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Comptroller of the Currency  
Administrator of National Banks

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Southeastern District Office  
Marquis One Tower, Suite 600  
245 Peachtree Center Ave., N.E.  
Atlanta, Georgia 30303

**Conditional Approval #498**  
**November 2001**

October 12, 2001

Beth Whitehead  
Counsel  
National Bank of Commerce  
One Commerce Square  
Memphis, Tennessee 38150

Subject: 2001-SE-02-0013

Dear Ms. Whitehead:

This is to inform you that the Office of the Comptroller of the Currency (OCC) has conditionally approved the proposal of National Bank of Commerce, Memphis, Tennessee ("NBC") to merge with Central Carolina Bank and Trust Company, Durham, North Carolina ("CCB") under the title and charter of National Bank of Commerce. We find that the merger is authorized under the Riegle-Neal Act, 12 U.S.C. §§ 215a-1 & 1831u, that NBC, as the resulting bank, is authorized to retain and operate the offices of the banks under 12 U.S.C. §§36(d) & 1831u(d)(1), and that the merger meets other statutory criteria for approval. This approval is based on a thorough review of all information available, including the representations and commitments made in the application and the merger agreement, and by the bank's representatives.

As part of this transaction, NBC will acquire CCB's present interest in Sprunt Insurance Company, LTD (Sprunt), as a nonconforming asset. Sprunt reinsures private mortgage insurance on mortgage loans originated by CCB and its affiliates, and is incorporated and headquartered in the British Virgin Islands. By letter dated October 9, 2001 NBC has agreed to a number of specific stipulations regarding its management of Sprunt, which are hereby acknowledged and incorporated by reference. In addition, approval of the merger is subject to the following conditions in order to assure that the activities of Sprunt are brought into conformance with national banking law and that the OCC can properly supervise the subsidiary's activities.

- a) Within two years from the date that the merger is consummated, NBC must conform the activities of Sprunt with laws applicable to national banks, or divest of its interest in the subsidiary.

- b) Duplicates of the books and records of Sprunt will be located at facilities of NBC or one of its subsidiaries in the United States. NBC and Sprunt will ensure OCC access to such books and records.
- c) NBC and Sprunt acknowledge and consent that Sprunt will be subject to OCC examination, supervision, and regulation.
- d) If any impediments should arise to satisfactory OCC access to Sprunt's books and records, or to OCC examination, supervision and regulation of Sprunt, the OCC may direct NBC to cease operations through Sprunt, and NBC shall do so within the time period specified by the OCC.

The conditions of this approval are conditions imposed in writing by the agency in connection with the granting of any application or other request within the meaning of 12 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818.

Also as part of this transaction, NBC will acquire other subsidiaries, including CCB Investment and Insurance Service Corp. (CCBI). CCBI offers full brokerage services through an independent brokerage firm, sells annuities and mutual funds products, and offers property and casualty insurance. NBC has represented that it will conform CCBI by either merging CCBI with NBC's existing financial subsidiary or filing a new financial subsidiary notice and certification prior to consummation of the merger.

This letter also shall serve as authorization of NBC to continue operating the following operating subsidiaries:

- 1) CCBDE, Inc - A Delaware corporation formed to hold the bank's investments.
- 2) NBC Invesco, Inc. - A shell corporation that is the parent of CCBDE, Inc.
- 3) Salem Trust Co. - A Florida nondepository trust corporation, headquartered in Tampa that provides institutional trust services.
- 4) Corcoran Holdings, Inc - The sole voting shareholder of a real estate investment trust known as Watts Properties.
- 5) NBC Capital North, Inc. - A shell corporation that is the parent of Corcoran Holdings, Inc.
- 6) Southland Associates - A corporation that acts as trustee for deeds of trust.
- 7) NBC Management, Inc. - A corporation that holds participation interests in various types of loans originated by NBC.
- 8) NBC Market South, Inc. - A shell corporation that is the parent of Management.

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If the transaction is not consummated within one year from this date, the approval shall automatically terminate unless the OCC has granted an extension.

The district office must be advised in writing at least 10 days in advance of the desired effective date for the transaction, so that the OCC may issue the necessary certification letter. We will not issue a letter certifying consummation of the transaction until we have received:

- a) A Secretary's Certificate for each applicant institution, certifying that a majority of the board of directors has agreed to the proposed purchase and assumption,
- b) An executed merger agreement, and
- c) Notice that NBC has merged CCBI into its existing financial subsidiary or receipt of a financial subsidiary notice and certification for CCBI.

This approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or an officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

If you have any questions, please call Senior Licensing Analyst Louis Gittleman at (404) 588-4525.

Sincerely,

/s/

John O. Stein  
Licensing Manager