




Midland States Bancorp, Inc.

NASDAQ: MSBI

Second Quarter 2024 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, 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 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 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

Founded in 1881, this Illinois state-chartered community bank **focuses on in-market relationships** while having **national diversification through equipment finance**.

- 53 Branches in Illinois and Missouri
- 16 successful acquisitions since 2008



Financial Highlights as of June 30, 2024

\$7.8 Billion <i>Total Assets</i>
\$5.9 Billion <i>Total Loans</i>
\$6.1 Billion <i>Total Deposits</i>
\$4.0 Billion <i>Assets Under Administration</i>

YTD Adjusted ROAA ⁽¹⁾ :	0.53%
YTD Adjusted Return on TCE ⁽¹⁾ :	6.51%
TCE/TA:	6.59%
YTD PTPP ⁽¹⁾ ROAA:	1.48%
Dividend Yield:	5.47%
Price/Tangible Book:	0.97x
Price/LTM EPS:	11.4x

Notes:

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

Overview of 2Q24

Financial Performance

- Net income available to common shareholders of \$4.5 million, or \$0.20 diluted EPS
- Pre-tax, pre-provision earnings⁽¹⁾ of \$25.2 million
- Strong noninterest income of \$17.7 million
- Strengthened ACL to 1.58% of total loans

Continued Success in Balance Sheet Management Strategies

- Increases in capital ratios
- CET1 ratio increased 3 bps to 8.63%
- Runoff in non-core loan portfolios being used to fund new loan production and purchase of higher-yielding investment securities

Successfully Growing Community Bank

- Another good quarter of business development in community bank with full banking relationships added with high quality in-market clients
- Community bank loans increased by \$91 million during 2Q24, offset by intentional reduction of equipment finance and consumer portfolios
- Loan portfolio continues to shift towards core in-market C&I and CRE loans resulting in higher quality loan portfolio

Continued Investments in Talent and Technology

- Strength of franchise allowing Midland to continue attracting high quality banking talent including new market president for Northern Illinois region and new Chief Deposit Officer
- New technology platform in Wealth Management will enhance ability to cross-sell to community bank clients
- New talent and technology investments expected to drive profitable growth and further enhance the value of Midland franchise

Notes:

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

Loan Portfolio

- Total loans decreased \$106.5 million from prior quarter to \$5.85 billion
- Decrease primarily driven by decline in equipment finance portfolio of \$59.9 million and continued runoff of GreenSky portfolio of \$67.7 million
- Decrease in non-core portfolios partially offset by new loan production from high quality commercial clients that provide full banking relationships
- Investments made to increase business development efforts in St. Louis resulted in total loans increasing at an annualized rate of 31% during 2Q24 in this market
- Runoff from GreenSky portfolio rotated into investment portfolio

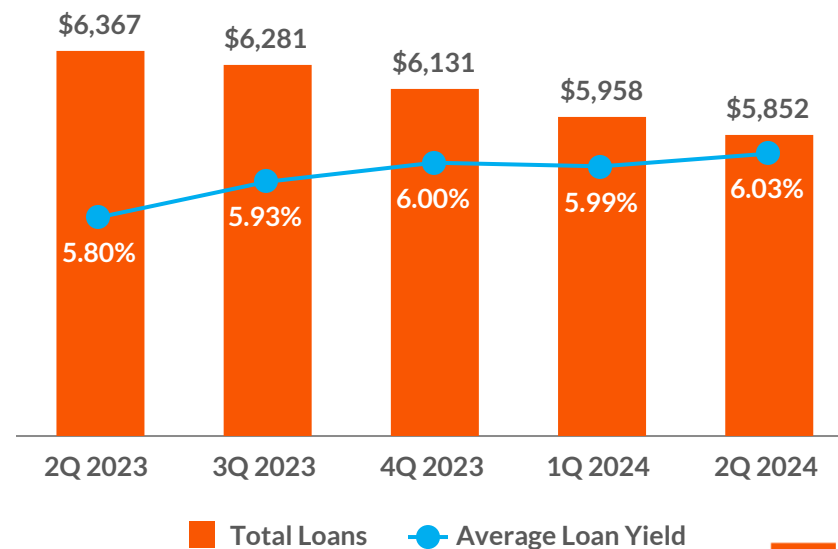
Loan Portfolio Mix

(in millions, as of quarter-end)

	2Q 2024	1Q 2024	2Q 2023
Commercial loans and leases	\$ 1,829	\$ 1,872	\$ 2,108
Commercial real estate	2,422	2,397	2,444
Construction and land development	477	474	367
Residential real estate	378	378	371
Consumer	746	837	1,077
Total Loans	\$ 5,852	\$ 5,958	\$ 6,367
Total Loans ex. Commercial FHA Lines	\$ 5,852	\$ 5,950	\$ 6,337

Total Loans and Average Loan Yield

(in millions, as of quarter-end)



Loan Segments

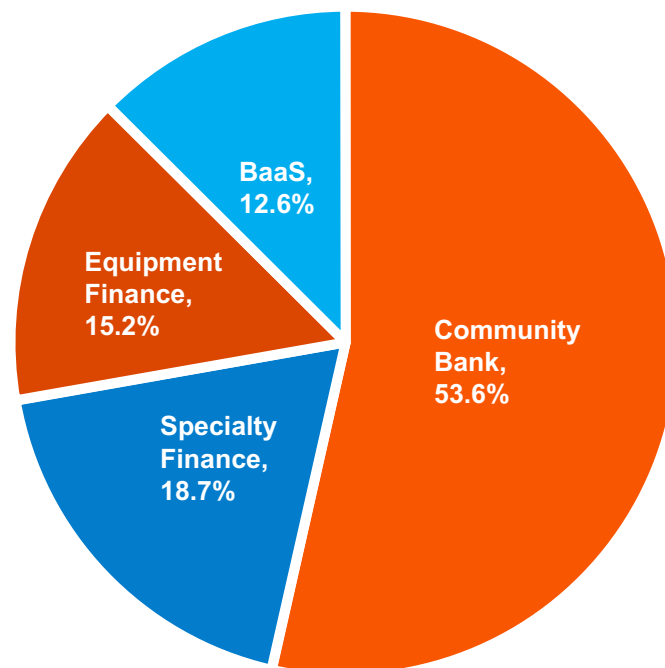
- Total loans in our Community Bank increased \$91 million from prior quarter to \$3.13 billion
- Loans in St. Louis region increased \$59 million or 31% annualized in 2Q24
- Focused on core, in-market loan relationships
- Continuing to add talent in faster growing markets to drive quality loan relationships and commercial deposits

Loan Portfolio Segments

(in millions, as of quarter-end)

	2Q 2024	1Q 2024	2Q 2023
Regions:			
Eastern	\$ 884	\$ 897	\$ 860
Northern	725	692	721
Southern	700	688	696
St. Louis	825	766	687
Community Bank	\$ 3,134	\$ 3,043	\$ 2,964
Other:			
Specialty Finance	\$ 1,093	\$ 1,142	\$ 1,216
Equipment Finance	890	950	1,115
BaaS ⁽¹⁾	735	823	1,072
Total Loans	\$ 5,852	\$ 5,958	\$ 6,367

Loan Segment Mix



Notes:

(1) includes loans originated through Greensky and LendingPoint relationships

Total Deposits

- Total deposits decreased \$206.0 million from end of prior quarter, primarily due to decreases in noninterest-bearing demand and brokered time
- Deposit outflows primarily related to some larger commercial depositors moving funds into higher interest account including Midland's Wealth Management business and declines in brokered time
- Average balances of non-interest bearing demand deposits declined \$19 million compared to prior quarter
- Brokered time deposits decreased \$57 million from prior quarter as maturities were not replaced

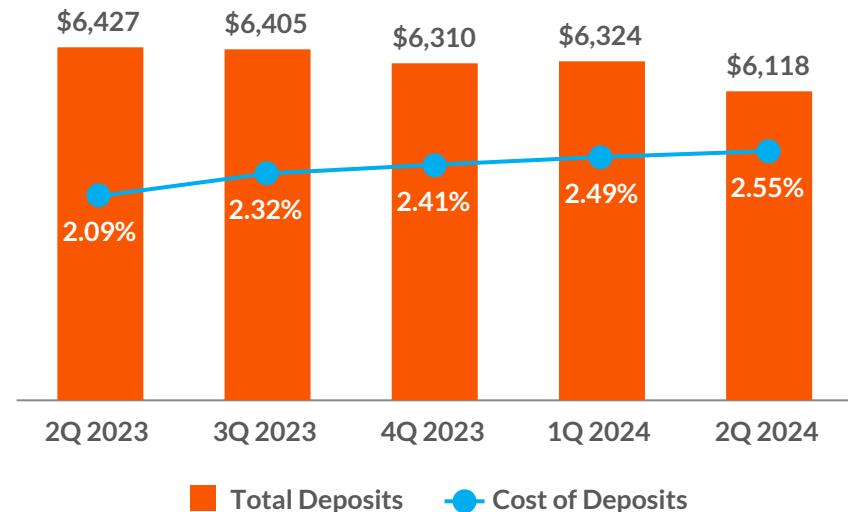
Deposit Mix

(in millions, as of quarter-end)

	2Q 2024	1Q 2024	2Q 2023
Noninterest-bearing demand	\$ 1,109	\$ 1,212	\$ 1,163
Interest-bearing:			
Checking	2,344	2,394	2,500
Money market	1,144	1,128	1,226
Savings	538	556	624
Time	852	845	841
Brokered time	131	188	73
Total Deposits	\$ 6,118	\$ 6,324	\$ 6,427

Total Deposits and Cost of Deposits

(in millions, as of quarter-end)



Deposit Summary as of June 30, 2024

- Commercial deposits decreased \$171 million over prior quarter
- Four large commercial customers decreased deposit balances by \$120 million in 2Q24 with approximately \$88 million moving to our Wealth business line
- Retail deposit balances decreased \$26 million in 2Q24 primarily due to decreased in average balances in interest bearing checking accounts
- Total brokered deposits including money market accounts and time decreased \$70 million in 2Q24

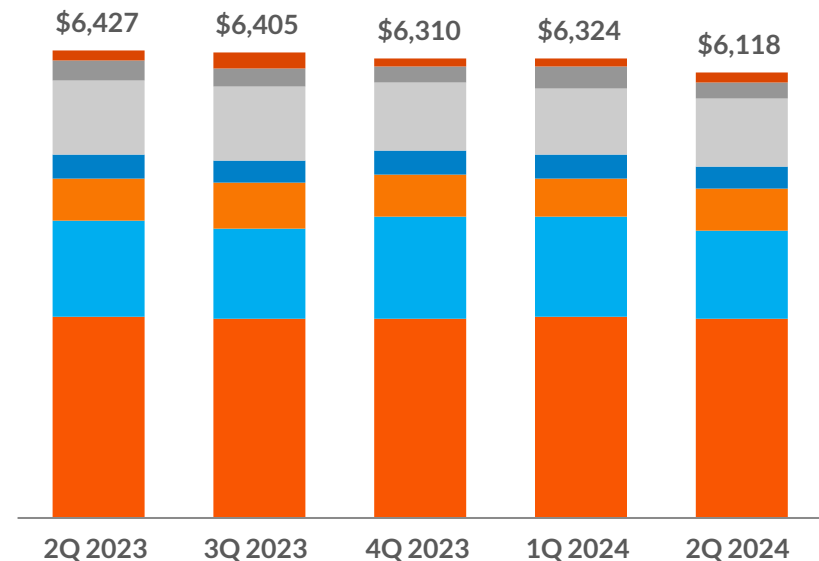
Deposits by Channel

(in millions, as of quarter-end)

	2Q 2024	1Q 2024	2Q 2023
Retail	\$ 2,742	\$ 2,768	\$ 2,780
Commercial	1,217	1,388	1,298
Public Funds	569	516	578
Wealth & Trust	299	324	329
Servicing	932	901	1,018
Brokered Deposits	239	309	270
Other	120	118	154
Total Deposits	\$ 6,118	\$ 6,324	\$ 6,427

Trend of Deposit Channel Mix

(in millions, as of quarter-end)

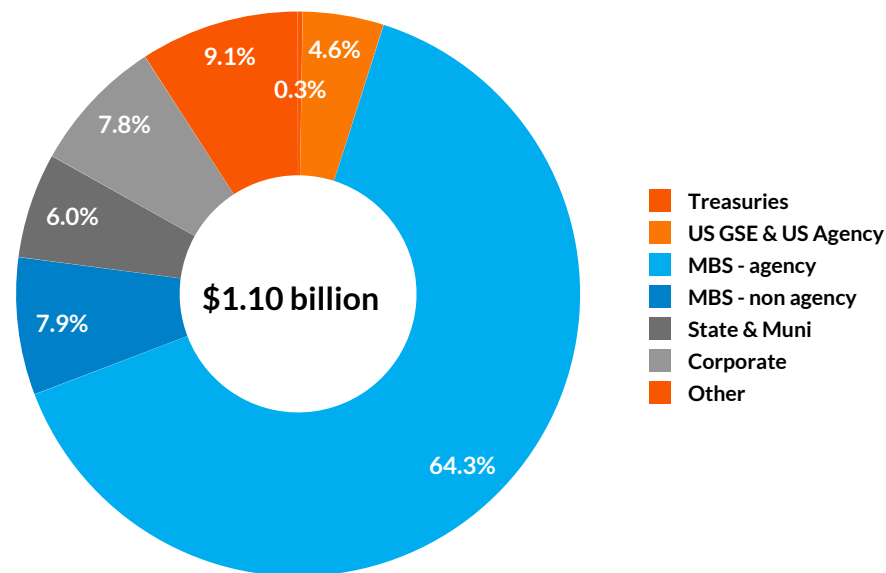


Investment Portfolio

As of June 30, 2024

- All Investments are classified as Available for Sale
- Average T/E Yield is 4.69% for 2Q24
- Average Duration is 4.76 years
- Purchased \$151 million with T/E Yield of 5.96% and sold \$48 million with T/E Yield of 4.50% in 2Q24

Fair Value of Investments by Type

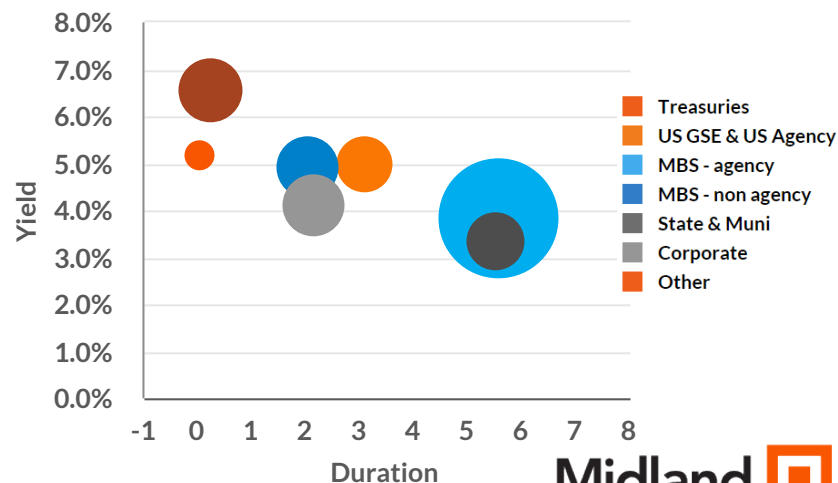


Investment Mix & Unrealized Gain (Loss)

(in millions)

	Fair Value	Book Value	Unrealized Gain (Loss)
Treasuries	\$ 3	\$ 3	\$ —
US GSE & US Agency	51	52	(1)
MBS - agency	704	790	(86)
MBS - non agency	86	89	(3)
State & Municipal	66	73	(7)
Corporate	85	93	(8)
Other	100	100	—
Total Investments	\$ 1,095	\$ 1,202	\$ (107)

Investments by Yield and Duration



Liquidity Overview

Liquidity Sources

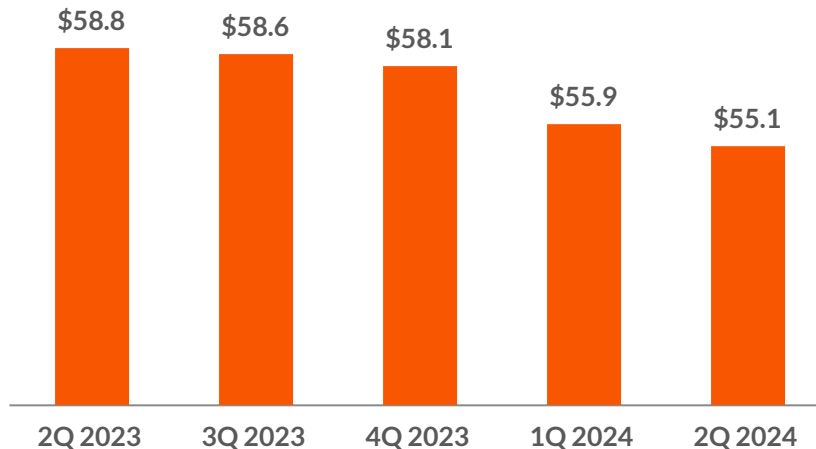
(in millions)	June 30, 2024	March 31, 2024
Cash and Cash Equivalents	\$ 124.6	\$ 167.3
Unpledged Securities	527.3	506.2
FHLB Committed Liquidity	797.1	1,167.4
FRB Discount Window Availability	610.3	613.3
Total Estimated Liquidity	\$ 2,059.4	\$ 2,454.1
Conditional Funding Based on Market Conditions		
Additional Credit Facility	\$ 409.0	\$ 431.0
Brokered CDs (additional capacity)	\$ 450.0	\$ 400.0

Net Interest Income/Margin

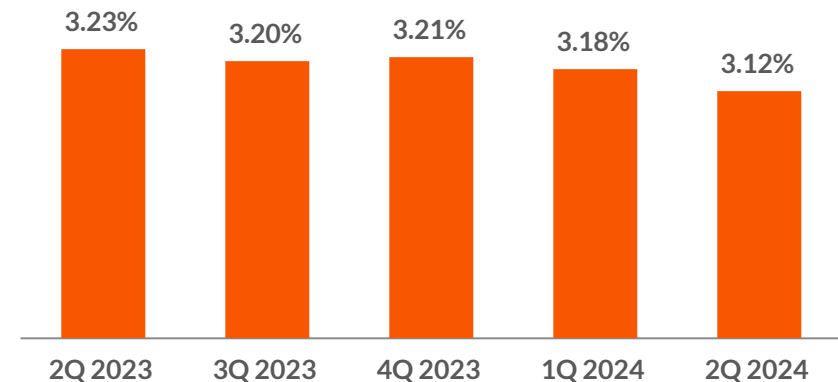
- Net interest income down slightly from prior quarter due to higher average FHLB borrowings
- Net interest margin decreased 6bp to 3.12% as the increase in the cost of deposits exceeded the increase in the average yield on earning assets, as well as the impact of interest reversals on loans placed on non-accrual
- Average rate on new and renewed loan originations was 7.67% in 2Q24 and higher than average rates on loan payoffs making them accretive to net interest margin

Net Interest Income

(in millions)



Net Interest Margin



Loans & Securities - Repricing and Maturity

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

(in millions)

As of June 30, 2024

	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		Floating Rate	Adjustable Rate	Fixed Rate
Commercial loans and leases	\$ 725	\$ 272	\$ 542	\$ 217	\$ 39	\$ 4	\$ 30	\$1,829	\$ 585	\$ 74	\$ 1,170
Commercial real estate	733	371	686	409	156	18	49	2,422	542	232	1,648
Construction and land	237	94	101	18	—	—	27	477	272	29	176
Residential real estate	73	54	78	63	83	20	7	378	54	114	210
Consumer	167	168	393	12	6	—	—	746	97	—	649
Total	\$1,935	\$ 959	\$1,800	\$ 719	\$ 284	\$ 42	\$ 113	\$5,852	\$ 1,550	\$ 449	\$ 3,853
% of Total	33 %	16 %	31 %	12 %	5 %	1 %	2 %	100 %	26 %	8 %	66 %
Weighted Average Rate	7.69 %	5.75 %	5.24 %	5.61 %	4.63 %	3.83 %	0.19 % ⁽²⁾	6.04 %	8.17 %	4.82 %	5.33 %

Investment Securities Available for Sale⁽³⁾

(in millions)

As of June 30, 2024

Maturity & Projected Cash Flow Distribution

	1 year or less	1-3 years	3-5 years	5-10 years	Over 10 years	Total
Amortized Cost	\$ 182	\$ 170	\$ 188	\$ 337	\$ 325	\$ 1,202
% of Total	15 %	14 %	16 %	28 %	27 %	100 %

Notes:

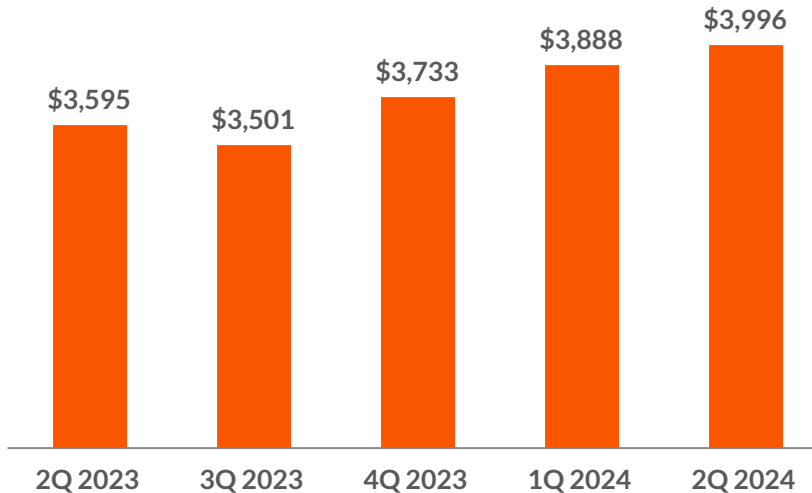
- (1) Based on projected principal payments for all loans plus the next reset for floating and adjustable rate loans and the maturity date of fixed rate loans.
- (2) Over 15 years category includes all nonaccrual loans and leases.
- (3) Projected principal cash flows for securities. Differences between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

Wealth Management

- Assets under administration increased \$212 million mainly due to new accounts
- New accounts include commercial customers moving funds of approximately \$88 million to Wealth for higher rate and other options
- Wealth Management fees decreased from prior quarter due to seasonal impact of tax planning fees in 1Q24
- New technology launched in 2Q24 that integrates Wealth Management data into mobile banking app that is expected to positively impact cross-selling to community bank clients
- Continual hiring of wealth advisors positively impacting new business development

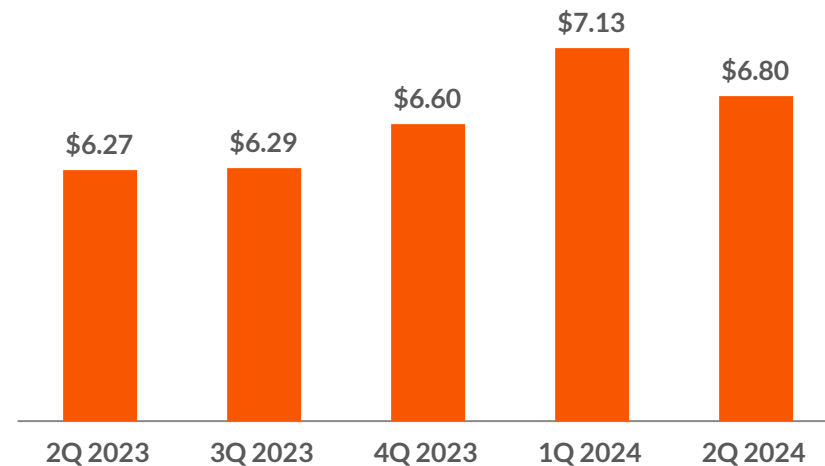
Assets Under Administration

(in millions)



Wealth Management Revenue

(in millions)

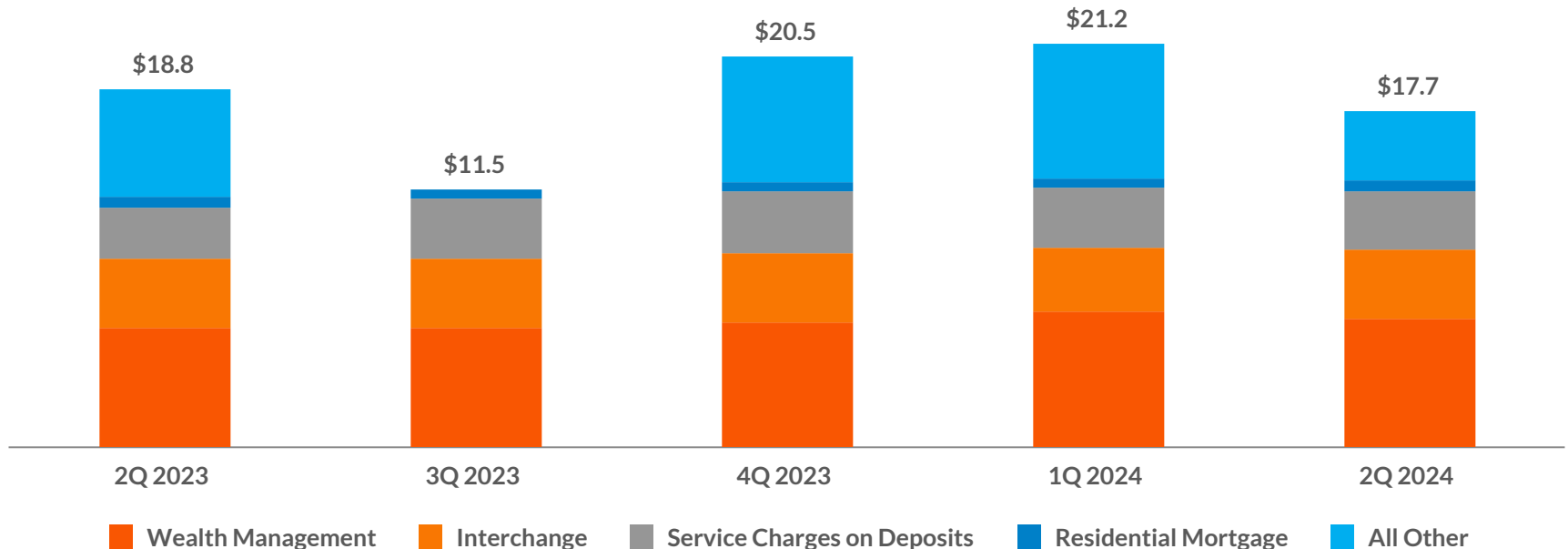


Noninterest Income

- Noninterest income decreased from prior quarter primarily due to 1Q24 incremental servicing revenues of \$3.7 million related to the Greensky portfolio
- 2Q24 noninterest income included a \$0.2 million gain on the repurchase of subordinated debt, offset by \$0.2 million of losses on the sale of investment securities
- Other income negatively impacted by losses on sale of repossessed and other equipment of \$0.6 million in the current quarter
- Fee income expected to be \$18.0 - \$18.5 million in the near-term quarters

Noninterest Income

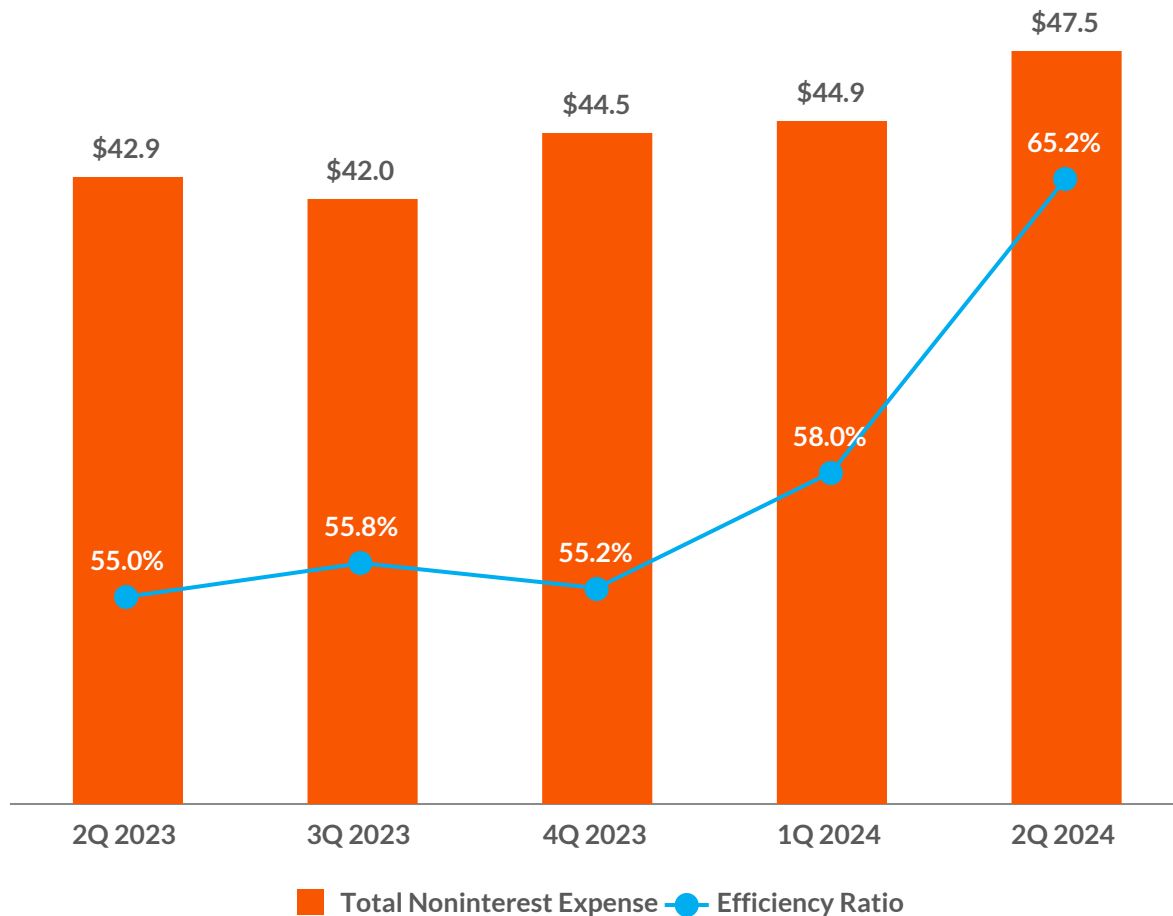
(in millions)



Noninterest Expense and Operating Efficiency

Noninterest Expense and Efficiency Ratio ⁽¹⁾

(Noninterest expense in millions)



- Efficiency Ratio ⁽¹⁾ was 65.2% in 2Q 2024 vs. 58.0% in 1Q 2024
- Increase in noninterest expense from prior quarter primarily attributable to \$4.1 million related to OREO expense and various legal actions
- Compensation and benefits decreased \$1.2 million compared to prior quarter due to reduced incentive compensation accruals
- Near-term operating expense run-rate expected to be approximately \$45.5 - \$46.5 million

Notes:

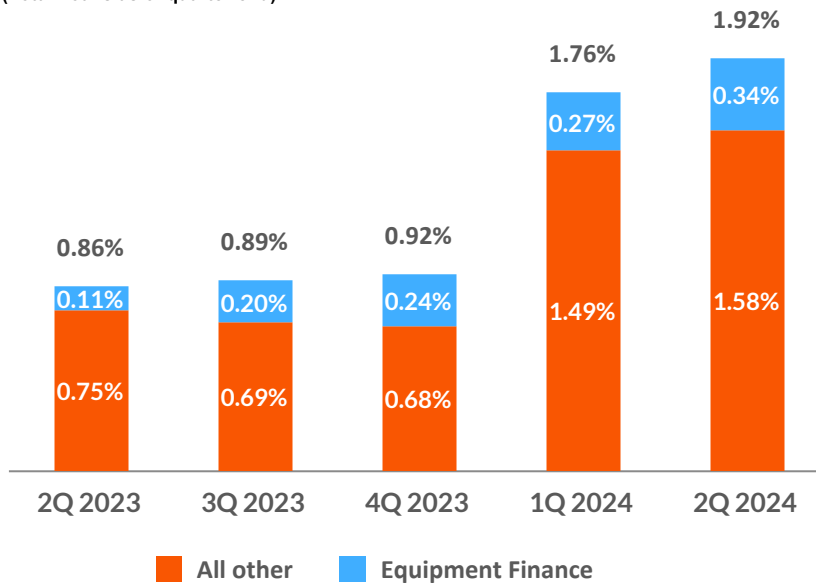
(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.

Asset Quality

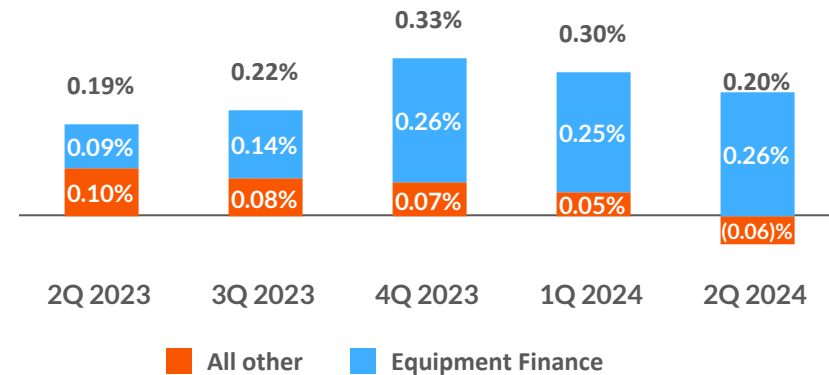
- Nonperforming loans increased due to equipment financing loans and one \$3.5 million commercial loan placed on non-accrual
- Past due loans and substandard loans declined during the second quarter
- Net charge-offs to average loans was 0.20% primarily driven by equipment finance with provision for credit losses on loans of \$17.0 million, primarily related to reserves added to the LendingPoint portfolio resulting from credit deterioration and servicing issues
- Net charge offs include \$2.2 million recovery on previously charged off CRE loan

Nonperforming Loans / Total Loans

(Total Loans as of quarter-end)

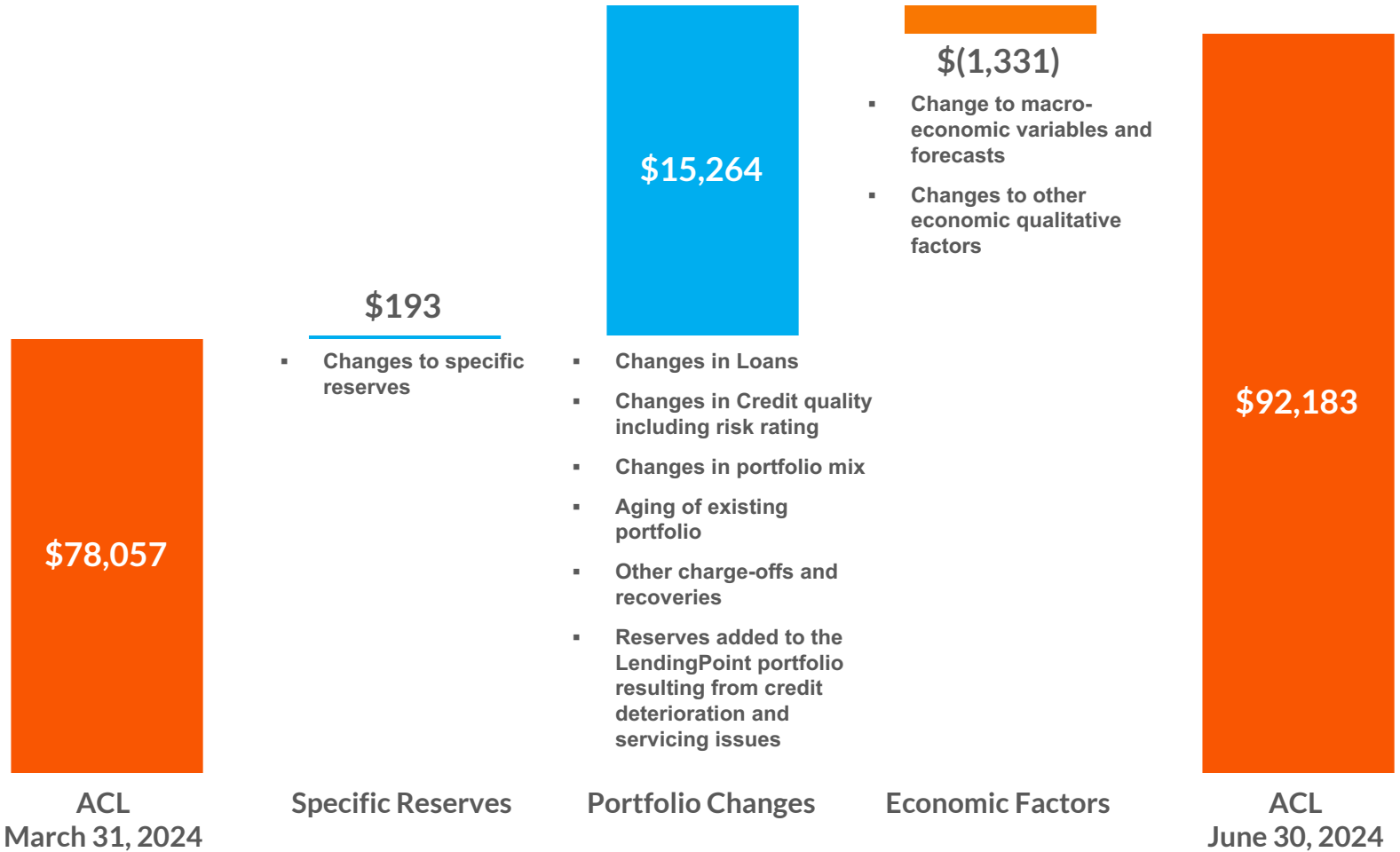


NCO / Average Loans



Changes in Allowance for Credit Losses

(\$ in thousands)



ACL by Portfolio

(\$ in thousands)

June 30, 2024

March 31, 2024

Portfolio	Loans	ACL	% of Total Loans	Loans	ACL	% of Total Loans
Commercial	\$ 829,888	\$ 8,821	1.06 %	\$ 813,963	\$ 9,135	1.12 %
Commercial Other	570,979	15,426	2.70 %	601,704	12,194	2.03 %
Equipment Finance Loans	461,409	11,839	2.57 %	494,068	11,806	2.39 %
Equipment Finance Leases	428,659	13,288	3.10 %	455,879	13,466	2.95 %
CRE non-owner occupied	1,621,102	13,949	0.86 %	1,591,455	13,353	0.84 %
CRE owner occupied	438,117	5,286	1.21 %	450,149	4,858	1.08 %
Multi-family	293,863	2,636	0.90 %	287,586	2,871	1.00 %
Farmland	68,423	326	0.48 %	67,923	285	0.42 %
Construction and Land Development	476,528	12,966	2.72 %	474,128	12,629	2.66 %
Residential RE First Lien	315,039	4,616	1.47 %	316,310	4,986	1.58 %
Other Residential	63,354	577	0.91 %	62,273	669	1.07 %
Consumer	94,763	499	0.53 %	99,157	520	0.52 %
Consumer Other ⁽¹⁾	651,279	13,793	2.12 %	737,935	3,091	0.42 %
Total Loans	\$ 5,851,994	\$ 92,183	1.58 %	\$ 5,958,462	\$ 78,057	1.31 %
Loans (excluding BaaS portfolio ⁽¹⁾ and warehouse lines)	5,125,723	74,815	1.46 %	5,136,557	74,587	1.45 %

Notes:

(1) Primarily consists of loans originated through GreenSky and LendingPoint relationships



2024 Outlook and Priorities

- **Well positioned with increased levels of capital, liquidity, and reserves**
- **Prudent risk management will remain top priority while economic uncertainty remains with business development efforts focused on adding new commercial and retail deposit relationships throughout our markets**
- **Capitalizing on market disruption resulting from M&A to add new clients and banking talent**
- **Strong financial performance and prudent balance sheet management should lead to further increases in capital ratios**
- **Loan pipeline remains steady and new loan production within the community bank will continue to partially offset the runoff from the GreenSky portfolio and continued intentional reduction of the equipment finance portfolio**
- **Neutral interest rate sensitivity positions Midland well for managing future changes in interest rates**
- **Maintain disciplined expense management while also investing in areas that will enhance the long-term value of the franchise**
 - * **Improvements in technology platform and additional advisors positively impacting business development in Wealth Management**
 - * **Expanded presence in higher growth St. Louis market including the addition of a new market president resulting in new commercial, retail and wealth management clients**
 - * **Banking-as-a-Service initiative expected to start making a contribution to deposit gathering and fee income during 2024**

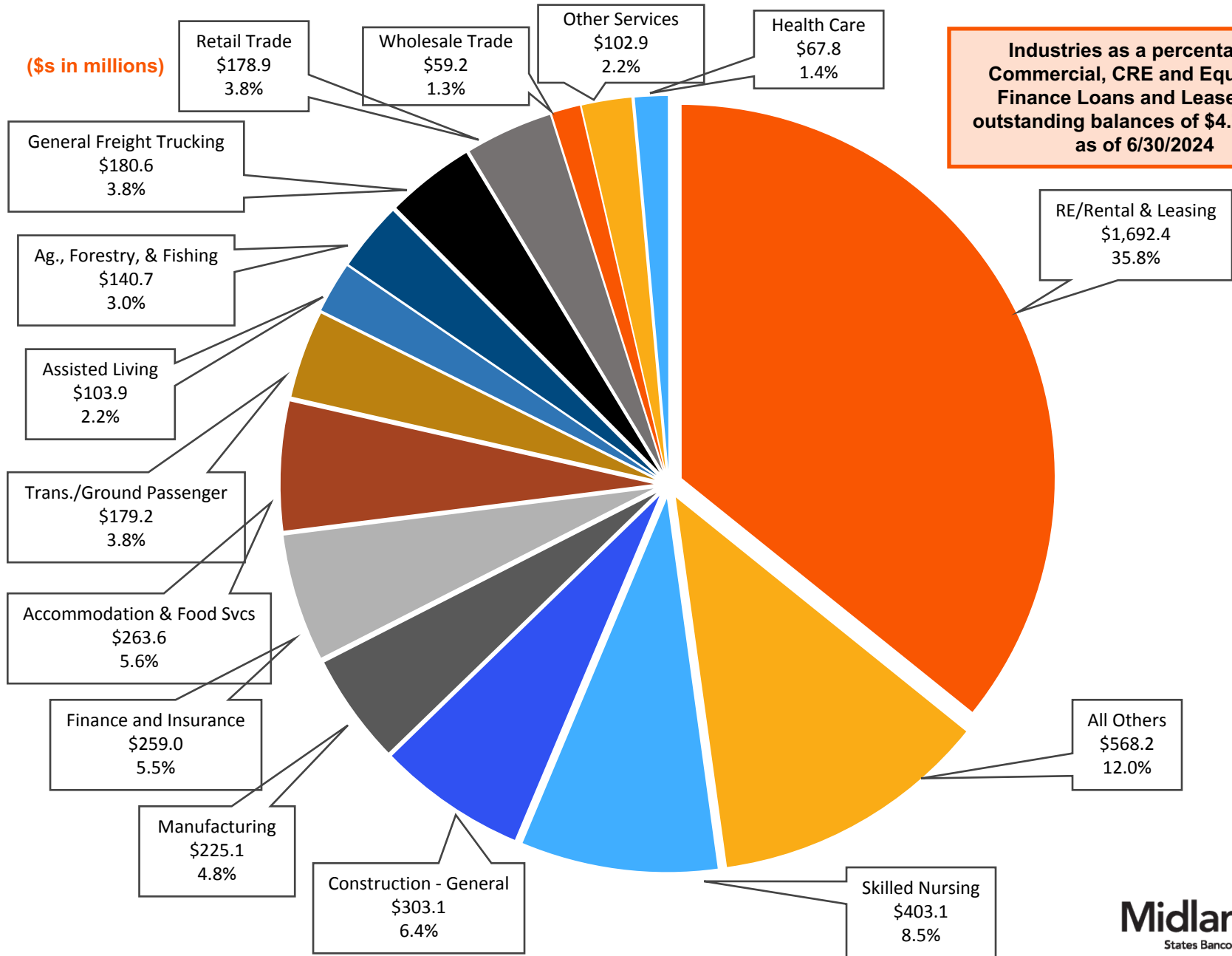


APPENDIX

Commercial Loans and Leases by Industry

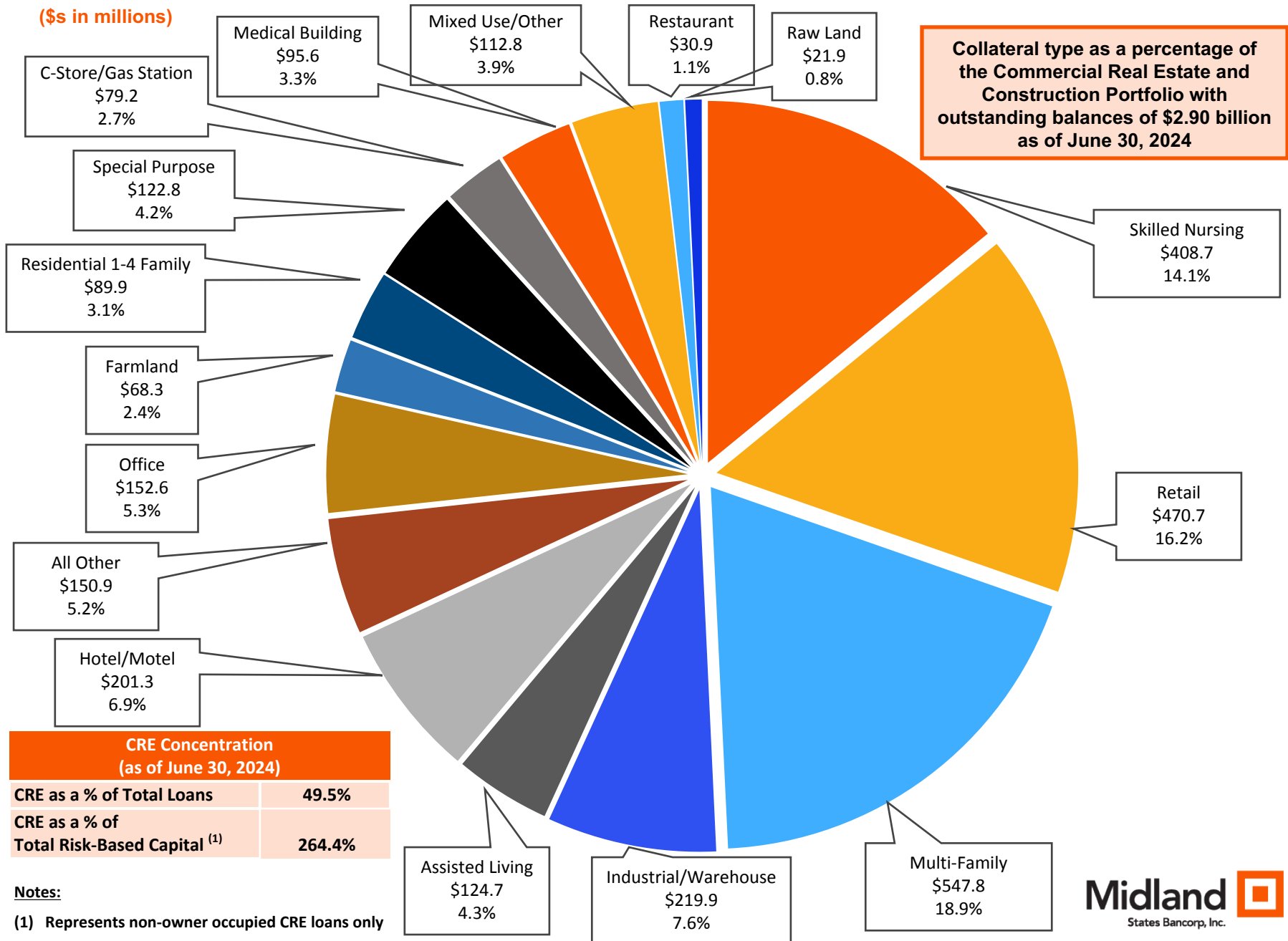
(\$s in millions)

Industries as a percentage of Commercial, CRE and Equipment Finance Loans and Leases with outstanding balances of \$4.73 billion as of 6/30/2024



Commercial Real Estate Portfolio by Collateral Type

(\$s in millions)



Collateral type as a percentage of the Commercial Real Estate and Construction Portfolio with outstanding balances of \$2.90 billion as of June 30, 2024

CRE Concentration
(as of June 30, 2024)

CRE as a % of Total Loans	49.5%
CRE as a % of Total Risk-Based Capital ⁽¹⁾	264.4%

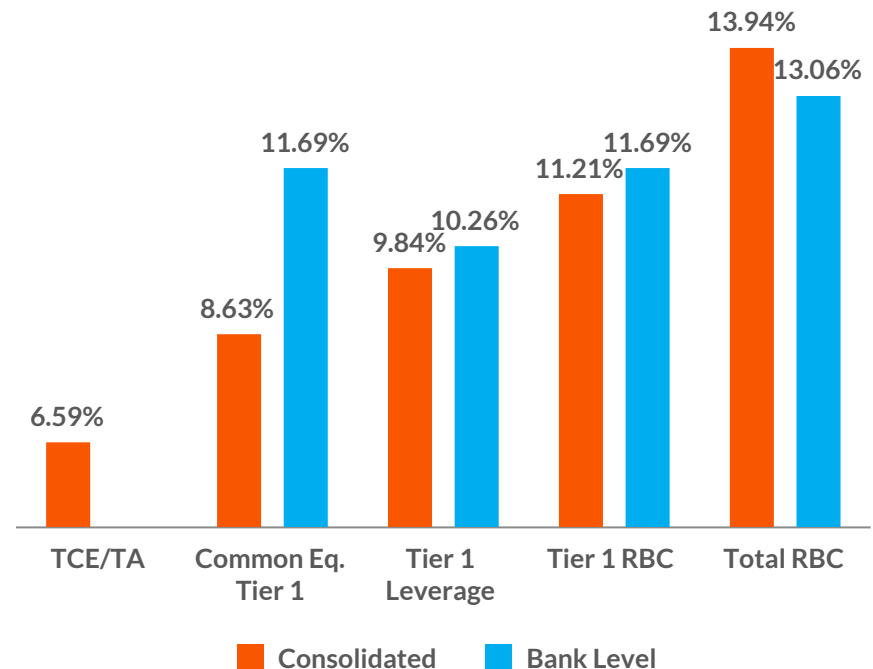
Notes:
(1) Represents non-owner occupied CRE loans only

Capital Ratios and Strategy

Capital Strategy

- Capital initiatives increased CET1 to 8.63% from 7.77% at December 31, 2022 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 June 30, 2024)



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

Tangible Book Value Per Share

	For the Year Ended					
	2018	2019	2020	2021	2022	2023
<i>(dollars in thousands, except per share data)</i>						
Shareholders' Equity to Tangible Common Equity						
Total shareholders' equity—GAAP	\$ 608,525	\$ 661,911	\$ 621,391	\$ 663,837	\$ 758,574	\$ 791,853
Adjustments:						
Preferred Stock	(2,781)	—	—	—	(110,548)	(110,548)
Goodwill	(164,673)	(171,758)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(37,376)	(34,886)	(28,382)	(24,374)	(20,866)	(16,108)
Tangible common equity	<u>403,695</u>	<u>455,267</u>	<u>431,105</u>	<u>477,559</u>	<u>465,256</u>	<u>503,293</u>
Less: Accumulated other comprehensive income (AOCI)	(2,108)	7,442	11,431	5,237	(83,797)	(76,753)
Tangible common equity excluding AOCI	<u>\$ 405,803</u>	<u>\$ 447,825</u>	<u>\$ 419,674</u>	<u>\$ 472,322</u>	<u>\$ 549,053</u>	<u>\$ 580,046</u>
Common Shares Outstanding	23,751,798	24,420,345	22,325,471	22,050,537	22,214,913	21,551,402
Tangible Book Value Per Share	\$ 17.00	\$ 18.64	\$ 19.31	\$ 21.66	\$ 20.94	\$ 23.35
<i>Tangible Book Value Per Share excluding AOCI</i>	\$ 17.09	\$ 18.34	\$ 18.80	\$ 21.42	\$ 24.72	\$ 26.91

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

Adjusted Earnings Reconciliation

	For The Year Ended					
	2018	2019	2020	2021	2022	2023
<i>(dollars in thousands, except per share data)</i>						
Income before income taxes - GAAP	\$ 50,805	\$ 72,471	\$ 32,014	\$ 99,112	\$ 129,838	\$ 107,573
Adjustments to noninterest income:						
(Gain) loss on sales of investment securities, net	(464)	(674)	(1,721)	(537)	230	9,372
(Gain) on termination of hedged interest rate swaps	—	—	—	(2,159)	(17,531)	—
(Gain) on sale of Visa B shares	—	—	—	—	—	(1,098)
(Gain) on repurchase of subordinated debt	—	—	—	—	—	(676)
Other income	(89)	29	17	(48)	—	—
Total adjustments to noninterest income	(553)	(645)	(1,704)	(2,744)	(17,301)	7,598
Adjustments to noninterest expense:						
Impairment related to facilities optimization	—	(3,577)	(12,847)	—	—	—
(Loss) gain on mortgage servicing rights held for sale	(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	(24,015)	(5,493)	(2,309)	(4,356)	(347)	—
Total adjustments to noninterest expense	(24,473)	(10,358)	(21,913)	(13,114)	(3,597)	—
Adjusted earnings pre tax - non-GAAP	74,725	82,184	52,223	109,482	116,134	115,171
Adjusted earnings tax	17,962	19,358	12,040	26,261	27,113	29,682
Adjusted earnings - non-GAAP	56,763	62,826	40,183	83,221	89,021	85,489
Preferred stock dividends, net	141	46	—	—	3,169	8,913
Adjusted earnings available to common shareholders	\$ 56,622	\$ 62,780	\$ 40,183	\$ 83,221	\$ 85,852	\$ 76,576
Adjusted diluted earnings per common share	\$ 2.39	\$ 2.54	\$ 1.70	\$ 3.65	\$ 3.79	\$ 3.42
Adjusted return on average tangible common equity	15.00 %	14.44 %	9.24 %	18.33 %	18.59 %	15.98 %

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

Adjusted Earnings Reconciliation

	For The Quarter Ended				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
<i>(dollars in thousands, except per share data)</i>					
Income before income taxes - GAAP	\$ 8,429	\$ 18,240	\$ 27,152	\$ 22,935	\$ 28,820
Adjustments to noninterest income:					
Loss on sales of investment securities, net	152	—	2,894	4,961	869
(Gain) on sale of Visa B shares	—	—	(1,098)	—	—
(Gain) on repurchase of subordinated debt	(167)	—	—	—	(676)
Total adjustments to noninterest income	(15)	—	1,796	4,961	193
Adjusted earnings pre tax - non-GAAP	8,414	18,240	28,948	27,896	29,013
Adjusted earnings tax	1,675	4,355	6,927	8,389	7,297
Adjusted earnings - non-GAAP	6,739	13,885	22,021	19,507	21,716
Preferred stock dividends	2,228	2,228	2,228	2,229	2,228
Adjusted earnings available to common shareholders	\$ 4,511	\$ 11,657	\$ 19,793	\$ 17,278	\$ 19,488
<i>Adjusted diluted earnings per common share</i>	\$ 0.20	\$ 0.53	\$ 0.89	\$ 0.78	\$ 0.87
Adjusted return on average assets	0.35 %	0.72 %	1.11 %	0.98 %	1.10 %
Adjusted return on average shareholders' equity	3.46 %	7.07 %	11.42 %	10.03 %	11.21 %
Adjusted return on average tangible common equity	3.65 %	9.34 %	16.51 %	14.24 %	16.10 %

Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation

	For the Quarter Ended				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
<i>(dollars in thousands)</i>					
Adjusted earnings pre tax - non-GAAP	\$ 8,414	\$ 18,240	\$ 28,948	\$ 27,896	\$ 29,013
Provision for credit losses	16,800	14,000	6,950	5,168	5,879
Adjusted pre-tax, pre-provision earnings - non-GAAP	\$ 25,214	\$ 32,240	\$ 35,898	\$ 33,064	\$ 34,892
Adjusted pre-tax, pre-provision return on average assets	1.30 %	1.67 %	1.80 %	1.66 %	1.76 %

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

Efficiency Ratio Reconciliation

	For the Quarter Ended				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
<i>(dollars in thousands)</i>					
Noninterest expense - GAAP	\$ 47,479	\$ 44,867	\$ 44,488	\$ 42,038	\$ 42,894
Loss on mortgage servicing rights held for sale	—	—	—	—	—
Adjusted noninterest expense	<u>\$ 47,479</u>	<u>\$ 44,867</u>	<u>\$ 44,488</u>	<u>\$ 42,038</u>	<u>\$ 42,894</u>
Net interest income - GAAP	\$ 55,052	\$ 55,920	\$ 58,077	\$ 58,596	\$ 58,840
Effect of tax-exempt income	170	215	183	205	195
Adjusted net interest income	<u>55,222</u>	<u>56,135</u>	<u>58,260</u>	<u>58,801</u>	<u>59,035</u>
Noninterest income - GAAP	17,656	21,187	20,513	11,545	18,753
Loss on sales of investment securities, net	152	—	2,894	4,961	869
(Gain) on sale of Visa B shares	—	—	(1,098)	—	—
(Gain) on repurchase of subordinated debt	(167)	—	—	—	(676)
Adjusted noninterest income	<u>17,641</u>	<u>21,187</u>	<u>22,309</u>	<u>16,506</u>	<u>18,946</u>
Adjusted total revenue	<u>\$ 72,863</u>	<u>\$ 77,322</u>	<u>\$ 80,569</u>	<u>\$ 75,307</u>	<u>\$ 77,981</u>
Efficiency ratio	65.16 %	58.03 %	55.22 %	55.82 %	55.01 %

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				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
<i>(dollars in thousands, except per share data)</i>					
Shareholders' Equity to Tangible Common Equity					
Total shareholders' equity—GAAP	\$ 785,772	\$ 791,006	\$ 791,853	\$ 757,610	\$ 776,821
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	(14,003)	(15,019)	(16,108)	(17,238)	(18,367)
Tangible common equity	<u>\$ 499,317</u>	<u>\$ 503,535</u>	<u>\$ 503,293</u>	<u>\$ 467,920</u>	<u>\$ 486,002</u>
Less: Accumulated other comprehensive income (AOCI)	(82,581)	(81,419)	(76,753)	(101,181)	(84,719)
Tangible common equity excluding AOCI	<u>\$ 581,898</u>	<u>\$ 584,954</u>	<u>\$ 580,046</u>	<u>\$ 569,101</u>	<u>\$ 570,721</u>
Total Assets to Tangible Assets:					
Total assets—GAAP	\$ 7,757,274	\$ 7,831,809	\$ 7,866,868	\$ 7,969,285	\$ 8,034,721
Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(14,003)	(15,019)	(16,108)	(17,238)	(18,367)
Tangible assets	<u>\$ 7,581,367</u>	<u>\$ 7,654,886</u>	<u>\$ 7,688,856</u>	<u>\$ 7,790,143</u>	<u>\$ 7,854,450</u>
Common Shares Outstanding	21,377,215	21,485,231	21,551,402	21,594,546	21,854,800
Tangible Common Equity to Tangible Assets	6.59 %	6.58 %	6.55 %	6.01 %	6.19 %
Tangible Book Value Per Share	\$ 23.36	\$ 23.44	\$ 23.35	\$ 21.67	\$ 22.24
Tangible Book Value Per Share, excluding AOCI	\$ 27.22	\$ 27.23	\$ 26.91	\$ 26.35	\$ 26.11

Return on Average Tangible Common Equity (ROATCE)

	For the Quarter Ended				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
<i>(dollars in thousands)</i>					
Net income available to common shareholders	<u>\$ 4,522</u>	<u>\$ 11,657</u>	<u>\$ 18,483</u>	<u>\$ 9,173</u>	<u>\$ 19,347</u>
Average total shareholders' equity—GAAP	\$ 783,846	\$ 789,906	\$ 764,790	\$ 771,625	\$ 776,791
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	(14,483)	(15,525)	(16,644)	(17,782)	(18,937)
Average tangible common equity	<u>\$ 496,911</u>	<u>\$ 501,929</u>	<u>\$ 475,694</u>	<u>\$ 481,391</u>	<u>\$ 485,402</u>
ROATCE	3.66 %	9.34 %	15.41 %	7.56 %	15.99 %