

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 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): January 24, 2019

**Midland States Bancorp, Inc.**  
(Exact Name of Registrant as Specified in Charter)

**Illinois**  
(State or Other Jurisdiction of Incorporation)

**001-35272**  
(Commission File Number)

**37-1233196**  
(I.R.S. Employer Identification Number)

**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:

- 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). 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 January 24, 2019, Midland States Bancorp, Inc. (the “Company”) issued a press release announcing its financial results for the fourth quarter of 2018. The press release is attached as Exhibit 99.1.

**Item 7.01. Regulation FD Disclosure.**

On January 24, 2019, the Company made available on its website a slide presentation regarding the Company's fourth quarter 2018 financial results, which will be used as part of a publicly accessible conference call on January 25, 2019. The slide presentation is attached as Exhibit 99.2.

The information 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, nor shall it 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 January 24, 2019](#)

[99.2](#)            [Slide Presentation of Midland States Bancorp, Inc. regarding fourth quarter 2018 financial results](#)

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**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 hereunto duly authorized.

**Midland States Bancorp, Inc.**

Date: January 24, 2019

By: /s/ Douglas J. Tucker  
Douglas J. Tucker  
Senior Vice President and Corporate Counsel

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## EXHIBIT INDEX

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
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<a href="#"><u>99.1</u></a>	<a href="#"><u>Press Release of Midland States Bancorp, Inc., dated January 24, 2019</u></a>
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<a href="#"><u>99.2</u></a>	<a href="#"><u>Slide Presentation of Midland States Bancorp, Inc. regarding fourth quarter 2018 financial results</u></a>
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## Midland States Bancorp, Inc. Announces 2018 Fourth Quarter Results

### Highlights

- **Net income of \$16.3 million, or \$0.67 diluted earnings per share**
- **Return on average assets of 1.14%**
- **Return on average shareholders' equity of 10.81% and return on average tangible common equity of 16.40%**
- **Book value per share increased 2.2% to \$25.50 and tangible book value per share increased 3.8% to \$17.00**

EFFINGHAM, Ill., Jan. 24, 2019 (GLOBE NEWSWIRE) -- Midland States Bancorp, Inc. (Nasdaq: MSBI) (the "Company") today reported net income of \$16.3 million, or \$0.67 diluted earnings per share, for the fourth quarter of 2018. This compares to net income of \$8.5 million, or \$0.35 diluted earnings per share, for the third quarter of 2018, which included \$9.6 million of integration and acquisition expenses, and net income of \$2.0 million, or \$0.10 diluted earnings per share, for the fourth quarter of 2017, which included \$2.7 million in integration and acquisition expenses and \$4.5 million in tax expense related to the revaluation of the Company's net deferred tax assets as a result of the decrease in the federal corporate tax rate.

"Having successfully completed the integration of Alpine Bancorporation, we are delivering on the higher level of earnings and profitability that we projected from this transaction," said Jeffrey G. Ludwig, President and Chief Executive Officer of the Company. "We finished 2018 with positive trends in many areas including strong production from our commercial and consumer lending businesses, continued growth in our wealth management revenue, and an expansion in our net interest margin, excluding accretion income. We are also very pleased with our strong capital generation, as our tangible book value per share increased nearly 4% in the fourth quarter, and we saw significant increases in all of our capital ratios."

### **Factors Affecting Comparability**

The Company acquired Alpine Bancorporation, Inc. ("Alpine") in February 2018. The financial position and results of operations of Alpine prior to its acquisition date are not included in the Company's financial results.

### **Net Interest Income**

Net interest income for the fourth quarter of 2018 was \$48.5 million, an increase of 7.7% from \$45.1 million for the third quarter of 2018. Excluding accretion income, net interest income increased \$0.9 million, which is a 7.9% annualized increase from prior quarter. Accretion income associated with purchased loan portfolios totaled \$4.3 million for the fourth quarter of 2018, compared with \$1.7 million for the third quarter of 2018.

Relative to the fourth quarter of 2017, net interest income increased \$12.5 million, or 34.7%. Accretion income for the fourth quarter of 2017 was \$2.7 million. The increase in net interest income resulted from an \$18.1 million increase in interest income on interest-earning assets, offset in part by a \$5.6 million increase in interest expense. These increases were due to the impact of the acquisition of Alpine, as well as organic growth.

### **Net Interest Margin**

Net interest margin for the fourth quarter of 2018 was 3.85%, compared to 3.59% for the third quarter of 2018. The Company's net interest margin benefits from accretion income on purchased loan portfolios, which contributed 31 and 10 basis points to net interest margin in the fourth quarter of 2018 and third quarter of 2018, respectively. Excluding the impact of accretion income, net interest margin increased five basis points from the third quarter of 2018, primarily due to the impact of higher average loan yields.

Relative to the fourth quarter of 2017, net interest margin increased from 3.73%. Accretion income on purchased loan portfolios contributed 26 basis points to net interest margin in the fourth quarter of 2017. Excluding the impact of accretion income, net interest margin increased seven basis points from the fourth quarter of 2017 primarily due to the impact of higher average loan yields.

### **Noninterest Income**

Noninterest income for the fourth quarter of 2018 was \$21.2 million, an increase of 15.9% from \$18.3 million for the third quarter of 2018. The increase was primarily attributable to higher commercial FHA revenue, community banking fees, net gain on sales of investment securities, and other income.

Relative to the fourth quarter of 2017, noninterest income increased 51.2% from \$14.0 million. The increase was attributable to growth in all fee generating areas, partially due to the impact of the acquisition of Alpine, with the exception of residential mortgage banking revenue.

Wealth management revenue for the fourth quarter of 2018 was \$5.7 million, an increase of 3.4% from \$5.5 million in the third quarter of 2018. Compared to the fourth quarter of 2017, wealth management revenue increased 57.5%, which was primarily attributable to the addition of Alpine's wealth management business.

Commercial FHA revenue for the fourth quarter of 2018 was \$4.2 million, compared to \$3.1 million in the third quarter of 2018. Commercial FHA revenue in the fourth quarter of 2018 included a \$1.4 million recapture of mortgage servicing rights impairment. The Company originated \$62.3 million in rate lock commitments during the fourth quarter of 2018, compared to \$82.8 million in the prior quarter. Compared to the fourth quarter of 2017, commercial FHA revenue increased 34.1%.

Other income for the fourth quarter of 2018 was \$3.9 million, compared to \$3.0 million in the third quarter of 2018. The increase was primarily attributable to a gain on proceeds from our bank-owned life insurance program. Compared to the fourth quarter of 2017, other income increased 65.2%.

### Noninterest Expense

Noninterest expense for the fourth quarter of 2018 was \$45.4 million, which included \$0.6 million in integration and acquisition expenses, compared with \$50.3 million for the third quarter of 2018, which included \$9.6 million in integration and acquisition expenses and \$0.3 million in loss on mortgage servicing rights held for sale. Excluding integration and acquisition expenses and loss on mortgage servicing rights held for sale, noninterest expense increased \$4.3 million, or 10.7%, from the prior quarter. The increase was primarily due to higher variable compensation and higher professional fees.

Relative to the fourth quarter of 2017, noninterest expense increased 25.4% from \$36.2 million. Excluding integration and acquisition expenses and loss on mortgage servicing rights held for sale, noninterest expense increased 35.6% from \$33.1 million. The increase was primarily due to the addition of personnel and facilities from Alpine.

### Loan Portfolio

Total loans outstanding were \$4.14 billion at December 31, 2018, compared with \$4.16 billion at September 30, 2018 and \$3.23 billion at December 31, 2017. The decrease in total loans from September 30, 2018 was primarily attributable to a decline in the commercial real estate portfolio, which was partially offset by organic growth in commercial loans and leases, and consumer lending. Equipment financing balances increased \$64.7 million from September 30, 2018, which are booked within the commercial loans and leases portfolio. The increase in total loans from December 31, 2017 was primarily attributable to the addition of Alpine's loans.

### Deposits

Total deposits were \$4.07 billion at December 31, 2018, compared with \$4.14 billion at September 30, 2018, and \$3.13 billion at December 31, 2017. The decrease in total deposits from September 30, 2018 was primarily related to outflows of public funds and the runoff of brokered deposits. The increase in total deposits from December 31, 2017 was primarily attributable to the addition of Alpine's deposits.

### Asset Quality

Nonperforming loans totaled \$42.9 million, or 1.04% of total loans, at December 31, 2018, compared with \$38.6 million, or 0.93% of total loans, at September 30, 2018, and \$26.8 million, or 0.83% of total loans, at December 31, 2017. The increase in nonperforming loans during the fourth quarter of 2018 was primarily attributable to the downgrade of three commercial real estate loans.

Net charge-offs for the fourth quarter of 2018 were \$2.2 million, or 0.21% of average loans on an annualized basis.

The Company recorded a provision for loan losses of \$3.5 million for the fourth quarter of 2018. The Company's allowance for loan losses was 0.51% of total loans and 48.7% of nonperforming loans at December 31, 2018, compared with 0.47% of total loans and 50.9% of nonperforming loans at September 30, 2018. Fair market value discounts recorded in connection with acquired loan portfolios represented 0.53% of total loans at December 31, 2018, compared with 0.59% of total loans at September 30, 2018.

### Capital

At December 31, 2018, the Company exceeded all regulatory capital requirements under Basel III and was considered to be a "well-capitalized" financial institution, as summarized in the following table:

	December 31, 2018	Well Capitalized Regulatory Requirements
Total capital to risk-weighted assets	12.79%	10.00%
Tier 1 capital to risk-weighted assets	10.25%	8.00%
Tier 1 leverage ratio	8.53%	5.00%
Common equity Tier 1 capital	8.76%	6.50%
Tangible common equity to tangible assets <sup>(1)</sup>	7.43%	NA

(1) A non-GAAP financial measure. Refer to page 14 for a reconciliation to the comparable GAAP financial measures.

### Conference Call, Webcast and Slide Presentation

The Company will host a conference call and webcast at 7:30 a.m. Central Time on Friday, January 25, 2019 to discuss its financial results. The call can be accessed via telephone at (877) 516-3531; passcode: 6178589. A recorded replay can be accessed through February 1, 2019 by dialing (855) 859-2056; passcode: 6178589.

A slide presentation relating to the fourth quarter 2018 results will be accessible prior to the scheduled conference call. The slide presentation and webcast of the conference call can be accessed on the Webcasts and Presentations page of the Company's investor relations website.

## 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 December 31, 2018, the Company had total assets of approximately \$5.64 billion and its Wealth Management Group had assets under administration of approximately \$2.95 billion. Midland provides a full range of commercial and consumer banking products and services, business equipment financing, merchant credit card services, trust and investment management, and insurance and financial planning services. In addition, multi-family and healthcare facility FHA financing is provided through Love Funding, Midland's non-bank subsidiary. For additional information, visit <https://www.midlandsb.com/> or follow Midland on LinkedIn at <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 Diluted Earnings Per Common Share," "Adjusted Return on Average Assets," "Adjusted Return on Average Shareholders' Equity," "Adjusted Return on Average Tangible Common Equity," "Efficiency Ratio," "Tangible Common Equity to Tangible Assets," "Tangible Book Value Per Share" 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, this presentation 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, including changes in the financial markets; changes in business plans as circumstances warrant; 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" or "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](mailto:jludwig@midlandsb.com) or (217) 342-7321

Stephen A. Erickson, Chief Financial Officer, at [serickson@midlandsb.com](mailto:serickson@midlandsb.com) or (217) 540-1712

Douglas J. Tucker, Sr. V.P., Corporate Counsel, at [dtucker@midlandsb.com](mailto:dtucker@midlandsb.com) or (217) 342-7321

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

	For the Quarter Ended				December 31, 2017
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	
<i>(dollars in thousands, except per share data)</i>					
<b>Earnings Summary</b>					
Net interest income	\$ 48,535	\$ 45,081	\$ 48,286	\$ 38,185	\$ 36,036
Provision for loan losses	3,467	2,103	1,854	2,006	6,076
Noninterest income	21,170	18,272	15,847	16,502	13,998
Noninterest expense	45,375	50,317	46,452	49,499	36,192
Income before income taxes	20,863	10,933	15,827	3,182	7,766
Income taxes	4,527	2,436	3,045	1,376	5,775
Net income	16,336	8,497	12,782	1,806	1,991

Preferred stock dividends, net	34	35	36	36	37
Net income available to common shareholders	<u>\$ 16,302</u>	<u>\$ 8,462</u>	<u>\$ 12,746</u>	<u>\$ 1,770</u>	<u>\$ 1,954</u>
Diluted earnings per common share	\$ 0.67	\$ 0.35	\$ 0.52	\$ 0.08	\$ 0.10
Weighted average shares outstanding - diluted	24,200,346	24,325,743	24,268,111	21,351,511	19,741,833
Return on average assets	1.14 %	0.59 %	0.91 %	0.15 %	0.18 %
Return on average shareholders' equity	10.81 %	5.68 %	8.77 %	1.47 %	1.74 %
Return on average tangible common equity <sup>(1)</sup>	16.40 %	8.69 %	13.48 %	2.05 %	2.31 %
Net interest margin	3.85 %	3.59 %	3.91 %	3.69 %	3.73 %
Efficiency ratio <sup>(1)</sup>	65.50 %	63.02 %	67.76 %	68.39 %	64.64 %

### Adjusted Earnings Performance Summary

Adjusted earnings <sup>(1)</sup>	\$ 16,397	\$ 15,632	\$ 14,469	\$ 10,265	\$ 8,403
Adjusted diluted earnings per common share <sup>(1)</sup>	\$ 0.67	\$ 0.64	\$ 0.59	\$ 0.48	\$ 0.42
Adjusted return on average assets <sup>(1)</sup>	1.14 %	1.09 %	1.03 %	0.87 %	0.76 %
Adjusted return on average shareholders' equity <sup>(1)</sup>	10.85 %	10.45 %	9.93 %	8.34 %	7.34 %
Adjusted return on average tangible common equity <sup>(1)</sup>	16.46 %	16.02 %	15.27 %	11.86 %	9.88 %

(1) Non-GAAP financial measures. Refer to pages 12 - 14 for a reconciliation to the comparable GAAP financial measures.

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

	For the Quarter Ended				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<i>(in thousands, except per share data)</i>					
Net interest income:					
Total interest income	\$ 61,592	\$ 56,987	\$ 58,283	\$ 46,505	\$ 43,500
Total interest expense	13,057	11,906	9,997	8,320	7,464
Net interest income	48,535	45,081	48,286	38,185	36,036
Provision for loan losses	3,467	2,103	1,854	2,006	6,076
Net interest income after provision for loan losses	45,068	42,978	46,432	36,179	29,960
Noninterest income:					
Commercial FHA revenue	4,194	3,130	326	3,330	3,127
Residential mortgage banking revenue	1,041	1,154	2,116	1,418	1,556
Wealth management revenue	5,651	5,467	5,316	4,079	3,587
Service charges on deposit accounts	2,976	2,804	2,693	1,967	1,828
Interchange revenue	2,941	2,759	2,929	2,045	1,538
Gain (loss) on sales of investment securities, net	469	-	(70)	65	2
Other income	3,898	2,958	2,537	3,598	2,360
Total noninterest income	21,170	18,272	15,847	16,502	13,998
Noninterest expense:					
Salaries and employee benefits	23,020	22,528	23,467	28,395	17,344
Occupancy and equipment	4,914	5,040	4,708	4,252	3,859
Data processing	5,660	10,817	5,106	4,479	3,640
Professional	2,752	3,087	3,185	3,758	3,953
Amortization of intangible assets	1,852	1,853	1,576	1,675	1,035
Loss on mortgage servicing rights held for sale	-	270	188	-	442
Other expense	7,177	6,722	8,222	6,940	5,919
Total noninterest expense	45,375	50,317	46,452	49,499	36,192
Income before income taxes	20,863	10,933	15,827	3,182	7,766
Income taxes	4,527	2,436	3,045	1,376	5,775
Net income	16,336	8,497	12,782	1,806	1,991

Preferred stock dividends, net	34	35	36	36	37
Net income available to common shareholders	\$ 16,302	\$ 8,462	\$ 12,746	\$ 1,770	\$ 1,954
Basic earnings per common share	\$ 0.68	\$ 0.35	\$ 0.53	\$ 0.08	\$ 0.10
Diluted earnings per common share	\$ 0.67	\$ 0.35	\$ 0.52	\$ 0.08	\$ 0.10

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

<i>(in thousands)</i>	As of				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<b>Assets</b>					
Cash and cash equivalents	\$ 213,700	\$ 242,433	\$ 276,331	\$ 331,183	\$ 215,202
Investment securities	660,785	685,753	708,001	738,172	450,525
Loans	4,137,551	4,156,282	4,095,811	4,029,150	3,226,678
Allowance for loan losses	(20,903)	(19,631)	(18,246)	(17,704)	(16,431)
Total loans, net	4,116,648	4,136,651	4,077,565	4,011,446	3,210,247
Loans held for sale, at fair value	30,401	35,246	41,449	25,267	50,089
Premises and equipment, net	94,840	95,062	94,783	95,332	76,162
Other real estate owned	3,483	3,684	3,911	5,059	5,708
Mortgage servicing rights, at lower of cost or fair value	53,447	51,626	52,381	56,427	56,352
Mortgage servicing rights held for sale	3,545	4,419	4,806	3,962	10,176
Intangible assets	37,376	39,228	41,081	46,473	16,932
Goodwill	164,673	164,044	164,044	155,674	98,624
Cash surrender value of life insurance policies	138,783	138,600	137,681	136,766	113,366
Other assets	119,992	127,866	128,567	117,611	109,318
Total assets	\$ 5,637,673	\$ 5,724,612	\$ 5,730,600	\$ 5,723,372	\$ 4,412,701
<b>Liabilities and Shareholders' Equity</b>					
Noninterest-bearing deposits	\$ 972,164	\$ 991,311	\$ 1,001,802	\$ 1,037,710	\$ 724,443
Interest-bearing deposits	3,102,006	3,151,895	3,158,055	3,196,105	2,406,646
Total deposits	4,074,170	4,143,206	4,159,857	4,233,815	3,131,089
Short-term borrowings	124,235	145,450	114,536	130,693	156,126
FHLB advances and other borrowings	640,631	652,253	678,873	587,493	496,436
Subordinated debt	94,134	94,093	94,053	94,013	93,972
Trust preferred debentures	47,794	47,676	47,559	47,443	47,330
Other liabilities	48,184	47,788	43,187	44,530	38,203
Total liabilities	5,029,148	5,130,466	5,138,065	5,137,987	3,963,156
Total shareholders' equity	608,525	594,146	592,535	585,385	449,545
Total liabilities and shareholders' equity	\$ 5,637,673	\$ 5,724,612	\$ 5,730,600	\$ 5,723,372	\$ 4,412,701

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

<i>(in thousands)</i>	As of				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<b>Loan Portfolio</b>					
Commercial loans and leases	\$ 1,074,935	\$ 1,034,546	\$ 991,164	\$ 1,026,253	\$ 761,073
Commercial real estate loans	1,639,155	1,711,926	1,711,296	1,773,510	1,440,011

Construction and land development loans	232,229	239,480	247,889	234,837	200,587
Residential real estate loans	578,048	586,134	601,808	570,321	453,552
Consumer loans	613,184	584,196	543,654	424,229	371,455
Total loans	<u>\$ 4,137,551</u>	<u>\$ 4,156,282</u>	<u>\$ 4,095,811</u>	<u>\$ 4,029,150</u>	<u>\$ 3,226,678</u>

### Deposit Portfolio

Noninterest-bearing demand deposits	\$ 972,164	\$ 991,311	\$ 1,001,802	\$ 1,037,710	\$ 724,443
Interest-bearing:					
Checking accounts	1,002,275	1,047,914	1,024,506	993,253	785,934
Money market accounts	862,171	836,151	843,984	840,415	646,426
Savings accounts	442,132	445,640	460,560	466,887	281,212
Time deposits	633,787	633,654	638,215	672,034	502,810
Brokered deposits	161,641	188,536	190,790	223,516	190,264
Total deposits	<u>\$ 4,074,170</u>	<u>\$ 4,143,206</u>	<u>\$ 4,159,857</u>	<u>\$ 4,233,815</u>	<u>\$ 3,131,089</u>

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

	For the Quarter Ended				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<i>(dollars in thousands)</i>					
<b>Average Balance Sheets</b>					
Cash and cash equivalents	\$ 155,280	\$ 154,526	\$ 227,499	\$ 138,275	\$ 173,540
Investment securities	676,483	700,018	731,017	548,168	461,475
Loans	4,139,831	4,106,367	3,982,958	3,477,917	3,198,036
Loans held for sale	51,981	48,715	31,220	40,841	40,615
Nonmarketable equity securities	42,708	42,770	38,872	34,890	33,703
Total interest-earning assets	<u>5,066,283</u>	<u>5,052,396</u>	<u>5,011,566</u>	<u>4,240,091</u>	<u>3,907,369</u>
Non-earning assets	624,378	639,323	639,864	536,750	497,502
Total assets	<u>\$ 5,690,661</u>	<u>\$ 5,691,719</u>	<u>\$ 5,651,430</u>	<u>\$ 4,776,841</u>	<u>\$ 4,404,871</u>
Interest-bearing deposits	\$ 3,123,134	\$ 3,172,422	\$ 3,158,816	\$ 2,675,339	\$ 2,433,461
Short-term borrowings	143,869	139,215	120,794	148,703	181,480
FHLB advances and other borrowings	645,642	608,153	573,107	489,567	472,709
Subordinated debt	94,115	94,075	94,035	93,993	88,832
Trust preferred debentures	47,737	47,601	47,488	47,373	47,263
Total interest-bearing liabilities	<u>4,054,497</u>	<u>4,061,466</u>	<u>3,994,240</u>	<u>3,454,975</u>	<u>3,223,745</u>
Noninterest-bearing deposits	989,954	989,142	1,025,308	782,164	684,907
Other noninterest-bearing liabilities	46,487	47,654	47,229	40,761	42,251
Shareholders' equity	599,723	593,457	584,653	498,941	453,968
Total liabilities and shareholders' equity	<u>\$ 5,690,661</u>	<u>\$ 5,691,719</u>	<u>\$ 5,651,430</u>	<u>\$ 4,776,841</u>	<u>\$ 4,404,871</u>

### Yields

Cash and cash equivalents	2.24%	1.96%	1.79%	1.53%	1.28%
Investment securities	3.04%	3.01%	2.91%	2.87%	3.01%
Loans	5.28%	4.88%	5.21%	4.85%	4.88%
Loans held for sale	3.92%	4.17%	3.79%	4.25%	3.62%
Nonmarketable equity securities	5.20%	5.01%	4.97%	4.64%	4.78%
Total interest-earning assets	4.87%	4.52%	4.71%	4.49%	4.48%
Interest-bearing deposits	0.86%	0.77%	0.64%	0.62%	0.58%
Short-term borrowings	0.67%	0.61%	0.38%	0.34%	0.26%
FHLB advances and other borrowings	2.26%	2.09%	1.81%	1.55%	1.42%
Subordinated debt	6.43%	6.44%	6.44%	6.44%	6.46%
Trust preferred debentures	6.93%	6.81%	6.59%	5.94%	5.51%
Total interest-bearing liabilities	1.28%	1.16%	1.00%	0.98%	0.92%

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

	As of and for the Quarter Ended				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<i>(dollars in thousands, except per share data)</i>					
<b>Asset Quality</b>					
Loans 30-89 days past due	\$ 25,213	\$ 22,678	\$ 19,362	\$ 20,138	\$ 15,405
Nonperforming loans	42,899	38,561	28,342	26,499	26,760
Nonperforming assets	45,899	41,638	31,542	29,938	30,894
Net charge-offs	2,195	718	1,312	733	6,506
Loans 30-89 days past due to total loans	0.61%	0.55%	0.47%	0.50%	0.48%
Nonperforming loans to total loans	1.04%	0.93%	0.69%	0.66%	0.83%
Nonperforming assets to total assets	0.81%	0.73%	0.55%	0.52%	0.70%
Allowance for loan losses to total loans	0.51%	0.47%	0.45%	0.44%	0.51%
Allowance for loan losses to nonperforming loans	48.73%	50.91%	64.38%	66.81%	61.40%
Net charge-offs to average loans	0.21%	0.07%	0.13%	0.09%	0.81%
<b>Wealth Management</b>					
Trust assets under administration	\$ 2,945,084	\$ 3,218,013	\$ 3,188,909	\$ 3,125,051	\$ 2,051,249
<b>Market Data</b>					
Book value per share at period end	\$ 25.50	\$ 24.96	\$ 24.92	\$ 24.67	\$ 23.35
Tangible book value per share at period end <sup>(1)</sup>	\$ 17.00	\$ 16.38	\$ 16.25	\$ 16.11	\$ 17.31
Market price at period end	\$ 22.34	\$ 32.10	\$ 34.26	\$ 31.56	\$ 32.48
Shares outstanding at period end	23,751,798	23,694,637	23,664,596	23,612,430	19,122,049
<b>Capital</b>					
Total capital to risk-weighted assets	12.79%	12.35%	12.27%	12.37%	13.26%
Tier 1 capital to risk-weighted assets	10.25%	9.85%	9.78%	9.84%	10.19%
Tier 1 leverage ratio	8.53%	8.24%	8.16%	9.55%	8.63%
Tier 1 common capital to risk-weighted assets	8.76%	8.37%	8.28%	8.30%	8.45%
Tangible common equity to tangible assets <sup>(1)</sup>	7.43%	7.03%	6.96%	6.89%	7.70%

(1) Non-GAAP financial measures. Refer to pages 12 - 14 for a reconciliation to the comparable GAAP financial measures.

**MIDLAND STATES BANCORP, INC.**  
**RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES**

**Adjusted Earnings  
Reconciliation**

	For the Quarter Ended				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<i>(dollars in thousands, except per share data)</i>					
Income before income taxes - GAAP	\$ 20,863	\$ 10,933	\$ 15,827	\$ 3,182	\$ 7,766
Adjustments to noninterest income:					
Gain (loss) on sales of	469	-	(70)	65	2

investment securities, net					
Other	(1)	(12)	(48)	150	37
Total adjustments to noninterest income	468	(12)	(118)	215	39
Adjustments to noninterest expense:					
Loss on mortgage servicing rights held for sale	-	270	188	-	442
Integration and acquisition expenses	553	9,559	2,019	11,884	2,686
Total adjustments to noninterest expense	553	9,829	2,207	11,884	3,128
Adjusted earnings pre tax	20,948	20,774	18,152	14,851	10,855
Adjusted earnings tax	4,551	5,142	3,683	4,586	6,992
Revaluation of net deferred tax assets	-	-	-	-	(4,540)
<b>Adjusted earnings - non-GAAP</b>	16,397	15,632	14,469	10,265	8,403
Preferred stock dividends, net	34	35	36	36	37
<b>Adjusted earnings available to common shareholders - non-GAAP</b>	<u>\$ 16,363</u>	<u>\$ 15,597</u>	<u>\$ 14,433</u>	<u>\$ 10,229</u>	<u>\$ 8,366</u>
Adjusted diluted earnings per common share	\$ 0.67	\$ 0.64	\$ 0.59	\$ 0.48	\$ 0.42
Adjusted return on average assets	1.14%	1.09%	1.03%	0.87%	0.76%
Adjusted return on average shareholders' equity	10.85%	10.45%	9.93%	8.34%	7.34%
Adjusted return on average tangible common equity	16.46%	16.02%	15.27%	11.86%	9.88%

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

**Efficiency Ratio Reconciliation**

	For the Quarter Ended				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<i>(dollars in thousands)</i>					
Noninterest expense - GAAP	\$ 45,375	\$ 50,317	\$ 46,452	\$ 49,499	\$ 36,192
Loss on mortgage servicing rights held for sale	-	(270)	(188)	-	(442)
Integration and acquisition expenses	(553)	(9,559)	(2,019)	(11,884)	(2,686)
Adjusted noninterest expense	<u>\$ 44,822</u>	<u>\$ 40,488</u>	<u>\$ 44,245</u>	<u>\$ 37,615</u>	<u>\$ 33,064</u>
Net interest income - GAAP	\$ 48,535	\$ 45,081	\$ 48,286	\$ 38,185	\$ 36,036
Effect of tax-exempt income	574	585	541	394	659
Adjusted net interest income	49,109	45,666	48,827	38,579	36,695
Noninterest income - GAAP	\$ 21,170	\$ 18,272	\$ 15,847	\$ 16,502	\$ 13,998

Mortgage servicing rights (recapture) impairment	(1,380)	297	500	133	494
(Gain) loss on sales of investment securities, net	(469)	-	70	(65)	(2)
Other	1	12	48	(150)	(37)
Adjusted noninterest income	<u>19,322</u>	<u>18,581</u>	<u>16,465</u>	<u>16,420</u>	<u>14,453</u>
Adjusted total revenue	<u>\$ 68,431</u>	<u>\$ 64,247</u>	<u>\$ 65,292</u>	<u>\$ 54,999</u>	<u>\$ 51,148</u>
<i>Efficiency ratio</i>	65.50%	63.02%	67.76%	68.39%	64.64%

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

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

	As of				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<i>(dollars in thousands, except per share data)</i>					
<b>Shareholders' Equity to Tangible Common Equity</b>					
Total shareholders' equity—GAAP	\$ 608,525	\$ 594,146	\$ 592,535	\$ 585,385	\$ 449,545
Adjustments:					
Preferred stock	(2,781)	(2,829)	(2,876)	(2,923)	(2,970)
Goodwill	(164,673)	(164,044)	(164,044)	(155,674)	(98,624)
Other intangibles	(37,376)	(39,228)	(41,081)	(46,473)	(16,932)
Tangible common equity	<u>\$ 403,695</u>	<u>\$ 388,045</u>	<u>\$ 384,534</u>	<u>\$ 380,315</u>	<u>\$ 331,019</u>
<b>Total Assets to Tangible Assets:</b>					
Total assets—GAAP	\$ 5,637,673	\$ 5,724,612	\$ 5,730,600	\$ 5,723,372	\$ 4,412,701
Adjustments:					
Goodwill	(164,673)	(164,044)	(164,044)	(155,674)	(98,624)
Other intangibles	(37,376)	(39,228)	(41,081)	(46,473)	(16,932)
Tangible assets	<u>\$ 5,435,624</u>	<u>\$ 5,521,340</u>	<u>\$ 5,525,475</u>	<u>\$ 5,521,225</u>	<u>\$ 4,297,145</u>
Common Shares Outstanding	23,751,798	23,694,637	23,664,596	23,612,430	19,122,049
<b>Tangible Common Equity to Tangible Assets</b>	7.43%	7.03%	6.96%	6.89%	7.70%
<b>Tangible Book Value Per Share</b>	\$ 17.00	\$ 16.38	\$ 16.25	\$ 16.11	\$ 17.31

**Return on Average Tangible Common Equity (ROATCE)**

	For the Quarter Ended				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<i>(dollars in thousands)</i>					
Net income available to common shareholders	<u>\$ 16,302</u>	<u>\$ 8,462</u>	<u>\$ 12,746</u>	<u>\$ 1,770</u>	<u>\$ 1,954</u>
Average total shareholders' equity—GAAP	\$ 599,723	\$ 593,457	\$ 584,653	\$ 498,941	\$ 453,968
Adjustments:					

Preferred stock	(2,812)	(2,859)	(2,905)	(2,952)	(2,997)
Goodwill	(164,051)	(164,044)	(158,461)	(118,996)	(97,406)
Other intangibles	(38,394)	(40,228)	(44,098)	(27,156)	(17,495)
Average tangible common equity	<u>\$ 394,466</u>	<u>\$ 386,326</u>	<u>\$ 379,189</u>	<u>\$ 349,837</u>	<u>\$ 336,070</u>
<b>ROATCE</b>	16.40%	8.69%	13.48%	2.05%	2.31%



# Midland States Bancorp, Inc. NASDAQ: MSBI

Fourth Quarter 2018 Earnings Call



**Forward-Looking Statements.** This presentation may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements express management's current expectations, forecasts of future events or long-term goals, and may be based upon beliefs, expectations and assumptions of Midland's management, 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 Midland undertakes no obligation to update any statement. A number of factors, many of which are beyond the ability of Midland to control or predict, could cause actual results to differ materially from those in its forward-looking statements. 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 Midland and its respective businesses, including additional factors that could materially affect Midland's financial results, are included in Midland'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 Diluted Earnings Per Share," "Adjusted Return on Average Assets," "Adjusted Return on Average Shareholders' Equity," "Adjusted Return on Average Tangible Common Equity," "Efficiency Ratio," "Tangible Common Equity to Tangible Assets," "Tangible Book Value Per Share" 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.



# Overview of 4Q18

## 4Q18 Earnings

Net income of \$16.3 million, or \$0.67 diluted EPS

- Return on average assets of 1.14%
- Return on average shareholders' equity of 10.81%
- Return on average tangible common equity <sup>(1)</sup> of 16.40%

## Strong Capital Generation

- Book value per share increased 2.2% to \$25.50
- Tangible book value per share <sup>(1)</sup> increased 3.8% to \$17.00
- Significant increases in all capital ratios

## Disciplined Balance Sheet Management

- Focus on commercial and consumer lending with attractive risk-adjusted yields
- Continued management of deposit costs

## Key Operating Trends

- Excluding accretion income, NIM increased 5 bps
- Noninterest income accounted for 30% of total revenue

**Notes:**

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



# Loan Portfolio

- Total loans declined \$18.7 million
- Decline in commercial real estate partially offset by continued growth in commercial loans and leases, and consumer lending
- Equipment loan and lease financings increased \$64.7 million, or 20.8%, from September 30, 2018 with full year 2018 growth of \$170.4 million, or 82.9%
- Organic loan growth in 2018 was \$124.7 million or 3.9%

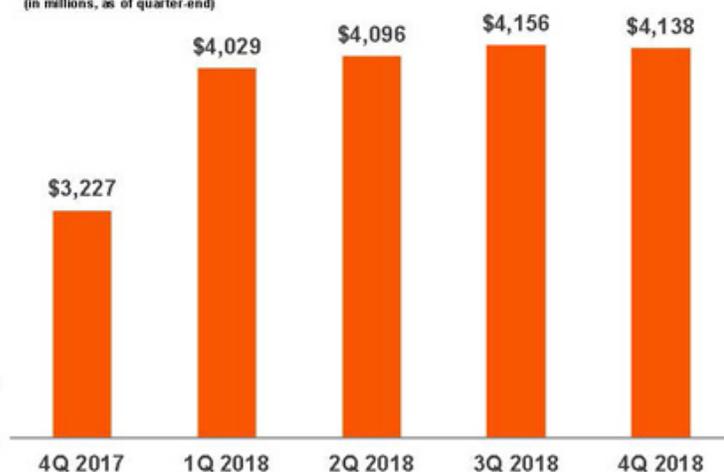
## Loan Portfolio Mix

(in millions, as of quarter-end)

	4Q 2018	3Q 2018	4Q 2017
Commercial loans and leases	\$ 1,075	\$ 1,035	\$ 761
Commercial real estate	1,639	1,712	1,440
Construction and land development	232	239	201
Residential real estate	578	586	454
Consumer	613	584	371
<b>Total Loans</b>	<b>\$ 4,138</b>	<b>\$ 4,156</b>	<b>\$ 3,227</b>

## Total Loans

(in millions, as of quarter-end)





# Total Deposits

- Total deposits decreased \$69.0 million to \$4.07 billion
- Decline in deposits attributable to:
  - Intentional run-off of brokered deposits
  - Outflows of public funds
  - Normal fluctuations in servicing deposits

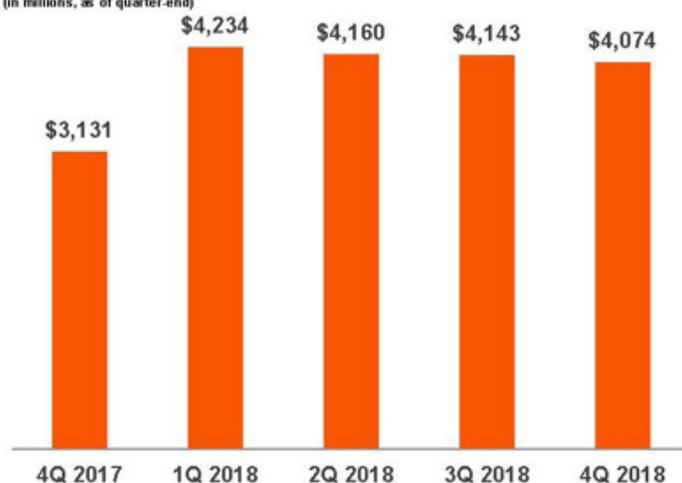
## Deposit Mix

(in millions, as of quarter-end)

	4Q 2018	3Q 2018	4Q 2017
Noninterest-bearing demand	\$ 972	\$ 991	\$ 724
Interest-bearing:			
Checking	1,002	1,048	786
Money market	862	836	646
Savings	442	446	281
Time	634	634	503
Brokered	162	189	190
<b>Total Deposits</b>	<b>\$ 4,074</b>	<b>\$ 4,143</b>	<b>\$ 3,131</b>

## Total Deposits

(in millions, as of quarter-end)





# Wealth Management

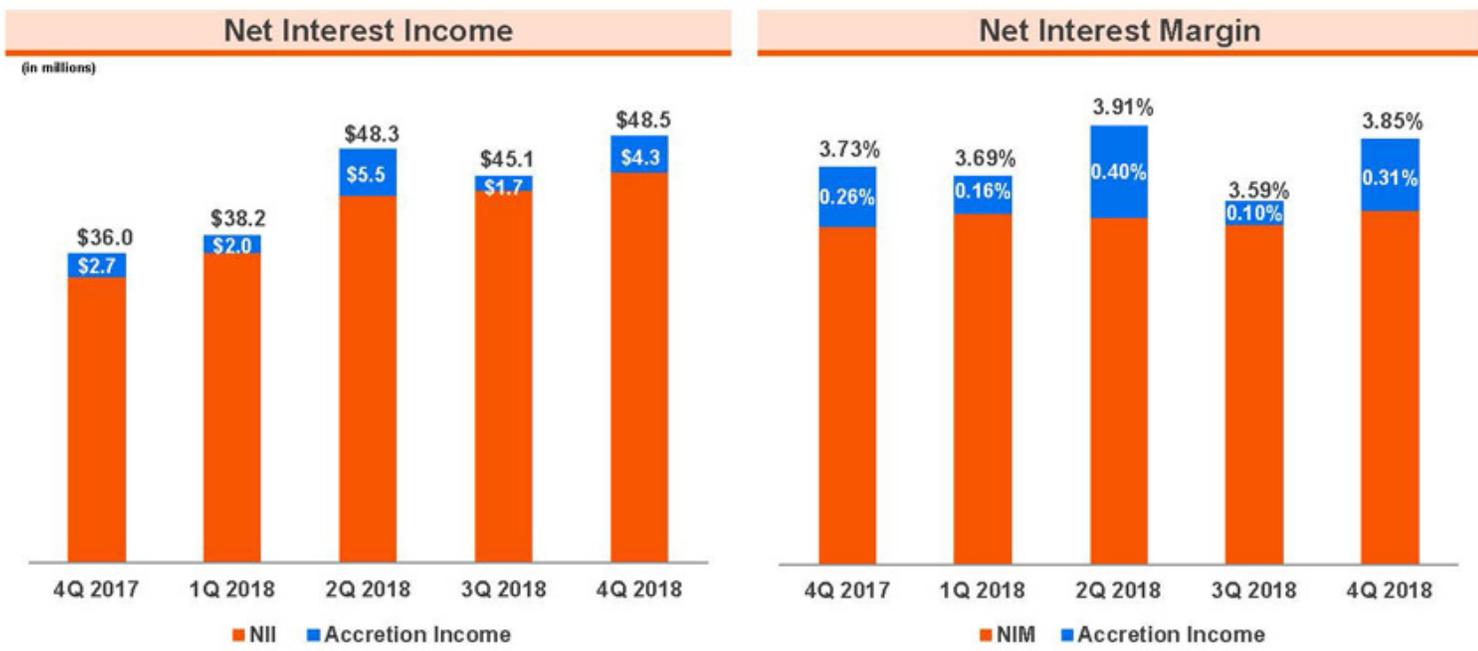
- Total Wealth Management revenue increased 3.4% from the prior quarter
- Increase in revenue primarily driven by a higher level of revenue generated from estate fees
- During 4Q18, assets under administration declined \$272.9 million primarily due to market performance





# Net Interest Income/Margin

- Net interest income and margin increased due to higher accretion income
- Excluding the impact of accretion income, net interest margin increased 5 bps
- Average rate on new and renewed loans increased 34 basis points from prior quarter
- Expected scheduled accretion income: \$2.3 million in 1Q19; \$8.1 million in FY 2019



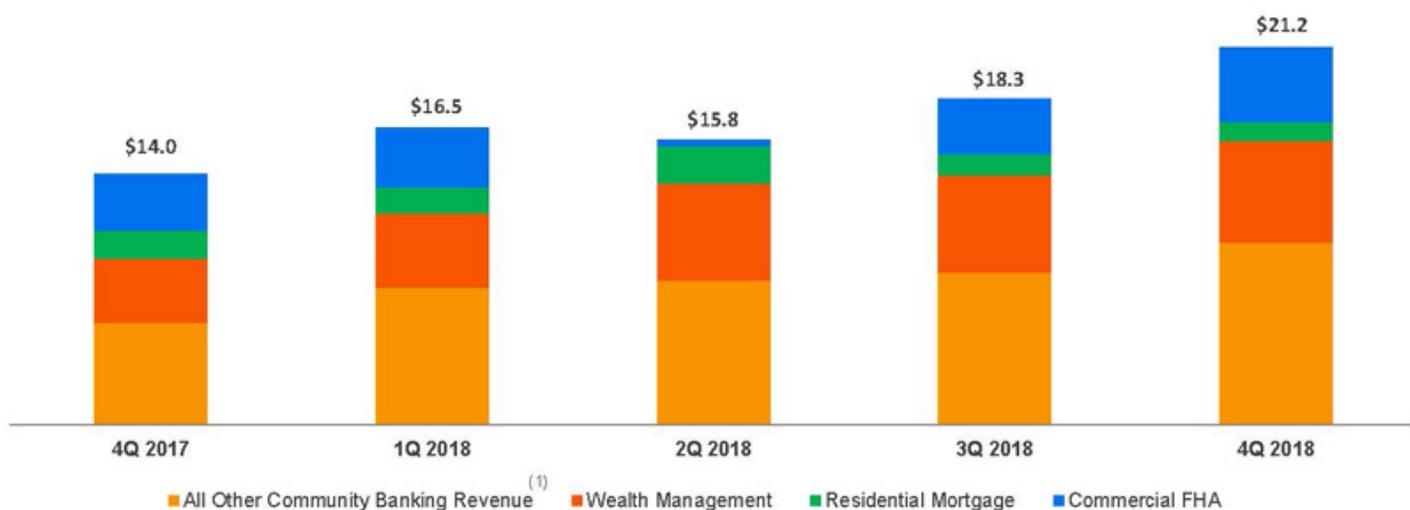


# Noninterest Income

- Noninterest income increased 15.9% from prior quarter
- Wealth management remains largest single contributor to noninterest income
- Commercial FHA revenue of \$4.2 million included \$1.4 million recapture of MSR impairment
- Higher level of revenue in community banking fees, which includes service charges on deposits and interchange revenue

## Noninterest Income

(in millions)



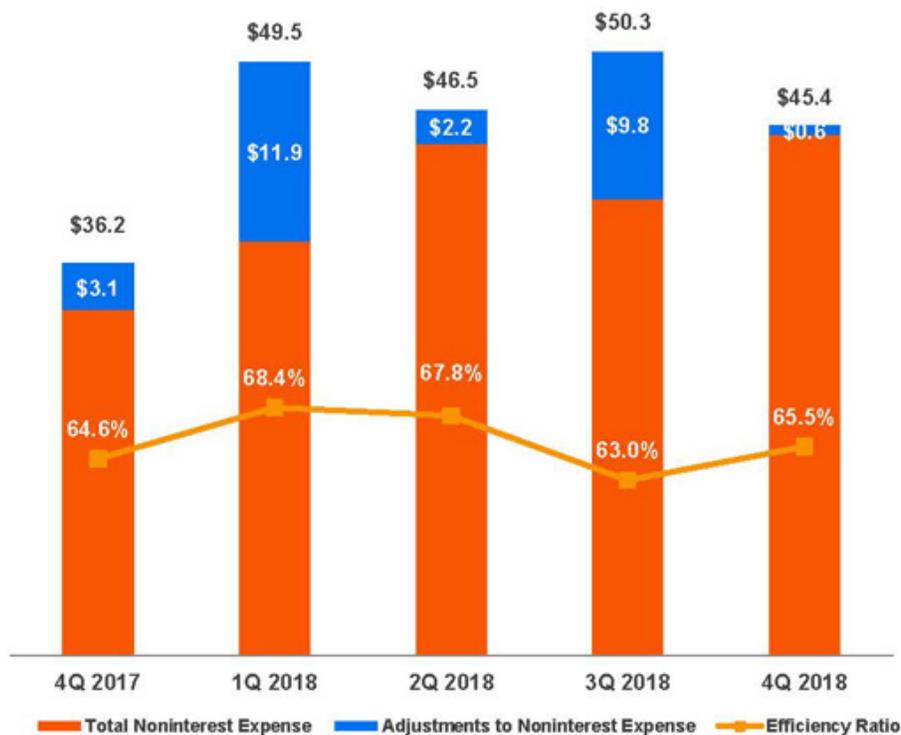
**Notes:**

(1) Represents service charges, interchange revenue, net gain (loss) on sale of investment securities, and other income

# Noninterest Expense and Operating Efficiency

## Noninterest Expense and Efficiency Ratio <sup>(1)</sup>

(Noninterest expense in millions)



- Efficiency Ratio <sup>(1)</sup> was 65.5% in 4Q18 vs. 63.0% in 3Q18
- Integration and acquisition related expenses
  - \$0.6 million in 4Q18
  - \$9.6 million in 3Q18
- Loss on mortgage servicing rights held for sale
  - None in 4Q18
  - \$0.3 million in 3Q18
- Excluding these items, noninterest expense increased 10.7% on a linked-quarter basis
- 2019 quarterly run-rate for noninterest expense projected to be approximately \$42-\$43 million

**Notes:**

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

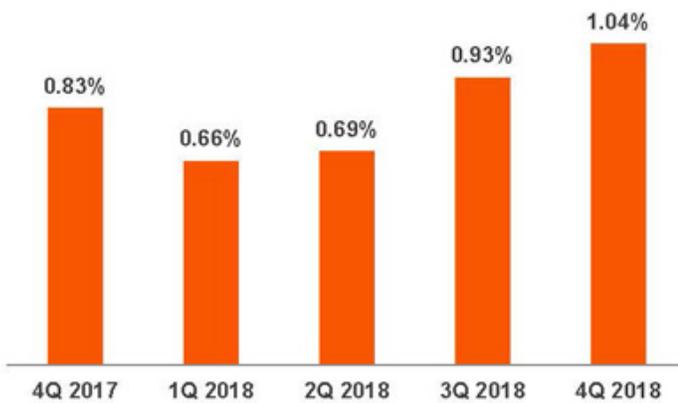


# Asset Quality

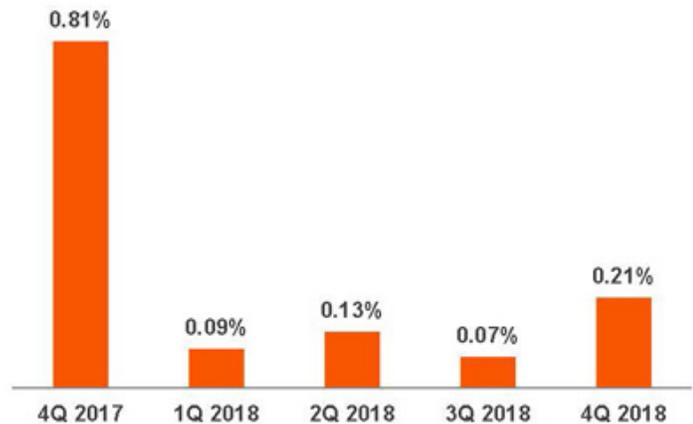
- Increase in nonperforming loans primarily attributable to the downgrade of three commercial real estate loans
- Net charge-offs for 4Q18 was 0.21% of average loans on an annualized basis, while net charge-offs for full year 2018 was 0.13%
- Provision for loan losses of \$3.5 million in 4Q18
- ALLL/total loans of 0.51% and credit marks/total loans of 0.53% at December 31, 2018

Nonperforming Loans / Total Loans

(Total Loans as of quarter-end)



NCO / Average Loans





# Outlook

- **Continued implementation of balance sheet management and fee income generation strategies utilized in 2018**
- **Loan production will remain focused on areas with most attractive risk-adjusted yields**
- **Acquisition strategy focused on tuck-in opportunities in near-term**
- **Focused on harvesting additional synergies following rapid growth over past two years**
- **Formula for driving near-term earnings growth:**
  - **Prudent balance sheet management**
  - **Strong fee income generation**
  - **Stable net interest margin**
  - **Improved operating efficiency**



# APPENDIX

**MIDLAND STATES BANCORP, INC.**  
**RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES**

**Adjusted Earnings Reconciliation**

	For the Quarter Ended				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<i>(dollars in thousands, except per share data)</i>					
Income before income taxes - GAAP	\$ 20,863	\$ 10,933	\$ 15,827	\$ 3,182	\$ 7,766
Adjustments to noninterest income:					
Gain (loss) on sales of investment securities, net	469	-	(70)	65	2
Other	(1)	(12)	(48)	150	37
Total adjustments to noninterest income	468	(12)	(118)	215	39
Adjustments to noninterest expense:					
Loss on mortgage servicing rights held for sale	-	270	188	-	442
Integration and acquisition expenses	553	9,559	2,019	11,884	2,686
Total adjustments to noninterest expense	553	9,829	2,207	11,884	3,128
Adjusted earnings pre tax	20,948	20,774	18,152	14,851	10,855
Adjusted earnings tax	4,551	5,142	3,683	4,586	6,992
Revaluation of net deferred tax assets	-	-	-	-	(4,540)
<b>Adjusted earnings - non-GAAP</b>	<b>16,397</b>	<b>15,632</b>	<b>14,469</b>	<b>10,265</b>	<b>8,403</b>
Preferred stock dividends, net	34	35	36	36	37
<b>Adjusted earnings available to common shareholders - non-GAAP</b>	<b>\$ 16,363</b>	<b>\$ 15,597</b>	<b>\$ 14,433</b>	<b>\$ 10,229</b>	<b>\$ 8,366</b>
Adjusted diluted earnings per common share	\$ 0.67	\$ 0.64	\$ 0.59	\$ 0.48	\$ 0.42
Adjusted return on average assets	1.14 %	1.09 %	1.03 %	0.87 %	0.76 %
Adjusted return on average shareholders' equity	10.85 %	10.45 %	9.93 %	8.34 %	7.34 %
Adjusted return on average tangible common equity	16.46 %	16.02 %	15.27 %	11.86 %	9.88 %

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

**Efficiency Ratio Reconciliation**

	For the Quarter Ended				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<i>(dollars in thousands)</i>					
Noninterest expense - GAAP	\$ 45,375	\$ 50,317	\$ 46,452	\$ 49,499	\$ 36,192
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Integration and acquisition expenses	(553)	(9,559)	(2,019)	(11,884)	(2,686)
Adjusted noninterest expense	<u>\$ 44,822</u>	<u>\$ 40,488</u>	<u>\$ 44,245</u>	<u>\$ 37,615</u>	<u>\$ 33,064</u>
Net interest income - GAAP	\$ 48,535	\$ 45,081	\$ 48,286	\$ 38,185	\$ 36,036
Effect of tax-exempt income	574	585	541	394	659
Adjusted net interest income	<u>49,109</u>	<u>45,666</u>	<u>48,827</u>	<u>38,579</u>	<u>36,695</u>
Noninterest income - GAAP	\$ 21,170	\$ 18,272	\$ 15,847	\$ 16,502	\$ 13,998
Mortgage servicing rights (recapture) impairment	(1,380)	297	500	133	494
(Gain) loss on sales of investment securities, net	(469)	-	70	(65)	(2)
Other	1	12	48	(150)	(37)
Adjusted noninterest income	<u>19,322</u>	<u>18,581</u>	<u>16,465</u>	<u>16,420</u>	<u>14,453</u>
Adjusted total revenue	<u>\$ 68,431</u>	<u>\$ 64,247</u>	<u>\$ 65,292</u>	<u>\$ 54,999</u>	<u>\$ 51,148</u>
<b>Efficiency ratio</b>	65.50 %	63.02 %	67.76 %	68.39 %	64.64 %

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

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

	As of				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<i>(dollars in thousands, except per share data)</i>					
<b>Shareholders' Equity to Tangible Common Equity</b>					
Total shareholders' equity—GAAP	\$ 608,525	\$ 594,146	\$ 592,535	\$ 585,385	\$ 449,545
Adjustments:					
Preferred stock	(2,781)	(2,829)	(2,876)	(2,923)	(2,970)
Goodwill	(164,673)	(164,044)	(164,044)	(155,674)	(98,624)
Other intangibles	(37,376)	(39,228)	(41,081)	(46,473)	(16,932)
Tangible common equity	<u>\$ 403,695</u>	<u>\$ 388,045</u>	<u>\$ 384,534</u>	<u>\$ 380,315</u>	<u>\$ 331,019</u>
<b>Total Assets to Tangible Assets:</b>					
Total assets—GAAP	\$ 5,637,673	\$ 5,724,612	\$ 5,730,600	\$ 5,723,372	\$ 4,412,701
Adjustments:					
Goodwill	(164,673)	(164,044)	(164,044)	(155,674)	(98,624)
Other intangibles	(37,376)	(39,228)	(41,081)	(46,473)	(16,932)
Tangible assets	<u>\$ 5,435,624</u>	<u>\$ 5,521,340</u>	<u>\$ 5,525,475</u>	<u>\$ 5,521,225</u>	<u>\$ 4,297,145</u>
Common Shares Outstanding	23,751,798	23,694,637	23,664,596	23,612,430	19,122,049
<b>Tangible Common Equity to Tangible Assets</b>	7.43 %	7.03 %	6.96 %	6.89 %	7.70 %
<b>Tangible Book Value Per Share</b>	\$ 17.00	\$ 16.38	\$ 16.25	\$ 16.11	\$ 17.31

**Return on Average Tangible Common Equity (ROATCE)**

	For the Quarter Ended				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<i>(dollars in thousands)</i>					
Net income available to common shareholders	\$ 16,302	\$ 8,462	\$ 12,746	\$ 1,770	\$ 1,954
Average total shareholders' equity—GAAP	\$ 599,723	\$ 593,457	\$ 584,653	\$ 498,941	\$ 453,968
Adjustments:					
Preferred stock	(2,812)	(2,859)	(2,905)	(2,952)	(2,997)
Goodwill	(164,051)	(164,044)	(158,461)	(118,996)	(97,406)
Other intangibles	(38,394)	(40,228)	(44,098)	(27,156)	(17,495)
Average tangible common equity	<u>\$ 394,466</u>	<u>\$ 386,326</u>	<u>\$ 379,189</u>	<u>\$ 349,837</u>	<u>\$ 336,070</u>
ROATCE	16.40 %	8.69 %	13.48 %	2.05 %	2.31 %