



**CONDENSED CONSOLIDATED BALANCE SHEETS**

|   | <b>September 30,<br/>2009</b> | <b>December 31,<br/>2008</b> |
|---|-------------------------------|------------------------------|
|   | (In Thousands)                |                              |
|   | (Unaudited)                   |                              |
| <b>ASSETS</b>                                       |                               |                              |
| Cash and cash equivalents                           | \$ 101,407                    | \$ 89,821                    |
| Securities  | 201,428                       | 194,097                      |
| Loans held for sale                                 | 1,984                         | 4,366                        |
| Loans, net of allowance for loan losses             | 1,250,551                     | 1,315,907                    |
| Premises and equipment                              | 39,085                        | 40,616                       |
| Interest receivable                                 | 9,768                         | 10,240                       |
| Cash surrender value of life insurance              | 27,108                        | 25,278                       |
| Goodwill  | -                             | 44,653                       |
| Other   | <u>54,474</u>                 | <u>50,005</u>                |
| Total assets  | <u>\$ 1,685,805</u>           | <u>\$ 1,774,983</u>          |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>         |                               |                              |
| Liabilities:  |                               |                              |
| Deposits  | \$ 1,425,745                  | \$ 1,462,276                 |
| Short-term borrowings                               | 72,734                        | 49,227                       |
| Long-term debt                                      | 120,410                       | 146,519                      |
| Interest payable                                    | 4,992                         | 4,280                        |
| Other   | <u>11,018</u>                 | <u>7,989</u>                 |
| Total liabilities                                   | <u>1,634,899</u>              | <u>1,670,291</u>             |
| Total Mercantile Bancorp, Inc. stockholders' equity | <u>46,587</u>                 | <u>98,957</u>                |
| Noncontrolling Interest                             | <u>4,319</u>                  | <u>5,735</u>                 |
| Total equity  | <u>50,906</u>                 | <u>104,692</u>               |
| Total liabilities and equity                        | <u>\$ 1,685,805</u>           | <u>\$ 1,774,983</u>          |

**MERCANTILE BANCORP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

|  | <b>Nine Months Ended</b>      |                               |
|--|-------------------------------|-------------------------------|
|  | <b>September 30,<br/>2009</b> | <b>September 30,<br/>2008</b> |
|  | (In Thousands)<br>(Unaudited) |                               |
| Interest Income:   |                               |                               |
| Loans and fees on loans  | \$ 56,603                     | \$ 63,203                     |
| Securities:  |                               |                               |
| Taxable  | 4,953                         | 5,832                         |
| Tax exempt   | 1,254                         | 1,500                         |
| Other  | 318                           | 776                           |
| Total interest income  | 63,128                        | 71,311                        |
| Interest Expense:  |                               |                               |
| Deposits   | 24,054                        | 31,782                        |
| Short-term borrowings  | 1,854                         | 800                           |
| Long-term debt   | 4,555                         | 5,590                         |
| Total interest expense   | 30,463                        | 38,532                        |
| Net Interest Income  | 32,665                        | 32,779                        |
| Provision for Loan Losses  | 18,736                        | 11,083                        |
| Net Interest Income After Provision for Loan Losses                              | 13,929                        | 21,696                        |
| Noninterest Income:  |                               |                               |
| Fiduciary activities   | 1,953                         | 2,053                         |
| Brokerage fees   | 940                           | 1,398                         |
| Customer service fees  | 2,912                         | 3,232                         |
| Other service charges and fees   | 905                           | 724                           |
| Net gains on loan sales  | 1,740                         | 824                           |
| Net gains on sales of available-for-sale securities                              | -                             | 943                           |
| Other  | 1,825                         | 1,544                         |
| Total noninterest income   | 10,275                        | 10,718                        |
| Noninterest Expense:   |                               |                               |
| Salaries and employee benefits   | 19,951                        | 20,643                        |
| Net occupancy expense  | 2,536                         | 2,628                         |
| Equipment expense  | 2,580                         | 2,594                         |
| Deposit insurance premium  | 3,149                         | 715                           |
| Professional fees  | 2,475                         | 1,593                         |
| Postage and supplies   | 896                           | 958                           |
| Net (gains) losses on sale of assets   | 23                            | (370)                         |
| Losses on foreclosed assets  | 2,158                         | 1,010                         |
| Net loss on securities   | -                             | 4,032                         |
| Other than temporary losses on available-for-sale and cost<br>method investments | 3,238                         | 1,520                         |
| Goodwill Impairment Loss   | 44,650                        | -                             |
| Other  | 6,337                         | 6,263                         |
| Total noninterest expense  | 87,993                        | 41,586                        |
| Income (Loss) Before Income Taxes and Noncontrolling Interest                    | (63,789)                      | (9,172)                       |
| Income Tax Benefit   | (8,092)                       | (5,011)                       |
| Net Income (Loss)  | (55,697)                      | (4,161)                       |
| Less: Net Income (Loss) attributable to Noncontrolling Interest                  | (1,415)                       | (2,054)                       |
| Net Income (Loss) attributable to Mercantile Bancorp, Inc.                       | \$ (54,282)                   | \$ (2,107)                    |

**MERCANTILE BANCORP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

|   | <b>Three Months Ended</b> |                      |
|---|---------------------------|----------------------|
|   | <b>September 30,</b>      | <b>September 30,</b> |
|   | <b>2009</b>               | <b>2008</b>          |
|   | (In Thousands)            |                      |
|   | (Unaudited)               |                      |
| Interest Income:  |                           |                      |
| Loans and fees on loans   | \$ 18,707                 | \$ 20,921            |
| Securities:   |                           |                      |
| Taxable   | 1,574                     | 1,881                |
| Tax exempt  | 415                       | 487                  |
| Other   | 131                       | 236                  |
| Total interest income   | 20,827                    | 23,525               |
| Interest Expense:   |                           |                      |
| Deposits  | 7,177                     | 9,905                |
| Short-term borrowings   | 636                       | 217                  |
| Long-term debt  | 1,437                     | 1,723                |
| Total interest expense  | 9,250                     | 11,845               |
| Net Interest Income   | 11,577                    | 11,680               |
| Provision for Loan Losses   | 5,591                     | 4,480                |
| Net Interest Income After Provision for Loan Losses                           | 5,986                     | 7,200                |
| Noninterest Income:   |                           |                      |
| Fiduciary activities  | 652                       | 673                  |
| Brokerage fees  | 382                       | 481                  |
| Customer service fees   | 1,088                     | 1,007                |
| Other service charges and fees  | 313                       | 290                  |
| Net gains on loan sales   | 299                       | 181                  |
| Net gains on sales of available-for-sale securities                           | -                         | -                    |
| Other   | 531                       | 478                  |
| Total noninterest income  | 3,265                     | 3,110                |
| Noninterest Expense:  |                           |                      |
| Salaries and employee benefits  | 6,640                     | 6,745                |
| Net occupancy expense   | 776                       | 878                  |
| Equipment expense   | 922                       | 904                  |
| Deposit insurance premium   | 809                       | 492                  |
| Professional fees   | 758                       | 470                  |
| Postage and supplies  | 295                       | 324                  |
| Net (gains) losses on sale of assets  | 9                         | 6                    |
| Net gains (losses) on foreclosed assets                                       | 545                       | 517                  |
| Net loss on securities  | -                         | 4,031                |
| Other than temporary losses on available-for-sale and cost method investments | 692                       | 1,257                |
| Goodwill Impairment Loss  | -                         | -                    |
| Other   | 1,902                     | 1,978                |
| Total noninterest expense   | 13,348                    | 17,602               |
| Income (Loss) Before Income Taxes and Noncontrolling Interest                 | (4,097)                   | (7,292)              |
| Income Tax Benefit  | (2,249)                   | (3,937)              |
| Net Income (Loss)   | (1,848)                   | (3,355)              |
| Less: Net Income (Loss) attributable to Noncontrolling Interest               | (488)                     | (1,662)              |
| Net Income (Loss) attributable to Mercantile Bancorp, Inc.                    | \$ (1,360)                | \$ (1,693)           |

**MERCANTILE BANCORP, INC.**  
**SELECTED FINANCIAL HIGHLIGHTS**

|   | Nine Months Ended  |                       |
|---|--|-----------------------|
|   | September 30,<br>2009                                      | September 30,<br>2008 |
|   | (Dollars In Thousands<br>except share data)<br>(Unaudited) |                       |
| <b>EARNINGS AND PER SHARE DATA</b>                |  |                       |
| Basic Earnings Per Share                          | \$ (6.24)  | \$ (.24)              |
| Weighted average shares outstanding               | 8,703,330  | 8,707,577             |
| Cash dividends paid per share                     | N/A  | \$.18                 |
| Book value per share                              | \$ 5.35  | \$ 12.00              |
| Tangible book value per share (1)                 | \$ 4.94  | \$ 6.41               |
| Ending number of common shares outstanding        | 8,703,330  | 8,703,329             |
| <b>AVERAGE BALANCES</b>                           |  |                       |
| Assets  | \$ 1,754,969   | \$ 1,674,041          |
| Securities  | \$ 195,534   | \$ 205,009            |
| Loans (2)   | \$ 1,314,928   | \$ 1,246,939          |
| Earning assets                                    | \$ 1,612,661   | \$ 1,497,570          |
| Deposits  | \$ 1,475,928   | \$ 1,362,325          |
| Interest bearing liabilities                      | \$ 1,513,012   | \$ 1,419,956          |
| Stockholders' equity                              | \$ 80,057  | \$ 106,976            |
| <b>END OF PERIOD FINANCIAL DATA</b>               |  |                       |
| Net interest income                               | \$ 32,665  | \$ 32,779             |
| Loans (2)   | \$ 1,279,962   | \$ 1,294,170          |
| Allowance for loan losses                         | \$ 27,427  | \$ 18,914             |
| <b>PERFORMANCE RATIOS</b>                         |  |                       |
| Return on average assets                          | (4.14%)  | (.17%)                |
| Return on average equity                          | (90.65%)   | (2.63%)               |
| Net interest margin                               | 2.70%  | 2.92%                 |
| Interest spread                                   | 2.53%  | 2.73%                 |
| Efficiency ratio                                  | 205%   | 95%                   |
| Allowance for loan losses to loans (2)            | 2.14%  | 1.46%                 |
| Allowance as a percentage of non-performing loans | 46%  | 58%                   |
| Average loan to deposit ratio                     | 89%  | 92%                   |
| Dividend payout ratio                             | N/A  | N/A                   |
| <b>ASSET QUALITY</b>                              |  |                       |
| Net charge-offs                                   | \$ 14,776  | \$ 4,963              |
| Non-performing loans                              | \$ 59,203  | \$ 32,459             |
| Other non-performing assets                       | \$ 14,259  | \$ 4,689              |

- (1) Net of goodwill and core deposit intangibles  
(2) Loans include loans held for sale and nonaccrual loans

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**MERCANTILE BANCORP, INC.**  
**SELECTED FINANCIAL HIGHLIGHTS**

|   | <b>Three Months Ended</b>                                  |                               |
|---|--|-------------------------------|
|   | <b>September 30,<br/>2009</b>                              | <b>September 30,<br/>2008</b> |
|   | (Dollars In Thousands<br>except share data)<br>(Unaudited) |                               |
| <b>EARNINGS AND PER SHARE DATA</b>                |  |                               |
| Basic Earnings Per Share                          | \$ (.16)   | \$ (.19)                      |
| Weighted average shares outstanding               | 8,703,330  | 8,703,371                     |
| Cash dividends paid per share                     | N/A  | \$ .06                        |
| Book value per share                              | \$ 5.35  | \$ 12.00                      |
| Tangible book value per share (1)                 | \$ 4.94  | \$ 6.41                       |
| Ending number of common shares outstanding        | 8,703,330  | 8,703,329                     |
| <b>AVERAGE BALANCES</b>                           |  |                               |
| Assets  | \$ 1,709,410   | \$ 1,706,467                  |
| Securities  | \$ 197,153   | \$ 203,075                    |
| Loans (2)   | \$ 1,296,650   | \$ 1,275,671                  |
| Earning assets                                    | \$ 1,600,200   | \$ 1,526,833                  |
| Deposits  | \$ 1,461,186   | \$ 1,412,587                  |
| Interest bearing liabilities                      | \$ 1,495,655   | \$ 1,454,501                  |
| Stockholders' equity                              | \$ 47,806  | \$ 105,822                    |
| <b>END OF PERIOD FINANCIAL DATA</b>               |  |                               |
| Net interest income                               | \$ 11,577  | \$ 11,680                     |
| Loans (2)   | \$ 1,279,962   | \$ 1,294,170                  |
| Allowance for loan losses                         | \$ 27,427  | \$ 18,914                     |
| <b>PERFORMANCE RATIOS</b>                         |  |                               |
| Return on average assets                          | (.32%)   | (.39%)                        |
| Return on average equity                          | (11.29%)   | (6.35%)                       |
| Net interest margin                               | 2.89%  | 3.06%                         |
| Interest spread                                   | 2.73%  | 2.90%                         |
| Efficiency ratio                                  | 90%  | 121%                          |
| Allowance for loan losses to loans (2)            | 2.14%  | 1.46%                         |
| Allowance as a percentage of non-performing loans | 46%  | 58%                           |
| Average loan to deposit ratio                     | 89%  | 90%                           |
| Dividend payout ratio                             | N/A  | N/A                           |
| <b>ASSET QUALITY</b>                              |  |                               |
| Net charge-offs                                   | \$ 14,776  | \$ 4,963                      |
| Non-performing loans                              | \$ 59,203  | \$ 32,459                     |
| Other non-performing assets                       | \$ 14,259  | \$ 4,689                      |

(1) Net of goodwill and core deposit intangibles

(2) Loans include loans held for sale and nonaccrual loans

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