



CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2009	December 31, 2008
	<u>(In Thousands)</u>	
	<u>(Unaudited)</u>	
ASSETS		
Cash and cash equivalents	\$ 100,993	\$ 89,821
Securities	193,793	194,097
Loans held for sale	3,742	4,366
Loans, net of allowance for loan losses	1,277,454	1,315,907
Premises and equipment	39,573	40,616
Interest receivable	8,756	10,240
Cash surrender value of life insurance	26,792	25,278
Goodwill	-	44,653
Other	<u>48,473</u>	<u>50,005</u>
Total assets	\$ <u>1,699,576</u>	\$ <u>1,774,983</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	\$ 1,426,779	\$ 1,462,276
Short-term borrowings	85,020	49,227
Long-term debt	120,410	146,519
Interest payable	4,644	4,280
Other	<u>10,937</u>	<u>7,989</u>
Total liabilities	<u>1,647,790</u>	<u>1,670,291</u>
Total Mercantile Bancorp, Inc. stockholders' equity	<u>46,979</u>	<u>98,957</u>
Noncontrolling Interest	<u>4,807</u>	<u>5,735</u>
Total equity	<u>51,786</u>	<u>104,692</u>
Total liabilities and equity	\$ <u>1,699,576</u>	\$ <u>1,774,983</u>

MERCANTILE BANCORP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Six Months Ended	
	June 30, 2009	June 30, 2008
	(In Thousands) (Unaudited)	
Interest Income:		
Loans and fees on loans	\$ 37,896	\$ 42,282
Securities:		
Taxable	3,379	3,951
Tax exempt	839	1,013
Other	187	540
Total interest income	42,301	47,786
Interest Expense:		
Deposits	16,877	21,877
Short-term borrowings	1,218	583
Long-term debt	3,118	4,227
Total interest expense	21,213	26,687
Net Interest Income	21,088	21,099
Provision for Loan Losses	13,145	6,603
Net Interest Income After Provision for Loan Losses	7,943	14,496
Noninterest Income:		
Fiduciary activities	1,301	1,380
Brokerage fees	558	917
Customer service fees	1,824	2,225
Other service charges and fees	592	434
Net gains on loan sales	1,441	643
Net gains on investments in common stock	-	943
Other	1,294	803
Total noninterest income	7,010	7,609
Noninterest Expense:		
Salaries and employee benefits	13,311	13,898
Net occupancy expense	1,760	1,750
Equipment expense	1,658	1,690
Deposit insurance premium	2,340	223
Professional fees	1,717	1,123
Postage and supplies	601	634
Net (gains) losses on sale of assets	14	(376)
Losses on foreclosed assets	1,613	493
Other than temporary losses on available-for-sale and cost method investments	2,546	264
Goodwill Impairment Loss	44,650	-
Other	4,435	4,022
Total noninterest expense	74,645	23,985
Income (Loss) Before Income Taxes and Noncontrolling Interest	(59,692)	(1,880)
Income Tax Benefit	(5,843)	(1,074)
Net Income (Loss)	(53,849)	(806)
Less: Net Income (Loss) attributable to Noncontrolling Interest	(927)	(392)
Net Income (Loss) attributable to Mercantile Bancorp, Inc.	\$ (52,922)	\$ (414)

MERCANTILE BANCORP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended	
	June 30, 2009	June 30, 2008
	(In Thousands) (Unaudited)	
Interest Income:		
Loans and fees on loans	\$ 18,924	\$ 20,572
Securities:		
Taxable	1,666	1,982
Tax exempt	412	473
Other	96	195
Total interest income	21,098	23,222
Interest Expense:		
Deposits	8,015	10,064
Short-term borrowings	641	235
Long-term debt	1,581	2,023
Total interest expense	10,237	12,322
Net Interest Income	10,861	10,900
Provision for Loan Losses	9,965	1,834
Net Interest Income After Provision for Loan Losses	896	9,066
Noninterest Income:		
Fiduciary activities	650	690
Brokerage fees	320	501
Customer service fees	984	1,125
Other service charges and fees	333	234
Net gains on loan sales	631	280
Net gains on investments in common stock	-	943
Other	825	474
Total noninterest income	3,743	4,247
Noninterest Expense:		
Salaries and employee benefits	6,604	6,997
Net occupancy expense	860	865
Equipment expense	864	916
Deposit insurance premium	1,508	118
Professional fees	1,082	548
Postage and supplies	265	333
Net (gains) losses on sale of assets	1	15
Net gains (losses) on foreclosed assets	1,485	(11)
Other than temporary losses on available-for-sale and cost method investments	2,546	264
Goodwill Impairment Loss	44,650	-
Other	2,307	2,240
Total noninterest expense	62,172	12,285
Income (Loss) Before Income Taxes and Noncontrolling Interest	(57,533)	1,028
Income Tax (Benefit)	(4,849)	(130)
Net Income (Loss)	(52,684)	1,158
Less: Net Income (Loss) attributable to Noncontrolling Interest	(638)	(105)
Net Income (Loss) attributable to Mercantile Bancorp, Inc.	\$ (52,046)	\$ 1,263

MERCANTILE BANCORP, INC.
SELECTED FINANCIAL HIGHLIGHTS

	Six Months Ended	
	June 30, 2009	June 30, 2008
	(Dollars In Thousands except share data) (Unaudited)	
EARNINGS AND PER SHARE DATA (1)		
Basic Earnings Per Share	\$ (6.08)	\$ (.05)
Weighted average shares outstanding	8,703,330	8,707,577
Cash dividends paid per share	N/A	\$.12
Book value per share	\$ 5.40	\$ 12.10
Tangible book value per share (2)	\$ 4.97	\$ 6.56
Ending number of common shares outstanding	8,703,330	8,707,577
AVERAGE BALANCES		
Assets	\$ 1,778,466	\$ 1,654,191
Securities	\$ 194,670	\$ 216,521
Loans (3)	\$ 1,324,219	\$ 1,223,233
Earning assets	\$ 1,619,110	\$ 1,485,346
Deposits	\$ 1,482,226	\$ 1,340,116
Interest bearing liabilities	\$ 1,522,099	\$ 1,397,046
Stockholders' equity	\$ 97,606	\$ 107,943
END OF PERIOD FINANCIAL DATA		
Net interest income	\$ 21,088	\$ 21,099
Loans (3)	\$ 1,309,285	\$ 1,260,834
Allowance for loan losses	\$ 28,089	\$ 16,463
PERFORMANCE RATIOS		
Return on average assets	(6.00%)	(.05%)
Return on average equity	(108.31%)	(.77%)
Net interest margin	2.60%	2.65%
Interest spread	2.44%	2.42%
Efficiency ratio	266%	84%
Allowance for loan losses to loans (3)	2.15%	1.31%
Allowance as a percentage of non-performing loans	44%	54%
Average loan to deposit ratio	89%	91%
Dividend payout ratio	N/A	N/A
ASSET QUALITY		
Net charge-offs	\$ 8,523	\$ 2,934
Non-performing loans	\$ 63,875	\$ 30,455
Other non-performing assets	\$ 9,884	\$ 4,755

(1) Reflects 3-for-2 stock-split in December 2007

(2) Net of goodwill and core deposit intangibles

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

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

	Three Months Ended	
	June 30, 2009	June 30, 2008
	(Dollars In Thousands except share data) (Unaudited)	
EARNINGS AND PER SHARE DATA (1)		
Basic Earnings Per Share	\$ (5.98)	\$.15
Weighted average shares outstanding	8,703,330	8,705,499
Cash dividends paid per share	N/A	\$.06
Book value per share	\$ 5.40	\$ 12.10
Tangible book value per share (2)	\$ 4.97	\$ 6.56
Ending number of common shares outstanding	8,703,330	8,703,455
AVERAGE BALANCES		
Assets	\$ 1,773,351	\$ 1,664,661
Securities	\$ 192,979	\$ 214,270
Loans (3)	\$ 1,319,764	\$ 1,240,179
Earning assets	\$ 1,616,415	\$ 1,496,749
Deposits	\$ 1,483,194	\$ 1,360,667
Interest bearing liabilities	\$ 1,513,122	\$ 1,405,614
Stockholders' equity	\$ 96,390	\$ 106,819
END OF PERIOD FINANCIAL DATA		
Net interest income	\$ 10,861	\$ 10,900
Loans (3)	\$ 1,309,285	\$ 1,260,834
Allowance for loan losses	\$ 28,089	\$ 16,463
PERFORMANCE RATIOS		
Return on average assets	(11.77%)	(.30%)
Return on average equity	(216.57%)	(4.74%)
Net interest margin	2.69%	2.53%
Interest spread	2.51%	2.32%
Efficiency ratio	426%	81%
Allowance for loan losses to loans (3)	2.15%	1.31%
Allowance as a percentage of non-performing loans	44%	54%
Average loan to deposit ratio	89%	91%
Dividend payout ratio	N/A	40%
ASSET QUALITY		
Net charge-offs	\$ 3,820	\$ 2,498
Non-performing loans	\$ 63,875	\$ 30,455
Other non-performing assets	\$ 9,884	\$ 4,755

(1) Reflects 3-for-2 stock-split in December 2007

(2) Net of goodwill and core deposit intangibles

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

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