contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party, but such extension or waiver or failure to insist on strict compliance with an obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

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## ARTICLE X. GENERAL PROVISIONS

10.1 Closing. Subject to the terms and conditions of this Agreement, the closing of the Merger (the "Closing") will take place at 10:00 A.M. on the first business day after all conditions set forth in Article VIII have either been satisfied or waived (other than those conditions which relate to actions to be taken at the Closing) (the "Closing Date") at CBH's principal executive offices, unless another time, date or place is agreed to in writing by the parties hereto.

10.2 Nonsurvival of Representations, Warranties and Agreements. None of the representations, warranties, covenants and agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time, except for those covenants and agreements contained herein and therein which by their terms apply in whole or in part after the Effective Time provided that no such representations, warranties or covenants shall be deemed to be terminated or extinguished so as to deprive CBH or PBCB (or any director, officer or controlling person thereof) of any defense at law or in equity which otherwise would be available against the claims of any third party, including, without limitation, any shareholder or former shareholder of either CBH or PBCB.

10.3 Expenses. Expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

10.4 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied, mailed by registered or certified mail (return receipt requested) or delivered by an express courier to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to CBH, to:

Commerce Bancorp, Inc.  
1701 Route 70 East  
Cherry Hill, NJ 08034  
Attention: Douglas J. Pauls, Chief Financial Officer

and

Commerce Bancorp, Inc.  
1701 Route 70 East  
Cherry Hill, NJ 08034  
Attention: Alexander D. Bono, Esquire

with a copy to:

Blank Rome LLP  
One Logan Square  
Philadelphia, PA 19103-6998  
Attention: Lawrence R. Wiseman, Esquire

and

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(b) if to PBCB, to:

Palm Beach County Bank  
2130 Centrepark West Drive  
West Palm Beach, FL 33409  
Attention: Calvin L. Cearley, Chief Executive Officer

with a copy to:

Akerman Senterfitt  
One Southeast Third Avenue  
28th Floor  
Miami, FL 33131  
Attention: Bradley D. Houser, Esquire

10.5 Counterparts. This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

10.6 Entire Agreement. This Agreement (including the documents and the instruments referred to herein) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

10.7 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of New Jersey, without regard to any applicable conflicts of law, except to the extent that various matters under this Agreement must be necessarily governed by the FBA or the NBA.

10.8 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

10.9 Publicity. Except as expressly permitted by this Agreement or otherwise required by law or the rules of the NYSE so long as this Agreement is in effect, neither CBH nor PBCB shall, or shall permit any of its Subsidiaries to, issue or cause the publication of any press release or other public announcement with respect to, or otherwise make any public statement concerning, the transactions contemplated by this Agreement without the consent of the other party, which consent shall not be unreasonably withheld.

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10.10 Assignment; No Third Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. Except as otherwise expressly provided herein, this Agreement (including the documents and instruments referred to herein) is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

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SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

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IN WITNESS WHEREOF, CBH, NA and PBCB have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

COMMERCE BANCORP, INC.

By: DJ Paul  
Name: Douglas J. Pauls  
Title: Chief Financial Officer

COMMERCE BANK, N.A.

By: DJ Paul  
Name: Douglas J. Pauls  
Title: Chief Financial Officer

PALM BEACH COUNTY BANK

By: Edw L. Courley  
Name: Edward L. Courley  
Title: Chief Executive Officer

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SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

[signature page to Agreement and Plan of Reorganization]

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