

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 26, 2023

Midland States Bancorp, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Illinois
(State or Other Jurisdiction of Incorporation)

001-35272
(Commission File Number)

37-1233196
(IRS Employer Identification No.)

1201 Network Centre Drive
Effingham, Illinois 62401
(Address of Principal Executive Offices) (Zip Code)

(217) 342-7321
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	MSBI	The Nasdaq Market LLC
Depositary Shares, each representing a 1/40th interest in a share of 7.75% fixed rate reset non-cumulative perpetual preferred stock, Series A, \$2.00 par value	MSBIP	The Nasdaq Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On October 26, 2023, Midland States Bancorp, Inc. (the "Company") issued a press release announcing its financial results for the third quarter of 2023. The press release is attached as Exhibit 99.1.

Item 7.01. Regulation FD Disclosure.

On October 26, 2023, the Company made available on its website a slide presentation regarding the Company's third quarter 2023 financial results. The slide presentation is attached as Exhibit 99.2.

The information set forth under Items 2.02 and 7.01 in this Form 8-K and the attached exhibits shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, and shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits.**

Exhibit No.	Description
99.1	Press Release of Midland States Bancorp, Inc., dated October 26, 2023
99.2	Slide Presentation of Midland States Bancorp, Inc. regarding third quarter 2023 financial results
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: October 26, 2023

By: /s/ Eric T. Lemke
Eric T. Lemke
Chief Financial Officer

Midland States Bancorp, Inc. Announces 2023 Third Quarter Results**Third Quarter 2023 Highlights:**

- **Net income available to common shareholders of \$15.8 million, or \$0.71 per diluted share**
- **Adjusted earnings per diluted share of \$0.78 reflects impact of balance sheet repositioning that is expected to be accretive to earnings prospectively**
- **Common equity tier 1 capital ratio improved to 8.16%**
- **Efficiency ratio of 55.8% compared to 55.0% in prior quarter**

Effingham, IL, October 26, 2023 (GLOBE NEWSWIRE) -- Midland States Bancorp, Inc. (Nasdaq: MSBI) (the "Company") today reported net income available to common shareholders of \$15.8 million, or \$0.71 per diluted share, for the third quarter of 2023, compared to \$19.3 million, or \$0.86 per diluted share, for the second quarter of 2023. This also compares to net income available to common shareholders of \$23.5 million, or \$1.04 per diluted share, for the third quarter of 2022.

Financial results for the third quarter of 2023 included a one-time enhancement fee of \$6.6 million related to the surrender and purchase of company-owned life insurance, a \$4.5 million tax charge related to the surrender, and \$5.0 million of losses on the sale of investment securities. Excluding these transactions, adjusted earnings available to common shareholders were \$17.3 million, or \$0.78 per diluted share.

Jeffrey G. Ludwig, President and Chief Executive Officer of the Company, said, "We delivered another quarter of strong financial results highlighted by good stability in our deposit base, net interest margin, and asset quality, as well as disciplined expense control that resulted in a decline in our non-interest expense from the prior quarter. Due to our strong financial performance and prudent balance sheet management, we had increases in all of our regulatory capital ratios, while also continuing to repurchase our common stock at below tangible book value, which we believe is in the best long-term interests of shareholders.

"While continuing to prioritize prudent risk management and maintaining disciplined expense control, we will continue to be active in our new business development efforts with a focus on adding new core deposit relationships with both retail and commercial customers. We also continue to invest in initiatives that we believe will enhance the long-term value of the franchise, including our Banking-as-a-Service platform with two new partnerships launching in the fourth quarter that will contribute low-cost deposits and generate fee income. We expect the Banking-as-a-Service initiative to begin making a meaningful contribution during 2024, which, along with our continued progress on adding new clients in our markets, should support profitable growth in the future, improve our level of returns, and create additional value for our shareholders," said Mr. Ludwig.

Balance Sheet Highlights

Total assets were \$7.98 billion at September 30, 2023, compared to \$8.03 billion at June 30, 2023, and \$7.82 billion at September 30, 2022. At September 30, 2023, portfolio loans were \$6.28 billion, compared to \$6.37 billion as of June 30, 2023, and \$6.20 billion as of September 30, 2022.

Loans

During the third quarter of 2023, outstanding loans declined slightly as the Company continued to originate loans in a more selective and deliberate approach to balance liquidity and funding costs. Increases in construction and land development loans, commercial FHA warehouse lines, and residential real estate loans of \$50.2 million, \$18.0 million, and \$3.7 million, respectively, were offset by decreases in all other loan categories. Consumer loans decreased \$56.8 million due to loan payoffs and a decrease in loans originated through GreenSky.

(in thousands)	As of				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Loan Portfolio					
Commercial loans	\$ 943,761	\$ 962,756	\$ 937,920	\$ 872,794	\$ 907,651
Equipment finance loans	578,931	614,633	632,205	616,751	577,323
Equipment finance leases	485,460	500,485	510,029	491,744	457,611
Commercial FHA warehouse lines	48,547	30,522	10,275	25,029	51,309
Total commercial loans and leases	2,056,699	2,108,396	2,090,429	2,006,318	1,993,894
Commercial real estate	2,412,164	2,443,995	2,448,158	2,433,159	2,466,303
Construction and land development	416,801	366,631	326,836	320,882	225,549
Residential real estate	375,211	371,486	369,910	366,094	356,225
Consumer	1,020,008	1,076,836	1,118,938	1,180,014	1,156,480
Total loans	\$ 6,280,883	\$ 6,367,344	\$ 6,354,271	\$ 6,306,467	\$ 6,198,451

Loan Quality

Credit quality metrics remained steady during the third quarter of 2023. Loans 30-89 days past due totaled \$46.6 million as of September 30, 2023, compared to \$44.2 million as of June 30, 2023. Non-performing loans were \$56.0 million at September 30, 2023, compared to \$54.8 million as of June 30, 2023, and non-performing assets were 0.74% of total assets at the end of the third quarter of 2023, compared to 0.72% at June 30, 2023.

At September 30, 2022, loans 30-89 days past due totaled \$28.3 million, non-performing loans were \$46.9 million, and non-performing assets as a percentage of total assets were 0.76%.

(in thousands)	As of and for the Three Months Ended				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Asset Quality					
Loans 30-89 days past due	\$ 46,608	\$ 44,161	\$ 30,895	\$ 32,372	\$ 28,275
Nonperforming loans	55,981	54,844	50,713	49,423	46,882
Nonperforming assets	58,677	57,688	58,806	57,824	59,524
Substandard loans	143,793	130,707	99,819	101,044	98,517
Net charge-offs	3,449	2,996	2,119	538	3,233
Loans 30-89 days past due to total loans	0.74 %	0.69 %	0.49 %	0.51 %	0.46 %
Nonperforming loans to total loans	0.89 %	0.86 %	0.80 %	0.78 %	0.76 %
Nonperforming assets to total assets	0.74 %	0.72 %	0.74 %	0.74 %	0.76 %
Allowance for credit losses to total loans	1.06 %	1.02 %	0.98 %	0.97 %	0.95 %
Allowance for credit losses to nonperforming loans	119.09 %	118.43 %	122.39 %	123.53 %	125.08 %
Net charge-offs to average loans	0.22 %	0.19 %	0.14 %	0.03 %	0.21 %

The Company continued to increase its allowance for credit losses on loans due to increased delinquencies and losses within our equipment finance portfolio. The allowance totaled \$66.7 million at September 30, 2023, compared to \$65.0 million at June 30, 2023, and \$58.6 million at September 30, 2022. The allowance as a percentage of portfolio loans was 1.06% at September 30, 2023, compared to 1.02% at June 30, 2023, and 0.95% at September 30, 2022.

Deposits

Total deposits were \$6.41 billion at September 30, 2023, compared with \$6.43 billion at June 30, 2023 and \$6.40 billion at September 30, 2022. The deposit mix continues to shift from noninterest-bearing deposits to interest-bearing deposits due to the recent rate increases announced by the Federal Reserve and the expectation that rates will remain high for a longer period.

(in thousands)	As of				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Deposit Portfolio					
Noninterest-bearing demand	\$ 1,154,515	\$ 1,162,909	\$ 1,215,758	\$ 1,362,158	\$ 1,362,481
Interest-bearing:					
Checking	2,572,224	2,499,693	2,502,827	2,494,073	2,568,195
Money market	1,090,962	1,226,470	1,263,813	1,184,101	1,125,333
Savings	582,359	624,005	636,832	661,932	704,245
Time	885,858	840,734	766,884	649,552	620,960
Brokered time	119,084	72,737	39,087	12,836	14,038
Total deposits	\$ 6,405,002	\$ 6,426,548	\$ 6,425,201	\$ 6,364,652	\$ 6,395,252

The Company estimates that uninsured deposits⁽¹⁾ totaled \$1.28 billion, or 20% of total deposits, at September 30, 2023 compared to \$1.21 billion, or 19%, at June 30, 2023.

(1) Uninsured deposits include the Call Report estimate of uninsured deposits less affiliate deposits, estimated insured portion of servicing deposits, additional structured FDIC coverage and collateralized deposits.

Results of Operations Highlights

Net Interest Income and Margin

During the third quarter of 2023, net interest income, on a tax-equivalent basis, totaled \$58.8 million, a decrease of \$0.2 million, or 0.4%, compared to \$59.0 million for the second quarter of 2023. The tax-equivalent net interest margin for the third quarter of 2023 was 3.20%, compared with 3.23% in the second quarter of 2023. Net interest income and related margin, on a tax-equivalent basis, was \$64.3 million and 3.63%, respectively, in the third quarter of 2022. The decline in the net interest income and margin was largely attributable to increased market interest rates resulting in the cost of funding liabilities increasing at a faster rate than the yield on earning assets.

Average interest-earning assets for the third quarter of 2023 were \$7.28 billion, compared to \$7.33 billion for the second quarter of 2023. The yield increased 14 basis points to 5.65% compared to the second quarter of 2023. Interest-earning assets averaged \$7.03 billion for the third quarter of 2022.

Average loans were \$6.30 billion for the third quarter of 2023, compared to \$6.36 billion for the second quarter of 2023 and \$6.04 billion for the third quarter of 2022. The yield on loans was 5.93% and 5.80% for the third and second quarters of 2023, respectively.

Investment securities averaged \$863.0 million for the third quarter of 2023, and yielded 3.60%, compared to an average balance and yield of \$861.4 million and 3.39%, respectively, for the second quarter of 2023. The Company purchased additional investments and repositioned out of lower-yielding securities in favor of higher-yielding instruments resulting in the increased average balance and yield. The Company incurred net losses on sales of \$5.0 million in the third quarter of 2023. The repositioning is expected to improve the overall margin, liquidity, and capital allocations. Investment securities averaged \$749.0 million for the third quarter of 2022.

Average interest-bearing deposits were \$5.35 billion for the third quarter of 2023, compared to \$5.26 billion for the second quarter of 2023, and \$4.92 billion for the third quarter of 2022. Cost of interest-bearing deposits was 2.80% in the third quarter of 2023, which represents a 24 basis point increase from the second quarter of 2023. A competitive market, driven by rising interest rates and increased competition, were contributing factors to the increase in deposit costs.

For the Three Months Ended

	September 30, 2023			June 30, 2023			September 30, 2022		
	Average Balance	Interest & Fees	Yield/Rate	Average Balance	Interest & Fees	Yield/Rate	Average Balance	Interest & Fees	Yield/Rate
Interest-earning assets									
Cash and cash equivalents	\$ 78,391	\$ 1,036	5.24 %	\$ 67,377	\$ 852	5.07 %	\$ 155,657	\$ 1,125	2.28 %
Investment securities	862,998	7,822	3.60	861,409	7,286	3.39	749,022	4,560	2.44
Loans	6,297,568	94,118	5.93	6,356,012	91,890	5.80	6,040,358	73,568	4.83
Loans held for sale	6,078	104	6.80	4,067	59	5.79	6,044	60	3.87
Nonmarketable equity securities	39,347	710	7.16	45,028	599	5.33	37,765	550	5.78
Total interest-earning assets	\$ 7,284,382	\$ 103,790	5.65 %	\$ 7,333,893	\$ 100,686	5.51 %	\$ 7,028,846	\$ 79,863	4.51 %
Noninterest-earning assets	622,969			612,238			618,128		
Total assets	\$ 7,907,351			\$ 7,946,131			\$ 7,646,974		
Interest-Bearing Liabilities									
Interest-bearing deposits	\$ 5,354,356	\$ 37,769	2.80 %	\$ 5,259,188	\$ 33,617	2.56 %	\$ 4,922,345	\$ 10,249	0.83 %
Short-term borrowings	20,127	14	0.28	22,018	14	0.26	58,271	28	0.19
FHLB advances & other borrowings	402,500	4,557	4.49	471,989	5,396	4.59	340,163	2,424	2.83
Subordinated debt	93,441	1,280	5.43	97,278	1,335	5.51	139,324	2,010	5.77
Trust preferred debentures	50,379	1,369	10.78	50,218	1,289	10.29	49,751	821	6.54
Total interest-bearing liabilities	\$ 5,920,803	\$ 44,989	3.01 %	\$ 5,900,691	\$ 41,651	2.83 %	\$ 5,509,854	\$ 15,532	1.12 %
Noninterest-bearing deposits	1,116,988			1,187,584			1,372,626		
Other noninterest-bearing liabilities	97,935			81,065			63,638		
Shareholders' equity	771,625			776,791			700,866		
Total liabilities and shareholder's equity	\$ 7,907,351			\$ 7,946,131			\$ 7,646,974		
Net Interest Margin		\$ 58,801	3.20 %		\$ 59,035	3.23 %		\$ 64,331	3.63 %
Cost of Deposits			2.32 %			2.09 %			0.65 %

(1) Interest income and average rates for tax-exempt loans and securities are presented on a tax-equivalent basis, assuming a federal income tax rate of 21%. Tax-equivalent adjustments totaled \$0.2 million, \$0.2 million and \$0.3 million for the three months ended September 30, 2023, June 30, 2023 and September 30, 2022, respectively.

During the nine months ended September 30, 2023, net interest income, on a tax-equivalent basis, decreased to \$178.6 million, with a tax-equivalent net interest margin of 3.27%, compared to net interest income, on a tax-equivalent basis, of \$183.2 million, and a tax-equivalent net interest margin of 3.60% for the nine months ended September 30, 2022.

The yield on earning assets increased 133 basis points to 5.50% for the nine months ended September 30, 2023 compared to the same period one year prior. However, the cost of interest-bearing liabilities increased at a faster rate during this period, increasing 203 basis points to 2.77% for the nine months ended September 30, 2023.

(dollars in thousands)	For the Nine Months Ended					
	September 30, 2023			September 30, 2022		
	Average Balance	Interest & Fees	Yield/Rate	Average Balance	Interest & Fees	Yield/Rate
Interest-earning assets						
Cash and cash equivalents	\$ 76,939	\$ 2,868	4.98 %	\$ 268,111	\$ 1,764	0.88 %
Investment securities	844,946	21,103	3.33	820,328	14,453	2.35
Loans	6,324,578	274,005	5.79	5,666,874	194,442	4.59
Loans held for sale	3,900	179	6.14	15,629	357	3.05
Nonmarketable equity securities	44,034	2,104	6.39	36,832	1,521	5.52
Total interest-earning assets	\$ 7,294,397	\$ 300,259	5.50 %	\$ 6,807,774	\$ 212,537	4.17 %
Noninterest-earning assets	615,383			621,510		
Total assets	\$ 7,909,780			\$ 7,429,284		
Interest-Bearing Liabilities						
Interest-bearing deposits	\$ 5,223,852	\$ 97,791	2.50 %	\$ 4,717,610	\$ 16,220	0.46 %
Short-term borrowings	26,865	53	0.26	62,495	73	0.16
FHLB advances & other borrowings	471,084	15,959	4.53	319,791	5,071	2.12
Subordinated debt	96,820	3,985	5.49	139,233	6,032	5.78
Trust preferred debentures	50,216	3,887	10.35	49,603	1,959	5.28
Total interest-bearing liabilities	\$ 5,868,837	\$ 121,675	2.77 %	\$ 5,288,732	\$ 29,355	0.74 %
Noninterest-bearing deposits	1,184,410			1,402,900		
Other noninterest-bearing liabilities	84,650			70,427		
Shareholders' equity	771,883			667,225		
Total liabilities and shareholder's equity	\$ 7,909,780			\$ 7,429,284		
Net Interest Margin		\$ 178,584	3.27 %		\$ 183,182	3.60 %
Cost of Deposits			2.04 %			0.35 %

(1) Interest income and average rates for tax-exempt loans and securities are presented on a tax-equivalent basis, assuming a federal income tax rate of 21%. Tax-equivalent adjustments totaled \$0.6 million and \$1.0 million for the nine months ended September 30, 2023 and 2022, respectively.

Noninterest Income

Noninterest income was \$18.2 million for the third quarter of 2023, compared to \$18.8 million for the second quarter of 2023. Noninterest income for the third quarter of 2023 included a one-time enhancement fee of \$6.6 million related to the surrender and purchase of company-owned life insurance, partially offset by \$5.0 million of losses on the sale of investment securities. The second quarter of 2023 included an \$0.8 million gain on the sale of OREO and a \$0.7 million gain on the repurchase of subordinated debt, partially offset by \$0.9 million of losses on the sale of investment securities. Excluding these transactions, noninterest income for the third quarter of 2023 and the second quarter of 2023 was

\$16.5 million and \$18.2 million, respectively. Noninterest income for the third quarter of 2022 was \$15.8 million and included \$0.1 million loss on the sale of investment securities.

(in thousands)	For the Three Months Ended			For the Nine Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Noninterest income					
Wealth management revenue	\$ 6,288	\$ 6,269	\$ 6,199	\$ 18,968	\$ 19,481
Residential mortgage banking revenue	507	540	210	1,452	1,193
Service charges on deposit accounts	3,149	2,849	2,783	8,744	7,544
Interchange revenue	3,609	3,696	3,531	10,717	10,401
Loss on sales of investment securities, net	(4,961)	(869)	(129)	(6,478)	(230)
Gain on repurchase of subordinated debt, net	—	676	—	676	—
Gain (loss) on sales of other real estate owned, net	—	819	—	819	(131)
Impairment on commercial mortgage servicing rights	—	—	—	—	(1,263)
Company-owned life insurance	7,558	891	929	9,325	2,788
Other income	2,035	3,882	2,303	8,494	6,269
Total noninterest income	\$ 18,185	\$ 18,753	\$ 15,826	\$ 52,717	\$ 46,052

Noninterest Expense

Noninterest expense was \$42.0 million in the third quarter of 2023, compared to \$42.9 million in the second quarter of 2023, and \$43.5 million in the third quarter of 2022. The efficiency ratio was 55.82% for the quarter ended September 30, 2023, compared to 55.01% for the quarter ended June 30, 2023, and 54.26% for the quarter ended September 30, 2022.

(in thousands)	For the Three Months Ended			For the Nine Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Noninterest expense					
Salaries and employee benefits	\$ 22,307	\$ 22,857	\$ 22,889	\$ 69,407	\$ 67,404
Occupancy and equipment	3,730	3,879	3,850	12,052	11,094
Data processing	6,468	6,544	6,093	19,323	18,048
Professional	1,554	1,663	1,693	4,977	5,181
Amortization of intangible assets	1,129	1,208	1,361	3,628	4,077
FDIC insurance	1,107	1,196	977	3,632	2,633
Other expense	5,743	5,547	6,633	16,395	17,282
Total noninterest expense	\$ 42,038	\$ 42,894	\$ 43,496	\$ 129,414	\$ 125,719

Salaries and employee benefits expenses were \$22.3 million in the third quarter of 2023, compared to \$22.9 million in both the second quarter of 2023 and the third quarter of 2022. Employees numbered 911 at September 30, 2023, compared to 915 at June 30, 2023, and 930 at September 30, 2022. The third quarter of 2023 included a decline in medical insurance expense of \$0.7 million.

Income Tax Expense

Income tax expense was \$11.5 million for the third quarter of 2023, as compared to \$7.2 million for the second quarter of 2023 and \$5.9 million for the third quarter of 2022. The resulting effective tax rates were 39.0%, 25.1% and 19.9% respectively. The third quarter of 2023 included tax charges of \$4.5

million associated with the surrender of company-owned life insurance and \$1.4 million related to the finalization of the 2022 federal and state tax returns. Exclusive of these items our effective tax rate is 25.1% for the third quarter of 2023.

Capital

At September 30, 2023, Midland States Bank and the Company exceeded all regulatory capital requirements under Basel III, and Midland States Bank met the qualifications to be a “well-capitalized” financial institution, as summarized in the following table:

	As of September 30, 2023		
	Midland States Bank	Midland States Bancorp, Inc.	Minimum Regulatory Requirements ⁽²⁾
Total capital to risk-weighted assets	12.13%	12.84%	10.50%
Tier 1 capital to risk-weighted assets	11.21%	10.62%	8.50%
Tier 1 leverage ratio	10.21%	9.67%	4.00%
Common equity Tier 1 capital	11.21%	8.16%	7.00%
Tangible common equity to tangible assets ⁽¹⁾	N/A	6.09%	N/A

(1) A non-GAAP financial measure. Refer to page 16 for a reconciliation to the comparable GAAP financial measure.

(2) Includes the capital conservation buffer of 2.5%.

The impact of rising interest rates on the Company’s investment portfolio and cash flow hedges has resulted in a \$101.2 million accumulated other comprehensive loss at September 30, 2023, which impacts tangible book value by \$4.68 per share.

Stock Repurchase Program

As previously disclosed, on December 6, 2022, the Company’s board of directors authorized a new share repurchase program, pursuant to which the Company is authorized to repurchase up to \$25.0 million of common stock through December 31, 2023. During the third quarter of 2023, the Company repurchased 271,059 shares of its common stock at a weighted average price of \$22.14 under its stock repurchase program. As of September 30, 2023, the Company had \$10.1 million remaining under the current stock repurchase authorization.

About Midland States Bancorp, Inc.

Midland States Bancorp, Inc. is a community-based financial holding company headquartered in Effingham, Illinois, and is the sole shareholder of Midland States Bank. As of September 30, 2023, the Company had total assets of approximately \$7.98 billion, and its Wealth Management Group had assets under administration of approximately \$3.50 billion. The Company provides a full range of commercial and consumer banking products and services and business equipment financing, merchant credit card services, trust and investment management, insurance and financial planning services. For additional information, visit <https://www.midlandsb.com/> or <https://www.linkedin.com/company/midland-states-bank>.

Non-GAAP Financial Measures

Some of the financial measures included in this press release are not measures of financial performance recognized in accordance with GAAP.

These non-GAAP financial measures include "Adjusted Earnings," "Adjusted Earnings Available to Common Shareholders," "Adjusted Diluted Earnings Per Common Share," "Adjusted Return on Average Assets," "Adjusted Return on Average Shareholders' Equity," "Adjusted Return on Average Tangible Common Equity," "Adjusted Pre-Tax, Pre-Provision Earnings," "Adjusted Pre-Tax, Pre-Provision Return on Average Assets," "Efficiency Ratio," "Tangible Common Equity to Tangible Assets," "Tangible Book Value Per Share," "Tangible Book Value Per Share excluding Accumulated Other Comprehensive Income," and "Return on Average Tangible Common Equity." The Company believes these non-GAAP financial measures provide both management and investors a more complete understanding of the Company's funding profile and profitability. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Not all companies use the same calculation of these measures; therefore, the measures in this press release may not be comparable to other similarly titled measures as presented by other companies.

Forward-Looking Statements

Readers should note that in addition to the historical information contained herein, this press release includes "forward-looking statements" within the meanings of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including but not limited to statements about the Company's plans, objectives, future performance, goals and future earnings levels. These statements are subject to many risks and uncertainties, including changes in interest rates and other general economic, business and political conditions, the impact of inflation, continuing effects of the failures of Silicon Valley Bank and Signature Bank, increased deposit volatility and potential regulatory developments; changes in the financial markets; changes in business plans as circumstances warrant; risks relating to acquisitions; changes to U.S. tax laws, regulations and guidance; and other risks detailed from time to time in filings made by the Company with the Securities and Exchange Commission. Readers should note that the forward-looking statements included in this press release are not a guarantee of future events, and that actual events may differ materially from those made in or suggested by the forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "will," "propose," "may," "plan," "seek," "expect," "intend," "estimate," "anticipate," "believe," "continue," or similar terminology. Any forward-looking statements presented herein are made only as of the date of this press release, and the Company does not undertake any obligation to update or revise any

forward-looking statements to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

CONTACTS:

Jeffrey G. Ludwig, President and CEO, at jludwig@midlandsb.com or (217) 342-7321

Eric T. Lemke, Chief Financial Officer, at elemke@midlandsb.com or (217) 342-7321

Douglas J. Tucker, SVP and Corporate Counsel, at dtucker@midlandsb.com or (217) 342-7321

MIDLAND STATES BANCORP, INC.
CONSOLIDATED FINANCIAL SUMMARY (unaudited)

	As of and for the Three Months Ended			As of and for the Nine Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<i>(dollars in thousands, except per share data)</i>					
Earnings Summary					
Net interest income	\$ 58,596	\$ 58,840	\$ 64,024	\$ 177,940	\$ 182,185
Provision for credit losses	5,168	5,879	6,974	14,182	16,582
Noninterest income	18,185	18,753	15,826	52,717	46,052
Noninterest expense	42,038	42,894	43,496	129,414	125,719
Income before income taxes	29,575	28,820	29,380	87,061	85,936
Income taxes	11,533	7,245	5,859	25,672	19,783
Net income	18,042	21,575	23,521	61,389	66,153
Preferred dividends	2,229	2,228	—	6,685	—
Net income available to common shareholders	\$ 15,813	\$ 19,347	\$ 23,521	\$ 54,704	\$ 66,153
Diluted earnings per common share	\$ 0.71	\$ 0.86	\$ 1.04	\$ 2.43	\$ 2.92
Weighted average common shares outstanding - diluted	21,977,196	22,205,079	22,390,438	22,223,986	22,367,095
Return on average assets	0.91 %	1.09 %	1.22 %	1.04 %	1.19 %
Return on average shareholders' equity	9.28 %	11.14 %	13.31 %	10.63 %	13.26 %
Return on average tangible common equity ⁽¹⁾	13.03 %	15.99 %	20.20 %	15.22 %	19.06 %
Net interest margin	3.20 %	3.23 %	3.63 %	3.27 %	3.60 %
Efficiency ratio ⁽¹⁾	55.82 %	55.01 %	54.26 %	56.15 %	54.34 %
Adjusted Earnings Performance Summary ⁽¹⁾					
Adjusted earnings available to common shareholders	\$ 17,278	\$ 19,488	\$ 23,568	\$ 56,783	\$ 66,574
Adjusted diluted earnings per common share	\$ 0.78	\$ 0.87	\$ 1.04	\$ 2.53	\$ 2.94
Adjusted return on average assets	0.98 %	1.10 %	1.22 %	1.07 %	1.20 %
Adjusted return on average shareholders' equity	10.03 %	11.21 %	13.34 %	10.99 %	13.34 %
Adjusted return on average tangible common equity	14.24 %	16.10 %	20.24 %	15.80 %	19.18 %
Adjusted pre-tax, pre-provision earnings	\$ 33,064	\$ 34,892	\$ 36,415	\$ 100,405	\$ 104,358
Adjusted pre-tax, pre-provision return on average assets	1.66 %	1.76 %	1.89 %	1.70 %	1.88 %
Market Data					
Book value per share at period end	\$ 30.27	\$ 30.49	\$ 28.48		
Tangible book value per share at period end ⁽¹⁾	\$ 21.98	\$ 22.24	\$ 20.14		
Tangible book value per share excluding accumulated other comprehensive income at period end ⁽¹⁾	\$ 26.66	\$ 26.11	\$ 23.69		
Market price at period end	\$ 20.54	\$ 19.91	\$ 23.57		
Common shares outstanding at period end	21,594,546	21,854,800	22,074,740		
Capital					
Total capital to risk-weighted assets	12.84 %	12.65 %	12.79 %		
Tier 1 capital to risk-weighted assets	10.62 %	10.47 %	10.05 %		
Tier 1 common capital to risk-weighted assets	8.16 %	8.03 %	7.56 %		
Tier 1 leverage ratio	9.67 %	9.57 %	9.40 %		
Tangible common equity to tangible assets ⁽¹⁾	6.09 %	6.19 %	5.82 %		
Wealth Management					
Trust assets under administration	\$ 3,501,225	\$ 3,594,727	\$ 3,355,019		

(1) Non-GAAP financial measures. Refer to pages 14 - 16 for a reconciliation to the comparable GAAP financial measures.

MIDLAND STATES BANCORP, INC.
CONSOLIDATED FINANCIAL SUMMARY (unaudited) (continued)

(in thousands)	As of				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Assets					
Cash and cash equivalents	\$ 132,132	\$ 160,695	\$ 138,310	\$ 160,631	\$ 313,188
Investment securities	839,344	887,003	821,005	776,860	690,504
Loans	6,280,883	6,367,344	6,354,271	6,306,467	6,198,451
Allowance for credit losses on loans	(66,669)	(64,950)	(62,067)	(61,051)	(58,639)
Total loans, net	6,214,214	6,302,394	6,292,204	6,245,416	6,139,812
Loans held for sale	6,089	5,632	2,747	1,286	4,338
Premises and equipment, net	82,741	81,006	80,582	78,293	77,519
Other real estate owned	480	202	6,729	6,729	11,141
Loan servicing rights, at lower of cost or fair value	20,933	21,611	1,117	1,205	1,297
Commercial FHA mortgage loan servicing rights held for sale	—	—	20,745	20,745	23,995
Goodwill	161,904	161,904	161,904	161,904	161,904
Other intangible assets, net	17,238	18,367	19,575	20,866	22,198
Company-owned life insurance	208,390	152,210	151,319	150,443	149,648
Other assets	292,460	243,697	233,937	231,123	226,333
Total assets	\$ 7,975,925	\$ 8,034,721	\$ 7,930,174	\$ 7,855,501	\$ 7,821,877
Liabilities and Shareholders' Equity					
Noninterest-bearing demand deposits	\$ 1,154,515	\$ 1,162,909	\$ 1,215,758	\$ 1,362,158	\$ 1,362,481
Interest-bearing deposits	5,250,487	5,263,639	5,209,443	5,002,494	5,032,771
Total deposits	6,405,002	6,426,548	6,425,201	6,364,652	6,395,252
Short-term borrowings	17,998	21,783	31,173	42,311	58,518
FHLB advances and other borrowings	538,000	575,000	482,000	460,000	360,000
Subordinated debt	93,475	93,404	99,849	99,772	139,370
Trust preferred debentures	50,457	50,296	50,135	49,975	49,824
Other liabilities	106,743	90,869	66,173	80,217	79,634
Total liabilities	7,211,675	7,257,900	7,154,531	7,096,927	7,082,598
Total shareholders' equity	764,250	776,821	775,643	758,574	739,279
Total liabilities and shareholders' equity	\$ 7,975,925	\$ 8,034,721	\$ 7,930,174	\$ 7,855,501	\$ 7,821,877

MIDLAND STATES BANCORP, INC.
CONSOLIDATED FINANCIAL SUMMARY (unaudited) (continued)

	For the Three Months Ended			For the Nine Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<i>(in thousands, except per share data)</i>					
Net interest income:					
Interest income	\$ 103,585	\$ 100,491	\$ 79,556	\$ 299,615	\$ 211,540
Interest expense	44,989	41,651	15,532	121,675	29,355
Net interest income	58,596	58,840	64,024	177,940	182,185
Provision for credit losses:					
Provision for credit losses on loans	5,168	5,879	6,974	14,182	15,847
Provision for credit losses on unfunded commitments	—	—	—	—	956
Provision for other credit losses	—	—	—	—	(221)
Total provision for credit losses	5,168	5,879	6,974	14,182	16,582
Net interest income after provision for credit losses	53,428	52,961	57,050	163,758	165,603
Noninterest income:					
Wealth management revenue	6,288	6,269	6,199	18,968	19,481
Residential mortgage banking revenue	507	540	210	1,452	1,193
Service charges on deposit accounts	3,149	2,849	2,783	8,744	7,544
Interchange revenue	3,609	3,696	3,531	10,717	10,401
Loss on sales of investment securities, net	(4,961)	(869)	(129)	(6,478)	(230)
Gain on repurchase of subordinated debt, net	—	676	—	676	—
Gain (loss) on sales of other real estate owned, net	—	819	—	819	(131)
Impairment on commercial mortgage servicing rights	—	—	—	—	(1,263)
Company-owned life insurance	7,558	891	929	9,325	2,788
Other income	2,035	3,882	2,303	8,494	6,269
Total noninterest income	18,185	18,753	15,826	52,717	46,052
Noninterest expense:					
Salaries and employee benefits	22,307	22,857	22,889	69,407	67,404
Occupancy and equipment	3,730	3,879	3,850	12,052	11,094
Data processing	6,468	6,544	6,093	19,323	18,048
Professional	1,554	1,663	1,693	4,977	5,181
Amortization of intangible assets	1,129	1,208	1,361	3,628	4,077
FDIC insurance	1,107	1,196	977	3,632	2,633
Other expense	5,743	5,547	6,633	16,395	17,282
Total noninterest expense	42,038	42,894	43,496	129,414	125,719
Income before income taxes	29,575	28,820	29,380	87,061	85,936
Income taxes	11,533	7,245	5,859	25,672	19,783
Net income	18,042	21,575	23,521	61,389	66,153
Preferred stock dividends	2,229	2,228	—	6,685	—
Net income available to common shareholders	\$ 15,813	\$ 19,347	\$ 23,521	\$ 54,704	\$ 66,153
Basic earnings per common share	\$ 0.71	\$ 0.86	\$ 1.04	\$ 2.43	\$ 2.93
Diluted earnings per common share	\$ 0.71	\$ 0.86	\$ 1.04	\$ 2.43	\$ 2.92

MIDLAND STATES BANCORP, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (unaudited)

Adjusted Earnings Reconciliation

	For the Three Months Ended			For the Nine Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<i>(dollars in thousands, except per share data)</i>					
Income before income taxes - GAAP	\$ 29,575	\$ 28,820	\$ 29,380	\$ 87,061	\$ 85,936
Adjustments to noninterest income:					
Loss on sales of investment securities, net	4,961	869	129	6,478	230
(Gain) on repurchase of subordinated debt	—	(676)	—	(676)	—
Company-owned life insurance enhancement fee	(6,640)	—	—	(6,640)	—
Total adjustments to noninterest income	(1,679)	193	129	(838)	230
Adjustments to noninterest expense:					
Integration and acquisition expenses	—	—	68	—	(347)
Total adjustments to noninterest expense	—	—	68	—	(347)
Adjusted earnings pre tax - non-GAAP	27,896	29,013	29,441	86,223	86,513
Adjusted earnings tax	8,389	7,297	5,873	22,755	19,939
Adjusted earnings - non-GAAP	19,507	21,716	23,568	63,468	66,574
Preferred stock dividends	2,229	2,228	—	6,685	—
Adjusted earnings available to common shareholders	\$ 17,278	\$ 19,488	\$ 23,568	\$ 56,783	\$ 66,574
Adjusted diluted earnings per common share	\$ 0.78	\$ 0.87	\$ 1.04	\$ 2.53	\$ 2.94
Adjusted return on average assets	0.98 %	1.10 %	1.22 %	1.07 %	1.20 %
Adjusted return on average shareholders' equity	10.03 %	11.21 %	13.34 %	10.99 %	13.34 %
Adjusted return on average tangible common equity	14.24 %	16.10 %	20.24 %	15.80 %	19.18 %

Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation

	For the Three Months Ended			For the Nine Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<i>(dollars in thousands)</i>					
Adjusted earnings pre tax - non-GAAP	\$ 27,896	\$ 29,013	\$ 29,441	\$ 86,223	\$ 86,513
Provision for credit losses	5,168	5,879	6,974	14,182	16,582
Impairment on commercial mortgage servicing rights	—	—	—	—	1,263
Adjusted pre-tax, pre-provision earnings - non-GAAP	\$ 33,064	\$ 34,892	\$ 36,415	\$ 100,405	\$ 104,358
Adjusted pre-tax, pre-provision return on average assets	1.66 %	1.76 %	1.89 %	1.70 %	1.88 %

MIDLAND STATES BANCORP, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (unaudited) (continued)

Efficiency Ratio Reconciliation

(dollars in thousands)	For the Three Months Ended			For the Nine Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Noninterest expense - GAAP	\$ 42,038	\$ 42,894	\$ 43,496	\$ 129,414	\$ 125,719
Integration and acquisition expenses	—	—	68	—	(347)
Adjusted noninterest expense	<u>\$ 42,038</u>	<u>\$ 42,894</u>	<u>\$ 43,564</u>	<u>\$ 129,414</u>	<u>\$ 125,372</u>
Net interest income - GAAP	\$ 58,596	\$ 58,840	\$ 64,024	\$ 177,940	\$ 182,185
Effect of tax-exempt income	205	195	307	644	997
Adjusted net interest income	<u>58,801</u>	<u>59,035</u>	<u>64,331</u>	<u>178,584</u>	<u>183,182</u>
Noninterest income - GAAP	18,185	18,753	15,826	52,717	46,052
Impairment on commercial mortgage servicing rights	—	—	—	—	1,263
Loss on sales of investment securities, net	4,961	869	129	6,478	230
(Gain) on repurchase of subordinated debt	—	(676)	—	(676)	—
Company-owned life insurance enhancement fee	(6,640)	—	—	(6,640)	—
Adjusted noninterest income	<u>16,506</u>	<u>18,946</u>	<u>15,955</u>	<u>51,879</u>	<u>47,545</u>
Adjusted total revenue	<u>\$ 75,307</u>	<u>\$ 77,981</u>	<u>\$ 80,286</u>	<u>\$ 230,463</u>	<u>\$ 230,727</u>
Efficiency ratio	55.82 %	55.01 %	54.26 %	56.15 %	54.34 %

Return on Average Tangible Common Equity (ROATCE)

(dollars in thousands)	For the Three Months Ended			For the Nine Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net income available to common shareholders	\$ 15,813	\$ 19,347	\$ 23,521	\$ 54,704	\$ 66,153
Average total shareholders' equity—GAAP	\$ 771,625	\$ 776,791	\$ 700,866	\$ 771,883	\$ 667,225
Adjustments:					
Preferred Stock	(110,548)	(110,548)	(54,072)	(110,548)	—
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(17,782)	(18,937)	(22,859)	(18,959)	(23,019)
Average tangible common equity	<u>\$ 481,391</u>	<u>\$ 485,402</u>	<u>\$ 462,031</u>	<u>\$ 480,472</u>	<u>\$ 482,302</u>
ROATCE	13.03 %	15.99 %	20.20 %	15.22 %	19.06 %

MIDLAND STATES BANCORP, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (unaudited) (continued)

Tangible Common Equity to Tangible Assets Ratio and Tangible Book Value Per Share

	As of				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
<i>(dollars in thousands, except per share data)</i>					
Shareholders' Equity to Tangible Common Equity					
Total shareholders' equity—GAAP	\$ 764,250	\$ 776,821	\$ 775,643	\$ 758,574	\$ 739,279
Adjustments:					
Preferred Stock	(110,548)	(110,548)	(110,548)	(110,548)	(110,548)
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(17,238)	(18,367)	(19,575)	(20,866)	(22,198)
Tangible common equity	<u>\$ 474,560</u>	<u>\$ 486,002</u>	<u>\$ 483,616</u>	<u>\$ 465,256</u>	<u>\$ 444,629</u>
Less: Accumulated other comprehensive income (AOCI)	(101,181)	(84,719)	(77,797)	(83,797)	(78,383)
Tangible common equity excluding AOCI	<u>\$ 575,741</u>	<u>\$ 570,721</u>	<u>\$ 561,413</u>	<u>\$ 549,053</u>	<u>\$ 523,012</u>
Total Assets to Tangible Assets:					
Total assets—GAAP	\$ 7,975,925	\$ 8,034,721	\$ 7,930,174	\$ 7,855,501	\$ 7,821,877
Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(17,238)	(18,367)	(19,575)	(20,866)	(22,198)
Tangible assets	<u>\$ 7,796,783</u>	<u>\$ 7,854,450</u>	<u>\$ 7,748,695</u>	<u>\$ 7,672,731</u>	<u>\$ 7,637,775</u>
Common Shares Outstanding	21,594,546	21,854,800	22,111,454	22,214,913	22,074,740
Tangible Common Equity to Tangible Assets	6.09 %	6.19 %	6.24 %	6.06 %	5.82 %
Tangible Book Value Per Share	\$ 21.98	\$ 22.24	\$ 21.87	\$ 20.94	\$ 20.14
Tangible Book Value Per Share excluding AOCI	\$ 26.66	\$ 26.11	\$ 25.39	\$ 24.72	\$ 23.69



Midland States Bancorp, Inc. NASDAQ: MSBI

Third Quarter 2023 Earnings Presentation





Forward-Looking Statements. This presentation may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements expressing management's current expectations, forecasts of future events or long-term goals may be based upon beliefs, expectations and assumptions of the Company's management, and are generally identifiable by the use of words such as "believe," "expect," "anticipate," "plan," "intend," "estimate," "may," "will," "would," "could," "should" or other similar expressions. All statements in this presentation speak only as of the date they are made, and the Company undertakes no obligation to update any statement. A number of factors, many of which are beyond the ability of the Company to control or predict, could cause actual results to differ materially from those in its forward-looking statements including changes in interest rates and other general economic, business and political conditions, the impact of inflation, continuing effects of the failures of Silicon Valley Bank and Signature Bank, increased deposit volatility and potential regulatory developments. These risks and uncertainties should be considered in evaluating forward-looking statements, and undue reliance should not be placed on such statements. Additional information concerning the Company and its businesses, including additional factors that could materially affect the Company's financial results, are included in the Company's filings with the Securities and Exchange Commission.

Use of Non-GAAP Financial Measures. This presentation may contain certain financial information determined by methods other than in accordance with accounting principles generally accepted in the United States ("GAAP"). These non-GAAP financial measures include "Adjusted Earnings," "Adjusted Earnings Available to Common Shareholders," "Adjusted Diluted Earnings Per Share," "Adjusted Return on Average Assets," "Adjusted Return on Average Shareholders' Equity," "Adjusted Return on Average Tangible Common Equity," "Adjusted Pre-Tax, Pre-Provision Income," "Adjusted Pre-Tax, Pre-Provision Return on Average Assets," "Efficiency Ratio," "Tangible Common Equity to Tangible Assets," "Tangible Book Value Per Share," "Tangible Book Value Per Share excluding Accumulated Other Comprehensive Income," and "Return on Average Tangible Common Equity." The Company believes that these non-GAAP financial measures provide both management and investors a more complete understanding of the Company's funding profile and profitability. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Not all companies use the same calculation of these measures; therefore this presentation may not be comparable to other similarly titled measures as presented by other companies. Reconciliations of these non-GAAP measures are provided in the Appendix section of this presentation.



Company Snapshot

- Illinois state-chartered community bank founded in 1881
- \$8.0 billion in assets
- \$3.5 billion Wealth Management business
- Commercial bank focused on in-market relationships with national diversification in equipment finance
- 53 branches in Illinois and Missouri
- 16 successful acquisitions since 2008



Financial Highlights as of September 30, 2023

\$8.0 Billion

Total Assets

\$6.3 Billion

Total Loans

\$6.4 Billion

Total Deposits

\$3.5 Billion

Assets Under Administration

YTD ROAA:	1.04%
YTD Return on TCE ⁽¹⁾ :	15.22%
TCE/TA:	6.09%
YTD PTPP ⁽¹⁾ ROAA:	1.70%
Dividend Yield:	5.84 %
Price/Tangible Book:	0.93x
Price/LTM EPS:	5.5x

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Notes:

(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.



Business and Corporate Strategy

Customer-Centric Culture

Drive organic growth by focusing on customer service and accountability to our clients and colleagues; seek to develop bankers who create dynamic relationships; pursue continual investment in people; maintain a core set of institutional values, and build a robust technology platform that provides customers with a superior banking experience

Operational Excellence

A corporate-wide focus on driving improvements in people, processes and technology in order to generate further improvement in Midland's operating efficiency and financial performance

Enterprise-Wide Risk Management

Maintain a program designed to integrate controls, monitoring and risk-assessment at all key levels and stages of our operations and growth; ensure that all employees are fully engaged

Accretive Acquisitions

Maintain experienced acquisition team capable of identifying and executing transactions that build shareholder value through a disciplined approach to pricing; take advantage of relative strength in periods of market disruption

Revenue Diversification

Generate a diversified revenue mix and focus on growing businesses that generate strong recurring revenues such as wealth management

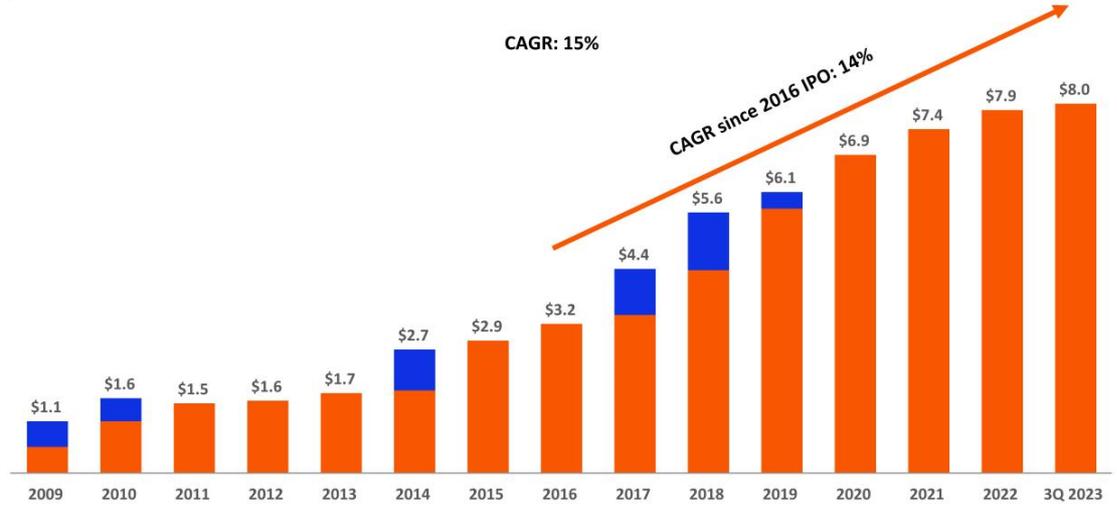




Successful Execution of Strategic Plan...

Total Assets

(at period-end in billions)



Selected Acquisitions

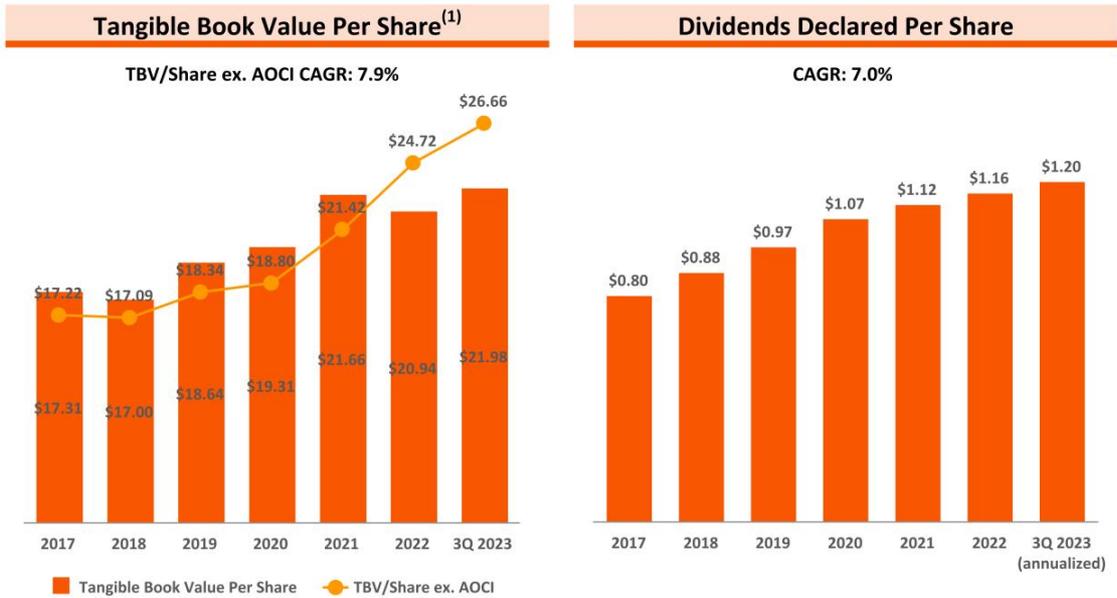
Selected Acquisitions: Total Assets at Time of Acquisition (in millions)	
2009: Strategic Capital Bank (\$540)	2010: AMCORE Bank (\$500)
2014: Love Savings/Heartland Bank (\$889)	2017: Centru Financial (\$990)
2018: Alpine Bancorp (\$1,243)	2019: HomeStar Financial Group (\$366)





...Leads to Creation of Shareholder Value

22 Consecutive Years of Dividend Increases

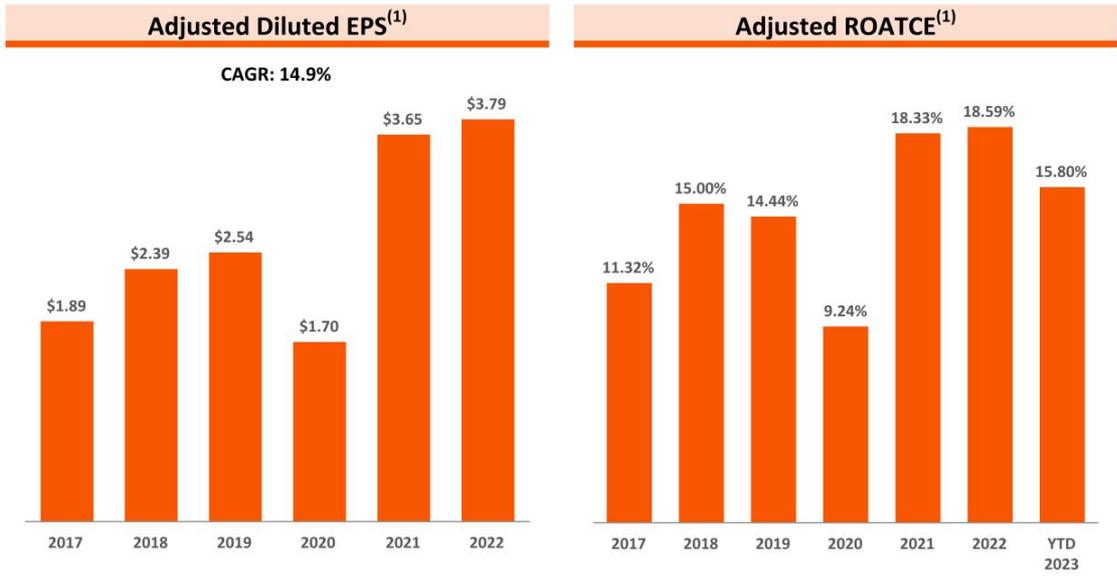


Notes:
(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.





...And Increased Profitability



Adjusted Diluted EPS data and CAGR through 2022

Notes:
(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.



Overview of 3Q23

Strong Financial Performance

- Net income available to common shareholders of \$15.8 million, or \$0.71 diluted EPS
- 3Q23 results include net loss of \$0.07 per share related to balance sheet repositioning that should increase EPS going forward
- Pre-tax, pre-provision earnings⁽¹⁾ of \$33.1 million
- ROAA of 0.91% and ROTCE of 13.03%

Stable Deposit Base

- Total deposits essentially unchanged from end of prior quarter
- Loan-to-deposit ratio declined to 98% from 99% at end of prior quarter
- Increase in brokered time deposits to offset other high cost funding

Conservative Underwriting and Pricing Criteria Results in Small Decline in Total Loans

- Selective approach to new loan production in current environment with focus on clients that provide full banking relationships
- New loan production net of payoffs/paydowns in the quarter helped offset continued runoff in GreenSky portfolio and the planned reduction in equipment finance

Stable Asset Quality and Increase in Capital Ratios

- Asset quality metrics relatively consistent with prior quarter
- Strong financial performance and prudent balance sheet management resulted in increase in most capital ratios
- CET1 ratio increased 13bps to 8.16% at the end of the current quarter

Notes:

(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.



Loan Portfolio

- Total loans decreased \$86.5 million from prior quarter to \$6.28 billion
- Decrease primarily driven by decline in equipment finance portfolio of \$50.7 million and continued runoff of GreenSky portfolio of \$62.8 million
- Growth in construction portfolio driven by fundings on existing lines, primarily for multifamily
- We expect the equipment finance balances to continue to decrease in order to reduce our concentration within overall loan portfolio

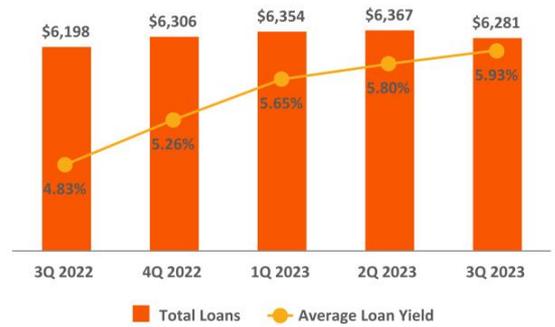
Loan Portfolio Mix

(in millions, as of quarter-end)

	3Q 2023	2Q 2023	3Q 2022
Commercial loans and leases	\$ 2,057	\$ 2,108	\$ 1,994
Commercial real estate	2,412	2,444	2,466
Construction and land development	417	367	226
Residential real estate	375	371	356
Consumer	1,020	1,077	1,156
Total Loans	\$ 6,281	\$ 6,367	\$ 6,198
Total Loans ex. Commercial FHA Lines	\$ 6,232	\$ 6,337	\$ 6,144

Total Loans and Average Loan Yield

(in millions, as of quarter-end)





Total Deposits

- Total deposits decreased \$21.5 million from end of prior quarter
- Noninterest-bearing deposits relatively stable as continued movement of funds into interest-bearing accounts was offset by new commercial and small business relationships
- Managing rates on deposits in order to continue growing our deposit base through new and expanded relationships with retail and commercial clients
- Increase in brokered CDs replaced other higher cost funding

Deposit Mix

(in millions, as of quarter-end)

	3Q 2023	2Q 2023	3Q 2022
Noninterest-bearing demand	\$ 1,155	\$ 1,163	\$ 1,362
Interest-bearing:			
Checking	\$ 2,572	\$ 2,500	\$ 2,568
Money market	\$ 1,091	\$ 1,226	\$ 1,125
Savings	\$ 582	\$ 624	\$ 704
Time	\$ 886	\$ 841	\$ 621
Brokered time	\$ 119	\$ 73	\$ 14
Total Deposits	\$ 6,405	\$ 6,427	\$ 6,395

Total Deposits and Cost of Deposits

(in millions, as of quarter-end)



■ Total Deposits ● Cost of Deposits

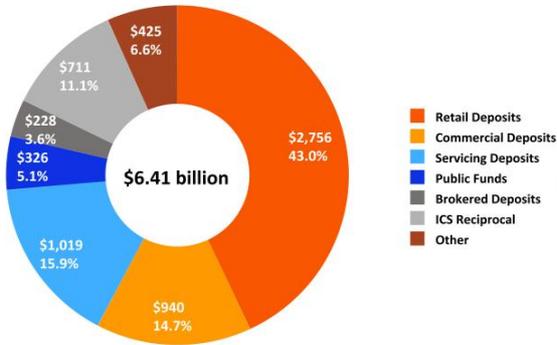




Deposit Summary as of September 30, 2023

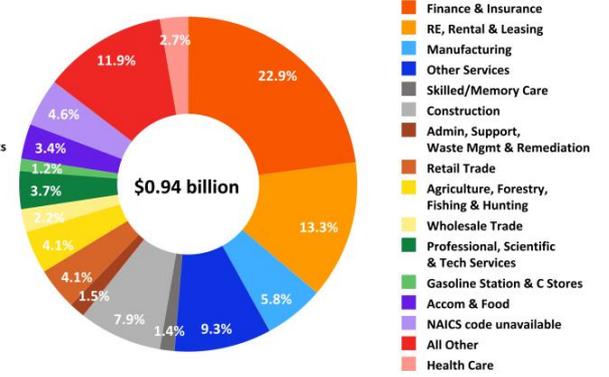
Deposits by Channel

(in millions)



Commercial Deposits by NAICS Code

(in millions)



All Other category made up of over 110 NAICS with Regulation of Agricultural Marketing and Commodities being the largest at \$16 million



Uninsured Deposits

Uninsured Deposits				
(in millions)	September 30, 2023		June 30, 2023	
Call Report Uninsured Estimate	\$	1,737	\$	1,654
Call Report Estimated Uninsured Deposits to Total Deposits		27 %		26 %
Less: Affiliate Deposits (MSB owned funds)		(44)		(30)
Less: Additional structured FDIC coverage		(49)		(50)
Less: Collateralized Deposits		(367)		(363)
Estimated uninsured deposits excluding items above	\$	1,277	\$	1,211
Estimated Uninsured Deposits to Total Deposits		20 %		19 %
Total Deposits	\$	6,405	\$	6,427

Average Deposit Balance per Account = \$34,000

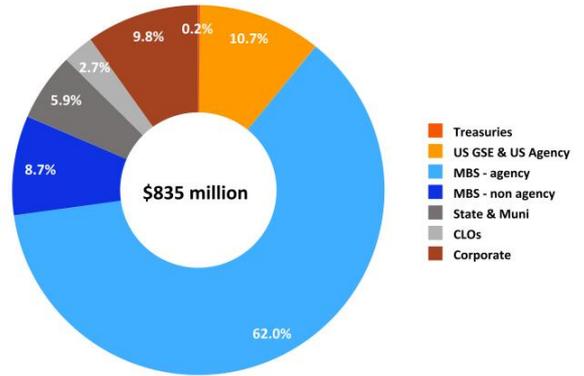


Investment Portfolio

As of September 30, 2023

- All Investments are classified as Available for Sale
- Average T/E Yield is 3.60% for 3Q23
- Average Duration is 5.19 years
- Purchased \$59 million with T/E Yield of 6.07%, Sold \$71 million with T/E Yield of 2.46% in 3Q23

Fair Value of Investments by Type

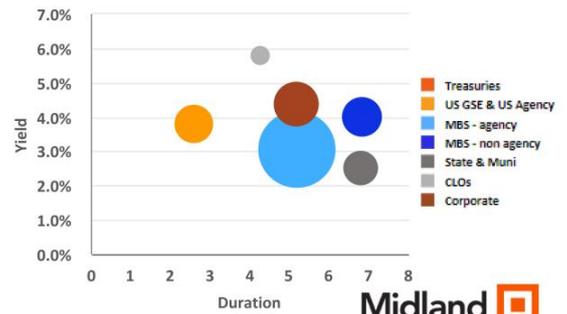


Investment Mix & Unrealized Gain (Loss)

(In millions)

	Fair Value	Book Value	Unrealized Gain (Loss)
Treasuries	\$ 2	\$ 2	\$ —
US GSE & US Agency	89	93	(4)
MBS - agency	517	613	(96)
MBS - non agency	73	78	(5)
State & Municipal	50	60	(10)
CLOs	22	23	(1)
Corporate	82	95	(13)
Total Investments	\$ 835	\$ 964	\$ (129)

Investments by Yield and Duration





Balance Sheet Repositioning 3Q23

Financial Impact (after tax)

(in millions)	3Q2023	Ongoing Annualized
Company-Owned Life Insurance Optimization		
Surrendered policies - \$51 million at 2.19%; tax penalty of \$4.5 million	\$ (4.5)	\$ (1.1)
Purchased policies - \$100 million at 4.56%; enhancement fee of \$6.6 million	6.6	4.6
Net income on company-owned life insurance transactions	\$ 2.1	\$ 3.5
Other Balance Sheet repositioning transactions		
Sold investment securities - \$71 million at 2.46%; loss of \$4.9 million	\$ (3.6)	\$ (1.2)
Retired FHLB advances - \$17 million at 5.45%; retired at par	—	0.7
Net loss on other transactions	\$ (3.6)	\$ (0.5)
After tax impact	\$ (1.5)	\$ 3.0
EPS	\$ (0.07)	\$ 0.13

* Approximate 6-month earn-back



Liquidity Overview

Liquidity Sources

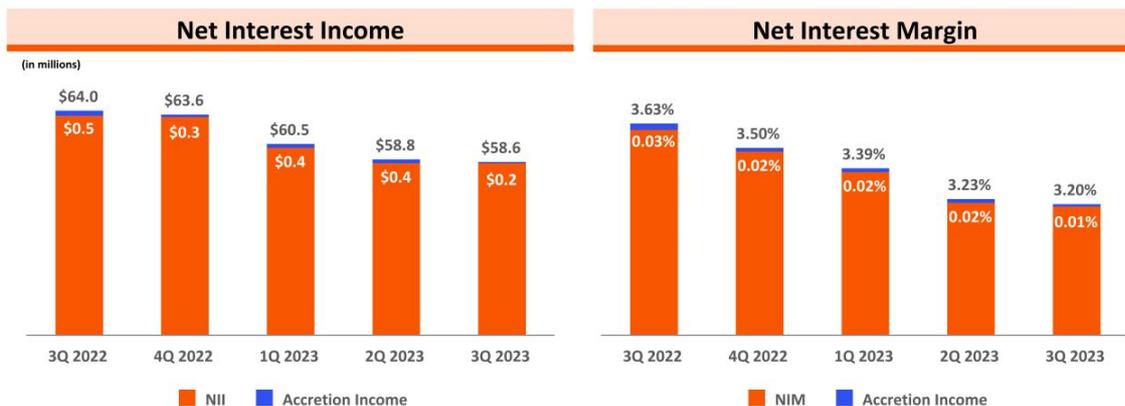
(in millions)	September 30, 2023	June 30, 2023
Cash and Cash Equivalents	\$ 132.1	\$ 160.7
Unpledged Securities	258.1	343.5
FHLB Committed Liquidity	883.9	857.2
FRB Discount Window Availability*	759.8	184.1
Total Estimated Liquidity	\$ 2,033.9	\$ 1,545.5
Conditional Funding Based on Market Conditions		
Additional Credit Facility	\$ 364.0	\$ 330.0
Brokered CDs (additional capacity)	\$ 500.0	\$ 400.0

*Improved liquidity through additional pledging to FRB discount window.



Net Interest Income/Margin

- Net interest income down slightly from prior quarter as higher average balance of interest-earning assets was offset by an increase in cost of interest-bearing liabilities
- As expected, net interest margin stabilized with just a 3 bp decrease from prior quarter as the increase in cost of deposits slightly exceeded the increase in the average yield on earning assets
- Average rate on new and renewed loan originations decreased 15 bps to 7.86% in September 2023 from 8.01% in June 2023
- Net interest margin expected to continue to be relatively stable as the pace of Fed rate increases slow, loan portfolio continues to reprice, and the impact of repositioning in the investment portfolio is realized





Loans & Securities - Repricing and Maturity

Total Loans and Leases (net of unearned income)⁽¹⁾

(in millions)

As of September 30, 2023

	Repricing Term							Total	Rate Structure	
	3 mos or less	3-12 mos	1-3 years	3-5 years	5-10 years	10-15 years	Over 15 years		Adjustable Rate	Fixed Rate
Commercial loans and leases	\$ 587	\$ 417	\$ 606	\$ 357	\$ 56	\$ 4	\$ 30	\$2,057	\$ 616	\$ 1,441
Commercial real estate	678	369	668	458	190	15	34	2,412	862	1,550
Construction and land	155	115	97	37	10	—	3	417	277	140
Residential real estate	63	37	44	52	113	49	17	375	176	199
Consumer	255	243	486	29	7	—	—	1,020	1	1,019
Total	\$1,738	\$1,181	\$1,901	\$ 933	\$ 376	\$ 68	\$ 84	\$6,281	\$ 1,932	\$ 4,349
% of Total	28 %	19 %	30 %	15 %	6 %	1 %	1 %	100 %	31 %	69 %
Weighted Average Rate	7.59 %	6.02 %	5.30 %	5.17 %	4.71 %	4.24 %	0.90 % ⁽²⁾	5.94 %	7.57 %	5.22 %

Investment Securities Available for Sale⁽³⁾

(in millions)

As of September 30, 2023

	Maturity & Projected Cash Flow Distribution					Total
	1 year or less	1-3 years	3-5 years	5-10 years	Over 10 years	
Amortized Cost	\$ 129	\$ 165	\$ 141	\$ 345	\$ 183	\$ 963
% of Total	13 %	17 %	15 %	36 %	19 %	100 %

Notes:

- (1) Based on projected principal payments for all loans plus the next reset for floating and adjustable rate loans and the maturity date of fixed rate loans.
- (2) Over 15 years category includes all nonaccrual loans and leases.
- (3) Projected principal cash flows for securities. Differences between amortized cost and total principal are included in Over 10 years.



Wealth Management

- Assets under administration and Wealth Management fees remained relatively stable from 2Q23 to 3Q23, as declines in market values were partially offset by addition of new client assets from new business development efforts
- Formed Midland Wealth Advisors, a registered investment advisor 2Q23
- Implementing additional technology, expected to go live 4Q23
- Adding to team, including investment officers and wealth advisors, one wealth advisor in 3Q23 with more expected in 4Q23

Assets Under Administration

(in millions)



Wealth Management Revenue

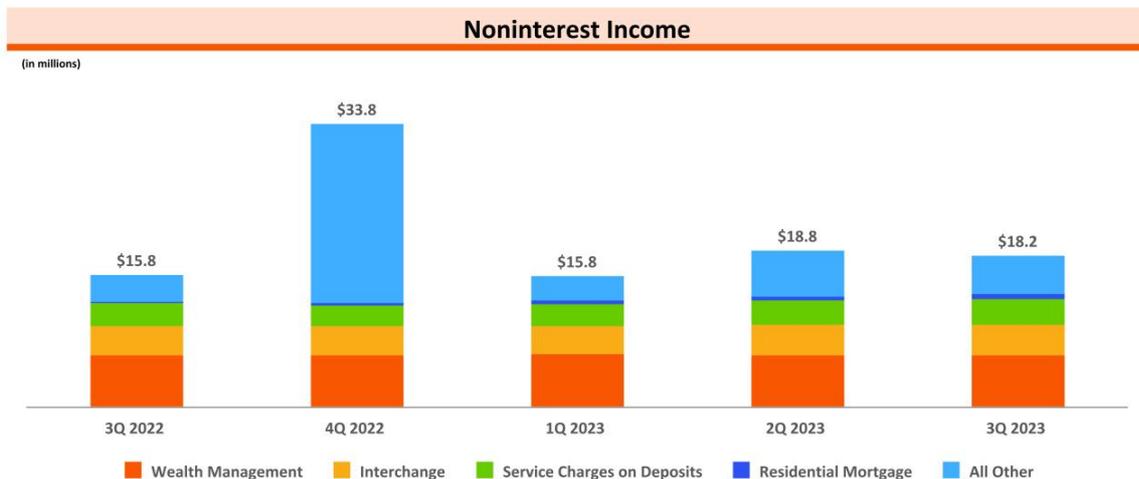
(in millions)





Noninterest Income

- Noninterest income decreased 3% from prior quarter
- 3Q23 noninterest income included \$5.0 million loss on sale of investment securities and \$6.6 million enhancement fee on company-owned life insurance resulting from balance sheet repositioning
- Excluding impact of balance sheet repositioning, most line items were relatively consistent with the prior quarter
- Noninterest income expected to be in the range of \$17.2 - \$17.5 million in 4Q23



Noninterest Expense and Operating Efficiency

Noninterest Expense and Efficiency Ratio ⁽¹⁾

(Noninterest expense in millions)



- Efficiency Ratio ⁽¹⁾ was 55.8% in 3Q 2023 vs. 55.0% in 2Q 2023
- Disciplined expense control resulted in slight declines in most line items compared to the prior quarter
- Near-term operating expense run-rate expected to be approximately \$43.5 - \$44.5 million
 - Favorable health care claims in 3Q not expected to continue
 - Staffing additions to support growth in BaaS, Wealth, and Community Banking

Notes:

(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.

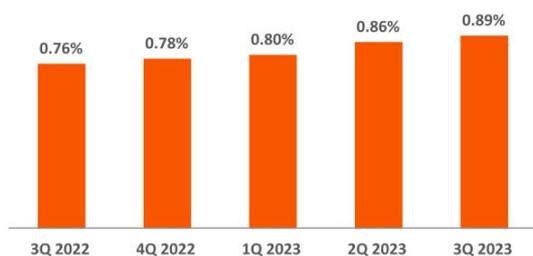


Asset Quality

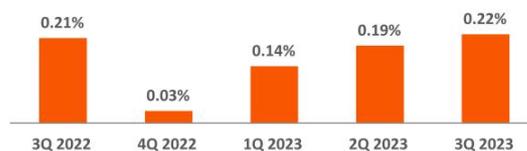
- Nonperforming loans increased \$1.1 million primarily due to one commercial loan as well as increases in the equipment finance portfolio
- Net charge-offs to average loans was 0.22%
- Provision for credit losses on loans of \$5.2 million, primarily related to increases in past dues for the equipment finance portfolio, other Q factors, and decreases to specific reserves

Nonperforming Loans / Total Loans

(Total Loans as of quarter-end)



NCO / Average Loans





Changes in Allowance for Credit Losses

(\$ in thousands)





ACL by Portfolio

(\$ in thousands)

September 30, 2023

June 30, 2023

Portfolio	Loans	ACL	% of Total Loans	Loans	ACL	% of Total Loans
Commercial	\$ 874,004	\$ 7,563	0.87 %	\$ 875,295	\$ 5,180	0.59 %
Warehouse Lines	48,547	—	— %	30,522	—	— %
Commercial Other	697,235	11,847	1.70 %	732,616	10,110	1.38 %
Equipment Finance Loans	578,931	11,361	1.96 %	614,633	9,743	1.59 %
Equipment Finance Leases	485,460	9,436	1.94 %	500,485	7,542	1.51 %
CRE non-owner occupied	1,636,168	16,253	0.99 %	1,647,680	20,544	1.25 %
CRE owner occupied	439,642	5,265	1.20 %	453,514	5,711	1.26 %
Multi-family	269,708	2,583	0.96 %	273,939	2,676	0.98 %
Farmland	66,646	510	0.77 %	68,862	494	0.72 %
Construction and Land Development	416,801	3,530	0.85 %	366,631	3,189	0.87 %
Residential RE First Lien	313,638	5,038	1.61 %	311,796	4,952	1.59 %
Other Residential	61,573	660	1.07 %	59,690	599	1.00 %
Consumer	111,432	847	0.76 %	108,619	804	0.74 %
Consumer Other ⁽¹⁾	908,576	3,137	0.35 %	968,217	3,149	0.33 %
Total Loans	6,280,883	66,669	1.06 %	6,367,344	64,950	1.02 %
Loans (excluding BaaS portfolio ⁽¹⁾ and warehouse lines)	5,235,382	63,090	1.21 %	5,276,170	61,436	1.16 %

Notes:

(1) Primarily consists of loans originated through GreenSky relationship



Outlook

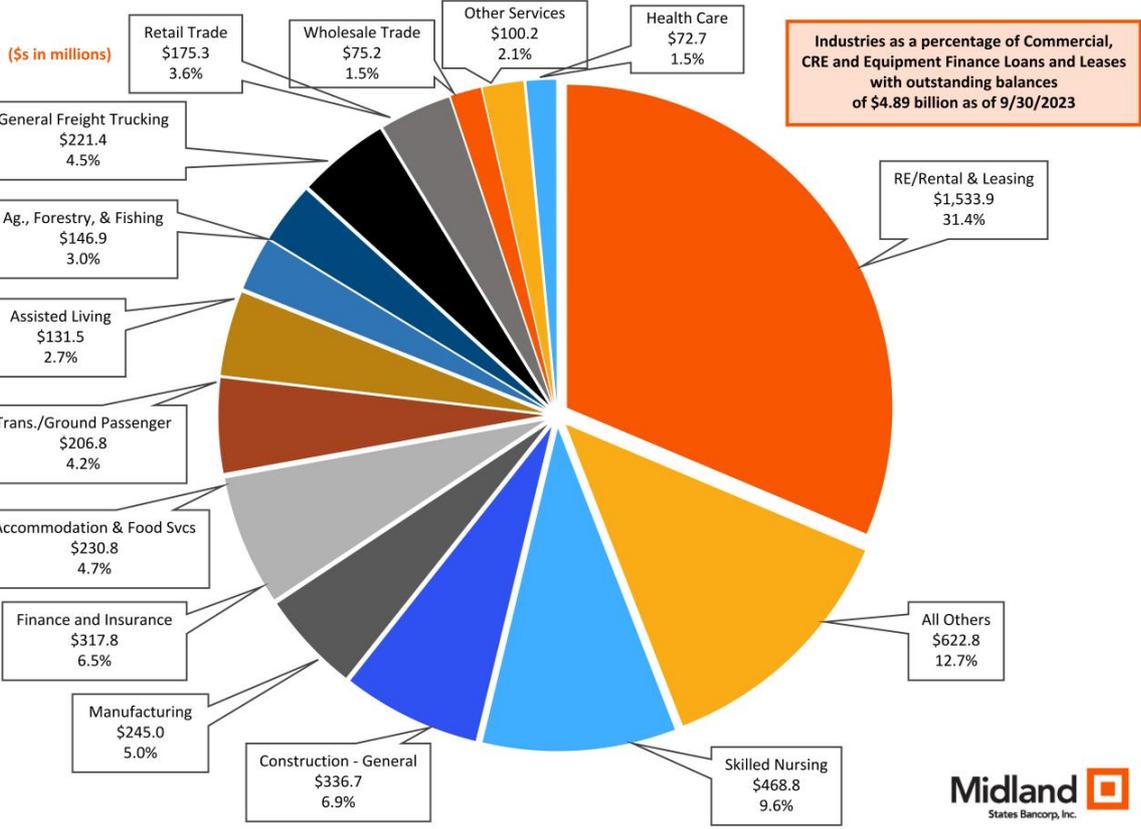
- Prudent risk management will remain top priority while economic uncertainty remains with business development efforts focused on adding new commercial and retail deposit relationships
- Continue generating strong financial performance while maintaining conservative approach to new loan production to build capital and liquidity
- Planned reduction in the consumer portfolio will continue to be utilized to fund new commercial loan production, add to the securities portfolio and pay off higher cost funding sources with net impact likely being earnings neutral, but capital accretive
- Modest additional repositioning in the investment portfolio should continue to support increase in average yields and a stable net interest margin
- Maintain disciplined expense management while also making long-term investments to support growth in Wealth Management business and development of Banking-as-a-Service platform
- Two Banking-as-a-Service partnerships launching in 4Q23 focused on low-cost deposit generation and fee income with BaaS initiative expected to start making a meaningful contribution during 2024
- Strength of balance sheet expected to provide opportunities to capitalize on current environment to add new clients that will contribute to continued long-term profitable growth and increase in franchise value



APPENDIX



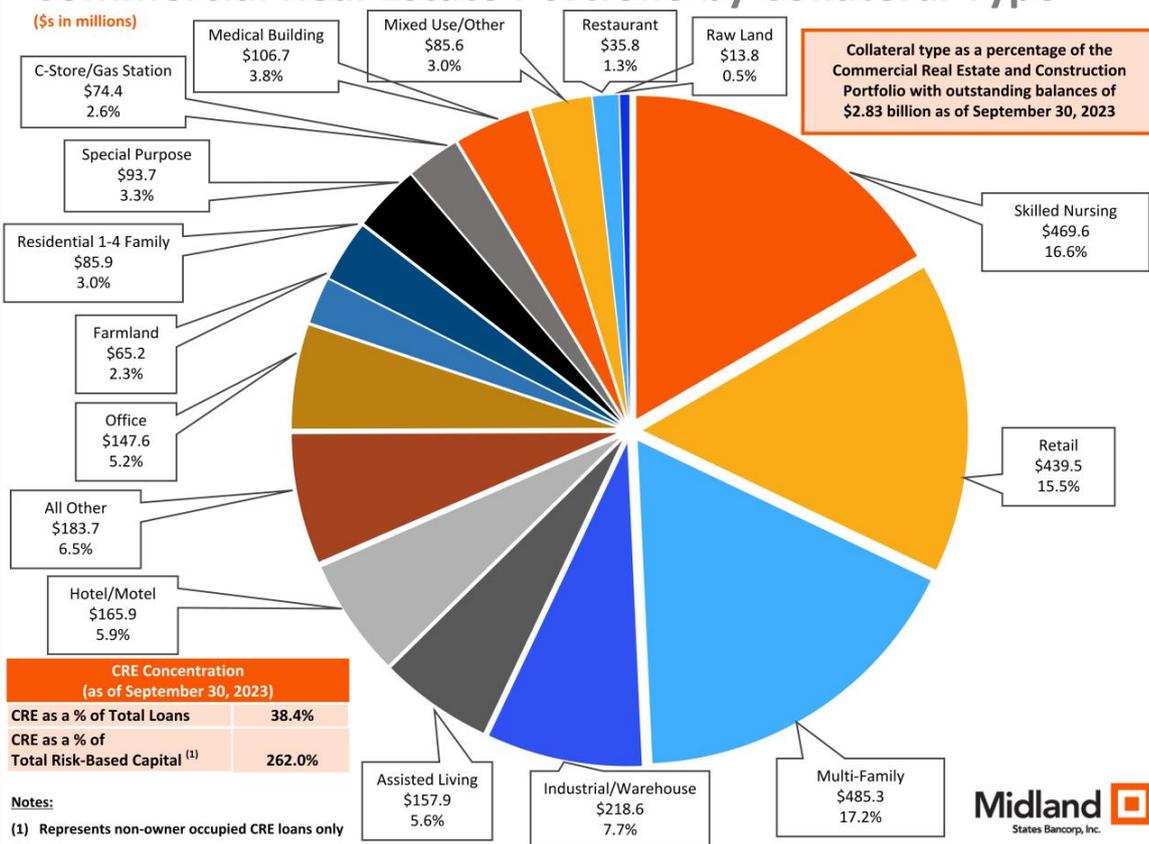
Commercial Loans and Leases by Industry





Commercial Real Estate Portfolio by Collateral Type

(\$s in millions)



CRE Concentration (as of September 30, 2023)	
CRE as a % of Total Loans	38.4%
CRE as a % of Total Risk-Based Capital ⁽¹⁾	262.0%

Notes:

(1) Represents non-owner occupied CRE loans only

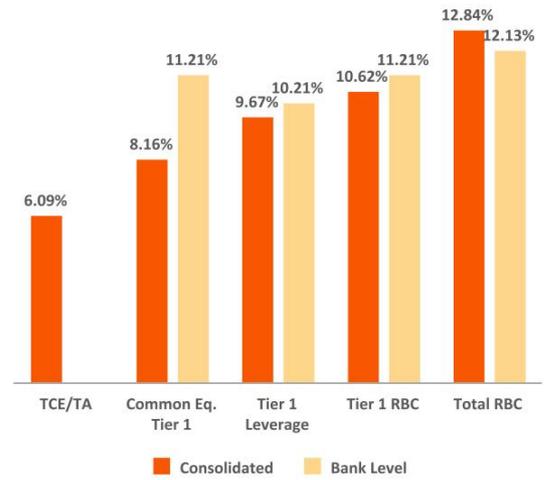


Capital Ratios and Strategy

Capital Strategy

- Capital initiatives increased CET1 to 8.16% from 7.77% at 12/31/22 with limited buybacks below TBV
- Internal capital generated from strong profitability and slower balance sheet growth expected to raise TCE ratio to 7.00%-7.75% by the end of 2024
- Capital actions and strong profitability expected to enable MSBI to raise capital ratios while maintaining current dividend payout

Capital Ratios (as of September 30, 2023)





MIDLAND STATES BANCORP, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (unaudited)

Tangible Book Value Per Share

	For the Year Ended					
	2017	2018	2019	2020	2021	2022
<i>(dollars in thousands, except per share data)</i>						
Shareholders' Equity to Tangible Common Equity						
Total shareholders' equity—GAAP	\$ 449,545	\$ 608,525	\$ 661,911	\$ 621,391	\$ 663,837	\$ 758,574
Adjustments:						
Preferred Stock	(2,970)	(2,781)	—	—	—	(110,548)
Goodwill	(98,624)	(164,673)	(171,758)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(16,932)	(37,376)	(34,886)	(28,382)	(24,374)	(20,866)
Tangible common equity	331,019	403,695	455,267	431,105	477,559	465,256
Less: Accumulated other comprehensive income (AOCI)	1,758	(2,108)	7,442	11,431	5,237	(83,797)
Tangible common equity excluding AOCI	<u>\$ 329,261</u>	<u>\$ 405,803</u>	<u>\$ 447,825</u>	<u>\$ 419,674</u>	<u>\$ 472,322</u>	<u>\$ 549,053</u>
Common Shares Outstanding	19,122,049	23,751,798	24,420,345	22,325,471	22,050,537	22,214,913
Tangible Book Value Per Share	\$ 17.31	\$ 17.00	\$ 18.64	\$ 19.31	\$ 21.66	\$ 20.94
Tangible Book Value Per Share excluding AOCI	\$ 17.22	\$ 17.09	\$ 18.34	\$ 18.80	\$ 21.42	\$ 24.72



MIDLAND STATES BANCORP, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (unaudited)

Adjusted Earnings Reconciliation

	For The Year Ended					
	2017	2018	2019	2020	2021	2022
<i>(dollars in thousands, except per share data)</i>						
Income before income taxes - GAAP	\$ 26,471	\$ 50,805	\$ 72,471	\$ 32,014	\$ 99,112	\$ 129,838
Adjustments to noninterest income:						
(Gain) on sales of investment securities, net	(222)	(464)	(674)	(1,721)	(537)	230
(Gain) on termination of hedged interest rate swaps	—	—	—	—	(2,159)	(17,531)
Other income	67	(89)	29	17	(48)	—
Total adjustments to noninterest income	(155)	(553)	(645)	(1,704)	(2,744)	(17,301)
Adjustments to noninterest expense:						
Impairment related to facilities optimization	(1,952)	—	(3,577)	(12,847)	—	—
(Loss) gain on mortgage servicing rights held for sale	(4,059)	(458)	490	(1,692)	(222)	(3,250)
FHLB advances prepayment fees	—	—	—	(4,872)	(8,536)	—
Loss on repurchase of subordinated debt	—	—	(1,778)	(193)	—	—
Integration and acquisition expenses	(17,738)	(24,015)	(5,493)	(2,309)	(4,356)	(347)
Total adjustments to noninterest expense	(23,749)	(24,473)	(10,358)	(21,913)	(13,114)	(3,597)
Adjusted earnings pre tax - non-GAAP	50,065	74,725	82,184	52,223	109,482	116,134
Adjusted earnings tax	15,170	17,962	19,358	12,040	26,261	27,113
Adjusted earnings - non-GAAP	34,895	56,763	62,826	40,183	83,221	89,021
Preferred stock dividends, net	83	141	46	—	—	3,169
Adjusted earnings available to common shareholders	\$ 34,812	\$ 56,622	\$ 62,780	\$ 40,183	\$ 83,221	\$ 85,852
Adjusted diluted earnings per common share	\$ 1.89	\$ 2.39	\$ 2.54	\$ 1.70	\$ 3.65	\$ 3.79
Adjusted return on average tangible common equity	11.32 %	15.00 %	14.44 %	9.24 %	18.33 %	18.59 %



MIDLAND STATES BANCORP, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (unaudited)

Adjusted Earnings Reconciliation

	For The Quarter Ended				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
<i>(dollars in thousands, except per share data)</i>					
Income before income taxes - GAAP	\$ 29,575	\$ 28,820	\$ 28,666	\$ 43,902	\$ 29,380
Adjustments to noninterest income:					
Loss on sales of investment securities, net	4,961	869	648	—	129
(Gain) on termination of hedged interest rate swaps	—	—	—	(17,531)	—
(Gain) on repurchase of subordinated debt	—	(676)	—	—	—
Company-owned life insurance enhancement fee	(6,640)	—	—	—	—
Total adjustments to noninterest income	(1,679)	193	648	(17,531)	129
Adjustments to noninterest expense:					
(Loss) on mortgage servicing rights held for sale	—	—	—	(3,250)	—
Integration and acquisition expenses	—	—	—	—	68
Total adjustments to noninterest expense	—	—	—	(3,250)	68
Adjusted earnings pre tax - non-GAAP	27,896	29,013	29,314	29,621	29,441
Adjusted earnings tax	8,389	7,297	7,069	7,174	5,873
Adjusted earnings - non-GAAP	19,507	21,716	22,245	22,447	23,568
Preferred stock dividends	2,229	2,228	2,228	—	—
Adjusted earnings available to common shareholders	\$ 17,278	\$ 19,488	\$ 20,017	\$ 22,447	\$ 23,568
<i>Adjusted diluted earnings per common share</i>	\$ 0.78	\$ 0.87	\$ 0.88	\$ 0.85	\$ 1.04
Adjusted return on average assets	0.98 %	1.10 %	1.15 %	1.13 %	1.22 %
Adjusted return on average shareholders' equity	10.03 %	11.21 %	11.76 %	11.89 %	13.34 %
Adjusted return on average tangible common equity	14.24 %	16.10 %	17.11 %	16.80 %	20.24 %

Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation

	For the Quarter Ended				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
<i>(dollars in thousands)</i>					
Adjusted earnings pre tax - non-GAAP	\$ 27,896	\$ 29,013	\$ 29,314	\$ 29,621	\$ 29,441
Provision for credit losses	5,168	5,879	3,135	3,544	6,974
Impairment on commercial mortgage servicing rights	—	—	—	—	—
Adjusted pre-tax, pre-provision earnings - non-GAAP	\$ 33,064	\$ 34,892	\$ 32,449	\$ 33,165	\$ 36,415
Adjusted pre-tax, pre-provision return on average assets	1.66 %	1.76 %	1.67 %	1.68 %	1.89 %



MIDLAND STATES BANCORP, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (unaudited) (continued)

Efficiency Ratio Reconciliation

	For the Quarter Ended				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
<i>(dollars in thousands)</i>					
Noninterest expense - GAAP	\$ 42,038	\$ 42,894	\$ 44,482	\$ 49,943	\$ 43,496
Loss on mortgage servicing rights held for sale	—	—	—	(3,250)	—
Integration and acquisition expenses	—	—	—	—	68
Adjusted noninterest expense	<u>\$ 42,038</u>	<u>\$ 42,894</u>	<u>\$ 44,482</u>	<u>\$ 46,693</u>	<u>\$ 43,564</u>
Net interest income - GAAP	\$ 58,596	\$ 58,840	\$ 60,504	\$ 63,550	\$ 64,024
Effect of tax-exempt income	205	195	244	286	307
Adjusted net interest income	<u>58,801</u>	<u>59,035</u>	<u>60,748</u>	<u>63,836</u>	<u>64,331</u>
Noninterest income - GAAP	18,185	18,753	15,779	33,839	15,826
Impairment on commercial mortgage servicing rights	—	—	—	—	—
Loss on sales of investment securities, net	4,961	869	648	—	129
(Gain) on termination of hedged interest rate swaps	—	—	—	(17,531)	—
(Gain) on repurchase of subordinated debt	—	(676)	—	—	—
Company-owned life insurance enhancement fee	(6,640)	—	—	—	—
Adjusted noninterest income	<u>16,506</u>	<u>18,946</u>	<u>16,427</u>	<u>16,308</u>	<u>15,955</u>
Adjusted total revenue	<u>\$ 75,307</u>	<u>\$ 77,981</u>	<u>\$ 77,175</u>	<u>\$ 80,144</u>	<u>\$ 80,286</u>
<i>Efficiency ratio</i>	55.82 %	55.01 %	57.64 %	58.26 %	54.26 %



MIDLAND STATES BANCORP, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (unaudited) (continued)

Tangible Common Equity to Tangible Assets Ratio and Tangible Book Value Per Share

	As of				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
<i>(dollars in thousands, except per share data)</i>					
Shareholders' Equity to Tangible Common Equity					
Total shareholders' equity—GAAP	\$ 764,250	\$ 776,821	\$ 775,643	\$ 758,574	\$ 739,279
Adjustments:					
Preferred Stock	(110,548)	(110,548)	(110,548)	(110,548)	(110,548)
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(17,238)	(18,367)	(19,575)	(20,866)	(22,198)
Tangible common equity	<u>\$ 474,560</u>	<u>\$ 486,002</u>	<u>\$ 483,616</u>	<u>\$ 465,256</u>	<u>\$ 444,629</u>
Less: Accumulated other comprehensive income (AOCI)	(101,181)	(84,719)	(77,797)	(83,797)	(78,383)
Tangible common equity excluding AOCI	<u>\$ 575,741</u>	<u>\$ 570,721</u>	<u>\$ 561,413</u>	<u>\$ 549,053</u>	<u>\$ 523,012</u>
Total Assets to Tangible Assets:					
Total assets—GAAP	\$ 7,975,925	\$ 8,034,721	\$ 7,930,174	\$ 7,855,501	\$ 7,821,877
Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(17,238)	(18,367)	(19,575)	(20,866)	(22,198)
Tangible assets	<u>\$ 7,796,783</u>	<u>\$ 7,854,450</u>	<u>\$ 7,748,695</u>	<u>\$ 7,672,731</u>	<u>\$ 7,637,775</u>
Common Shares Outstanding	21,594,546	21,854,800	22,111,454	22,214,913	22,074,740
Tangible Common Equity to Tangible Assets	6.09 %	6.19 %	6.24 %	6.06 %	5.82 %
Tangible Book Value Per Share	\$ 21.98	\$ 22.24	\$ 21.87	\$ 20.94	\$ 20.14
Tangible Book Value Per Share excluding AOCI	\$ 26.66	\$ 26.11	\$ 25.39	\$ 24.72	\$ 23.69

Return on Average Tangible Common Equity (ROATCE)

	For the Quarter Ended				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
<i>(dollars in thousands)</i>					
Net income available to common shareholders	\$ 15,813	\$ 19,347	\$ 19,544	\$ 29,703	\$ 23,521
Average total shareholders' equity—GAAP	\$ 771,625	\$ 776,791	\$ 767,186	\$ 749,183	\$ 700,866
Adjustments:					
Preferred Stock	(110,548)	(110,548)	(110,548)	(110,548)	(54,072)
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(17,782)	(18,937)	(20,184)	(21,504)	(22,859)
Average tangible common equity	<u>\$ 481,391</u>	<u>\$ 485,402</u>	<u>\$ 474,550</u>	<u>\$ 455,227</u>	<u>\$ 462,031</u>
ROATCE	13.03 %	15.99 %	16.70 %	25.89 %	20.20 %

