

INTER-OFFICE
COMMUNICATION

COMPTROLLER OF FLORIDA
DIVISION OF BANKING

L20553

DATE: January 15, 1998

TO: Louise Flemming-Jackson, Department of State
Division of Corporations

FROM: Bruce Ricca, Licensing and Chartering *BR*

100002413501--3
-01/27/98--01090--007
****227.50 ****227.50

SUBJ: Merger of Citizens National Bank and Trust Company with and
into Mercantile Bank, and under the title of Mercantile Bank

Please file the attached "Merger Documents" for the above-referenced institutions, using
the close of business on JANUARY 16, 1998, as the effective date.

Please make the following distribution of certified copies:

- (1) One copy to: Division of Banking
Office of Licensing and Chartering
Fletcher Building, Suite 636
- (2) One copy to: Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Post Office Box 1731
Atlanta, Georgia 30303-1731
- (3) One copy to: Mr. Barry K. Miller
Mercantile Bank
Post Office Box 20006
St. Petersburg, Florida 33742-0006

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TALLAHASSEE, FLORIDA

Also attached is a check which represents payment of the filing fees, charter tax and
certified copies. If you have any questions, please call 414-8066.

merger

BR:mergeart

CORAPMER
LFT 1-21-98

cc: Federal Deposit Insurance Corporation, Atlanta, Georgia

Bureau of Financial Institutions - District I

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CERT. COPY 157.50
CUS _____
OVERPAYMENT _____
TOTAL 227.50

106 pages

L20553

ARTICLES OF MERGER
Merger Sheet

MERGING:

CITIZENS NATIONAL BANK & TRUST COMPANY, a national banking
association

INTO

MERCANTILE BANK, a Florida corporation, L20553

File date: January 16, 1998

Corporate Specialist: Louise Flemming-Jackson

FOWLER, WHITE, GILLEN, BOGGS, VILLAREAL AND BANKER, P. A.

ATTORNEYS AT LAW

TAMPA — ST. PETERSBURG — CLEARWATER

FT. MYERS — TALLAHASSEE

CABLE - FOWHITE
TELEX 52776

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POST OFFICE BOX 1438
TAMPA, FLORIDA 33601

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(813) 229-8313

(813) 228-7411

January 20, 1998

VIA FEDERAL EXPRESS

Ms. Louise Flemming-Jackson
Department of State
Division of Corporations— Amendment Section
409 E. Gaines St.
Tallahassee, Florida 32399

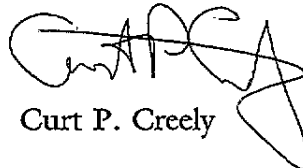
Re: Mercantile/Citizens National Merger
Our File No.: 197-1686

Dear Ms. Fleming-Jackson:

Per the instructions of Bruce Ricca at the Florida Department of Banking and Finance, I have enclosed herewith one (1) originally executed copy of the "Amendment to the Amended and Restated Agreement and Plan of Merger" that was executed in connection with the merger of Citizens National Bank and Trust Company, a national banking association, with and into Mercantile Bank, a state banking corporation. Please note that the enclosed agreement was executed in counterparts and consequently has two original signature pages. If you have any questions regarding the enclosed document, please do not hesitate to contact me at (813) 222-2071. Thank you for your assistance.

Very truly yours,

FOWLER, WHITE, GILLEN, BOGGS,
VILLAREAL AND BANKER, P.A.


Curt P. Creely

cc: Bruce Ricca



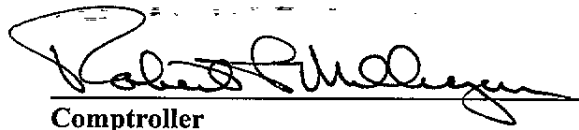
OFFICE OF COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Having given my approval on September 23, 1997, to merge Citizens National Bank and Trust Company, Port Richey, Pasco County, Florida, with and into Mercantile Bank, St. Petersburg, Pinellas County, Florida, and being satisfied that the conditions of my approval have been met, I hereby approve for filing with the Department of State, the attached "Amended and Restated Agreement and Plan of Merger", which contains the Articles of Incorporation of Mercantile Bank (the resulting bank), so that effective at the close of business on January 16TH, 1998, they shall read as stated herein.

Signed on this 12TH day of
January, 1998.


Comptroller

CITIZENS NATIONAL BANK AND TRUST COMPANY**CERTIFICATE OF CASHIER
OF STOCKHOLDER ACTION**

The undersigned does hereby certify and acknowledge as to the following:

1. I am the Cashier of Citizens National Bank and Trust Company, a national banking association chartered under the laws of the United States ("CNB"), and as such I am authorized to give this certificate (the "Certificate").

2. I have received the Certificate and Report of Voting Inspectors from the duly appointed voting inspectors for the Special Meeting of the Stockholders of CNB held on January 14, 1998 ("Special Meeting"), a true and correct copy of which is attached hereto as Exhibit A, verifying that holders in excess of two-thirds of the outstanding shares of common stock of CNB entitled to notice of and to vote at, the Special Meeting, affirmatively voted in favor of the proposal to approve the Amended and Restated Agreement and Plan of Merger, dated as of October 16, 1997, by and among Gulf West Banks, Inc., a Florida corporation ("Gulf West"), Mercantile Bank, a Florida banking corporation and wholly-owned subsidiary of Gulf West, and CNB.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the 15th day of January, 1998.

**CITIZENS NATIONAL BANK AND TRUST
COMPANY, a national bank**

By: 

Carol L. Kinnard
Cashier

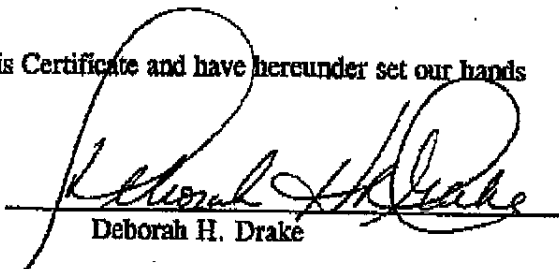
Exhibit A**CITIZENS NATIONAL BANK AND TRUST COMPANY****CERTIFICATE AND REPORT OF
VOTING INSPECTORS****SPECIAL MEETING HELD ON JANUARY 14, 1998**

We, the undersigned duly appointed and qualified Voting Inspectors of Citizens National Bank and Trust Company, a national banking association chartered under the laws of the United States (the "Bank"), do hereby certify that:

1. The Special Meeting of the Stockholders of the Bank ("1998 Special Meeting") was held at 9550 - 1 U.S. Highway 19, Port Richey, Florida at 5:30 p.m. on January 14, 1998, pursuant to notice.
2. Before entering into the discharge of our duties, we were severally sworn and the oath so taken by each of us were made part of the record of the 1998 Special Meeting.
3. As Voting Inspectors for the Special Meeting, the undersigned collected and determined the validity of the proxies and ballots presented and used at the 1998 Special Meeting, tabulated all votes and ballots, and verified the results of the stockholders' vote with respect to each matter submitted to them for their approval at the 1998 Special Meeting.
4. The only matter voted on at the 1998 Special Meeting was the approval of an Amended and Restated Agreement and Plan of Merger dated as of October 16, 1997 by and among Gulf West Banks, Inc., a Florida corporation ("Gulf West"), Mercantile Bank, a Florida banking corporation and wholly-owned subsidiary of Gulf West, and the Bank (the "Merger Agreement").
5. As of the record date of the 1998 Special Meeting, the number of shares of the Bank's Common Stock entitled to vote on the proposal to approve the Merger Agreement was 603,030. Of the 532,830 shares represented at the 1998 Special Meeting in person or by proxy, 525,830 shares were voted to approve the Merger Agreement, 5,500 shares were voted against approval, and 1,500 shares abstained.
6. Voting Inspectors, Deborah H. Drake and June Ready-Soos also serve as an Assistant Vice President and Vice President of the Bank, respectively.

TW91656.1

IN WITNESS WHEREOF, we have made this Certificate and have hereunder set our hands
on this 14th day of January, 1998.


Deborah H. Drake



June Ready-Soos

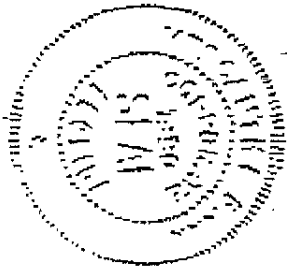
MERCANTILE BANK
CERTIFICATE OF SHAREHOLDER APPROVAL

Reference is hereby made to that certain Amended and Restated Agreement and Plan of Merger, dated October 16, 1997 (the "Merger Agreement"), by and among Gulf West Banks, Inc., a Florida corporation, Mercantile Bank, a Florida banking corporation ("Mercantile"), and Citizens National Bank and Trust Company, a national banking association.

The undersigned, being the duly elected Secretary of Mercantile, hereby certifies that attached hereto as Exhibit A is a copy of the duly adopted resolutions of the sole shareholder of Mercantile approving the Merger Agreement and the transactions contemplated thereby.

IN WITNESS WHEREOF, this Certificate is executed effective as of the 16th day of January, 1998.


Barry K. Miller, Secretary



**Gulf West
Banks, Inc.**425 22nd Avenue North
St. Petersburg, Florida 33704
(813) 894-5555

**ACTION BY WRITTEN CONSENT
OF THE SOLE SHAREHOLDER OF
MERCANTILE BANK
IN LIEU OF A MEETING**

The undersigned, being the sole shareholder of Mercantile Bank, a Florida state banking corporation (the "Corporation"), does hereby take the following actions by written consent, pursuant to the provisions of Section 607.0704, Florida Statutes:

RESOLVED, that the transactions contemplated by the Agreement and Plan of Merger (the "Agreement") among Gulf West Banks, Inc., its wholly owned subsidiary, Mercantile Bank ("Mercantile"), and Citizens National Bank & Trust Company ("Citizens") whereby the Citizens will be merged with and into Mercantile are hereby approved, and it is advisable and in the best interests of the Corporation that it enter into such Agreement on substantially the terms and conditions set forth therein.

This Action by Written Consent is dated effective as of 14th day of January, 1998.

GULF WEST BANKS, INC.
SOLE SHAREHOLDER



Gordon W. Campbell, President

AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER

BY AND AMONG

GULF WEST BANKS, INC.

MERCANTILE BANK

AND

CITIZENS NATIONAL BANK & TRUST COMPANY

DATED AS OF OCTOBER, 16, 1997

AMENDING AND RESTATING

AGREEMENT DATED JULY 31, 1997

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	1
THE MERGER	1
SECTION 1.1 The Merger	1
SECTION 1.2 Effective Time	1
SECTION 1.3 Certain Effects of the Merger	2
SECTION 1.4 Articles of Incorporation and Bylaws	2
SECTION 1.5 Directors and Officers	2
SECTION 1.6 Conversion of Shares	2
SECTION 1.7 Shareholders' Meeting	3
SECTION 1.8 Registration of the Gulf West Common Stock	4
SECTION 1.9 Closing	4
ARTICLE II	5
DISSENTING SHARES; EXCHANGE OF SHARES	5
SECTION 2.1 Dissenting Shares	5
SECTION 2.2 Exchange of Shares	5
ARTICLE III	7
REPRESENTATIONS AND WARRANTIES OF THE BANK	7
SECTION 3.1 Organization and Qualification	7
SECTION 3.2 Bank Capitalization	8
SECTION 3.3 Other Securities	8
SECTION 3.4 Authority Relative to the Agreement	8
SECTION 3.5 No Violation	9
SECTION 3.6 Consents and Approvals	9
SECTION 3.7 Regulatory Reports	9
SECTION 3.8 Securities Issuances	10
SECTION 3.9 Financial Statements	10
SECTION 3.10 Absence of Certain Changes	10
SECTION 3.11 Bank Indebtedness	11
SECTION 3.12 Litigation	11
SECTION 3.13 Tax Matters	13
SECTION 3.14 Employee Benefit Plans	13
SECTION 3.15 Labor Matters	16
SECTION 3.16 Leases, Contracts and Agreements	16

SECTION 3.17	Related Bank Transactions	17
SECTION 3.18	Compliance with Laws	17
SECTION 3.19	Insurance	18
SECTION 3.20	Loans	18
SECTION 3.21	Fiduciary Responsibilities	18
SECTION 3.22	Patents, Trademarks and Copyrights	18
SECTION 3.23	Environmental Compliance	18
SECTION 3.24	Regulatory Actions	20
SECTION 3.25	Title to Properties; Encumbrances	21
SECTION 3.26	Shareholder List	21
SECTION 3.27	Proxy Statement	21
SECTION 3.28	Dissenting Shareholders	22
SECTION 3.29	Section 368 Representations	22
SECTION 3.30	Accounting Matters	23
SECTION 3.31	Representations Not Misleading	23
SECTION 3.32	Opinion of Investment Bankers	23
ARTICLE IV	. . . . .	24
REPRESENTATIONS AND WARRANTIES OF GULF WEST		
AND MERCANTILE	. . . . .	24
SECTION 4.1	Organization and Qualification	24
SECTION 4.2	Gulf West Capitalization	24
SECTION 4.3	Authority Relative to the Agreement	25
SECTION 4.4	No Violation	25
SECTION 4.5	Consents and Approvals	26
SECTION 4.6	Regulatory Reports	26
SECTION 4.7	Securities Issuances	26
SECTION 4.8	Financial Statements	26
SECTION 4.9	Absence of Certain Changes	27
SECTION 4.10	Gulf West Indebtedness	28
SECTION 4.11	Litigation	28
SECTION 4.12	Tax Matters	28
SECTION 4.13	Employee Benefit Plans	29
SECTION 4.14	Labor Matters	31
SECTION 4.15	Leases, Contracts and Agreements	31
SECTION 4.16	Related Gulf West and Mercantile Transactions	32
SECTION 4.17	Compliance with Laws	32
SECTION 4.18	Insurance	33
SECTION 4.19	Loans	33
SECTION 4.20	Fiduciary Responsibilities	33
SECTION 4.21	Patents, Trademarks and Copyrights	33
SECTION 4.22	Environmental Compliance	34

SECTION 4.23	Regulatory Actions	35
SECTION 4.24	Title to Properties; Encumbrances . . .	36
SECTION 4.25	Proxy Statement	36
SECTION 4.26	Accounting Matters	37
SECTION 4.27	Representations Not Misleading	37
ARTICLE V	. . . . .	37
CONDUCT OF BUSINESS PENDING CLOSING	. . . . .	37
SECTION 5.1	Affirmative Covenants of the Bank . .	37
SECTION 5.2	Negative Covenants of the Bank . . .	39
SECTION 5.3	Covenants of Gulf West	42
ARTICLE VI	. . . . .	43
ADDITIONAL AGREEMENTS	. . . . .	43
SECTION 6.1	Access To, Information Concerning, Properties and Records	43
SECTION 6.2	Filings with Regulatory Agencies . . .	43
SECTION 6.3	Miscellaneous Agreements and Consents	44
SECTION 6.4	Bank Indebtedness	44
SECTION 6.5	Best Good Faith Efforts	44
SECTION 6.6	Acquisition Proposals	44
SECTION 6.7	Public Announcement	45
SECTION 6.8	Employees and Employee Benefit Plans	45
SECTION 6.9	Environmental Investigation: Right to Terminate Agreement	46
SECTION 6.10	Florida Takeover Law	50
SECTION 6.11	Exchange Agreement	50
SECTION 6.12	Bank's Designees	50

Section 6.13	Indemnification and Insurance	51
ARTICLE VII.		52
CONDITIONS TO CONSUMMATION OF THE MERGER.		52
SECTION 7.1	Conditions to Each Party's Obligation to Effect the Merger	52
SECTION 7.2	Conditions to the Obligations of Gulf West and Mercantile to Effect the Merger	53
SECTION 7.3	Conditions to the Obligations of the Bank to Effect the Merger	55
ARTICLE VIII.		56
TERMINATION; AMENDMENT; WAIVER.		56
SECTION 8.1	Termination	56
SECTION 8.2	Effect of Termination	57
SECTION 8.3	Amendment	57
SECTION 8.4	Extension; Waiver	58
SECTION 8.5	Termination Fee	58
ARTICLE IX.		58
SURVIVAL OF REPRESENTATIONS AND WARRANTIES		58
ARTICLE X.		58
MISCELLANEOUS.		58
SECTION 10.1	Expenses	58
SECTION 10.2	Brokers and Finders	59
SECTION 10.3	Entire Agreement; Assignment	59
SECTION 10.4	Further Assurances	59
SECTION 10.5	Enforcement of the Agreement	59
SECTION 10.6	Severability	60
SECTION 10.7	Notices	60
SECTION 10.8	Governing Law	61
SECTION 10.9	Descriptive Headings	61
SECTION 10.10	Parties in Interest	61
SECTION 10.11	Counterparts	61
SECTION 10.12	Incorporation by References	61
SECTION 10.13	Obligations of Gulf West	61
SECTION 10.14	Fiduciary Duty	61
SECTION 10.15	Certain Definitions	61

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER

THIS AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER ("Agreement"), dated as of October 16, 1997, is by and among Gulf West Banks, Inc., a Florida corporation ("Gulf West"), its wholly owned subsidiary, Mercantile Bank, a Florida banking corporation ("Mercantile"), and Citizens National Bank & Trust Company, a national banking association (the "Bank"). This Agreement, as amended and restated hereby, is effective as of, and as if executed on, July 31, 1997. The Parties (as defined below) agree that any references to the date of this Agreement, the date hereof, the date of this Agreement, the date of the execution of this Agreement, and other words and phrases of similar import relating to the date of this Agreement shall for all purposes mean July 31, 1997. Gulf West, Mercantile, and the Bank are sometimes referred to collectively herein as the "Parties."

WHEREAS, Gulf West desires to affiliate with the Bank and the Bank desires to affiliate with Gulf West in the manner provided in this Agreement;

WHEREAS, Gulf West and the Bank believe that the Merger (as defined herein) of the Bank with Mercantile in the manner provided by, and subject to the terms and conditions set forth in, this Agreement and all exhibits, schedules and supplements hereto, is desirable and in the best interests of their respective institutions and shareholders;

WHEREAS, the respective boards of directors of Gulf West, Mercantile and the Bank previously have approved the execution of an Agreement and Plan of Merger (the "Merger Agreement") and the proposed transactions substantially on the terms and conditions set forth in the Merger Agreement;

WHEREAS, the Parties executed the Merger Agreement on July 31, 1997 providing for the Merger of the Bank with and into Mercantile upon the terms and conditions contained therein; and

WHEREAS, the Parties desire to amend and restate the Merger Agreement for the purpose of revising certain of the terms and conditions set forth in the Merger Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, and other good and valuable

consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I.

THE MERGER

SECTION 1.1 The Merger. Upon the terms and subject to the conditions hereof, at the Effective Time (as defined in Section 1.2 of this Agreement) in accordance with the provisions of the Florida Financial Institution's Code (which includes those Florida laws specified in Section 655.005(j) of the Florida Statutes and referred to collectively herein as "FFIC") and the National Banking Act (12 U.S.C. §1 ET SEQ.), the Bank shall be merged with and into Mercantile (the "Merger"). Following the Merger, Mercantile shall continue as the surviving corporation (the "Surviving Corporation") and the separate corporate existence of the Bank shall cease.

SECTION 1.2 Effective Time. The Merger shall become effective on the date and at the time on which the Articles and Plan of Merger are accepted for filing by the Florida Department of Banking and Finance (the "Department"), in substantially the form of Exhibit A attached hereto or at such later date as is agreed upon by the Parties and specified in the Articles and Plan of Merger (the "Effective Time"). Unless the Parties otherwise mutually agree in writing, the Parties shall cause the Articles and Plan of Merger to be filed on the Closing Date (as defined in Section 1.9 of this Agreement) and shall use their best efforts to cause the Effective Time to occur on the Closing Date, but in no event shall the Effective Time occur more than one business day after the Closing Date.

SECTION 1.3 Certain Effects of the Merger. From and after the Effective Time, the Merger shall have the effects set forth in the FFIC and 12 U.S.C. Section 214b.

SECTION 1.4 Articles of Incorporation and Bylaws. Pursuant to the Merger and without further action by the Surviving Corporation or the stockholders, the Articles of Incorporation and the Bylaws of Mercantile in each case as in effect at the Effective Time, shall be the Articles of Incorporation and Bylaws of the Surviving Corporation.

SECTION 1.5 Directors and Officers. The directors and officers of Mercantile immediately prior to the Effective Time shall be the directors and officers of the Surviving Corporation, each to hold office from the Effective Time until their respective successors are duly elected or appointed and qualified in the manner provided in the Articles of Incorporation and Bylaws of the Surviving Corporation, or as otherwise provided by law.

SECTION 1.6 Conversion of Shares.

(a) Each share of the Bank's common stock, par value \$5.00 per share ("Bank Common Stock"), issued and outstanding immediately prior to the Effective Time (the Bank Common Stock is sometimes called the "Shares"), other than Dissenting Shares (as defined in Section 2.1), shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into and represent the right to receive the consideration payable as set forth in this Section 1.6(a) and Section 1.6(d), as may be adjusted pursuant to Section 1.6(e) (the "Merger Consideration") to the holder of record thereof, without interest thereon subject to the terms and conditions hereof. For the purposes of determining the number of Shares issued and outstanding at the Effective Time, the number of Shares issued and outstanding at the Effective Time shall be increased by the number and class of Shares that may be acquired upon exercise or conversion of any warrant, option, convertible debenture or other security entitling the holder thereof to acquire Shares. Each holder of Bank Common Stock shall receive Merger Consideration for each share of Bank Common Stock so held equal to 3.2337 (the "Exchange Ratio") shares of Gulf West common stock, \$1.00 par value per share ("Gulf West Common Stock"), which is derived by dividing 1,950,000 shares of Gulf West Common Stock by 603,030, the number of Shares of Bank Common Stock outstanding immediately prior to the Effective Time.

(b) Each of the shares of the Mercantile Common Stock, \$4.00 par value issued and outstanding immediately prior to the Effective Time shall remain outstanding and entirely issued to Gulf West at and after the Effective Time without any change therein and shall continue as a share of common stock of the Surviving Corporation (the "Surviving Corporation Common Stock").

(c) Each share of Gulf West Common Stock issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding from and after the Effective Time.

(d) Notwithstanding any other provision of this Agreement, Gulf West will not issue any fractional shares of Gulf West Common Stock and each holder of Bank Common Stock exchanged pursuant to the Merger who would otherwise have been entitled to receive a fractional share of Gulf West Common Stock (after taking into account all certificates delivered by such holder) shall receive, in lieu thereof, cash in an amount equal to such fractional part of a share of Gulf West Common Stock multiplied by \$5.87. No such holder will be entitled to dividends, voting rights, or any other rights as a shareholder in respect of any fractional shares.

(e) In the event Gulf West changes the number of shares of Gulf West Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, stock dividend, recapitalization, reclassification, or similar transaction, or through any issuance of authorized and previously unissued shares (whether by option, exchange, sale, or otherwise) other than those shares issued upon the exercise of options outstanding as of the date of this Agreement or pursuant to purchases under Gulf West's employee stock purchase plan and the record date therefor (in the case of a stock dividend) or the effective date thereof (in the case of a stock split, recapitalization, or similar transaction to which a record date is not established) or the date on which Gulf West agrees contractually or otherwise to issue such shares (in the case of previously unissued shares) shall be prior to the Effective Time, the Exchange Ratio shall be proportionately adjusted to prevent the dilutive effect of such transactions on the number of shares of Gulf West Common Stock to be issued in connection with the Merger as of the date of this Agreement.

SECTION 1.7 Shareholders' Meeting. The Bank, acting through its Board of Directors, shall, in accordance with applicable law:

(a) duly call, give notice of, convene and hold a special meeting (the "Shareholders' Meeting") of its shareholders as soon as practicable after the Registration Statement (as defined in Section 1.8(a) hereof is declared effective by the Securities and Exchange Commission ("SEC") for the purpose of considering and taking action on the approval of the Merger and adoption of this Agreement and

taking such other actions as may be required to consummate the transactions contemplated thereby;

(b) require no greater than the minimum vote required by applicable law of each class of shares in order to approve the Merger;

(c) use its reasonable best efforts (i) to obtain and furnish the information required to be included by it in the Proxy Statement, as defined below, and cause the Proxy Statement to be mailed to its shareholders at the earliest practicable time following the effective date of the Registration Statement, and (ii) subject to compliance with its fiduciary duties under applicable law as advised by counsel, to obtain the approval and adoption of the Merger by shareholders holding the minimum vote required by applicable law for each class of shares in order to approve the Merger of the shares of each class entitled to vote at the Shareholders' Meeting to approve the Merger under applicable law. The Bank's letter to shareholders, notice of meeting, proxy statement and form of proxy to be distributed to shareholders in connection with the Merger shall be in form and substance reasonably satisfactory to Gulf West, and are collectively referred to herein as the "Proxy Statement;" and

(d) include in the Proxy Statement the unanimous recommendation of its Board of Directors (subject to compliance with their fiduciary duties under applicable law as advised by counsel) that the shareholders of the Bank vote in favor of the approval of the Merger and adoption of this Agreement.

SECTION 1.8 Registration of the Gulf West Common Stock.

(a) After the execution of this Agreement, Gulf West will use its reasonable best efforts to file a registration statement (the "Registration Statement"), including the Proxy Statement, with the SEC under the Securities Act of 1933, as amended ("Securities Act") within the later of thirty (30) days from the date of this Agreement or fifteen (15) days after the Bank provides to Gulf West all information required to be included therein by the Bank and its Affiliates (as defined in Section 10.15(a)) in form and content substantially complying with the requirements of the Securities Act and the rules and regulations of the SEC and shall use its reasonable best efforts to cause the Registration Statement to

become effective under the Securities Act and take any action required to be taken under the applicable blue sky or state securities laws in connection with the issuance of the shares of Gulf West Common Stock to be issued to Bank shareholders in the Merger.

(b) The Bank has identified in Section 1.8(b) of the Bank Disclosure Letter (as defined in the preamble to Article III of this Agreement) all persons whom it reasonably believes are "affiliates" of the Bank for purposes of Rule 145 under the Securities Act and shall use its reasonable best efforts to cause such persons to deliver to Gulf West an Affiliate Letter in substantially the form of Exhibit B attached hereto.

SECTION 1.9 Closing. Upon the terms and subject to the conditions hereof, as soon as practicable after the vote of the shareholders of the Bank in favor of the approval and adoption of this Agreement has been obtained, and the satisfaction or waiver, if permissible, of the conditions set forth in Article VII hereof, the Bank and Mercantile shall execute and file the Plan of Merger, as described in Section 1.2, and the Parties hereto shall take all such other and further actions as may be required by law to make the Merger effective. Prior to the filing referred to in this Section, a closing (the "Closing") will be held at the office of Fowler, White, Gillen, Boggs, Villareal and Banker, P.A. (or such other place as the Parties may agree) for the purpose of confirming all of the foregoing. The date such Closing will be held is herein defined as the "Closing Date." The Parties shall use their reasonable best efforts to cause the Closing to occur within five (5) business days following the last to occur of: (i) the effective date of the receipt of all Required Bank Governmental Approvals (as defined in Section 3.5 of this Agreement), (ii) the date on which the shareholders of the Bank approve the Merger and adopt this Agreement to the extent required by applicable law, and (iii) the effective date of the Registration Statement to be filed with the SEC pursuant to Section 1.8 of this Agreement; provided that nothing contained herein shall be deemed to require either Party hereto to waive any condition to Closing if it is not satisfied on such date.

ARTICLE II.

DISSENTING SHARES; EXCHANGE OF SHARES

SECTION 2.1 Dissenting Shares. Notwithstanding anything in this Agreement to the contrary, Shares which are issued and outstanding immediately prior to the Effective Time and which are held by shareholders who have voted such shares against the Merger or who have given notice to the Bank in writing at or prior to the Bank's Shareholders Meeting that such shareholders dissent from the Merger and who shall have delivered a written request for payment of the value of such Shares within the time and in the manner provided in 12 U.S.C. Section 214(b) (the "Dissenting Shares") shall be entitled only to the rights of appraisal granted under 12 U.S.C. §214(b) (the "Dissent Provisions") and shall not be converted into or be exchangeable for the right to receive the Merger Consideration provided in Section 1.6 of this Agreement, unless and until such holder fails to perfect or effectively withdraws or otherwise loses his right to appraisal and payment under the Dissent Provisions. If, after the Effective Time, any such holder fails to perfect or effectively withdraws or loses such right to appraisal, such holder's Shares shall thereupon be deemed to have been converted into and to have become exchangeable for, at the Effective Time, the right to receive the Merger Consideration without any interest thereon. Each holder of Dissenting Shares (a "Dissenting Shareholder") that becomes entitled, pursuant to the Dissent Provisions, to payment for any shares of Bank Common Stock held by such Dissenting Shareholder shall receive payment therefor from Gulf West (but only after the amounts thereof shall have been agreed upon or at the time and in the amounts required by the Dissent Provisions) and all of such Dissenting Shareholder's shares of Bank Common Stock shall be canceled.

SECTION 2.2 Exchange of Shares.

(a) At the Effective Time, Gulf West shall deposit or shall cause to be deposited in trust with the trust department of SunTrust, N.A. (the "Exchange Agent"), pursuant to an exchange agent agreement in substantially the form attached hereto as Exhibit C (the "Exchange Agent Agreement"), certificates evidencing shares of Gulf West Common Stock and cash in such amounts necessary to provide all the consideration required to be exchanged by Gulf West for the Bank Common Stock pursuant to the terms of this Agreement (such certificates for Gulf West Common Stock, together with any cash to be paid in lieu of fractional shares, and any unpaid dividends or other distributions, referred to herein as the "Exchange Fund"). The Exchange Agent shall, pursuant to irrevocable instructions

jointly given by the Bank and Gulf West, promptly issue the certificates representing the Gulf West Common Stock and make the payments in lieu of fractional shares out of the Exchange Fund upon surrender of Shares in accordance with Section 2.2(b). The Exchange Fund shall not be used for any other purpose, except as provided in this Agreement.

(b) Promptly after the Effective Time, Gulf West shall cause the Exchange Agent to mail to each former shareholder of the Bank as of the Effective Time, a form letter of transmittal approved by the Bank and Gulf West (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent) and instructions for use in effecting the surrender of the certificates representing the Shares, or proof of loss thereof, (the "Certificates"). After the Effective Time, each holder of the Bank Common Stock shall surrender the Certificate or Certificates, together with such transmittal letters properly executed, to the Exchange Agent and promptly upon surrender shall receive in exchange therefor the Merger Consideration together with all declared but unpaid dividends or other distributions in respect of such shares. The Certificate or Certificates so surrendered shall be duly endorsed as the Exchange Agent may require and such Certificate shall forthwith be canceled. To the extent provided by Section 1.6(d) of this Agreement, each holder of the Bank Common Stock issued and outstanding at the Effective Time also shall receive upon surrender of the Certificate or Certificates any cash distributed in lieu of any fractional shares of Gulf West Common Stock to which such holder would be otherwise entitled. No interest will be paid or accrued on any cash payable upon surrender of the Certificate and no dividend will be disbursed with respect to the shares of Gulf West Common Stock until the holder's Certificates are surrendered in exchange therefor as provided in this Section 2.2(b). If payment or delivery of Gulf West Common Stock is to be made to a person other than the person in whose name the Certificate surrendered for exchange is registered, it shall be a condition of payment that the Certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the person requesting such exchange shall pay any transfer or other taxes required by reason of the payment and delivery of Gulf West Common Stock to a person other than the registered holder of the Certificate surrendered or establish to the satisfaction of the Surviving Corporation that such tax has been paid or is not applicable. Until surrendered in

accordance with the provisions of this Section 2.2, each Certificate (other than Certificates representing Dissenting Shares) shall represent for all purposes only the right to receive the Merger Consideration without any interest thereon which is composed of the consideration provided under Section 1.6(a), together with any payment under Section 1.6(d) (without any interest thereon).

(c) At the Effective Time, the stock transfer books of the Bank shall be closed and there shall be no transfers on the stock transfer books of the Bank of the Shares which were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to the Surviving Corporation, they shall be promptly presented to the Exchange Agent and exchanged as provided in this Article II.

(d) Any portion of the Exchange Fund (including the proceeds of any investments thereof) which have been made available to the Exchange Agent pursuant to Section 2.2(a) of this Agreement that remains unclaimed by the shareholders of the Bank for six months after the Effective Time shall be paid to Gulf West. Any holders of Shares not theretofore presented to the Exchange Agent shall look to Gulf West only, and not the Exchange Agent, for the payment of any Merger Consideration in respect of such shares.

ARTICLE III.

REPRESENTATIONS AND WARRANTIES OF THE BANK

The Bank hereby makes the representations and warranties set forth in this Article III to Gulf West and Mercantile. The Bank has delivered to Gulf West and Mercantile the disclosure letter (the "Bank Disclosure Letter") referred to in this Article III on July 31, 1997. Except for those representations and warranties which are made as of a specific date or time specified herein, the representations and warranties of the Bank set forth hereunder are made as of the date of this Agreement. Except for these representations and warranties which are made as of a specific date or time specified herein, the Bank agrees at the Closing to provide Gulf West with a supplement reflecting any changes thereto between the date of such Bank Disclosure Letter and the date of the Closing.

SECTION 3.1 Organization and Qualification. The Bank is a national banking association, duly organized, validly existing and in good standing under the laws of the United States and is a member of the Federal Reserve System. The Bank has the requisite corporate power and authority to carry on its business as now being conducted and to own, lease and operate its properties and assets as now owned, leased or operated. The Bank does not have any Subsidiaries (as defined in Section 10.15(g)). True and correct copies of the Articles of Incorporation and Bylaws of the Bank, with all amendments thereto through the date of this Agreement, have been delivered by the Bank to Gulf West. The Bank is duly qualified or licensed to do business and is in active status in the State of Florida. The Bank and its activities, as currently conducted, do not require it to be qualified to do business in any jurisdiction other than the State of Florida.

SECTION 3.2 Bank Capitalization. The authorized capital stock of the Bank consists of 750,000 shares of Bank Common Stock par value \$5.00 per share, of which 603,030 shares are issued and outstanding, and none of which are held in treasury. There are no outstanding subscriptions, options, convertible securities, rights, warrants, calls, or other agreements or commitments ("Rights") of any kind issued or granted by, or binding upon, the Bank giving any person the right to purchase or otherwise acquire any security of or equity interest in the Bank. There are no outstanding Rights obligating the Bank to issue any shares of the Bank, or to the knowledge of the Bank, irrevocable proxies or any agreements restricting the transfer of or otherwise relating to shares of its capital stock of any class. All of the Shares that have been issued have been duly authorized, validly issued and are fully paid and non-assessable (except for the right of assessments provided in 12 U.S.C. Section 55), and are free of preemptive rights. The Bank has never declared or paid a cash or stock dividend on the Shares other than a cash dividend of \$0.10 per share declared in March 1997, which dividend has been paid as of the date of this Agreement.

SECTION 3.3 Other Securities. Section 3.3 of the Bank Disclosure Letter sets forth a list of all equity ownership by the Bank for the account of the Bank in any other person (excluding any pledges of securities held by the Bank in the ordinary course of its lending activities (the "Other Securities")). The Bank owns each Other Security free and clear of any lien, encumbrance, security interest or charge.

SECTION 3.4 Authority Relative to the Agreement. The Bank has requisite corporate power and authority to execute and deliver this Agreement and, subject to the approval and adoption of this Agreement by the shareholders of the Bank and receipt of all necessary governmental and regulatory approvals and consents to consummate the transactions to be consummated by it as contemplated hereby. The execution and delivery of this Agreement has been duly and validly authorized by the Bank's Board of Directors. This Agreement has been duly executed and delivered by the Bank and, subject to the requisite shareholder approval and receipt of all necessary governmental and regulatory approvals and consents (and assuming the due authorization, execution, and delivery by Gulf West and Mercantile of this Agreement and that this Agreement constitutes the valid and binding obligations of Gulf West and Mercantile), constitutes a valid and legally binding obligation of the Bank, enforceable against the Bank (except in all cases to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar laws, now or hereafter in effect, affecting creditors' rights generally, and the general principles governing specific performance, injunctive relief, and other equitable remedies). The execution, delivery and performance of this Agreement, and the consummation of the transactions to be consummated by the Bank as contemplated hereby, will not conflict with, or result in any violation or breach of or default under the Articles of Incorporation or Bylaws of the Bank. The Bank is not currently in violation of any material provisions of its Articles of Incorporation or Bylaws.

SECTION 3.5 No Violation. Except as set forth in Section 3.5 of the Bank Disclosure Letter, neither the execution, delivery nor performance of this Agreement in its entirety, nor the consummation of all of the transactions to be consummated by the Bank as contemplated hereby, following the receipt of such approvals as may be required from the Bank's shareholders (the "Required Stockholder Approval"), the Federal Deposit Insurance Corporation ("FDIC"), the Board of Governors of the Federal Reserve System ("FRB"), the Office of the Comptroller of the Currency ("OCC"), the Department of Justice ("DOJ"), and the Department (and the expiration of any statutorily required waiting periods) (the "Required Bank Governmental Approvals") will (i) violate (with or without the giving of notice or the passage of time), any law, order, writ, judgment, injunction, award, decree, rule, statute, ordinance or

regulation applicable to the Bank other than those which do not, or are not reasonably likely to have a Material Adverse Effect on the Bank, prevent the consummation of the Merger or deprive Gulf West of the benefits contemplated hereby, or (ii) be in material conflict with, result in a material breach or termination of any provision of, cause the acceleration of the maturity of any debt or obligation pursuant to, constitute a default (or give rise to any right of termination, cancellation or acceleration) under, or result in the creation of any security interest, lien, charge or other encumbrance upon any property or assets of the Bank pursuant to, any terms, conditions or provisions of any material note, license, instrument, indenture, mortgage, deed of trust or other agreement or understanding or any other material restriction of any kind or character, to which the Bank is a Party or by which any of its assets or properties are subject or bound.

SECTION 3.6 Consents and Approvals. The Bank's Board of Directors has unanimously determined that the Merger is fair to the Bank's shareholders and has unanimously resolved to recommend approval and adoption of this Agreement by the Bank's shareholders. Except as described in Section 3.6 of the Bank Disclosure Letter, no prior consent, approval or authorization of, or declaration, filing or registration with any person, domestic or foreign, is required of the Bank in connection with the execution, delivery and performance by the Bank of this Agreement and the transactions contemplated hereby or the resulting change of control of the Bank, other than (i) the filing of the Articles of Merger under the FFIC, (ii) receipt of the Required Stockholder Approval and Required Bank Governmental Approvals, and (iii) notices to or filings with the IRS or the Pension Benefit Guaranty Corporation with respect to any employee benefit plans.

SECTION 3.7 Regulatory Reports. Since January 1996, except as set forth in Section 3.7 of the Bank Disclosure Letter, the Bank has filed all reports, registrations and statements, together with any amendments required to be made thereto, that it was, or is required to file with the OCC, the FRB, the FDIC, or applicable state banking authorities.

SECTION 3.8 Securities Issuances. The Bank is not required to register any of its securities under, and has not registered its securities under, the provisions of Section 12 of the Exchange Act of 1934, as amended ("Exchange Act"). All issuances of securities

by the Bank were exempt from registration under the Securities Act and the Florida Securities Investor Protection Act, and all other applicable securities laws.

SECTION 3.9 Financial Statements. The Bank has provided Gulf West true and complete copies of the audited balance sheets of the Bank as of December 31, 1996 and 1995 and the related statements of income, shareholders' equity and cash flows for the years ended December 31, 1996, 1995 and 1994 and its unaudited interim financial statements as of April 30, 1997 (such balance sheets and the related statements of income, shareholders' equity and cash flows are collectively referred to herein as the "Bank Financial Statements"). The Bank Financial Statements (including the related notes thereto) fairly present in all material respects the financial position of the Bank as of their respective dates and the results of operations and cash flows of the Bank for the periods indicated and were prepared in accordance with Generally Accepted Accounting Principles ("GAAP") applied on a basis consistent with prior periods (subject, in the case of the unaudited interim financial statements, to normal year-end adjustments and the fact that they do not contain all of the footnote disclosures required by GAAP), except as otherwise noted therein or in the notes to the financial statements. The accounting records underlying the Bank Financial Statements fairly reflect in all material respects the transactions of the Bank. As of their dates, the Bank Financial Statements conformed, or will conform when delivered, in all material respects with all applicable rules and regulations promulgated by the OCC and the FDIC. The Bank does not have material liabilities or obligations of a type which should be included in or reflected on the Bank Financial Statements or in the notes thereto if prepared in accordance with GAAP, whether related to tax or non-tax matters, accrued or contingent, due or not yet due, liquidated or unliquidated, or otherwise, except as and to the extent disclosed or reflected in the Bank Financial Statements for the periods indicated. Except as set forth in Section 3.9 of the Bank Disclosure Letter, the Bank does not have any financial derivative products.

SECTION 3.10 Absence of Certain Changes. Except as and to the extent set forth in Section 3.10 of the Bank Disclosure Letter, and except to the extent permitted by Gulf West in accordance with Section 5.2 of this Agreement, since December 31, 1996 (the "Balance Sheet Date") the Bank has not:

(a) made any amendment to its Articles of Incorporation or Bylaws or changed the character of its business in any material manner other than as may be caused by the filing of the Articles of Merger;

(b) through the date of this Agreement, suffered any Material Adverse Effect (as defined in Section 10.15(d));

(c) except in the ordinary course of business and consistent with prudent banking practices, entered into any agreement, commitment or transaction;

(d) except in the ordinary course of business and consistent with prudent banking practices, incurred, assumed or become subject to, whether directly or by way of any guarantee or otherwise, any obligations or liabilities (absolute, accrued, contingent or otherwise);

(e) except in the ordinary course of business and consistent with prudent banking practices, permitted or allowed any of its property or assets to be subject to any mortgage, pledge, lien, security interest, encumbrance, restriction or charge of any kind (other than statutory liens not yet delinquent);

(f) except in the ordinary course of business and consistent with prudent banking practices, canceled any debts, waived any claims or rights, or sold, transferred, or otherwise disposed of any of its properties or assets;

(g) disposed of or permitted to lapse any rights to the use of any material registered trademark, service mark, trade name or copyright, or disposed of or disclosed to any person other than its employees or agents, any material trade secret not theretofore a matter of public knowledge;

(h) except as set forth in Section 3.10 of the Bank Disclosure Letter and except for regular salary increases granted in the ordinary course of business within the Bank's 1997 budget approved by the Bank's Board of Directors in March 1997 and consistent with prior practices, or required by applicable law, granted any increase in compensation or paid or agreed to pay or accrue any bonus, percentage compensation, service award, severance payment or like benefit to or for the credit of any director, officer, employee or

agent, or entered into any employment, consulting or severance agreement or other agreement with any director, officer or employee or adopted, amended or terminated any pension, employee welfare, retirement, stock purchase, stock option, stock appreciation rights, termination, severance, income protection, golden parachute, savings or profit-sharing plan (including trust agreements and insurance contracts embodying such plans), any deferred compensation, or collective bargaining agreement, any group insurance contract or any other incentive, welfare or employee benefit plan program or agreement maintained by the Bank, for the directors, employees or former employees of the Bank ("Employee Benefit Plan") other than any such change required by law or that, in the opinion of counsel, is necessary to maintain the tax-qualified status of such plan;

(i) directly or indirectly declared, set aside or paid any dividend or made any distribution or payment in respect of shares of its capital stock or redeemed, purchased or otherwise acquired, or arranged for the redemption, purchase or acquisition of, any shares of its capital stock or other of its securities;

(j) organized or acquired any capital stock or other equity securities or acquired any equity or ownership interest in any person (except through settlement of indebtedness, foreclosure, the exercise of creditors' remedies or in a fiduciary capacity, the ownership of which does not expose the Bank to any liability from the business, operations or liabilities of such person);

(k) issued, reserved for issuance, granted, sold or authorized the issuance of any shares of its capital stock or Rights of any kind relating to the issuance or sale of or conversion into shares of its capital stock;

(l) except as required by GAAP, applicable law or regulation made any or acquiesced with any change in any accounting methods, principles or practices used in preparing the Bank Financial Statements or in keeping the Bank's books;

(m) experienced any Material Adverse Change in relations with customers and clients of the Bank other than as caused by the pending Merger;

(n) except for the transactions contemplated by this Agreement or as otherwise permitted hereunder, entered into any transaction,

or entered into, modified or amended any contract or commitment, other than in the ordinary course of business and consistent with prudent banking practices; or

(o) agreed, whether in writing or otherwise, to take any action the performance of which would adversely change the representations contained in this Section 3.10 so that any such representation would not be true in all material respects as of the Closing.

SECTION 3.11 Bank Indebtedness. The Bank has delivered to Gulf West true and complete copies of all loan documents ("Bank Loan Documents") related to indebtedness of the Bank, other than leases described in Section 3.16, deposits, purchases of federal funds, fully secured repurchase agreements, Federal Home Loan Bank Board advances, banker's acceptances, letters of credit issued in the ordinary course of business, and trade payables less than 30 days past due ("Bank Indebtedness"), and made available to Gulf West all material correspondence concerning the status of Bank Indebtedness.

SECTION 3.12 Litigation. Except as set forth in Section 3.12 of the Bank Disclosure Letter, there are no actions, suits, claims, investigations, reviews or other proceedings pending or, to the knowledge of the Bank, threatened against the Bank or involving any of its properties or assets, at law or in equity or before or by any foreign, federal, state, municipal, or other governmental court, department, commission, board, bureau, agency, or other instrumentality or person or any board of arbitration or similar entity ("Proceeding"). The Bank will notify Gulf West immediately in writing of any Proceedings against the Bank of which it receives notice.

SECTION 3.13 Tax Matters. The Bank has filed all tax returns required to be filed by it (the "Filed Returns") or requests for extensions have been filed and granted and have not expired and, except as set forth in Section 3.13 of the Bank Disclosure Letter, the Bank has paid or discharged, or has established adequate reserves for the payment of, all federal income taxes and all state and local income taxes and all franchise, property, sales, employment, foreign or other taxes required to be paid with respect to the periods covered by the Filed Returns. With respect to the periods for which returns have not yet been filed or where taxes are being contested in good faith, except as set forth in Section 3.13

of the Bank Disclosure Letter, the Bank has established adequate reserves determined in accordance with GAAP for the payment of all federal, state and local income taxes and all franchise, property, sales, employment, foreign or other taxes. Except as described in Section 3.13 of the Bank Disclosure Letter, the Bank has no direct or indirect liability for the payment of federal, state or local income taxes, or franchise, property, sales, employment or other taxes in excess of amounts paid or reserves established. The Bank has not filed any Internal Revenue Service ("IRS") Forms 1139 (Application for Tentative Refund). Except as set forth in Section 3.13 of the Bank Disclosure Letter, there are no pending questions raised in writing by the IRS or other taxing authority for taxes or assessments of the Bank, nor are there any outstanding agreements or waivers extending the statutory period of limitation applicable to any tax return of the Bank for any period. Except as set forth in Section 3.13 of the Bank Disclosure Letter, the Bank has withheld from employee wages and paid over to the proper governmental authorities all amounts required to be so withheld and paid over. For the purposes of this Agreement, the term "tax" shall include all federal, state and local taxes and related governmental charges and any interest or penalties payable in connection with the payment of taxes.

SECTION 3.14 Employee Benefit Plans.

(a) The Bank has delivered or made available prior to the execution of this Agreement true and complete copies (or, in the case of unwritten bonus or other unwritten incentive plans, summaries thereof and financial data with respect thereto) of all material pension, retirement, profit-sharing, deferred compensation, stock option, employee stock ownership, severance pay, vacation, bonus or other material incentive plans, all other material employee programs, arrangements or agreements, whether arrived at through collective bargaining or otherwise, all material medical, vision, dental or other health plans, all life insurance plans and all other employee benefit plans or fringe benefit plans, including, without limitation, all "employee benefit plans" as that term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), currently adopted by, maintained by, sponsored in whole or in part by, or contributed to by the Bank or any affiliate thereof for the benefit of any employee or under which any employee is eligible to participate and under which the Bank could have any liability contingent or otherwise (collectively, the "Bank

Benefit Plans"). Any of the Bank Benefit Plans which is an "employee pension benefit plan," as that term is defined in Section 3(2) of ERISA, is referred to herein as a "Bank ERISA Plan." Any of the Bank Benefit Plans pursuant to which the Bank is or may become obligated to, or obligated to cause any other person to, issue, deliver or sell shares of capital stock of the Bank, or grant, extent or enter into any option, warrant, call, right, commitment or agreement to issue, deliver or sell shares, or any other interest in respect of capital stock of the Bank, is referred to herein as a "Bank Stock Plan." No Bank Benefit Plan is or has been a multiemployer plan within the meaning of Section 3(37) of ERISA. The Bank has set forth in Section 3.14 of the Bank Disclosure Letter (i) a list of all of the Bank Benefit Plans, (ii) a list of Bank Benefit Plans that are Bank ERISA Plans, (iii) a list of Bank Benefit Plans that are Bank Stock Plans and (iv) a list of the number of shares covered by, exercise prices for, and holders of, all stock options granted and available for grant under the Bank Stock Plans.

(b) All Bank Benefit Plans are in substantial compliance with the applicable terms of ERISA and the Internal Revenue Code of 1986, as amended (the "Code") and any other applicable laws, rules and regulations.

(c) All liabilities under any Bank Benefit Plan are fully accrued or reserved against in the Bank Financial Statements in accordance with GAAP. No Bank ERISA Plan which is a defined benefit pension plan has any "unfunded current liability," as that term is defined in Section 302(d)(8)(A) of ERISA, and the present fair market value of the assets of any such plan exceeds the plan's "benefit liabilities," as that term is defined in Section 4001(a)(16) of ERISA, when determined under actuarial factors that would apply if the plan terminated in accordance with all applicable legal requirements.

(d) The Bank does not have any obligations for retiree health and life benefits under any Bank Benefit Plan or otherwise, except as set forth in Section 3.14 of the Bank Disclosure Letter. There are no restrictions on the rights of the Bank to amend or terminate any such Bank Benefit Plan without incurring any material liability thereunder.

(e) Except as set forth in the Bank Disclosure Letter, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby or thereby will (i) result in any payment (including, without limitation, severance, golden parachute or otherwise) becoming due to any employees under any Bank Benefit Plan or (ii) result in any acceleration of the time of payment or vesting of any such benefits.

SECTION 3.15 Labor Matters. Except as disclosed in the Bank Disclosure Letter in Section 3.14 (a), (d) or (e) or 3.15 thereof, (i) the Bank is not a Party to any oral or written contracts or agreements granting benefits or rights to employees or any collective bargaining agreement or to any conciliation agreement with the Department of Labor, the Equal Employment Opportunity Commission or any federal, state or local agency which requires equal employment opportunities or affirmative action in employment, (ii) there are no unfair labor practice complaints pending against the Bank before the National Labor Relations Board or any similar claims pending before any similar state, local or foreign agency; and (iii) to the Knowledge of the Bank, there is no activity or proceeding of any labor organization (or representative thereof) or employee group to organize any employees of the Bank, nor of any strikes, slowdowns, work stoppages, lockouts, or threats thereof, by or with respect to any such employees. To the Knowledge of the Bank, the Bank is in compliance in all material respects with all applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and the Bank is not engaged in any unfair labor practice.

SECTION 3.16 Leases, Contracts and Agreements. Except as set forth in Section 3.16 of the Bank Disclosure Letter and except for Bank Indebtedness, there are no leases, subleases, licenses, contracts and agreements (other than Excepted Contracts as defined below) to which the Bank is a party or by which the Bank is bound which obligate or may obligate the Bank in the aggregate for an amount in excess of \$25,000 over the entire term of any such agreement or any series of related contracts of a similar nature to one or more related parties which in the aggregate obligate or may obligate the Bank in the aggregate for an amount in excess of \$25,000 over the entire term of such related contracts (the "Contracts"). The Bank has made available to Gulf West true and correct copies of all such Contracts. For the purposes of this Agreement, the Contracts shall be deemed not to include loans made

by, repurchase agreements made by, spot foreign exchange transactions of, bankers acceptances of, agreements with Bank customers for trust services, trade payables due within 30 days made in the ordinary course of business, or deposits by the Bank (collectively the "Excepted Contracts"). The Bank has provided Gulf West with a list of all unfunded loan commitments in excess of \$25,000 and letters of credit issued by the Bank in excess of \$25,000 as of the end of the most recent preceding month. Except as set forth in Section 3.16 of the Bank Disclosure Letter, no participations or loans have been sold which have buy back, recourse or guaranty provisions which create contingent or direct liabilities of the Bank. Except as disclosed in Section 3.16 of the Bank Disclosure Letter, all of the Contracts are legal, valid and binding obligations of the Bank, and to the Knowledge of the Bank, the other party to the Contracts, to the Knowledge of the Bank, each such Contract is in full force and effect and is enforceable by the Bank in accordance with its terms, except in all cases to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar laws, now or hereafter in effect, affecting creditors' rights generally, and the general principles governing specific performance, injunctive relief, and other equitable remedies. Except as described in Section 3.16 of the Bank Disclosure Letter, all rent and other payments by the Bank under the Contracts are current, there are no existing defaults by the Bank under the Contracts, and to the Knowledge of the Bank, no termination, condition or other event has occurred which (whether with or without notice, lapse of time or the happening or occurrence of any other event) would constitute a default.

SECTION 3.17 Related Bank Transactions. Except as set forth in Section 3.17 of the Bank Disclosure Letter, there are no agreements, instruments, commitments, extensions of credit, or other contractual agreements of any kind between or among the Bank, whether on its own behalf or in its capacity as trustee or custodian for the funds of any employee benefit plan (as defined in ERISA), and any of its Affiliates (as defined in Section 10.15(a)).

SECTION 3.18 Compliance with Laws. Except as set forth in Section 3.18 of the Bank Disclosure Letter, the Bank is not in default with respect to or in violation of (i) any judgment, order, writ, injunction or decree of any court or (ii) to the Bank's Knowledge, any statute, law, ordinance, rule, order or regulation of

any federal, state or local governmental department, commission, board, bureau, agency or instrumentality. The Bank has all material permits, licenses, and franchises from governmental agencies required to conduct its business as it is now being conducted.

SECTION 3.19 Insurance. The Bank has in effect the insurance coverage (including fidelity bonds) described in Section 3.19 of the Bank Disclosure Letter and has had similar insurance in force for the last 3 years. Except as identified in Section 3.19 of the Bank Disclosure Letter, there have been no claims under such policies of insurance within the last 3 years and the Bank is not aware of any facts which would form the basis of a claim under such policies of insurance. The Bank has no reason to believe that the existing fidelity coverage will not be renewed by its carrier on substantially the same terms.

SECTION 3.20 Loans. Each loan reflected as an asset in the Bank Financial Statements as of December 31, 1996, and each loan entered into by the Bank subsequent thereto, (i) is evidenced in all material respects by notes, agreements or other evidences of indebtedness which are true, genuine and what they purport to be, and (ii) is the legal, valid and binding obligation of the obligor named therein, enforceable by the Bank in accordance with its terms, except in all cases to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws, now or hereafter in effect, affecting creditors' rights generally, and the general principles governing specific performance, injunctive relief, and other equitable remedies. Except as disclosed in Section 3.20 of the Bank Disclosure Letter, the Bank is not a Party to any loan, including any loan guaranty, with any director, executive officer or 5% shareholder of the Bank or any person, corporation or enterprise controlling, controlled by or under common control with any of the foregoing. Except as disclosed in Section 3.20 of the Bank Disclosure Letter, the Bank does not have (i) any loan in its portfolio exceeding the Bank's legal lending limit, and (ii) any known significant delinquent (30 days past due), substandard, doubtful, loss, nonperforming or problem loans as classified by the OCC or the Bank pursuant to its written policies.

SECTION 3.21 Fiduciary Responsibilities. The Bank has performed in all material respects all of its duties as a trustee, custodian, guardian or as an escrow agent in a manner which complies

in all respects with all applicable laws, regulations, orders, agreements, instruments and common law standards.

SECTION 3.22 Patents, Trademarks and Copyrights. Except as set forth in Section 3.22 of the Bank Disclosure Letter, the Bank does not require the use of any material patent, patent application, invention, process, trademark (whether registered or unregistered), trademark application, trade name, service mark, copyright, or any material trade secret for the business or operations of the Bank. The Bank owns or is licensed or otherwise has the right to use any items listed in Section 3.22 of the Bank Disclosure Letter and the Bank is not infringing on the patent, trademark or copyright of any other person.

SECTION 3.23 Environmental Compliance. Except as set forth in Section 3.23 of the Bank Disclosure Letter:

(a) To the Knowledge of the Bank, any property owned or operated by it is in compliance in all material respects with all applicable Environmental Laws (as defined in Section 10.15(b)) and has obtained and is in compliance with all permits, licenses and other authorizations (individually a "Permit," and collectively "Permits") required under any Environmental Law. To the Knowledge of the Bank, there is no past or present event, condition or circumstance that could reasonably be expected to (1) interfere with the conduct of the business of the Bank in the manner now conducted relating to such entity's compliance with Environmental Laws, or (2) constitute a material violation of any Environmental Law, which in either event is reasonably likely to have a Material Adverse Effect upon the Bank;

(b) To the Knowledge of the Bank, the Bank does not currently lease, operate, own, or exercise managerial functions at, nor has it formerly leased, operated, owned, or exercised managerial functions at, any facility or real property that, to its Knowledge, is the subject of any actual, or, to the Knowledge of the Bank, threatened or potential Proceeding under any Environmental Law;

(c) To the Knowledge of the Bank, the Bank has not received notice of any Proceeding pending or, threatened against the Bank under any Environmental Law or relating to the release, threatened release, management, treatment, storage, or disposal of, or exposure to Polluting Substances (as defined in Section 10.15(e)) seeking to

impose, or that could result in the imposition on the Bank of any material liability under any Environmental Laws, and the Bank has not received any notice (whether from any regulatory body or private person) of any claim under or violation of, or potential or threatened violation of, any Environmental Law;

(d) To the Knowledge of the Bank, the Bank has not received notice of any action or Proceeding pending or, threatened under any Environmental Law involving the release or threat of release of any Polluting Substances at or on any property where Polluting Substances generated by the Bank have been disposed, treated or stored seeking to impose, or that could result in the imposition on the Bank of any material liability under any Environmental Laws;

(e) The Bank has not generated any Polluting Substances for which it was required under an Environmental Law to execute any waste disposal manifest or receipt;

(f) To the Knowledge of the Bank, there has been no release of Polluting Substances in or on any Property (as defined below) in violation of any Environmental Laws or which would require remediation or any report or notification (other than routine, non-incident specific, annual reporting under applicable Environmental Laws) to any governmental or regulatory authority;

(g) To the Knowledge of the Bank, there are no underground or above ground storage tanks on or under any Property which are not in compliance with Environmental Laws and any Property previously containing such tanks has been remediated in compliance with all Environmental Laws;

(h) To the Knowledge of the Bank, there is no asbestos containing material on any Current Controlled Property (as defined below) or any Collateral Property (as defined below); and

(i) The Bank has fully complied in all material respects with the guidelines issued by the FDIC on February 25, 1993, and the rules and regulations of any other governmental authority with jurisdiction over the Bank, that direct banks to implement programs to reduce the potential for banks to incur liability under, or to assess the compliance of borrowers or Collateral Property with, Environmental Laws.

(j) For purposes of this Section 3.23 and Section 6.9, "Property" includes (1) any real property which the Bank currently or in the past has leased, operated or owned or managed in any manner including without limitation any property acquired by foreclosure or deed in lieu thereof (respectively, "Current Controlled Property" and "Former Controlled Property," and collectively "Controlled Property") and (2) property now held as security for a loan or other indebtedness to the Bank or property currently proposed as security for loans or other credit the Bank is currently evaluating whether to extend or has committed to extend a loan ("Collateral Property").

SECTION 3.24 Regulatory Actions. Except as set forth in Section 3.24 of the Bank Disclosure Letter, there are no actions or proceedings pending or, to the knowledge of the Bank, threatened against the Bank by or before any agency or department of any federal, state or local government or regulatory authorities, including but limited to the FRB, the FDIC or the OCC asserting that the Bank is not in compliance with any of the statutes, rules, or regulations which such agency or authority enforces. Except as set forth in Section 3.24 of the Bank Disclosure Letter, the Bank is not subject to a formal or informal agreement, memorandum of understanding, enforcement action with or in receipt of any type of financial assistance by any regulatory authority having jurisdiction over such entity. The Bank has not taken or agreed to take any action which would materially impede or delay receipt of any regulatory approval required in order to consummate the transactions contemplated hereby. Except as set forth in Section 3.24 of the Bank Disclosure Letter, the Bank has not received or been made aware of any complaints or inquiries under the Community Reinvestment Act, the Fair Housing Act, the Equal Credit Opportunity Act or any other state or federal anti-discrimination fair lending law and the Bank is not aware of any such complaint or inquiry.

SECTION 3.25 Title to Properties; Encumbrances. Except as set forth in Section 3.25 of the Bank Disclosure Letter, the Bank has good and marketable title to all its material properties and assets, real and personal (including, without limitation, all the properties and assets reflected in the Bank Financial Statements, except for those properties and assets disposed of for fair market value in the ordinary course of business and consistent with prudent banking practice since the date of the Bank Financial Statements), free and clear of all mortgages, liens, pledges, charges and other

encumbrances other than those (i) for current property taxes not yet due and payable or being contested in good faith, (ii) pledges to secure deposits, or (iii) imperfections of title and encumbrances as do not materially interfere with the present use of such property or asset. Any real property or other material assets of the Bank held under lease are held under valid leases enforceable in accordance with their terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws, now or hereafter in effect, affecting creditors' rights generally, and the general principles governing specific performance, injunctive relief, and other equitable remedies). Except as set forth in Section 3.25 of the Bank Disclosure Letter, the Bank has a title policy in full force and effect from a title insurance company which, to the best of Bank's Knowledge, is solvent, insuring good and marketable title to all real property owned by the Bank (other than real property held as "Other Real Estate Owned" acquired through foreclosure) in favor of the Bank. The Bank has made available to Gulf West all of the files and information in the possession of the Bank concerning such properties, including any title exceptions which might affect marketable title or value of such property. Except as set forth in Section 3.25 of the Bank Disclosure Letter, the Bank owns all furniture, equipment, art and other property used to transact business presently located on its premises.

SECTION 3.26 Shareholder List. The Bank has provided to Gulf West prior to the date of this Agreement a list of the record holders of Shares as of July 31, 1997 containing the names, addresses and number of Shares or such other securities held of record, which is accurate in all respects as of such date, and the Bank will promptly, and in any event prior to the mailing of the Proxy Statement, advise Gulf West of any changes thereto.

SECTION 3.27 Proxy Statement. None of the information supplied or to be supplied by the Bank, or, to the Knowledge of the Bank, any of their respective directors, officers, employees, agents or Affiliates thereof for inclusion in the Registration Statement to be filed by Gulf West, the Proxy Statement, or any other document to be filed with any regulatory or governmental agency or authority in connection with the transactions contemplated hereby will, in the case of the Proxy Statement, when it is first mailed to the shareholders of the Bank contain any untrue statement of a material fact or omit to state any material fact necessary in order to make

the statements made therein, in light of the circumstances under which such statements are made, not misleading, or, in the case of the Registration Statement, when it becomes effective, be false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements therein not misleading, or, in the case of the Proxy Statement or any amendment thereof or supplement thereto, at the time of the Shareholders' Meeting of the Bank, including any adjournments thereof, be false or misleading with respect to any material fact or omit to state any material fact necessary to correct any statement or remedy any omission in any earlier communication with respect to the solicitation of any proxy for the Shareholders' Meeting.

All documents that the Bank is responsible for filing with any regulatory or governmental agency in connection with the Merger will comply in all material respects with the provisions of applicable law.

SECTION 3.28 Dissenting Shareholders. The Bank, and its directors, have no knowledge of any plan or intention on the part of any Bank shareholders to make written demand for payment of the fair value of such Shares in the manner provided in 12 U.S.C. Section 214(b).

SECTION 3.29 General Representations.

(a) To the knowledge of the Bank, except as set forth in Section 3.29 of the Bank Disclosure Letter, there have not been any sales or redemptions of the Bank's capital stock in contemplation of the Merger. Section 3.29 of the Bank Disclosure Letter sets forth all transactions in the capital stock of the Bank since December 31, 1996 of which the Bank has knowledge.

(b) The Bank has not disposed of any assets (either as a dividend or otherwise) constituting more than 10% of the fair market value of all of its assets (ignoring any liabilities) at any time either during the past twelve months or in contemplation of the Merger.

(c) The Bank is not an investment company as defined in Section 368(a)(2)(F)(iii) and (iv) of the Code.

(d) The Bank is not under the jurisdiction of a court in a Title 11 or similar case within the meaning of Section 368(a)(3)(A) of the Code.

SECTION 3.30 Accounting Matters. To the knowledge of the Bank, neither the Bank nor any of its Affiliates has taken or agreed to take any action that would prevent the Merger from qualifying as reorganization within the meaning of Section 368(a) of the Code.

SECTION 3.31 Representations Not Misleading. No representation or warranty by the Bank in this Agreement, nor any information or item required to be furnished to Gulf West or Mercantile by the Bank under and pursuant to, this Agreement including but not limited to the Bank Disclosure Letter, intentionally contains or intentionally will contain any untrue statement of a material fact or intentionally omits to state a material fact necessary to make the statements contained herein or therein not misleading. The Bank does not make and hereby expressly disclaims any representations or warranties to Gulf West or Mercantile with respect to any projections or budgets heretofore delivered to or made available to Gulf West or Mercantile regarding the future revenues, expenses, or expenditures or future results of operations of the Bank.

SECTION 3.32 Opinion of Investment Bankers. The Bank has received the written opinion of Alex Sheshunoff & Co. Investment Banking that the Merger Consideration is fair, from a financial point of view, to the shareholders of the Bank as of the date of such opinion.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF GULF WEST AND MERCANTILE

Gulf West and Mercantile hereby make the representations and warranties set forth in this Article IV to the Bank. Gulf West and Mercantile have delivered to the Bank the disclosure letter as of July 31, 1997 (the "Gulf West Disclosure Letter") referred to in this Article IV. All of the representations and warranties of Gulf West and Mercantile set forth hereunder are made as of the date of this Agreement. Gulf West and Mercantile agree at the Closing to provide the Bank with a supplement reflecting any changes thereto

between the date of such Gulf West Disclosure Letter and the date of the Closing

SECTION 4.1 Organization and Qualification. Gulf West and Mercantile are duly organized and validly existing under the laws of the State of Florida, and Mercantile is a state chartered banking institution. Gulf West and Mercantile each have the requisite corporate power and authority to carry on their respective businesses as they are now being conducted and to own, lease and operate their respective properties and assets as now owned, leased or operated. Gulf West and Mercantile do not have any Subsidiaries (as defined in Section 10.15(g)) except as set forth in Section 4.1 of the Gulf West Disclosure Letter. True and correct copies of the Articles of Incorporation and Bylaws of Gulf West and Mercantile, with all amendments thereto through the date of this Agreement, have been delivered by Gulf West and Mercantile to the Bank. Gulf West and Mercantile are duly qualified or licensed to do business and are in active status in the State of Florida. Gulf West and Mercantile and their activities, as currently conducted, do not require them to be qualified to do business in any jurisdiction other than the State of Florida.

SECTION 4.2 Gulf West Capitalization. The authorized capital stock of Gulf West consists of (i) 10,000,000 shares of Gulf West Common Stock par value \$1.00 per share, of which 3,337,081 shares are issued and outstanding, and none of which are held in treasury and 1,000,000 shares of Preferred Stock, par value \$5.00 per share, none of which has been issued as of the date of this Agreement. There are no Rights outstanding of any kind issued or granted by, or binding upon, Gulf West or Mercantile giving any person the right to purchase or otherwise acquire any security of or equity interest in Gulf West or Mercantile except that Gulf West's 1995 Nonstatutory Stock Option Plan provides for up to twelve (12%) percent of Gulf West's total outstanding Common Stock to be issued pursuant to its terms, and options covering 357,001 shares of such reserved common stock have been granted to employees and directors thereunder and remain unexercised as of the date of this Agreement. To the Knowledge of Gulf West and Mercantile, there are no irrevocable proxies or any agreements restricting the transfer of or otherwise relating to shares of the capital stock of either Gulf West or Mercantile. All of the issued and outstanding shares of capital stock of each of Gulf West and Mercantile are, and all of the shares to be issued in exchange for the Bank Common Stock upon consummation

of the Merger will be authorized and reserved for issuance prior to the Closing Date and, when issued in accordance with the terms of this Agreement, will be duly authorized, validly issued and outstanding and fully paid and non-assessable. None of the outstanding shares has been, and none of the shares to be issued upon consummation of the Merger will be, issued in violation of any preemptive rights of current or past shareholders of Gulf West. Gulf West has never declared or paid a cash dividend on its common shares except for \$0.04 cash dividends declared in 1994 and 1995, which dividends have been paid as of the date of this Agreement. Except as noted in the Gulf West Disclosure Letter in Section 4.2, Gulf West has never paid a dividend in stock or other securities on the Gulf West Common Stock.

SECTION 4.3 Gulf West Subsidiaries. A true and complete list of all of the Subsidiaries of Gulf West are set forth in Section 4.3 of the Gulf West Disclosure Letter. Except as disclosed in the Gulf West Disclosure Letter, Gulf West owns all of the issued and outstanding shares of capital stock of each Gulf West Subsidiary, including Mercantile. Each of Gulf West's Subsidiaries that is a depository institution are insured by either the Bank Insurance Fund or the Savings Association Insurance Fund. No capital stock or other equity or voting securities of any Gulf West Subsidiary are or may become required to be issued by reason of any options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, shares of the capital stock of any Gulf West Subsidiary, and there are no contracts, commitments, understandings or arrangements by which any Gulf West Subsidiary is bound to issue additional shares of its capital stock or options, warrants, or rights to purchase or acquire any additional shares of its capital stock. All of the shares of capital stock of each Gulf West Subsidiary held by Gulf West are fully paid and nonassessable (except, in the case of Subsidiaries that are national banks, for the assessment contemplated by 12 U.S.C. §55) and are owned by Gulf West free and clear of any lien, claim, hypothecation, pledge, charge, security interest, or arrangement, contingencies, or encumbrances of any kind whatsoever. Each Gulf West Subsidiary (i) is either a banking association or a corporation, and is duly organized, validly existing and (as to corporations) in good standing under the laws of the jurisdiction in which it is incorporated or organized, (ii) is duly qualified or licensed to do business and in good standing in all jurisdictions (whether federal,

state, local) where the character of its properties and assets owned, operated, or leased by it, or the nature of its activities make such qualification or license necessary, except for such jurisdictions where the failure to be so qualified is not reasonably likely to have a Material Adverse Effect on Gulf West, and (iii) has the requisite corporate power and authority to own, lease, and operate its properties and assets and to carry on its business as now conducted.

SECTION 4.4 Authority Relative to the Agreement. Each of Gulf West and Mercantile has the requisite corporate power and authority to execute and deliver this Agreement and, subject to the receipt of all necessary governmental and regulatory approvals and consents to consummate the transactions contemplated hereby. The execution and delivery of this Agreement has been duly and validly authorized by all necessary corporate action required to be taken by Gulf West and Mercantile in respect thereof, including approval thereof by their respective Boards of Directors. This Agreement has been duly executed and delivered by Gulf West and Mercantile and, subject to receipt of all necessary governmental and regulatory approvals and consents and the expiration of any statutorily required waiting periods (and assuming the due authorization, execution, and delivery by the Bank of this Agreement and that this Agreement constitutes the valid and binding obligation of the Bank) constitutes a valid and legally binding obligation of Gulf West and Mercantile, enforceable against Gulf West and Mercantile (except in all cases to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar laws, now or hereafter in effect, affecting creditors' rights generally, and the general principles governing specific performance, injunctive relief, and other equitable remedies). The execution, delivery and performance of this Agreement by Gulf West and Mercantile, and the consummation of the transactions contemplated hereby, will not conflict with, or result in any violation or breach of or default under the respective Articles of Incorporation or Bylaws of Gulf West and Mercantile or any agreement, document or instrument by which either Gulf West or Mercantile is obligated or bound. Neither Gulf West nor Mercantile is currently in violation of its respective Articles of Incorporation or Bylaws.

SECTION 4.5 No Violation. Except as set forth in Section 4.5 of the Gulf West Disclosure Letter, neither the execution, delivery

nor performance of this Agreement in its entirety, nor the consummation of the Merger, following the receipt of such approvals as may be required from the FDIC, FRB, OCC, SEC, DOJ and the Department and the expiration of any statutorily required waiting periods (the "Required Governmental Approvals") will (i) violate (with or without the giving of notice or the passage of time), any law, order, writ, judgment, injunction, award, decree, rule, statute, ordinance or regulation applicable to Gulf West or Mercantile other than those which do not, or are not reasonably likely to have a Material Adverse Effect on Gulf West and Mercantile on a consolidated basis or prevent the consummation of the Merger, or (ii) be in material conflict with, result in a material breach or termination of any provision of, cause the acceleration of the maturity of any debt or obligation pursuant to, constitute a default (or give rise to any right of termination, cancellation or acceleration) under, or result in the creation of any security interest, lien, charge or other encumbrance upon any property or assets of Gulf West or Mercantile pursuant to, any terms, conditions or provisions of any note, license, instrument, indenture, mortgage, deed of trust or other agreement or understanding or any other restriction of any kind or character, to which Gulf West or Mercantile is a party or by which any of its assets or properties are subject or bound, other than those which do not and are not reasonably likely to have a Material Adverse Effect on Gulf West and Mercantile on a consolidated basis.

SECTION 4.6 Consents and Approvals. Except for the Required Governmental Approvals and as described in Section 4.6 of the Gulf West Disclosure Letter, no prior consent, approval or authorization of, or declaration, filing or registration with any person, domestic or foreign, is required of Gulf West or Mercantile in connection with the execution, delivery and performance by Gulf West and Mercantile of this Agreement and the transactions contemplated hereby other than (i) the filing of the Articles of Merger under the FFIC, (ii) the Required Governmental Approvals, and (iii) notices to or filings with the IRS or the Pension Benefit Guaranty Corporation with respect to any employee benefit plans.

SECTION 4.7 Regulatory Reports. Since January 1996, except as set forth in Section 4.7 of the Gulf West Disclosure Letter, Gulf West and Mercantile each have filed all reports, registrations and statements, together with any amendments required to be made

thereto, that are required to be filed with the Department, the FRB, or the FDIC or other state banking authorities.

SECTION 4.8 Securities Issuances. As of the date of this Agreement, Gulf West is not required to register any of its securities under, and has not registered its securities under, the provisions of Section 12 of the Exchange Act, nor are either of them required to file any reports under Section 13 of the Exchange Act in accordance with Section 15(d) of the Exchange Act. All issuances of securities by Gulf West and Mercantile prior to the date of this Agreement either were exempt from registration under the Securities Act and the Florida Securities Investor Protection Act, and all other applicable securities laws or were duly registered.

SECTION 4.9 Financial Statements. Gulf West and Mercantile have provided the Bank true and complete copies of the consolidated audited balance sheets of Gulf West and its Subsidiaries as of December 31, 1996 and 1995 and the related consolidated statements of income, shareholders' equity and cash flows for the years ended December 31, 1996, 1995 and 1994 and its unaudited interim consolidated financial statements as of April 30, 1997 (such balance sheets and the related statements of income, shareholders' equity and cash flows are collectively referred to herein as the "Gulf West Financial Statements"). The Gulf West Financial Statements fairly present in all material respects the financial position of Gulf West and its Subsidiaries on a consolidated basis as of their respective dates and the consolidated results of operations and cash flows of Gulf West and its Subsidiaries for the periods indicated and were prepared in accordance with GAAP applied on a basis consistent with prior periods (subject, in the case of the unaudited interim financial statements, to normal year-end adjustments and the fact that they do not contain all of the footnote disclosures required by GAAP), except as otherwise noted therein or in the notes to the financial statements. The accounting records underlying the Gulf West Financial Statements fairly reflect in all material respects the transactions of Gulf West and its Subsidiaries. As of their dates, the Gulf West Financial Statements conformed, and when issued, will conform, in all material respects with all applicable rules and regulations promulgated by the Department and the FDIC. Neither Gulf West nor any of its Subsidiaries have material liabilities or obligations of a type which should be included in or reflected on the Gulf West Financial Statements or in the Notes thereto if prepared in accordance with GAAP, whether related to tax

or non-tax matters, accrued or contingent, due or not yet due, liquidated or unliquidated, or otherwise, except as and to the extent disclosed or reflected in Gulf West Financial Statements for the periods indicated. Except as set forth in Section 4.9 of the Gulf West Disclosure Letter, Gulf West and its Subsidiaries do not have any off balance sheet liabilities associated with financial derivative products or potential liabilities associated with financial derivative products.

SECTION 4.10 Absence of Certain Changes. Except as and to the extent set forth in Section 4.10 of the Gulf West Disclosure Letter, since December 31, 1996 neither Gulf West nor Mercantile have:

(a) made any amendment to their respective Articles of Incorporation or Bylaws or changed the character of their business in any material manner other than as may be caused by the filing of the Articles of Merger;

(b) through the date of this Agreement suffered any Material Adverse Effect (as defined in Section 10.15(d));

(c) directly or indirectly declared, set aside or paid any dividend or made any distribution in respect to their capital stock or redeemed, purchased or otherwise acquired, or arranged for the redemption, purchase or acquisition of, or issued or authorized for issuance any shares of their capital stock or other of their securities except for the issuance of securities pursuant to the exercise of stock options granted as of the date of this agreement and the issuance of shares pursuant to Gulf West's Employee Stock purchase Plan;

(d) except as required by GAAP, applicable law or regulation, made any or acquiesced with any change in any accounting methods, principles or practices used in preparing the Gulf West Financial Statements or in keeping Gulf West's books;

(e) agreed, whether in writing or otherwise, to take any action the performance of which would adversely change the representations contained in this Section 4.10 in the future so that any such representation would not be true in all material respects as of the Closing.

SECTION 4.11 Gulf West Indebtedness. Gulf West has delivered to the Bank true and complete copies of all loan documents ("Gulf West Loan Documents") related to indebtedness of Gulf West and its Subsidiaries, other than leases described in Section 4.16, deposits, purchases of federal funds, fully secured repurchase agreements, bankers' acceptances, letters of credit issued in the ordinary course of business, and trade payables less than 30 days past due ("Gulf West Indebtedness"), and made available to the Bank all material correspondence concerning the status of Gulf West Indebtedness.

SECTION 4.12 Litigation. Except as set forth in Section 4.12 of the Gulf West Disclosure Letter, there are no Proceedings pending or, to the Knowledge of Gulf West and Mercantile, threatened against Gulf West or any of its Subsidiaries or involving any of their respective properties or assets, at law or in equity or before or by any foreign, federal, state, municipal, or other governmental court, department, commission, board, bureau, agency, or other instrumentality or person or any board of arbitration or similar entity. Gulf West will notify the Bank immediately in writing of any Proceedings against Gulf West or any of its Subsidiaries.

SECTION 4.13 Tax Matters. Gulf West has filed all tax returns required to be filed by it (the "Gulf West Filed Returns") or requests for extensions have been filed and granted and have not expired and, except as set forth in Section 4.13 of the Gulf West Disclosure Letter, Gulf West and its Subsidiaries each have paid or discharged, or have established adequate reserves for the payment of, all federal income taxes and all state and local income taxes and all franchise, property, sales, employment, foreign or other taxes required to be paid with respect to the periods covered by the Gulf West Filed Returns. With respect to the periods for which returns have not yet been filed or where taxes are being contested in good faith, except as set forth in Section 4.13 of the Gulf West Disclosure Letter, Gulf West and its Subsidiaries have established adequate reserves determined in accordance with GAAP for the payment of all federal, state and local income taxes and all franchise, property, sales, employment, foreign or other taxes. Except as described in Section 4.13 of the Gulf West Disclosure Letter, neither Gulf West nor any of its Subsidiaries have any direct or indirect material liability for the payment of federal, state or local income taxes, or franchise, property, sales, employment or other taxes in excess of amounts paid or reserves established. Gulf

West and its Subsidiaries have not filed any IRS Forms 1139 (Application for Tentative Refund). Except as set forth in Section 4.13 of the Gulf West Disclosure Letter, there are no pending questions raised in writing by the IRS or other taxing authority for taxes or assessments of Gulf West and its Subsidiaries, nor are there any outstanding agreements or waivers extending the statutory period of limitation applicable to any tax return of Gulf West and its Subsidiaries for any period. Except as set forth in Section 4.13 of the Gulf West Disclosure Letter, Gulf West and its Subsidiaries have withheld from employee wages and paid over to the proper governmental authorities all amounts required to be so withheld and paid over.

SECTION 4.14 Employee Benefit Plans.

(a) Gulf West has delivered or made available prior to the execution of this Agreement true and complete copies (or, in the case of unwritten bonus or other unwritten incentive plans, summaries thereof and financial data with respect thereto) of all material pension, retirement, profit-sharing, deferred compensation, stock option, employee stock ownership, severance pay, vacation, bonus or other material incentive plans, all other material employee programs, arrangements or agreements, whether arrived at through collective bargaining or otherwise, all material medical, vision, dental or other health plans, all life insurance plans and all other employee benefit plans or fringe benefit plans, including, without limitation, all "employee benefit plans" as that term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), currently adopted by, maintained by, sponsored in whole or in part by, or contributed to by Gulf West or any affiliate thereof for the benefit of any employee or under which any employee is eligible to participate and under which Gulf West could have any liability contingent or otherwise (collectively, the "Gulf West Benefit Plans"). Any of the Gulf West Benefit Plans which is an "employee pension benefit plan," as that term is defined in Section 3(2) of ERISA, is referred to herein as a "Gulf West ERISA Plan." Any of the Gulf West Benefit Plans pursuant to which Gulf West is or may become obligated to, or obligated to cause any other person to, issue, deliver or sell shares of capital stock of Gulf West, or grant, extend or enter into any option, warrant, call, right, commitment or agreement to issue, deliver or sell shares, or any other interest in respect of capital stock of Gulf West, is referred to herein as a "Gulf West Stock Plan." No Gulf West,

Benefit Plan is or has been a multiemployer plan within the meaning of Section 3(37) of ERISA. Gulf West has set forth in Section 4.14 of the Gulf West Disclosure Letter (i) a list of all of the Gulf West Benefit Plans, (ii) a list of Gulf West Benefit Plans that are Gulf West ERISA Plans, (iii) a list of Gulf West Benefit Plans that are Gulf West Stock Plans and (iv) a list of the number of shares covered by, exercise prices for, and holders of, all stock options granted and available for grant under the Gulf West Stock Plans.

(b) All Gulf West Benefit Plans are in substantial compliance with the applicable terms of ERISA and the Code and any other applicable laws, rules and regulations.

(c) All liabilities under any Gulf West Benefit Plan are fully accrued or reserved against in the Gulf West Financial Statements in accordance with GAAP. No Gulf West ERISA Plan which is a defined benefit pension plan has any "unfunded current liability," as that term is defined in Section 302(d)(8)(A) of ERISA, and the present fair market value of the assets of any such plan exceeds the plan's "benefit liabilities," as that term is defined in Section 4001(a)(16) of ERISA, when determined under actuarial factors that would apply if the plan terminated in accordance with all applicable legal requirements.

(d) Gulf West does not have any obligations for retiree health and life benefits under any Gulf West Benefit Plan or otherwise, except as set forth in Section 4.14 of the Gulf West Disclosure Letter. There are no restrictions on the rights of Gulf West to amend or terminate any such Gulf West Benefit Plan without incurring any material liability thereunder.

(e) Except as set forth in the Gulf West Disclosure Letter, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby or thereby will (i) result in any payment (including, without limitation, severance, golden parachute or otherwise) becoming due to any employees under any Gulf West Benefit Plan or (ii) result in any acceleration of the time of payment or vesting of any such benefits.

SECTION 4.15 Labor Matters. Except as disclosed in Section 4.15 or 4.14(a), (d) or (e) of the Gulf West Disclosure Letter, (i) neither Gulf West nor any of its Subsidiaries are parties to any oral or written contracts or agreements granting benefits or rights

to employees or any collective bargaining agreement or to any conciliation agreement with the Department of Labor, the Equal Employment Opportunity Commission or any federal, state or local agency which requires equal employment opportunities or affirmative action in employment, (ii) there are no unfair labor practice complaints pending against Gulf West and Mercantile before the National Labor Relations Board or any similar claims pending before any similar state, local or foreign agency; and (iii) to the Knowledge of Gulf West and its Subsidiaries, there is no activity or proceeding of any labor organization (or representative thereof) or employee group to organize any employees of Gulf West and its Subsidiaries, nor of any strikes, slowdowns, work stoppages, lockouts, or threats thereof, by or with respect to any such employees. To the Knowledge of Gulf West, Gulf West and its Subsidiaries are in compliance in all material respects with all applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and Gulf West and Mercantile are not engaged in any unfair labor practice.

SECTION 4.16 Leases, Contracts and Agreements. Except as set forth in Section 4.16 of the Gulf West Disclosure Letter, there are no leases, subleases, licenses, contracts and agreements (other than Gulf West Excepted Contracts as defined below) to which Gulf West or any of its Subsidiaries are parties or by which Gulf West or any of its Subsidiaries are bound which obligate or may obligate Gulf West or any of its Subsidiaries in the aggregate for an amount in excess of \$25,000 over the entire term of any such agreement or related contracts of a similar nature to one or more related parties which in the aggregate obligate or may obligate Gulf West or any of its Subsidiaries in the aggregate for an amount in excess of \$25,000 over the entire term of such related contracts (the "Gulf West Contracts"). Gulf West has made available to the Bank true and correct copies of all such Gulf West Contracts. For the purposes of this Agreement, the Gulf West Contracts shall be deemed not to include loans made by, repurchase agreements made by, spot foreign exchange transactions of, bankers acceptances of trade payables due within 30 days made in the ordinary course of business or deposits by Gulf West or Mercantile (the "Gulf West Excepted Contracts"). Except as set forth in Section 4.16 of the Gulf West Disclosure Letter, no participations or loans have been sold which have buy back, recourse or guaranty provisions which create contingent or direct liabilities of Gulf West and Mercantile. Except as disclosed in Section 4.16 of the Gulf West Disclosure Letter, all of the Gulf

West Contracts are legal, valid and binding obligations of Gulf West and Mercantile, and to the Knowledge of Gulf West and Mercantile, the other parties to the Gulf West Contracts. To the Knowledge of Gulf West, each such Contract is in full force and effect and is enforceable by Gulf West in accordance with its terms, except in all cases to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereafter in effect relating to creditors' rights generally and the general principles governing specific performance, injunctive relief, and other equitable remedies. Except as described in Section 4.16 of the Gulf West Disclosure Letter, all rent and other payments by Gulf West and its Subsidiaries under the Gulf West Contracts are current, there are no existing defaults by Gulf West and its Subsidiaries under the Gulf West Contracts, and to the Knowledge of Gulf West, no termination, condition or other event has occurred which (whether with or without notice, lapse of time or the happening or occurrence of any other event) would constitute a default.

SECTION 4.17 Related Gulf West and Mercantile Transactions.

Except as set forth in Section 4.17 of the Gulf West Disclosure Letter, there are no agreements, instruments, commitments, extensions of credit, or other contractual agreements of any kind between or among Gulf West or Mercantile, whether on their own behalf or in the capacity as trustee or custodian for the funds of any employee benefit plan (as defined in ERISA), and any of their Affiliates (as defined in Section 10.15(a)).

SECTION 4.18 Compliance with Laws. Except as set forth in Section 4.18 of the Gulf West Disclosure Letter, neither Gulf West nor any of its Subsidiaries are in default with respect to or in violation of (i) any judgment, order, writ, injunction or decree of any court or (ii) to the Knowledge of Gulf West any statute, law, ordinance, rule, order or regulation of any federal, state or local governmental department, commission, board, bureau, agency or instrumentality. Gulf West and its Subsidiaries have all material permits, licenses, and franchises from governmental agencies required to conduct their respective businesses as they are now being conducted.

SECTION 4.19 Insurance. Each of Gulf West and Mercantile have in effect the insurance coverage (including fidelity bonds) described in Section 4.19 of the Gulf West Disclosure Letter and

have had similar insurance in force for the lesser of the last 3 years or the time since they were organized. There have been no claims under such policies of insurance within the last 3 years and neither Gulf West nor Mercantile is aware of any facts which would form the basis of a claim under such policies of insurance. Neither Gulf West nor any of its Subsidiaries has any reason to believe that the existing fidelity coverage will not be renewed by its carrier on substantially the same terms.

SECTION 4.20 Loans. Each loan reflected as an asset in the Gulf West Financial Statements as of December 31, 1996, and each loan entered into by Mercantile subsequent thereto, (i) is evidenced in all material respects by notes, agreements or other evidences of indebtedness which are true, genuine and what they purport to be, and (ii) is the legal, valid and binding obligation of the obligor named therein, enforceable by the Bank in accordance with its terms, except in all cases to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws, now or hereafter in effect, affecting creditors' rights generally, and the general principles governing specific performance, injunctive relief, and other equitable remedies. Except as disclosed in Section 4.20 of the Gulf West Disclosure Letter, Gulf West and Mercantile are not parties to any loan, including any loan guaranty, with any director, executive officer or 5% shareholder of Gulf West or any person, corporation or enterprise controlling, controlled by or under common control with any of the foregoing. Except as disclosed in Section 4.20 of the Gulf West Disclosure Letter, Mercantile does not have (i) any loan in its portfolio exceeding Mercantile's legal lending limit, and (ii) any known significant delinquent (30 days past due), substandard, doubtful, loss, nonperforming or problem loans as classified by the Department or the FDIC or by Mercantile pursuant to Mercantile's written policies.

SECTION 4.21 Patents, Trademarks and Copyrights. Except as set forth in Section 4.21 of the Gulf West Disclosure Letter, Gulf West and Mercantile do not require the use of any material patent, patent application, invention, process, trademark (whether registered or unregistered), trademark application, trade name, service mark, copyright, or any material trade secret for the business or operations of either Gulf West or any of its Subsidiaries. Each of Gulf West and its Subsidiaries own or are licensed or otherwise have the right to use any items listed in

Section 4.21 of the Gulf West Disclosure Letter and neither Gulf West nor any of its Subsidiaries is infringing on the patent, trademark or copyright of any other person.

SECTION 4.22 Environmental Compliance. Except as set forth in Section 4.22 of the Gulf West Disclosure Letter:

(a) To the Knowledge of Gulf West each of Gulf West and Mercantile, and any property owned or operated by either of them are in compliance in all material respects with all applicable Environmental Laws (as defined in Section 10.15(b)) and has obtained and is in compliance with all material Permits required under any Environmental Law. To the knowledge of Gulf West, there is no past or present event, condition or circumstance that could reasonably be expected to (1) interfere with the conduct of the business of Gulf West and Mercantile in the manner now conducted relating to such entity's compliance with Environmental Laws, (2) constitute a violation of any Environmental Law which in either event is reasonably likely to have a Material Adverse Effect upon Gulf West and Mercantile;

(b) To the Knowledge of Gulf West, neither Gulf West nor any of its Subsidiaries currently lease, operate, own, or exercise managerial functions at, nor has any of them formerly leased, operated, owned, or exercised managerial functions at, any facility or real property that, to their Knowledge, is the subject of any actual, threatened or potential Proceeding under any Environmental Law;

(c) To the knowledge of Gulf West, Gulf West has not received notice of any Proceeding pending or, threatened against Gulf West and Mercantile under any Environmental Law or relating to the release, threatened release, management, treatment, storage, or disposal of, or exposure to Polluting Substances defined in Section 10.15(a), seeking to impose, or that could result in the imposition on Gulf West of any material liability under any Environmental Laws, and neither Gulf West nor any of its Subsidiaries has received any notice (whether from any regulatory body or private person) of any claim under or violation of, or potential or threatened violation of, any Environmental Law;

(d) To the Knowledge of Gulf West, Gulf West has not received notice of any action or Proceeding pending or, threatened under any

Environmental Law involving the release or threat of release of any Polluting Substances at or on any property where Polluting Substances generated by Gulf West and Mercantile have been disposed, treated or stored seeking to impose, or that could result in the imposition on Gulf West and Mercantile of any material liability under any Environmental Laws;

(e) Neither Gulf West nor any of its Subsidiaries has generated any Polluting Substances for which any of them was required under an Environmental Law to execute any waste disposal manifest or receipt;

(f) To the Knowledge of Gulf West and Mercantile, there has been no release of Polluting Substances in or on any Gulf West Property (as defined below) in violation of any Environmental Laws or which would require remediation or any report or notification (other than routine, non-incident specific, annual reporting under applicable Environmental Laws) to any governmental or regulatory authority;

(g) To the Knowledge of Gulf West and Mercantile, there are no underground or above ground storage tanks on or under any Gulf West Property which are not in compliance with Environmental Laws and any Gulf West Property previously containing such tanks has been in compliance with all Environmental Laws;

(h) To the Knowledge of Gulf West, there is no asbestos containing material on any Current Controlled Gulf West Property (as defined below) or any Gulf West Collateral Property (as defined below); and

(i) Mercantile has fully complied in all material respects with the guidelines issued by the FDIC on February 25, 1993, and the rules and regulations of any other governmental authority with jurisdiction over Mercantile, that direct banks to implement programs to reduce the potential for banks to incur liability under, or to assess the compliance of borrowers or Gulf West Collateral Property with, Environmental Laws.

(j) For purposes of this Section 4.22, "Gulf West Property" includes (1) any real property which Gulf West or Mercantile currently or in the past have leased, operated or owned or managed in any manner including without limitation any property acquired by

foreclosure or deed in lieu thereof (respectively, "Current Controlled Gulf West Property" and "Former Controlled Gulf West Property," and collectively "Gulf West Controlled Property") and (2) property now held as security for a loan or other indebtedness to Gulf West or Mercantile or property currently proposed as security for loans or other credit Gulf West or Mercantile is currently evaluating whether to extend or has committed to extend a loan ("Gulf West Collateral Property").

SECTION 4.23 Regulatory Actions. Except as set forth in Section 4.23 of the Gulf West Disclosure Letter, there are no actions or proceedings pending or, to the knowledge of Gulf West, threatened against Gulf West or its Subsidiaries by or before any agency or department of any federal, state or local government or regulatory authorities, including the FRB, the FDIC or the Department asserting that Gulf West or any of its Subsidiaries is not in compliance with any of the statutes, rules, or regulations which such agency or authority enforces. Except as set forth in Section 4.23 of the Gulf West Disclosure Letter, neither Gulf West nor any of its Subsidiaries are subject to a formal or informal agreement, memorandum of understanding, enforcement action with or in receipt of any type of financial assistance by any regulatory authority having jurisdiction over such entity. Neither Gulf West nor any of its Subsidiaries has taken or agreed to take any action which would materially impede or delay receipt of any regulatory approval required in order to consummate the transactions contemplated hereby. Except as set forth in Section 4.23 of the Gulf West Disclosure Letter, neither Gulf West nor any Subsidiary has received or been made aware of any complaints or inquiries under the Community Reinvestment Act, the Fair Housing Act, the Equal Credit Opportunity Act or any other state or federal anti-discrimination fair lending law and, Gulf West is not aware of any such complaint or inquiry.

SECTION 4.24 Title to Properties; Encumbrances. Except as set forth in Section 4.24 of the Gulf West Disclosure Letter, Gulf West and each of its Subsidiaries have good and marketable title to, or an adequate leasehold interest in, all its material properties and assets, real and personal (including, without limitation, all the properties and assets reflected in the Gulf West Financial Statements, except for those properties and assets disposed of for fair market value in the ordinary course of business and consistent with prudent banking practice since the date of the Gulf West

Financial Statements), free and clear of all mortgages, liens, pledges, charges and other encumbrances other than those (i) for current property taxes not yet due and payable or being contested in good faith, (ii) pledges to secure deposits, or (iii) imperfections of title and encumbrances as do not materially interfere with the present use of such property or asset. Any real property or other material assets of Gulf West or its Subsidiaries held under lease are held under valid leases enforceable in accordance with their terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws, now or hereafter in effect, affecting creditors' rights generally, and the general principles governing specific performance, injunctive relief, and other equitable remedies). Except as set forth in Section 4.24 of the Gulf West Disclosure Letter, Gulf West and its Subsidiaries have a title policy in full force and effect from a title insurance company which, to the best of Gulf West Knowledge, is solvent, insuring good and marketable title to all real property owned by Gulf West or any of its Subsidiaries (other than real property held as "Other Real Estate Owned" acquired through foreclosure) in favor of Gulf West or the respective Subsidiary as the case may be. Gulf West has made available to the Bank all of the files and information in the possession of Gulf West and its Subsidiaries concerning such properties, including any title exceptions which might affect marketable title or value of such property. Except as set forth in Section 4.24 of the Gulf West Disclosure Letter, Gulf West and each of its Subsidiaries own all furniture, equipment, art and other property used to transact its respective business as presently located on the respective premises.

SECTION 4.25 Registration Statement. None of the information supplied or to be supplied by Gulf West, its Subsidiaries, or, to the Knowledge of Gulf West, any of their respective directors, officers, employees, agents, or Affiliate thereof, for inclusion in the Registration Statement to be filed by Gulf West with the SEC, the Proxy Statement, or any other document to be filed with any regulatory or governmental agency or authority in connection with the transactions contemplated hereby will, in the case of the Proxy Statement, when it is first mailed to the shareholders of the Bank contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements are made, not misleading, or, in the case of the Registration

Statement, when it becomes effective, be false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements therein not misleading, or, in the case of the Proxy Statement or any amendment thereof or supplement thereto, at the time of the Shareholders' Meeting of the Bank, including any adjournments thereof, be false or misleading with respect to any material fact or omit to state any material fact necessary to correct any statement or remedy any omission in any earlier communication with respect to the solicitation of any proxy for the Shareholders' Meeting.

All documents that Gulf West and Mercantile are responsible for filing with any regulatory or governmental agency in connection with the Merger will comply in all material respects with the provisions of applicable law.

SECTION 4.26 Availability of Gulf West Common Stock. As of the date of this Agreement and until the earlier of the Effective Time or termination of the Agreement, Gulf West has and shall continue to have available and shall reserve for issuance a sufficient number of authorized and unissued shares of Gulf West Common Stock to pay the Merger Consideration set forth in Section 1.6 of this Agreement, and Gulf West will not take any action during the term of this Agreement that will cause it not to have a sufficient number of authorized and unissued shares of Gulf West Common Stock to pay such consideration upon consummation of the Merger.

SECTION 4.27 Ownership of the Bank Common Stock. Neither Gulf West, nor its Subsidiaries, beneficially own for their own account any shares of the Bank Common Stock.

SECTION 4.28 Representations Not Misleading. No representation or warranty by Gulf West and Mercantile in this Agreement, nor any information or item required to be furnished to the Bank by Gulf West and Mercantile under and pursuant to, this Agreement including but not limited to the Gulf West Disclosure Letter, intentionally contains or intentionally will contain any untrue statement of a material fact or intentionally omits to state a material fact necessary to make the statements contained herein or therein not misleading. Gulf West and Mercantile do not make and hereby expressly disclaim any representations or warranties to Bank with respect to any projections or budgets heretofore delivered to

or made available to Bank regarding the future revenues, expenses, or expenditures or future results of operations of Gulf West or Mercantile.

ARTICLE V.

CONDUCT OF BUSINESS PENDING CLOSING

SECTION 5.1 Affirmative Covenants of the Bank. During the period of time from the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, the Bank shall, except as specifically contemplated by this Agreement or unless the prior written consent of Gulf West is obtained to vary therefrom:

(a) operate and conduct the business of the Bank in the ordinary course of business and consistent with prudent banking practices;

(b) use its reasonable best efforts to preserve intact the Bank's business organization, assets, licenses, permits, authorizations, and business opportunities;

(c) comply with all material contractual obligations applicable to the Bank's operations;

(d) use its reasonable best efforts to maintain all the Bank's properties in good repair, order and condition, reasonable wear and tear excepted, and maintain the insurance coverages described in Section 5.1(d) of the Bank Disclosure Letter (which shall list all Property insured by such coverages) or obtain comparable insurance coverages from reputable insurers which, in respect to amounts, types and risks insured, are adequate for the business conducted by the Bank and, to the extent available at comparable costs, consistent with the existing insurance coverages;

(e) in good faith and in a timely manner use its reasonable best efforts to (i) cooperate with Gulf West and Mercantile in satisfying the conditions in this Agreement, (ii) assist Gulf West and Mercantile in obtaining as promptly as possible all consents, approvals, authorizations and rulings, whether regulatory, corporate or otherwise, as are necessary for Gulf West and Mercantile and the

Bank (or any of them) to carry out and consummate the transactions contemplated by this Agreement, including all consents, approvals and authorizations required by any agreement or understanding existing at the Closing between the Bank and any governmental agency or other third party, (iii) furnish information concerning the Bank not previously provided to Gulf West required for inclusion in any filings or applications that may be necessary in that regard and (iv) perform all acts and execute and deliver all documents necessary to be performed, executed or delivered by the Bank to cause the transactions contemplated by this Agreement to be consummated at the earliest practicable date;

(f) comply in all material respects with all applicable material laws and regulations;

(g) promptly notify Gulf West upon obtaining Knowledge of any material default, event of default or condition with which the passage of time or giving of notice would constitute a default or an event of default under the Bank Loan Documents and promptly notify and provide copies to Gulf West of any material written communications concerning such Bank Loan Documents;

(h) promptly give written notice to Gulf West upon obtaining Knowledge of any event or fact that would cause any of the representations or warranties of the Bank contained in or referred to in this Agreement to be untrue or misleading in any material respect;

(i) deliver to Gulf West a list (Section 5.1(i) of the Bank Disclosure Letter), dated as of the Closing, showing (i) the name of each bank or institution where the Bank has accounts or safe deposit boxes, (ii) the name(s) in which such accounts or boxes are held and (iii) the name of each person authorized to draw thereon or have access thereto;

(j) deliver to Gulf West a list (Section 5.1(j) of the Bank Disclosure Letter), dated as of the Closing, showing all liabilities and obligations of the Bank incurred since the Balance Sheet Date (except those arising in the ordinary course of its business), certified by an officer of Bank;

(k) promptly notify Gulf West of any material change or inaccuracies in any data furnished in the Bank's Disclosure Letter

or requested in writing by Gulf West or Mercantile and made available to them by the Bank after the date of this Agreement; and

(1) promptly following their availability, the Bank will provide Gulf West with the unaudited balance sheet and statements of income of the Bank as of the end of each month hereafter, prepared on a basis consistent with prior periods.

SECTION 5.2 Negative Covenants of the Bank. During the period from the date of this Agreement to the earlier of the Effective Time or the termination of this Agreement, except as described in Section 5.2 of the Bank Disclosure Letter or as otherwise specifically permitted by this Agreement, the Bank will not without the prior written consent of Gulf West:

(a) except as contemplated by this Agreement, amend its articles of incorporation or association or bylaws;

(b) except as required by GAAP, applicable law or regulation, make any or acquiesce with any change in any accounting method, principle or practice used in preparing the Bank Financial Statements or in keeping the Bank's books;

(c) make any change in the number of shares of the capital stock issued and outstanding, or issue, reserve for issuance, grant, sell or authorize the issuance of any shares of its capital stock or Rights of any kind relating to the issuance or sale of or conversion into shares of its capital stock;

(d) contract to create any obligation or liability (absolute, accrued, contingent or otherwise) except in the ordinary course of business and consistent with prudent banking practices (it being understood and agreed that the incurrence of indebtedness in the ordinary course of business shall include, without limitation, creation of deposit liabilities, advances from Federal Reserve Bank or Federal Home Loan Bank, entry into repurchase agreements, and letters of credit);

(e) contract to create any mortgage, pledge, lien, security interest or encumbrances, restrictions, or charge of any kind which attaches to any of the Bank's Current Controlled Property (other than statutory liens for which the obligations secured thereby shall

not become delinquent), except in the ordinary course of business and consistent with prudent banking practices;

(f) cancel any debts, waive any claims or rights of value or sell, transfer, or otherwise dispose of any of its material properties or assets, except in the ordinary course of business and consistent with prudent banking practices;

(g) sell any real estate owned as of the date of this Agreement or acquired thereafter, which real estate qualifies as "other real estate owned" under accounting principles applicable to it, except in the ordinary course of business and consistent with prudent banking practices and applicable banking laws and regulations;

(h) dispose of or permit to lapse any rights to the use of any material registered trademark, service mark, trade name or copyright, or dispose of or disclose to any person other than its employees any material trade secret not theretofore a matter of public knowledge;

(i) except as set forth in Section 3.10 of the Bank Disclosure Letter and except for regular salary increases granted in the ordinary course of business within the Bank's 1997 budget approved by the Bank's Board of Directors in March 1997 and consistent with prior practices, or required by applicable law; grant any increase in compensation or pay or agree to pay or accrue any bonus, percentage compensation, service award, severance payment or like benefit to or for the credit of any director, officer, employee or other person (other than pursuant to policies, contracts, agreements, or other arrangements in effect on the date of this Agreement and disclosed in Section 5.2 of the Bank Disclosure Letter); or enter into any employment, consulting or severance agreement or other agreement with any director, officer or employee, or adopt, amend or terminate any Employee Benefit Plan or change or modify the period of vesting or retirement age for any participant of such a plan other than any such change required by law or that, in the opinion of counsel, is necessary or advisable to maintain the tax qualified status of such plan;

(j) directly or indirectly declare, set aside or pay any dividend or make any distribution or payment in respect of shares of its capital stock or redeem, purchase or otherwise acquire, or

arrange for the redemption, purchase or acquisition of, any shares of its capital stock or other of its securities except pursuant to the Merger;

(k) except for purchases of United States Treasury securities or United States Government agency securities, or in connection with a settlement of indebtedness, foreclosure, the exercise of creditors' remedies or in a fiduciary capacity, make any investment in or acquire the capital stock of or other equity securities in any person;

(l) make any capital expenditure or a series of capital expenditures of a similar nature relating to one capital project in excess of \$25,000;

(m) make any income tax or franchise tax election or settle or compromise any federal, state, local or foreign income tax or franchise tax liability, or, except in the ordinary course of business consistent with prudent banking practices, make any other tax election or settle or compromise any other federal, state, local or foreign tax liability;

(n) except for negotiations and discussions between the Parties hereto relating to the transactions contemplated by this Agreement or as otherwise permitted hereunder, enter into any transaction, or enter into, modify or amend any contract or commitment outstanding or new loan, or acquire any loan participation other than in the ordinary course of business and consistent with prudent banking practices;

(o) except as contemplated by this Agreement, adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization, or other reorganization or business combination of the Bank;

(p) issue any certificates of deposit except in the ordinary course of business and in accordance with prudent banking practices;

(q) modify, amend, waive or extend either the Bank Loan Documents or any rights under such agreements;

(r) sell or contract to sell the Bank premises or any part thereof;

(s) change any fiscal year or the length thereof;

(t) prepay in whole or in part the Bank Indebtedness; or

(u) except as permitted by Section 6.6, enter into any agreement, understanding or commitment, written or oral, with any other person which is in any manner inconsistent with the obligations of the Bank and its directors under this Agreement or any related written agreement. Nothing contained in this Section 5.2 or in Section 5.1 is intended to influence the general management or overall operations of the Bank in a manner not permitted by applicable law and the provisions thereof shall automatically be reduced in compliance therewith.

SECTION 5.3. Covenants of Gulf West. From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement,

(a) Gulf West covenants and agrees that it will:

(i) conduct its business and the business of its Subsidiaries in accordance with prudent practices;

(ii) take no action which would (A) materially adversely affect the ability of any Party to this Agreement to obtain any approvals or consents required for the transactions contemplated hereby without imposition of a condition or restriction of the type referred to in the last sentence of Section 7.1(a) of this Agreement, or (B) materially adversely affect the ability of any Party to this Agreement to perform its covenants and agreements under this Agreement; provided that the foregoing shall not prevent Gulf West or any of its Subsidiaries from discontinuing or disposing of any of its properties, assets, or business if such action is, in the judgment of Gulf West, desirable in the conduct of the business of Gulf West and its Subsidiaries;

(iii) promptly notify the Bank of any material change or inaccuracy in any data previously given or made available to the Bank pursuant to this Agreement; and

(iv) promptly give written notice to the Bank upon obtaining Knowledge of any event or fact that would cause any

of the representations or warranties of Gulf West contained in or referred to in this Agreement to be untrue or misleading in any material respect.

(b) Gulf West further covenants and agrees that it will not without the Bank's written consent (which consent shall not be unreasonably withheld):

(i) amend the articles of incorporation or bylaws of Gulf West, in each case in any manner adverse to the holders of the Bank Common Stock; or

(ii) issue any new Rights or new shares of its capital stock except as may be required in connection with the exercise of Rights outstanding as of the date of this Agreement or in connection with issuances of stock to its employees pursuant to its employee stock purchase plan.

ARTICLE VI.

ADDITIONAL AGREEMENTS

SECTION 6.1 Access To, and Information Concerning, Properties and Records.

(a) From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, each Party shall afford the other, upon reasonable notice and to the extent permitted by law, and each other's legal counsel, accountants and other representatives reasonable access, during normal business hours, to all of its (and its Subsidiaries') properties, books, contracts, commitments and records, permit such Party to make such inspections (including without limitation, physical inspection of the surface and subsurface of any property thereof and any structure thereon) as they may require and furnish to such Party during such period all such information concerning its affairs as such Party may reasonably request. All information disclosed by either Party to the other which is confidential and which is not in the public domain shall be held confidential by the receiving Party and its representatives, except to the extent counsel to the receiving Party has advised it such information is required to or should be disclosed in filings with regulatory agencies or governmental

authorities or in proxy materials delivered to shareholders of the receiving Party. In the event this Agreement is terminated for any reason, each Party hereto agrees to return to the receiving Party all copies of such confidential information, and this Section 6.1 shall survive such termination.

(b) From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, Gulf West shall give to the Bank promptly following their availability, the unaudited quarterly consolidated balance sheet and statement of income of Gulf West and its Subsidiaries, as of the end of each quarter hereafter, prepared on a basis consistent with prior periods.

SECTION 6.2 Filings with Regulatory Agencies. Each Party and their respective Subsidiaries, if any, shall file all notices, applications and reports ("Filings") required to be filed by each of them with the FDIC, the FRB, the OCC, the Department, and the SEC between the date of this Agreement and the Effective Time and shall deliver to the other Parties copies of all such Filings promptly after the same are filed. If financial statements are contained in any such Filings filed with the FDIC, the FRB, the OCC, the Department, or the SEC, such financial statements shall fairly present the consolidated financial position of the entity filing such statements as of the dates indicated thereon and the consolidated results of operations, changes in shareholders' equity, and cash flows for the periods then ended in accordance with GAAP (subject in the case of interim financial statements to normal year-end adjustments or any other adjustments described therein which are not expected to be material in amount, and except for the absence of certain footnote information in the unaudited statements). As of their respective effective dates, such Filings filed pursuant to the securities laws will comply in all material respects with the applicable securities laws and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, in light of the circumstances under which they were made, not misleading (except to the extent that any such statement or omission therein has been corrected or otherwise disclosed or updated in a subsequent report filed by such Party with such governmental or regulatory agency or authority). Any financial statements contained in any other Filings to another governmental or regulatory agency or authority (or which are not filed pursuant to

the securities laws) shall be prepared in accordance with the laws, rules, and regulations applicable to such Filings.

SECTION 6.3 Miscellaneous Agreements and Consents. Subject to the terms and conditions of this Agreement, Gulf West, Mercantile, and the Bank each agree to use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, or advisable under applicable laws and regulations to consummate and make effective, as soon as practicable after the date of this Agreement, the transactions contemplated by this Agreement, provided that nothing herein shall preclude any Party from exercising its rights under this Agreement. Each Party shall use their respective reasonable best efforts to obtain or cause to be obtained consents of all third parties and governmental and regulatory authorities necessary or desirable for the consummation of the transactions contemplated herein.

SECTION 6.4 Bank Indebtedness. Prior to the Effective Time, the Bank shall pay all regularly scheduled payments on all Bank Indebtedness and shall cooperate with Gulf West in taking such actions as are reasonably appropriate or necessary in connection with the redemption, prepayment, modification, satisfaction or elimination of any outstanding indebtedness of the Bank with respect to which a consent is required to be obtained to effectuate the Merger and the transactions contemplated by this Agreement and has not been so obtained.

SECTION 6.5 Best Good Faith Efforts. All parties hereto agree that the parties will use their reasonable best good faith efforts to secure all regulatory approvals necessary to consummate the Merger and other transactions provided herein and to satisfy the other conditions to Closing contained herein.

SECTION 6.6 Acquisition Proposals. The Bank will not, and will use its best efforts to cause its directors, officers, financial advisors, legal counsel, accountants and other agents and representatives (for purposes of this Section 6.6 only, being referred to as "affiliates") not to, directly or indirectly, initiate, solicit or encourage, or take any other action to facilitate any inquiries or the making of any proposal with respect to, engage or participate in negotiations concerning, provide any nonpublic information or data to or have any discussions with any person other than a Party hereto or their affiliates relating to any

acquisition, tender offer (including a self-tender offer), exchange offer, merger, consolidation, acquisition of beneficial ownership of or the right to vote securities of such entity or any of its subsidiaries, dissolution, business combination, purchase of all or any significant portion of the assets or any division of, or any equity interest in, such entity or any Subsidiary, or similar transaction other than the Merger (such proposals, announcements, or transactions being referred to as "Acquisition Proposals"). Notwithstanding the preceding sentence, to the extent its Board of Directors determines it is required to do so in the exercise of its fiduciary duties to the Bank's shareholders under applicable law as so advised in writing by independent counsel, the Bank, and its affiliates, may engage and participate in negotiations concerning, provide nonpublic information or data to and have discussions with any person or their affiliates relating to an Acquisition Proposal. The Bank will promptly notify Gulf West orally and in writing if any such Acquisition Proposal (including the terms thereof and identify of the persons making such proposal) is received and furnish to Gulf West a copy of any written proposal.

SECTION 6.7 Public Announcement. Prior to the Effective Time, subject to written advice of counsel with respect to legal requirements relating to public disclosure of matters related to the subject matter of this Agreement, the timing and content of any announcements, press releases or other public statements concerning the proposal contained herein will occur upon, and be determined by, the mutual consent of the Bank and Gulf West.

SECTION 6.8 Employees and Employee Benefit Plans. All employees of the Bank at the Effective Time shall become employees at will of the Surviving Corporation. Gulf West presently intends that, after the Merger, neither Gulf West, nor the Surviving Corporation will make additional contributions to the employee benefit plans sponsored by the Bank immediately prior to the Merger.

Gulf West agrees that the employees of the Bank will be entitled to participate as newly hired employees in the employee benefit plans and programs maintained for employees of Gulf West and its affiliates, in accordance with the respective terms of such plans and programs, and Gulf West shall take all actions necessary or appropriate to facilitate coverage of the Bank's employees in such plans and programs from and after the Effective Time, as follows:

(i) Employee Welfare Benefit Plans and Programs: Each employee of the Bank will be entitled to credit for prior service with the Bank for all purposes under the employee welfare benefit plans and other employee benefit plans and programs (other than those described in subparagraph (ii) below and any stock option plans) sponsored by Gulf West to the extent the Bank sponsored a similar type of plan which the Bank employee participated in immediately prior to the Effective Time. Any preexisting condition exclusion applicable to such plans and programs shall be waived with respect to any Bank employee. For purposes of determining each Bank employee's benefit for the year in which the Merger occurs under the Gulf West vacation program, any vacation taken by a Bank employee immediately preceding the Effective Time for the year in which the Merger occurs will be deducted from the total Gulf West vacation benefit available to such Bank employee for such year. Gulf West agrees that for purposes of determining the number of vacation days available with respect to each Bank employee for the year in which the Merger occurs, that the number of vacation days for such year shall be determined under the Bank vacation policy in effect as of January 1, 1997. Unused sick leave and vacation leave accrued by employees of the Bank as of the Effective Time will be recognized by Gulf West to the extent it is used in the fiscal year of Gulf West in which the Effective Time occurs. Gulf West further agrees to credit each Bank employee for the year during which such coverage under the Gulf West welfare benefit plan begins, with any deductibles already incurred during such year under the Bank's group health plan.

(ii) Employee Pension Benefit Plans: Each Bank employee shall be entitled to credit for past service with the Bank for the purpose of satisfying any eligibility or vesting periods applicable to the Gulf West employee pension benefit plans which are subject to Sections 401(a) and 501(a) of the Code (including, without limitation, the Gulf West 401(k) Plan).

On or before, but effective as of, the Effective Time, the Bank may take such actions as may be necessary to cause each individual employed by the Bank immediately prior to the Effective Time to have a fully vested and non-forfeitable interest in such employee's account balance under the 401(k) plan sponsored by the Bank as of the Effective Time.

SECTION 6.9 Environmental Investigation; Right to Terminate Agreement.

(a) Gulf West and its consultants, agents and representatives, shall have the right to the same extent that the Bank has such right, but not the obligation or responsibility, to inspect any Property, including, without limitation, for the purpose of conducting asbestos surveys and sampling, and other environmental assessments and investigations ("Environmental Inspections"). Gulf West' right to conduct Environmental Inspections shall include the right to sample and analyze air, sediment, soil and groundwater of any Property to the same extent that the Bank has such right. Gulf West may conduct such Environmental Inspections at any time but shall complete such inspections on or prior to the 35th day after the date of this Agreement.

(b) The Bank shall give to Gulf West written notice of any Property acquired, leased, managed or controlled by the Bank or in which the Bank acquires a security interest between the date of this Agreement and the Closing ("Interim Acquisition"). Such written notice shall be given to Gulf West within 5 business days of the date of an Interim Acquisition. Gulf West may elect to conduct an Environmental Inspection of any such Property which is the subject of an Interim Acquisition and the time periods set forth in this Section 6.9 for the performance of Environmental Inspections, secondary investigations (hereinafter defined) and for Gulf West' giving of notice to the Bank of non-acceptability and need for remediation (as set forth below) shall commence on the date written notice of the respective Interim Acquisition is received by Gulf West; provided however, Gulf West shall in all events notify the Bank of any Property which is unacceptable and requires remediation on or before the 77th day after the date of this Agreement.

(c) Gulf West shall notify the Bank prior to any physical inspections of Property, and the Bank may place reasonable restrictions on the time of such inspections. If, as a result of any such Environmental Inspection, further investigation ("secondary investigation") including, without limitation, test borings, soil, water and other sampling is deemed desirable by Gulf West, Gulf West shall notify the Bank of the Properties on which it intends to conduct a secondary investigation on or prior to the 42nd day after the date of this Agreement. Gulf West shall notify the Bank of any Properties that, in the sole discretion of Gulf West, are not

acceptable and require remediation on or prior to the 77th day after the date of this Agreement.

(d) Gulf West agrees to indemnify and hold harmless the Bank and occupants of such property for any claims for damage to property or injury or death to person in connection with the Environmental Inspections or secondary investigations conducted by it or its agents, which damage or injury is directly or indirectly attributable to the acts or omissions of it or its agents or employees. Gulf West shall have no liability or responsibility of any nature whatsoever for the results, conclusions or other findings related to any Environmental Inspection, secondary investigation or other environmental survey. If this Agreement is terminated, then except as otherwise required by law, Gulf West shall have no obligation to make any reports to any governmental authority of the results of any Environmental Inspection, secondary investigation or other environmental survey, but such reporting shall remain the responsibility of and within the discretion of the Bank, as the case may be. Gulf West shall have no liability to the Bank for making any report of such results to any governmental authority. The Bank shall be furnished with a copy of any such report or results of any environmental study if it so requests.

(e) Gulf West shall have the right to terminate this Agreement in the following circumstances, if such circumstance, together with any other circumstances set forth below and any breach or inaccuracy of any representation or warranty of the Bank contained in Article III, would have a Material Adverse Effect or would in the future have a Material Adverse Effect if the reasonably expected potential adverse effects indicated thereby were to occur or exceeds the specified monetary limits set forth therein:

(i) the factual substance of any representation or warranty set forth in Section 3.23 is not true and accurate in all material respects irrespective of the Knowledge or lack of Knowledge of the Bank;

(ii) the results of such Environmental Inspection, secondary investigation or other environmental survey are disapproved by Gulf West because the Environmental Inspection, secondary investigation or other environmental survey identifies violations or reasonably expected potential violations of Environmental Laws;

(iii) if the Environmental Inspection, secondary investigation or other environmental survey identifies any past or present event, condition or circumstance that, based on the estimates of the environmental professionals referred to in this Section 6.9, may require expenditures by the Bank or increases in reserves, in connection with (1) remediation or monitoring of any Controlled Property, (2) preparing and obtaining approval by the appropriate environmental regulatory authority of remediation plans with respect to Controlled Properties, or (3) obtaining remediation estimates in connection with Collateral Properties which in the aggregate when taken together with all other expenditures for environmental matters exceed \$100,000.00;

(iv) the presence of any underground or above ground storage tank in, on or under any Property (1) which has not been registered or which has not fully qualified for and met all conditions necessary to be entitled to applicable governmental remediation funds in the event a release of Polluting Substances were to occur from any such tank, (2) from which a release of any Polluting Substances has occurred or (3) which otherwise is in violation in any material respect of an Environmental Law;

(v) the presence of any asbestos containing material in, on or under any Controlled Property, the removal or monitoring of which would constitute a Material Adverse Effect or which, based on the estimates of the environmental professionals referred to in this Section 6.9, may require expenditures by the Bank or increases in reserves that when added to all other expenditures for environmental matters exceed \$100,000.00;

(vi) Gulf West is not permitted to conduct an Environmental Inspection or secondary investigation of any Property within the time frame and in the manner provided in Section 6.9; or

(vii) if for any Property identified by Gulf West as unacceptable and requiring remediation the Bank does not deliver to Gulf West written evidence acceptable to Gulf West that the Bank has developed a remediation plan approved by the applicable environmental regulatory authority which is acceptable to Gulf West.

Gulf West and the Bank agree that the Bank's willful failure to comply with (vii) above shall be conclusively deemed to cause a Material Adverse Effect.

(f) The Bank agrees to make available to Gulf West and its consultants, agents and representatives all documents and other material relating to environmental conditions of the Property including, without limitation, the results of other environmental inspections and surveys. The Bank also agrees that all engineers and consultants who prepared or furnished such reports may discuss such reports and information with Gulf West and shall be entitled to certify the same in favor of Gulf West and its consultants, agents and representatives and make all other data available to Gulf West and its consultants, agents and representatives; provided that the Bank is given notice of, and the right to participate in, such discussions, and provided further that any such certification or additional data shall be obtained at the sole cost of Gulf West. At the written request of the Bank, Gulf West agrees to provide the Bank with a copy of all environmental reports prepared by its consultants as a result of the Environmental Inspections.

SECTION 6.10 Florida Takeover Law. The Bank hereby agrees that it has or will take all action necessary so that the provisions of Florida Statutes Section 607.0902 shall not apply to any acquisition of the Bank Common Stock made in connection with the Merger or the transactions contemplated thereby, including the acquisition of any proxies by Gulf West from any shareholders of the Bank.

SECTION 6.11 Exchange Agent Agreement. Immediately prior to the Effective Time, the Bank, Gulf West and Mercantile agree to enter into, and Gulf West agrees to cause the Exchange Agent to enter into, the Exchange Agent Agreement with the Exchange Agent, or if the Exchange Agent refuses to serve as exchange agent, such other exchange agent as shall be mutually agreed to by the Bank and Gulf West.

SECTION 6.12 Bank's Designees.

(a) Immediately following or at the Effective Time, Gulf West shall cause two (2) vacancies to be created on the Board of Directors of Gulf West (by increasing the number of members of the Board of Directors or otherwise) and shall, with respect to such vacancies, thereafter immediately cause two (2) persons designated by the Bank to be elected to its Board of Directors. Each designee of the Bank shall serve until his successor is duly elected and qualified.

(b) Immediately following or at the Effective Time, Mercantile shall cause three (3) vacancies to be created on the Board of Directors of Mercantile (by increasing the number of members of the Board of Directors or otherwise) and shall, with respect to such vacancies, thereafter immediately cause three (3) persons designated by the Bank to be elected to its Board of Directors. Each designee of the Bank shall serve until his successor is duly elected and qualified.

SECTION 6.13 Indemnification and Insurance.

(a) Gulf West shall, and shall cause the Surviving Corporation (and its successors and assigns) to, indemnify, defend, and hold harmless each person who is now, or has at anytime prior to the date of this Agreement, or who becomes prior to the Effective Time, an officer, director, or employee of the Bank (each, an "Indemnified Party"), after the Effective Time against any and all costs or expenses (including reasonable attorneys' fees), judgments, fines, penalties, losses, claims, damages, liabilities, and amounts paid in settlement in connection with any claim, action, suit, proceeding, - or investigation, - whether civil, criminal, administrative, or investigative, arising out of or pertaining to any action or omission occurring on or prior to the Effective Time (including, without limitation, the transactions contemplated by this Agreement) to the fullest extent then permitted under Florida law and by the articles of incorporation and bylaws of the Bank as in effect on the date of this Agreement, including provisions relating to advances of expenses incurred in the defense of any action or suit. Gulf West shall, and shall cause the Surviving Corporation, to apply such rights of indemnification in good faith and to the fullest extent permitted by applicable law.

(b) Incident to any information furnished or disclosed by Gulf West or any Subsidiary of Gulf West in connection with the Registration Statement and Proxy Statement, and subject to applicable law, Gulf West shall indemnify, defend, and hold harmless the indemnified parties against all costs or expenses (including reasonable attorneys' fees), judgments, fines, penalties, losses, claims, damages, liabilities, and amounts paid in settlement in connection with any claim, action, suit, - proceeding, or investigation, whether civil, criminal, administrative, or investigative, arising out of or under the federal securities laws or any state securities or blue sky laws based in whole or in part

on (i) any untrue statement or alleged untrue statement of a material fact contained in such documents (including any amendment or supplement to such document), (ii) any omission or alleged omission to state in such documents a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any violation by Gulf West or any Subsidiary of Gulf West of the federal securities laws or the state securities or blue sky laws in connection with such documents; provided, however, that neither Gulf West nor any of its Subsidiaries will be liable in any case to the extent that any such claim, action, suite, proceeding, or investigation is based on any untrue or alleged untrue statement or omission or alleged omission made in such Registration Statement and Proxy Statement and any amendment thereto in reliance on and in conformity with information furnished in writing to Gulf West or its Subsidiaries by the Bank or any Indemnified Party specifically for use therein.

(c) Prior to Closing, the Bank may purchase extended coverage for a period of three years under the current directors' and officers' liability insurance maintained by the Bank with respect to matters occurring prior to the Effective Time, provided that the cost thereof does not exceed \$20,000.

(d) The provisions of this Section 6.13 are intended to be for the benefit of and shall be enforceable by, each Indemnified Party, his or her heirs and representatives, and shall survive the consummation of the Merger and be binding on all successors and assigns of Gulf West and the Surviving Corporation.

SECTION 6.14 No Acquisition Transactions. Other than acquisitions which may be mutually agreed to by the Parties, no Party shall, or shall permit any of its Subsidiaries to acquire or agree to acquire, by merger or consolidation with or by purchase of 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 or agree to acquire any assets in each case which are material, individually or in the aggregate, to such Party and its Subsidiaries taken as a whole; provided, however, that the foregoing shall not prohibit (i) internal reorganizations, consolidations, or dissolutions involving only existing Subsidiaries, and (ii) foreclosures and other acquisitions related

to previously contracted debt, in each case in the ordinary course of business.

SECTION 6.15 Standstill. Except as contemplated by this Agreement, for a period of three years after the date of this Agreement, Gulf West will not (and will ensure that its Subsidiaries and Affiliates will not), without the prior written approval of the Board of Directors of the Bank or any committee thereof, (i) purchase or otherwise acquire, or enter into any agreement to purchase or otherwise acquire, any equity securities of the Bank, any warrants or options to purchase such equity securities, any securities convertible into such equity securities, or any other rights to acquire such equity securities; (ii) make or in any way participate directly or indirectly in any "solicitation" of "proxies" (as such terms are used in the proxy rules of the SEC), to vote any equity securities of the Bank (unless any third Party shall then be engaged in such a solicitation and such solicitation relates to a contest for control of the Bank and except that this clause (ii) shall not apply to solicitations made by the Bank); or (iii) make any public request to waive any provision of this Section 6.15 or to permit any action prohibited by this Section 6.15 to be taken.

SECTION 6.16 Shareholder Representation Agreements. The Bank shall use its best efforts to obtain from holders of the Bank's capital stock who will receive 50% or more of the shares of Gulf West Common Stock to be received as Merger Consideration, a representation that they have no plan or intention to sell or otherwise dispose of 50% or more of the shares of Gulf West Common Stock to be received as Merger Consideration pursuant to the Merger.

ARTICLE VII.

CONDITIONS TO CONSUMMATION OF THE MERGER

SECTION 7.1 Conditions to Each Party's Obligation to Effect the Merger. The respective obligations of each Party to effect the Merger are subject to the satisfaction or waiver of the following conditions prior to the Effective Time:

(a) All consents and approvals of, filings and registrations with, and notifications to, all governmental or regulatory authorities and agencies, required for consummation of the Merger,

shall have been obtained or made and shall be in full force and effect and all waiting periods required by law shall have expired. No consent or approval from any governmental or regulatory authority or agency shall have imposed any condition or requirement which in the reasonable judgment of either Party would so adversely impact the economic or business benefits of the transactions contemplated by this Agreement or otherwise would in the judgment of either Party be so burdensome as to render inadvisable the consummation of the Merger;

(b) The Merger will not violate any injunction, order or decree of any court or governmental body having competent jurisdiction and no law or order shall have been enacted which prohibits the Merger;

(c) The shareholders of the Bank shall have approved this Agreement and the consummation of the transactions contemplated hereby, including the Merger, as and to the extent required by law.

(d) The Registration Statement shall have been declared effective under the Securities Act and all necessary approvals or permits under applicable state securities or "blue sky" laws relating to the issuance of the Gulf West Common Stock to be issued in the Merger shall have been obtained, and no stop order suspending the effectiveness of such Registration Statement shall be in effect and no Proceedings for such purpose, or any Proceedings under the SEC or applicable state securities authorities rules with respect to the transactions contemplated hereby, shall be pending before or threatened by the SEC or any applicable state securities or blue sky authorities; and

(e) Each Party shall have received an opinion of Fowler, White, Gillen, Boggs, Villareal and Banker, P.A., in form and substance reasonably satisfactory to such Parties, dated as of the Effective Time, that the Merger will qualify as a reorganization under Section 368(a) of the Code and that accordingly: (i) no gain or loss will be recognized by the Parties or any affiliate thereof as a result of the Merger; (ii) no gain or loss will be recognized by the shareholders of the Bank who exchange their Bank Common Stock solely for Gulf West Common Stock pursuant to the Merger (except with respect to cash received in lieu of a fractional share interest in Gulf West Common Stock); and (iii) the tax basis of the Gulf West Common Stock received by shareholders who exchange all of their Bank

Common Stock solely for Gulf West Common Stock in the Merger will be the same as the tax basis of the Bank Common Stock surrendered in exchange therefor (reduced by any amount allocable to a fractional share interest for which cash is received). In rendering such opinion, Fowler, White, Gillen, Boggs, Villareal and Banker, P.A. may require and rely upon representations contained in certificates of officers of Gulf West and others.

SECTION 7.2 Conditions to the Obligations of Gulf West and Mercantile to Effect the Merger.

The obligations of Gulf West and Mercantile to effect the Merger are subject to the satisfaction by the Bank or waiver by Gulf West of the following conditions prior to the Effective Time:

(a) all representations and warranties of the Bank qualified as to materiality shall be true and correct in all respects and those representations and warranties not so qualified shall be true and correct in all material respects as of the date of this Agreement and, in either case without taking into account any supplement to the Bank's Disclosure Letter after the date of this Agreement, provided pursuant to Article III hereof, at and as of the Closing, with the same force and effect as though made on and as of the Closing (except to the extent such representations and warranties are by their express provisions made as of a specified date and except to the extent that such representation and warranty has been made untrue by reason of an event or circumstance which Gulf West has expressly consented in writing pursuant to the provision of Article V hereof), and any representation qualified by Knowledge must be true and correct without regard to such qualification;

(b) the Bank shall have performed in all material respects all obligations and agreements and in all material respects complied with all covenants and conditions, contained in this Agreement to be performed or complied with by it prior to the Effective Time;

(c) the directors and executive officers of the Bank shall have delivered to Gulf West a release dated the Effective Time in substantially the form of Exhibit F and each of the Director's of the Bank shall have delivered to Gulf West their resignations as a director of the Bank;

(d) Gulf West shall have received the opinion of counsel to the Bank acceptable to it as to the matters set forth on Exhibit D attached hereto;

(e) the holders of no more than 5% of the Shares shall have demanded or be entitled to demand payment of the fair value of their shares as Dissenting Shareholders;

(f) At and as of the Closing, the sum of the Bank's Common Stock, Additional Paid In Capital, Surplus, Retained Earnings, and Undivided Profits determined in accordance with GAAP shall be equal to or greater than \$8,500,000, excluding the effect of any transaction expenses paid in connection with the Merger as contemplated by Sections 6.13 and 10.1 hereof and the effects of any FASB 115 and FASB 107 adjustments.

(g) at and as of the Closing, the loan loss reserve of the Bank shall be equal to or greater than 1.50% of the Bank's gross loans;

(h) there shall be no Bank Indebtedness;

(i) Gulf West shall have received from holders of the Bank's capital stock who will receive 50% or more of the shares of Gulf West Common Stock to be received as Merger Consideration, a representation that they have no plan or intention to sell or otherwise dispose of 50% or more of the shares of Gulf West Common Stock to be received as Merger Consideration pursuant to the Merger;

(j) the Bank shall have delivered to Gulf West a schedule of all transactions in the capital stock (or instruments exercisable for or convertible into capital stock) of the Bank of which the Bank has Knowledge from and including the date of this Agreement through the Closing Date;

(k) Gulf West shall have received the executed Affiliate Letters required by Section 1.8(b);

(l) the Bank shall have taken such write-downs of assets on its books as are consistent with Gulf West' accounting methods for reserving for loan losses, as mutually agreed to by the parties; and

(m) there shall not have occurred a Material Adverse Effect as to the Bank.

(n) Gulf West shall have received certificates dated as of the Closing executed by the Chairman of the Board of the Bank, and the Secretary or Cashier of the Bank, certifying in such reasonable detail as Gulf West may reasonably request, to the effect described in Sections 7.2(a), (b), (c), (f), (g), (h), (j) and (m).

SECTION 7.3 Conditions to the Obligations of the Bank to Effect the Merger. The obligations of the Bank to effect the Merger are subject to the satisfaction by Gulf West or waiver by the Bank of the following conditions prior to the Effective Time:

(a) all representations and warranties of Gulf West qualified as to materiality shall be true and correct in all respects, and those representations and warranties not so qualified shall be true and correct in all material respects as of the date of this Agreement and, in either case without taking into account any supplement to the Gulf West Disclosure Letter after the date of this Agreement, provided pursuant to Article IV hereof, at and as of the Closing, with the same force and effect as though made on and as of the Closing (except to the extent such representations and warranties are by their express provisions made as of a specific date and except to the extent that such representation and warranty has been made untrue by reason of an event or circumstance which the Bank has expressly consented to in writing pursuant to the provisions of Article V hereof), and any representation qualified by Knowledge must be true and correct without regard to such qualification;

(b) Gulf West and Mercantile shall have performed in all material respects all obligations and agreements and in all material respects complied with all covenants and conditions contained in this Agreement to be performed or complied with by either of them prior to the Effective Time;

(c) the Bank shall have received the opinion of counsel to Gulf West and Mercantile acceptable to it as to the matters set forth on Exhibit E attached hereto;

(d) the Bank shall have received certificates dated the Closing, executed by the President and Chief Financial Officer of

both Gulf West and Mercantile, respectively, certifying, in such detail as the Bank may reasonably request, to the effect described in Sections 7.3(a) and (b);

(e) there shall not have occurred a Material Adverse Effect with respect to Gulf West; and

(f) Gulf West shall have delivered to Exchange Agent the Merger Consideration.

ARTICLE VIII.

TERMINATION; AMENDMENT; WAIVER

SECTION 8.1 Termination. Prior to the Effective Time, this Agreement may be terminated and the Merger contemplated hereby may be abandoned at any time notwithstanding approval thereof by the shareholders of the Bank:

(a) by mutual written consent duly authorized by the Boards of Directors of Gulf West and the Bank;

(b) by Gulf West (i) if there is a breach or inaccuracy of any representation or warranty of the Bank contained in Article III which constitutes a Material Adverse Effect, and which breach or inaccuracy is not cured after thirty days written notice by Gulf West, (ii) if there shall have been a breach of Section 6.6, or (iii) pursuant to Section 6.9; or

(c) by the Bank if there is an inaccuracy of any representation or warranty of Gulf West or Mercantile contained in Article IV which constitutes a Material Adverse Effect, and which breach or inaccuracy is not cured after thirty days written notice by the Bank; or

(d) by either Gulf West or the Bank if the Effective Time shall not have occurred on or before April 30, 1998 or such later date agreed to in writing by Gulf West and the Bank; provided, however, that the right to terminate this Agreement pursuant to this Section 8.1(d) shall not be available to any Party whose failure to fulfill any obligations under this Agreement has been the cause of,

or resulted in the failure of the Merger to be consummated on or before such date; or

(e) by Gulf West or the Bank if any court of competent jurisdiction in the United States or other United States (federal or state) governmental body shall have issued an order, decree or ruling or taken any other action restraining, enjoining, denying approval for or otherwise prohibiting the Merger and such order, decree, ruling, denial or other action shall have become final and nonappealable; or

(f) by Gulf West if the Board of Directors of the Bank shall have withdrawn or modified in any manner its approval or recommendation of this Agreement or the Merger, or shall have resolved to do the same; provided, however, that Gulf West may not terminate this Agreement pursuant to this clause if, as a result of the Bank's receipt of an Acquisition Proposal from a third party, the Bank withdraws or modifies its approval or recommendation of this Agreement or the Merger but thereafter (and prior to termination of this Agreement by Gulf West) the Bank publicly reconfirms its recommendation of the transactions contemplated hereby and notifies Gulf West of such reconfirmation prior to termination of this Agreement by Gulf West pursuant to this clause; or

(g) by the Bank if it shall receive any Acquisition Proposal after the date of this Agreement from a third party or parties and the Board of Directors of the Bank shall have received a written opinion from independent legal counsel to the effect that, and the Board of Directors shall have determined in good faith in the exercise of its fiduciary duties that the Bank is required to accept such Acquisition Proposal; provided, however that the Bank may only terminate this Agreement pursuant to this clause if it simultaneously with such termination delivers to Gulf West the termination fee provided for in Section 8.5 hereof; or

(h) by Gulf West in the event dissenters' rights are claimed, pursuant to applicable provisions of the national Bank Act, by persons owning in the aggregate more than 5% of the issued and outstanding Bank Common Stock; or

(i) by either Gulf West or the Bank, in the event of a material breach by the other Party of any covenant, agreement, or

obligation contained herein, which breach cannot be or has not been cured within 30 days after the giving of written notice to the Party committing such breach; or

(j) by either Gulf West or the Bank, if the shareholders of the Bank fail to vote their approval of this Agreement and the transactions contemplated as required by the FFIC or the National Banking Act at the Shareholders' Meeting (or any adjournment thereof).

SECTION 8.2 Effect of Termination. In the event of the termination and abandonment of this Agreement pursuant to Section 8.1 hereof, this Agreement shall forthwith become void and have no effect, without any liability on the part of any Party or its directors, officers or shareholders, other than pursuant to the provisions of Sections 6.9(f), the last two sentences of 6.1(a), 6.13, 6.15, 8.2, 10.1, 10.8 and 10.15. Neither Party hereto shall be liable for monetary damages resulting from any breach of this Agreement unless such breach results from a knowing misrepresentation which the breaching Party knows was a misrepresentation when made, and which results in a Material Adverse Change or results from the intentional material breach of a covenant which is within the reasonable control of the breaching Party. Additionally, if a representation becomes untrue between the execution of this Agreement and the Closing and such facts and circumstances which caused such representation to become untrue were beyond the reasonable control of the Party making such representation, such Party shall not be liable to the other Party for the monetary damage with respect thereto. The foregoing notwithstanding, nothing contained herein shall be deemed to relieve the obligation of the Bank to pay any termination fee which may be due under Section 8.5 hereof if payment is otherwise required under the provisions thereof.

SECTION 8.3 Amendment. To the extent permitted by applicable law, this Agreement may be amended by action taken by or on behalf of the Board of Directors of the Bank, Gulf West and, if required, Mercantile at any time before or after adoption of this Agreement by the shareholders of the Bank but, after any submission of this Agreement to such shareholders for approval, no amendment shall be made which reduces the Merger Consideration to be paid pursuant to the Merger or which materially and adversely affects the rights of the Bank's shareholders hereunder without any required approval of

such shareholders. This Agreement may not be amended except by an instrument in writing signed on behalf of all the Parties.

SECTION 8.4 Extension; Waiver. At any time prior to the Effective Time, the parties may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document, certificate or writing delivered pursuant hereto, or (iii) waive compliance with any of the agreements or conditions contained herein, except that no waiver shall be effective which reduces the Merger Consideration or which materially affects the rights of the Bank's shareholders unless such waiver is approved by two thirds of the Bank's Shareholders. Any agreement on the part of any Party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party.

SECTION 8.5 Termination Fee. If the Bank either (a) violates its obligations set forth in Section 6.6 hereof and this Agreement is thereafter terminated pursuant to Section 8.1(b)(ii), or (b) prior to termination of this Agreement receives any Acquisition Proposal and this Agreement is thereafter terminated pursuant to Sections 8.1(f) or 8.1(g) as a result of receipt of such Acquisition Proposal, then the Bank shall pay to Gulf West a fee of \$500,000 in cash at the time of such termination.

ARTICLE IX.

SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

Except for this Article IX, Article II, and Sections 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 6.8, 6.13, 10.1, 10.3, 10.5 and 10.13, the Parties hereto agree that none of their respective representations warranties and covenants contained in this Agreement shall survive after the Effective Time. Such representations, warranties, obligations, covenants, and agreements which do survive the Effective Time shall be for the benefit of the employees and indemnified persons referenced therein and if not otherwise referenced to the benefit of the shareholders of the Bank existing prior to the Effective Time.

ARTICLE X.

MISCELLANEOUS

SECTION 10.1 Expenses. All costs and expenses incurred in connection with the transactions contemplated by this Agreement, including without limitation, attorneys' fees, accountants' fees, other professional fees and costs related to expenses of officers and directors of the Bank, shall be paid by the Party incurring such costs and expenses; provided, however, without the consent of Gulf West, which consent shall not be unreasonably withheld, all such costs and expenses paid or accrued as of the Effective Time by the Bank including but not limited to the fairness opinion fee of Alex Sheshunoff & Co. Investment Banker and all legal and accounting fees shall not exceed \$150,000. Each Party hereto hereby agrees to and shall indemnify the other Party hereto against any liability arising from any such fee or payment incurred by such Party.

SECTION 10.2 Brokers and Finders. All negotiations on behalf of Gulf West and the Bank relating to this Agreement and the transactions contemplated by this Agreement have been carried on by the parties hereto and their respective agents directly without the intervention of any other person in such manner as to give rise to any claim against Gulf West, Mercantile or the Bank for financial advisory fees other than the fee of \$35,000 payable to Alex Sheshunoff & Co. Investment Banking in connection with the rendering of a fairness opinion (the "Fairness Opinion Fee"), brokerage or commission fees, finder's fees or other like payment in connection with the consummation of the transactions contemplated hereby.

SECTION 10.3 Entire Agreement; Assignment. Except as otherwise expressly provided herein, this Agreement (a) constitutes the entire agreement among the Parties with respect to the transactions contemplated hereunder and supersedes all other prior agreements, representations and understandings, both written and oral, among the Parties or any of them with respect to the subject matter hereof, including, without limitation, the Merger Agreement, and (b) shall not be assigned by operation of law or otherwise, provided that Gulf West may assign its rights and obligations or those of Mercantile to any direct or indirect, wholly-owned, subsidiary of Gulf West, but no such assignment shall relieve Gulf West of its obligations hereunder if such assignee does not perform such obligations.

SECTION 10.4 Further Assurances. From time to time as and when requested by Gulf West or its successors or assigns, the Bank and the officers and directors of the Bank, shall execute and deliver such further agreements, documents, deeds, certificates and other instruments and shall take or cause to be taken such other actions, including those as shall be necessary to vest or perfect in or to confirm of record or otherwise the Bank's title to and possession of, all of its property, interests, assets, rights, privileges, immunities, powers, franchises and authority, as shall be reasonably necessary or advisable to carry out the purposes of and effect the transactions contemplated by this Agreement.

SECTION 10.5 Enforcement of the Agreement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which they are entitled at law or in equity.

SECTION 10.6 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner Materially Adverse to any Party.

SECTION 10.7 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered if delivered in person, by cable, telegram or telex or by telecopy; five business days after mailing if delivered by registered or certified mail (postage prepaid, return receipt requested); and two business days after sending if delivered by overnight courier; to the respective parties as follows:

if to Gulf West or Mercantile:

Mercantile Bank
425 22nd Avenue North
St. Petersburg, Florida 33704

Attention: Gordon W. Campbell
Chairman of the Board, President

With a required copy to:

David C. Shobe, Esq.
Fowler White Gillen Boggs Villareal & Banker, P.A.
501 E. Kennedy Blvd.
Tampa, Florida 33601

if to the Bank:

Citizens National Bank
& Trust Company
9550-1 U.S. Highway 19
Port Richey, Florida 34668
Attention: Dr. Henry W. Hanff
Chairman of the Board

With a required copy to:

Richard A. Denmon, Esq.
Carlton Fields
One Harbour Place
Tampa, Florida 33601

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above (provided that notice of any change of address shall be effective only upon receipt thereof).

SECTION 10.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

SECTION 10.9 Descriptive Headings. The descriptive headings are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

SECTION 10.10 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each Party hereto,

and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

SECTION 10.11 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

SECTION 10.12 Incorporation by References. Any and all schedules, exhibits, annexes, statements, reports, certificates or other documents or instruments referred to herein or attached hereto are incorporated herein by reference hereto as though fully set forth at the point referred to in the Agreement.

SECTION 10.13 Obligation of Gulf West. Whenever this Agreement requires Gulf West (including the Surviving Corporation) to take any action, such requirement shall be deemed to include an undertaking by Gulf West to cause its Subsidiaries to take such action.

SECTION 10.14 Fiduciary Duty. Subject to Sections 6.6, 8.1(f) and (g) and 8.5, no provision of this Agreement shall be construed to prevent the exercise by any director of the Bank (or the actions of the Bank thereon) of his or her fiduciary duty.

SECTION 10.15 Certain Definitions.

(a) "Affiliate" shall mean, with respect to any person, any person that, directly or indirectly, controls, is controlled by, or is under common control with, such person in question. For the purposes of this definition, "control" (including, with correlative meaning, the terms "controlled by" and "under common control with") as used with respect to any person, shall mean 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 or by contract or otherwise.

(b) "Environmental Laws" shall mean all federal, state and local laws, ordinances, rules, regulations, and orders of courts or administrative agencies or authorities, relating to the release, threatened release, recycling, processing, use, handling,

transportation treatment, storage, disposal, remediation, removal, inspection or monitoring of Polluting Substances or protection of human health or safety or the environment (including, without limitation, wildlife, air, surface water, ground water, land surface, and subsurface strata), including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, as amended ("SARA"), the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), Hazardous and Solid Waste Amendments of 1984, as amended ("HSWA"), the Hazardous Materials Transportation Act, as amended ("HMTA"), the Toxic Substances Control Act ("TSCA"), Occupational Safety and Health Act ("OSHA"), Federal Water Pollution Control Act, Clean Air Act, and any and all regulations promulgated pursuant to any of the foregoing.

(c) "Knowledge," "known," "know(s)" or "knowing" -- An individual shall be deemed to have "knowledge" of or to have "known" a particular fact or other matter if (i) such individual is actually aware of such fact or other matter, or (ii) such individual could be expected to discover or otherwise become aware of such fact or other matter in the course of conducting a reasonable investigation. A corporation or bank shall be deemed to have "Knowledge" of or to have "known" a particular fact or other matter if any individual who is serving, as a director, or as an officer listed on Section 10.15(c) of the Disclosure Letter, of the corporation or bank, has, or at any time had, actual Knowledge of such fact or other matter. Each Party hereto is understood to have undertaken a separate investigation pursuant to which they have discussed with the directors, senior vice president and executive officers of Gulf West, Mercantile, or the Bank, as the case may be, the transactions contemplated hereby and reviewed their respective files to determine the existence or absence of facts or other matters in any statement qualified as "known" by, or the "Knowledge" of, each Party hereto, provided that in conducting such investigation the parties shall not be required to conduct interviews with their respective employees other than their respective Senior Vice Presidents, Executive officers and Directors unless the discussions with such senior vice presidents, executive officers and directors specifically indicates that such employee(s) may have relevant information of a specific nature which the parties should follow up on.

(d) "Material Adverse Effect or Change" or "Materially Adverse Effect or Change" on a Party shall mean an event, change, or occurrence which, individually or together with any other event, change, or occurrence, has a material adverse impact on (i) the financial position, business, or results of operations of such Party and its Subsidiaries, taken as a whole, or (ii) the ability of such Party to perform its obligations under this Agreement or to consummate the Merger or the other transactions contemplated by this Agreement; provided, that, "Material Adverse Effect or Change" shall not be deemed to include the impact of (a) changes in banking and similar laws of general applicability or interpretations thereof by courts or governmental authorities; and (b) actions and omissions of a Party (or any of its Subsidiaries) taken with the prior informed written consent of the other Party in contemplation of the transactions contemplated hereby.


(e) "Polluting Substances" shall mean those substances included within the statutory or regulatory definitions, of "pollutant," "contaminant," "toxic waste," "hazardous substance," "hazardous waste," "solid waste," or "regulated substance" pursuant to CERCLA, SARA, RCRA, HSWA, HMTA, TSCA, OSHA, and/or any other Environmental Laws, as amended, and shall include, without limitation, any material, waste or substance which is or contains explosives, radioactive materials, oil or any fraction thereof, asbestos, or formaldehyde. To the extent that the laws or regulations of the State of Florida establish a meaning for "hazardous substance," "hazardous waste," "hazardous materials," "solid waste," or "toxic waste," which is broader than that specified in any of CERCLA, SARA, RCRA, HSWA, HMTA, TSCA, OSHA or other Environmental Laws such broader meaning shall apply.

(f) "Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, discarding or abandoning.

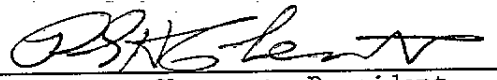
(g) "Subsidiary" shall mean, when used with reference to an entity, any corporation, a majority of the outstanding voting securities of which are owned directly or indirectly by such entity or any partnership, joint venture or other enterprise in which any entity has, directly or indirectly, any equity interest.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the day and year first above written.

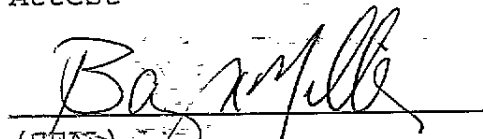
Attest


(SEAL)

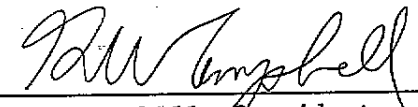
CITIZENS NATIONAL BANK
& TRUST COMPANY

By: 
Philip H. Chestnut, President

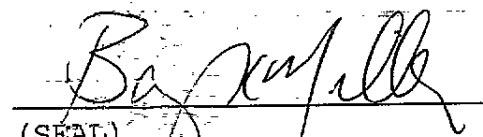
Attest


(SEAL)

GULF WEST BANKS, INC.

By: 
Gordon W. Campbell, President

Attest


(SEAL)

MERCANTILE BANK

By: 
Gordon W. Campbell, President

dcg\gulfwest\acqagmt13

**AMENDMENT TO
AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER**

THIS AMENDMENT (the "Amendment") is made and entered into effective as of the 16th day of January, 1998, by and among Gulf West Banks, Inc., a Florida corporation ("Gulf West"), Mercantile Bank, a Florida banking corporation ("Mercantile"), and Citizens National Bank and Trust Company, a national banking association ("Citizens").

W I T N E S S E T H:

WHEREAS the parties hereto have previously entered into that certain Amended and Restated Agreement and Plan of Merger, dated October 16, 1997, which contemplates the merger of Citizens with and into Mercantile (the "Merger Agreement").

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the parties hereto hereby agree as follows:

1. Amendment. Section 1.4 of the Merger Agreement shall be amended by adding the following sentence to the end of such Section 1.4:

"At the Effective Time of the Merger, the Articles of Incorporation of the Surviving Corporation shall be amended to permit the Surviving Corporation to exercise trust powers; such amendment shall be in the form attached hereto as Annex A."

2. Other Terms. Except as provided in this Amendment, all other terms, conditions and provisions of the Merger Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed as of the date first written above.

GULF WEST BANKS, INC.

By: _____

Barry K. Miller, Secretary

MERCANTILE BANK

By: _____

Barry K. Miller, Secretary

CITIZENS NATIONAL BANK AND
TRUST COMPANY

By: _____

Carol L. Kinnard, Cashier

**AMENDMENT TO
AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER**

THIS AMENDMENT (the "Amendment") is made and entered into effective as of the 16th day of January, 1998, by and among Gulf West Banks, Inc., a Florida corporation ("Gulf West"), Mercantile Bank, a Florida banking corporation ("Mercantile"), and Citizens National Bank and Trust Company, a national banking association ("Citizens").

W I T N E S S E T H:

WHEREAS the parties hereto have previously entered into that certain Amended and Restated Agreement and Plan of Merger, dated October 16, 1997, which contemplates the merger of Citizens with and into Mercantile (the "Merger Agreement").

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the parties hereto hereby agree as follows:

1. Amendment. Section 1.4 of the Merger Agreement shall be amended by adding the following sentence to the end of such Section 1.4:

"At the Effective Time of the Merger, the Articles of Incorporation of the Surviving Corporation shall be amended to permit the Surviving Corporation to exercise trust powers; such amendment shall be in the form attached hereto as Annex A."

2. Other Terms. Except as provided in this Amendment, all other terms, conditions and provisions of the Merger Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed as of the date first written above.

GULF WEST BANKS, INC.

By: _____
Barry K. Miller, Secretary

MERCANTILE BANK

By: _____
Barry K. Miller, Secretary

CITIZENS NATIONAL BANK AND
TRUST COMPANY

By: 
Carol L. Kinnard, Cashier

ANNEX A

**ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION
OF MERCANTILE BANK**

Pursuant to the provisions of Chapter 607, Florida Statutes, MERCANTILE BANK (the "Bank") has adopted the following Articles of Amendment to its Articles of Incorporation.

FIRST: The name of the Bank is: MERCANTILE BANK.

SECOND: The following amendment to the Articles of Incorporation was adopted by the Bank:

Article II, in its entirety, of the Articles of Incorporation of the Bank is revoked, declared null and void and of no further effect and in lieu thereof, the following article is adopted, approved and ratified:

"ARTICLE II

The general nature of the business to be transacted by this corporation shall be that of a general banking and trust business, with all the rights, powers, and privileges granted, conferred or permitted by the banking laws of the State of Florida, and other applicable laws regulating or otherwise applicable to the organization, rights, powers, privileges or management of banking corporations created and existing under and by virtue of the laws of the State of Florida."

THIRD: The foregoing amendment was adopted by the holders of all of the outstanding shares of common stock, being the sole voting group entitled to vote on the amendment on September 18, 1997, and the number of votes cast for the amendment was sufficient for approval by the holders of the common stock.

IN WITNESS WHEREOF, these Articles of Amendment are hereby adopted and executed on behalf of MERCANTILE BANK, by its President effective the 18th day of September, 1997.

MERCANTILE BANK

By: 

Gordon W. Campbell, President

ARTICLES OF AMENDMENT
OF
MERCANTILE BANK

FILED.
93 MAY 17 AM 11:13
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

The undersigned corporation (the "Corporation"), in accordance with the Florida General Corporation Act and its Articles of Incorporation, hereby adopts the following Articles of Amendment:

1. Corporate Name. The name of the Corporation is: Mercantile Bank.

2. Amendment. Article III of this Corporation's Articles of Incorporation is hereby amended in its entirety so as to read, after amendment, as follows:

ARTICLE III

A. The total number of shares authorized to be issued by the corporation shall be 3,000,000. Such shares shall be of a single class and shall have a par value of \$4.00 per share.

B. All of the shares of the common capital stock of the National Corporation issued and outstanding shall constitute the issued and outstanding shares of this corporation. Each share of the National Corporation shall be equal to one share of this Corporation.

C. In addition to the common stock authorized herein, the Corporation is authorized to issue one million (1,000,000) shares of "Class A Preferred Stock", with a par value of \$5.00 per share. The Class A Preferred Stock may be issued in different series. Except as set forth below, the Board of Directors of the Bank shall establish the series and determine the variation in the relative rights (including conversion rights, if any and dividend rate) and preferences between series.

1. Non-Voting. The holders of the Class A Preferred Stock shall have no voting rights in the Bank.

2. Non-Cumulative Dividends. The holders of shares of Class A Preferred Stock shall be entitled to receive, on a non-cumulative basis out of any assets at the time legally available therefore and when and as declared by the Board of Directors of the Bank, dividends at the rate determined by the Board for each series of Class A Preferred Stock.

3. Preferences on Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Bank, the holders of Shares of Class A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Bank available for distribution to its stockholders,

whether from capital, surplus or earnings, before any payment shall be made in respect of the Bank's common stock, an amount equal to \$5.00 per share plus all unpaid but declared dividends thereon to the date fixed for distribution. After setting apart or paying in full the preferential amounts due the holders of Class A Preferred Stock, the remaining assets of the Bank available for distribution to stockholders, if any, shall be distributed exclusively to the holders of common stock, each such issued and outstanding share of common stock entitling the holder thereof to receive an equal proportion of said remaining assets. If upon liquidation, dissolution, or winding up of the Bank, the assets of the Bank available for distribution to its shareholders shall be insufficient to pay the holders of the shares of Class A Preferred Stock the full amounts to which they respectively shall be entitled, the holders of the shares of Class A Preferred Stock shall share ratably in any distribution of assets according to the respective amounts which would be payable in respect to the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. The merger or consolidation of the Bank into or with another company in which this Bank shall not survive and in which the shareholders of the Bank shall own less than 50% of the voting securities of the surviving company or the sale, transfer or lease (but not including the transfer or lease by pledge or mortgage to a bona fide lender) of all or substantially all of the assets of the Bank shall be deemed a liquidation, dissolution or winding up of the Bank as those terms are used herein.

3. Adoption. The Amendment was recommended to the shareholders by all of the directors of the Corporation at a duly called meeting on October 22, 1992 and was approved and adopted by the shareholders of the Corporation at a duly called meeting on April 22, 1993, pursuant to Section 607.1003, Florida Statutes.

4. Effective Date. The Amendment shall become effective upon filing with the Florida Secretary of State.

IN WITNESS WHEREOF, the undersigned have executed and signed these Articles of Amendment on behalf of the Corporation this 26TH day of April, 1993.

MERCANTILE BANK

By:

Gordon W. Campbell, as President


Attest:

Barry K. Miller, as Secretary

Mercantile Bank
Name of Institution

1000
Charter Number

Approved by the Department of Banking and Finance this
12th day of May, 1993.


GERALD LEWIS
Comptroller of the State of Florida
and Head of the Department of
Banking and Finance

ARTICLES OF AMENDMENT
OF
MERCANTILE BANK

FILED
92 JUN -9 PM 2:29
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

The undersigned corporation (the "Corporation"), in accordance with the Florida General Corporation Act and its Articles of Incorporation, hereby adopts the following Articles of Amendment:

1. Corporate Name. The name of the Corporation is: Mercantile Bank.

2. Amendment. Article III of this Corporation's Articles of Incorporation is hereby amended in its entirety so as to read, after amendment, as follows:

"ARTICLE III

A. The total number of shares authorized to be issued by the corporation shall be 3,000,000. Such shares shall be of a single class and shall have a par value of \$5.00 per share. The corporation shall begin business with at least \$4,650,000 in paid-in common capital stock to be divided into 930,000 shares. The amount of surplus with which the corporation will begin business will be not less than \$3,440,616 subject to paragraph B. of this Article III all of which (capital stock, surplus and undivided profits) shall be paid in cash.

B. All of the shares of the common capital stock, \$8.00 par value, of the National Corporation issued and outstanding shall constitute the issued and outstanding shares of this corporation each having a par value of \$5.00. Each share of the National Corporation shall be equal to one share of this Corporation.

C. In addition to the common stock authorized herein, the Corporation is authorized to issue one million (1,000,000) shares of "Class A Preferred Stock," with a par value of \$5.00 per share. The Class A Preferred Stock may be issued in different series. Except as set forth below, the Board of Directors of the Bank shall establish the series and determine the variation in the relative rights (including conversion rights, if any and dividend rate) and preferences between series.

1. Non-Voting. The holders of the Class A Preferred Stock shall have no voting rights in the Bank.

2. Non-Cumulative Dividends. The holders of shares of Class A Preferred Stock shall be entitled to receive, on a non-cumulative basis out of any assets at the time legally available therefore and when and as declared by the Board of Directors of the Bank, dividends at the rate determined by the Board for each series of Class A Preferred Stock.

3. Preferences on Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Bank, the holders of Shares of Class A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Bank available for distribution to its stockholders, whether from capital, surplus or earnings, before any payment shall be made in respect of the Bank's common stock, an amount equal to \$5.00 per share plus all unpaid but declared dividends thereon to the date fixed for distribution. After setting apart or paying in full the preferential amounts due the holders of Class A Preferred Stock, the remaining assets of the Bank available for distribution to stockholders, if any, shall be distributed exclusively to the holders of common stock entitling the holder thereof to receive an equal proportion of said remaining assets. If upon liquidation, dissolution, or winding up of the Bank, the assets of the Bank available for distribution to its shareholders shall be insufficient to pay the holders of the shares of Class A Preferred Stock the full amounts to which they respectively shall be entitled, the holders of the shares of Class A Preferred Stock shall share ratably in any distribution of assets according to the respective amounts which would be payable in respect to the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. The merger or consolidation of the Bank into or with another company in which this Bank shall not survive and in which the shareholders of the Bank shall own less than 50% of the voting securities of the surviving company, or the sale, transfer or lease (but not including the transfer or lease by pledge or mortgage to a bona fide lender) of all or substantially all of the assets of the Bank shall be deemed to a liquidation, dissolution or winding up of the Bank as those terms are used herein."

3. Adoption. The Amendment was recommended to the shareholders by all of the directors of the Corporation at a duly called meeting on March 18, 1992 and was approved and adopted by the shareholders of the Corporation at a duly called meeting on April 16, 1992, pursuant to Section 607.1003, Florida Statutes.

4. Effective Date. The Amendment shall become effective upon filing with the Florida Secretary of State.

IN WITNESS WHEREOF, the undersigned have executed and signed these Articles of Amendment on behalf of the Corporation this 21st day of May, 1992.

MERCANTILE BANK

By:

Gordon Campbell, as President

Attest:

Barry K. Miller as Secretary

Mercantile Bank

Name of Association

#1000

Charter Number

Amended Article Reference _____

Approved by the Department of Banking and Finance this _____
day of June, 1992.

5th

Gerald Lewis

GERALD LEWIS, Comptroller
Head of the Department of Banking
and Finance

20553
FILED
JUL 14 PM 1990
CLERK OF THE CIRCUIT COURT
IN AND FOR THE COUNTY OF PINELLAS
FLORIDA

ARTICLES OF INCORPORATION OF
MERCANTILE BANK

The undersigned, acting as incorporator(s) for the purpose of forming a corporation under and by virtue of the Laws of the State of Florida, adopt(s) the following Articles of Incorporation.

ARTICLE I

EFFECTIVE DATE
MAY 15 1990

The name of the corporation shall be MERCANTILE BANK (the "Bank") and its initial place of business shall be at 425 - 22nd Avenue North in the City of St. Petersburg, in the County of Pinellas and State of Florida.

ARTICLE II

The general nature of the business to be transacted by this corporation shall be: That of a general commercial banking business with all the rights, powers and privileges granted and conferred by the Florida Banking Code, regulating the organization, powers and management of banking corporations. This bank is incorporated by the conversion of Mercantile Federal

Savings Bank, a federal savings bank organized under the laws of the United States of America, herein the "National Corporation", to a Florida savings and loan association and, as permitted by and pursuant to authority granted by Section 655.411, Florida Statutes, immediately converted into a State-Chartered bank under the laws of the State of Florida. In accordance with the provisions of Title 12 United States Code Section 214, this corporation is deemed to be the same business and corporate entity as Mercantile Federal Savings Bank, although as to rights, powers, and duties this corporation is a State Bank under the laws of the State of Florida and any reference to Mercantile Federal Savings Bank in any contract, will, or document shall be considered a reference to this corporation if not inconsistent with the provisions of the contract, will, or document or applicable law. Likewise, this corporation shall be deemed to be the same business and corporate entity as Mercantile Federal Savings Bank with all of the rights, powers and duties of Mercantile Federal Savings Bank except as limited by the charter and the bylaws of this corporation, and any reference to Mercantile Federal Savings Bank in any writing, whether executed or taking effect before or after the conversion, shall be deemed a reference to this corporation if not inconsistent with the other provisions of such writing. The conversion shall be effective May 15, 1990. The franchise of Mercantile Federal Savings Bank as a federal savings bank shall automatically terminate upon the effective date of the conversion as provided by law.

ARTICLE III

A. The total number of shares authorized to be issued by the corporation shall be 3,000,000. Such shares shall be of a single class and shall have a par value of \$5.00 per share. The corporation shall begin business with at least \$4,650,000 in paid-in common capital stock to be divided into 930,000 shares. The amount of surplus with which the corporation will begin business will be not less than \$3,440,616 subject to paragraph B. of this Article III all of which (capital stock, surplus and undivided profits) shall be paid in cash.

B. All of the shares of the common capital stock, \$8.00 par value, of the National Corporation issued and outstanding shall constitute the issued and outstanding shares of this corporation each having a par value of \$5.00. Each share of the National Corporation shall be equal to one share of this Corporation.

ARTICLE IV

The term for which said corporation shall exist shall be perpetual unless terminated pursuant to the Florida Banking Code. This corporation shall commence on May 15, 1990.

ARTICLE V

The number of directors shall not be fewer than five (5).
The names and street addresses of the first directors of the corporation are:

<u>NAME</u>	<u>STREET ADDRESS</u>
Thomas M. Harris	c/o Harris, Barrett, Mann & Dew 150 2nd Avenue North, Suite 1500 St. Petersburg, Florida 33701
Algis Koncius	Koncius Enterprises 5725 Dragon Way, Suite 321 Cincinnati, Ohio 45227
Albert B. McCreary, MD	6300 Burning Tree Drive Seminole, Florida 34647
Louis P. Ortiz, CPA	Garcia & Ortiz, P.A. 888 Executive Center Drive West Suite 101 St. Petersburg, Florida 33742
P. N. Risser, III	c/o Risser Oil Corporation 5001 Park Boulevard, Suite 200 Pinellas Park, Florida 34665
James P. Turner, III	Mercantile Federal Savings Bank 425 22nd Avenue North St. Petersburg, Florida 33704
Virgil H. Wintrode	5401 First Avenue North St. Petersburg, Florida 33710

ARTICLE VI

The name(s) and address(es) of the incorporator(s) is/are:

<u>NAME</u>	<u>STREET ADDRESS</u>
Thomas M. Harris	c/o Harris, Barrett, Mann & Dew 150 2nd Avenue North, Suite 1500 St. Petersburg, Florida 33701
Algis Koncius	Koncius Enterprises 5725 Dragon Way, Suite 321 Cincinnati, Ohio 45227
Albert B. McCreary, MD	6300 Burning Tree Drive Seminole, Florida 34647
Louis P. Ortiz, CPA	Garcia & Ort *, P.A. 888 Executive Center Drive West Suite 101 St. Petersburg, Florida 33742
P. N. Risser, III	c/o Risser Oil Corporation 5001 Park Boulevard, Suite 200 Pinellas Park, Florida 34665
James P. Turner, III	Merchants Federal Savings Bank 425 2nd Avenue North St. Petersburg, Florida 33704
Virgil H. Wintrode	5401 First Avenue North St. Petersburg, Florida 33710

In witness of the foregoing, the undersigned incorporator(s)
have executed these Articles of Incorporation this 19th day of
April, A.D. 1990.

Thomas M. Harris
Thomas M. Harris

Algis Koncius
Algis Koncius

Albert B. McCreary
Albert B. McCreary

Louis P. Ortiz
Louis P. Ortiz

P. N. Risser, III
P. N. Risser, III

James P. Turner, III
James P. Turner, III

Virgil H. Wintrode
Virgil H. Wintrode

STATE OF FLORIDA)
) SS
COUNTY OF PINELLAS)

Before me, the undersigned Notary Public in and for the State of Florida at Large, personally appeared Thomas M. Harris, Algis Koncius, Albert B. McCreary, Louis P. Ortiz, P. N. Risser, III, James P. Turner, III and Virgil H. Wintrade known to me and known by me to be the individuals described in and who executed the foregoing Articles of Incorporation of Mercantile Bank and each being duly sworn severally acknowledged that he executed the same for the uses and purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 17th day of April, A.D. 1990.

(SEAL)

Carol J. Poirier
Notary Public - State of Florida at Large
My Commission Expires:
NOTARY PUBLIC, STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES OCTOBER 30, 1993
BONDED THRU AGENT'S NOTARY BROKERAGE

Approved by the Department of Banking and Finance this 30th day of April, 1990.

Tallahassee, Florida

Gerald Lewis
GERALD LEWIS
Comptroller of the State of Florida and
Head of the Department of Banking and
Finance