



Comptroller of the Currency
Administrator of National Banks

Midwestern District Office
2345 Grand Blvd., Suite 700
Kansas City, Missouri 64108-2625

Corporate Decision #97-98
December 1997

October 2, 1997

Ms. Janet M. Varley
Senior Attorney
Mercantile Bancorporation Inc.
P. O. Box 524
St. Louis, MO 63166-0524

Re: State to National Conversion for Mercantile Bank of Arkansas, North Little Rock,
Arkansas and Request for Fiduciary Powers
Control Numbers 97-MW-01-029 and 97-MW-12-164

Dear Ms. Varley:

The Comptroller of the Currency (OCC) has reviewed your request, dated September 12, 1997, to convert Mercantile Bank of Arkansas to a national bank. After a thorough review of all information available, we find that your request meets the requirements for preliminary approval to convert to a national banking association as follows:

Title: Mercantile Bank of Arkansas National Association
Location: North Little Rock, Arkansas

This approval is also granted based on a thorough review of all information available, including the representations and commitments made in the application and by the bank's representatives.

This preliminary approval is subject to the following:

1. Directors must own qualifying shares prior to conversion to a national banking association in conformance with 12 U.S.C. 72 and 12 C.F.R. 7.2005.
2. The institution must purchase the required amount of stock in the Federal Reserve Bank in accordance with 12 C.F.R. 209, if applicable.
3. The institution must purchase adequate fidelity bond coverage in accordance with 12 C.F.R. section 7.2013, which lists four factors the directors should consider to determine adequacy.
4. If the institution sells credit life insurance to loan customers, all income from that activity must be credited to the institution for the benefit of all shareholders. The institution's

directors must select a means of marketing the insurance to accomplish that objective and comply with federal and state banking and insurance laws.

5. If the conversion is not consummated within six months from the date of the decision, preliminary approval will be withdrawn. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.
6. The board of directors must adopt and have in place written policies and procedures to ensure the safe and sound operation of the bank. The board also must review those policies and procedures continually and ensure bank compliance with them.
7. Before conversion, the converting institution must obtain any other required regulatory approvals.
8. Mercantile Bank of Arkansas, National Association (Mercantile) has represented that it intends to maintain its membership in the Federal Home Loan Bank (FHLB) system. If, at any time, Mercantile ceases to be a member of the FHLB system, it must use its best efforts, including contacting the appropriate Federal Home Loan Bank and/or the Federal Housing Finance Board, to dispose of any stock in the FHLB. The OCC will consider this stock a nonconforming asset for any period that Mercantile is not a member of the FHLB system.
9. This letter also gives approval to retain nonconforming loans currently exceeding the legal lending limit for a national bank for up to two years. The bank must use its best efforts to bring these loans into conformance with national banking law or dispose of them prior to the expiration of this two-year period.

Your request to exercise fiduciary powers is also approved. Trust activities must begin within six months from the date of this approval decision, unless the OCC grants an extension. The OCC has no objection to James T. Crawford II serving as your trust officer. Any trust management changes made by the institution before it commences trust business must be reviewed and approved by the OCC. You may begin exercising trust powers simultaneous with your conversion to a national bank.

We acknowledge receipt of your operating subsidiary notice included with your letter of intent to convert. The bank qualifies for the pre-approved notice procedures at 12 C.F.R. 5.34(e)(2)(ii)(L) and (N). The bank is reminded that operating subsidiary must be operated in a manner consistent with published OCC guidance.

Equal Housing Lender posters, the Comptroller's Manual for National Banks, the Comptroller's Corporate Manual, the Comptroller's Handbook, any OCC publications specifically addressing directors, a set of Call Report forms and instructions, and a set of current banking circulars and bulletins will be sent to you under separate cover.

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A separate letter is enclosed requesting your feedback on how we handled your application. We would appreciate your response so we may improve our service.

If you have any questions, please contact National Bank Examiner Jill K. Kennard at (816) 556-1860.

Sincerely,

/s/

Ellen Tanner Shepherd
Licensing Manager

Enclosure: Checklist for the Organization of a New National Bank