Midland States Bancorp, Inc.
NASDAQ: MSBI

Third Quarter 2023 Earnings Presentation

Midland
States Bancorp, Inc.

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

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

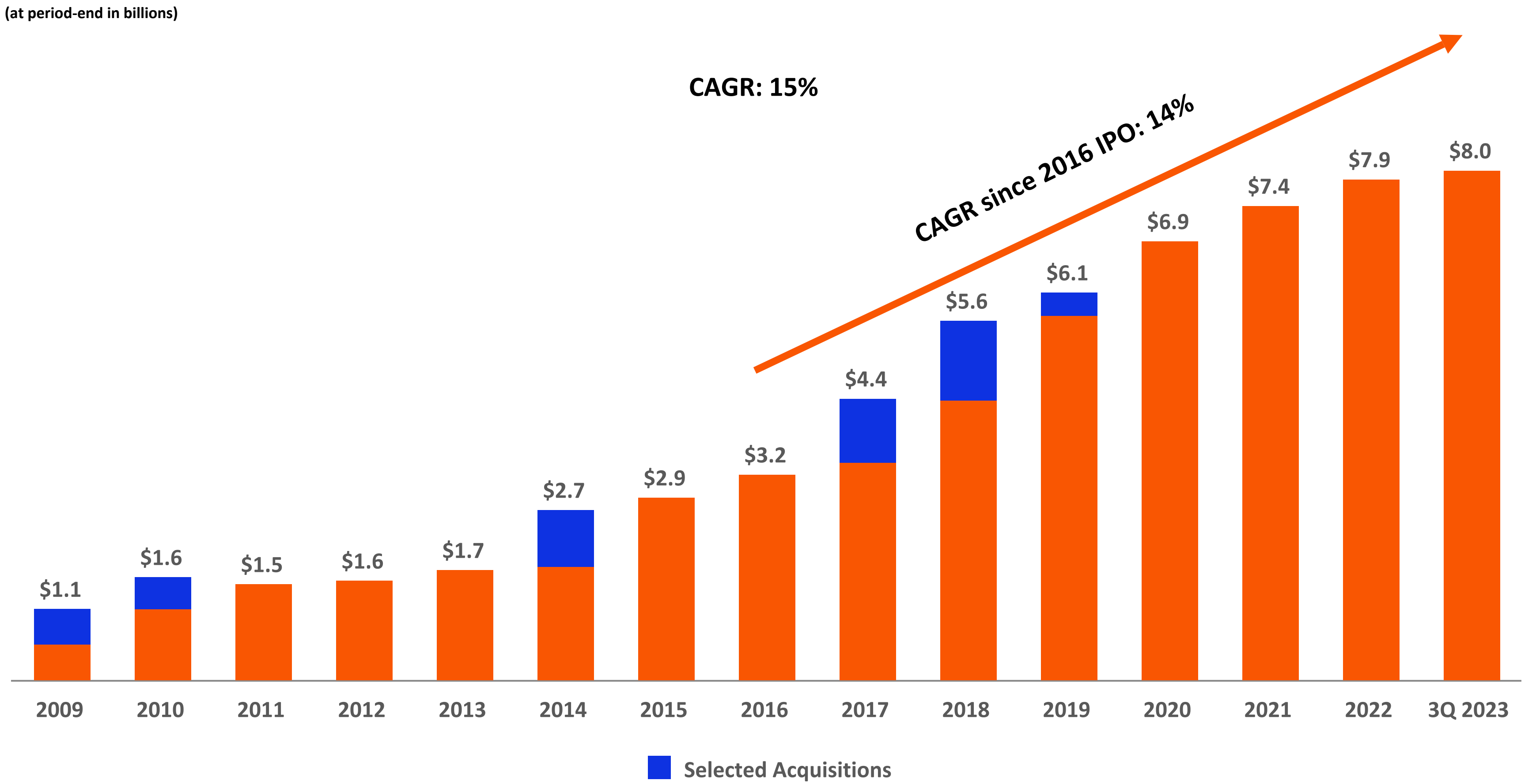
Maintain experienced acquisition team capable of identifying and executing transactions that build shareholder value through a disciplined approach to pricing; take advantage of relative strength in periods of market disruption

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



Selected Acquisitions: Total Assets at Time of Acquisition (in millions)

2009: Strategic Capital Bank ($540)
2014: Love Savings/Heartland Bank ($889)
2018: Alpine Bancorp ($1,243)
2010: AMCORE Bank ($500)
2017: Centrue Financial ($990)
2019: HomeStar Financial Group ($366)

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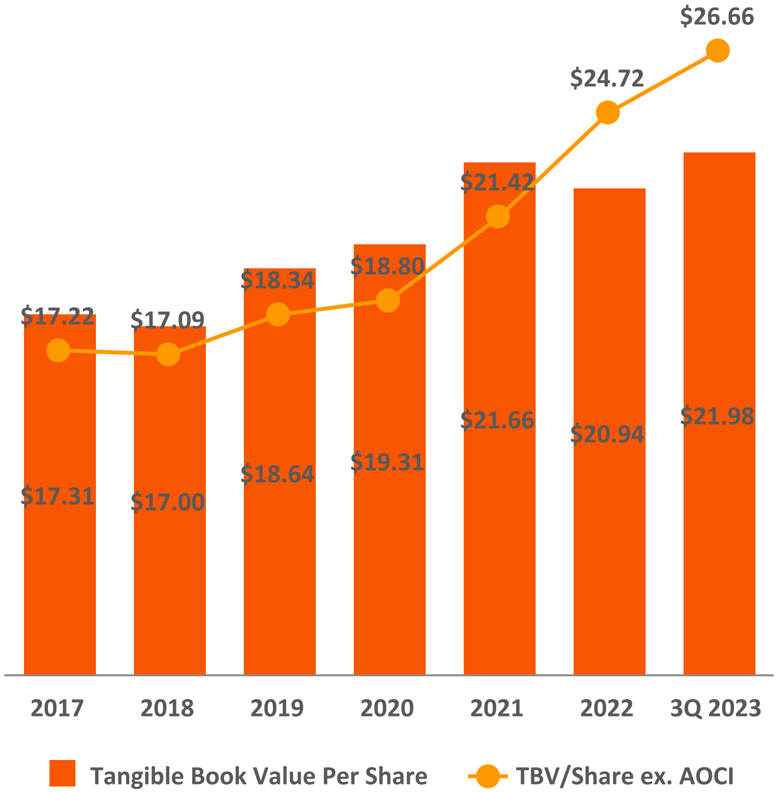
...Leads to Creation of Shareholder Value

22 Consecutive Years of Dividend Increases

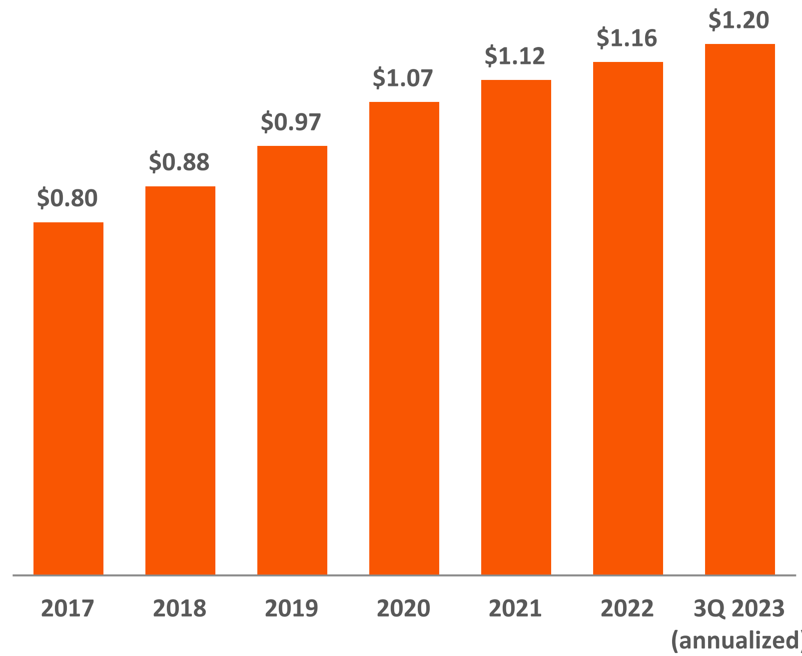
Tangible Book Value Per Share[1]

TBV/Share ex. AOCI CAGR: 7.9%



Dividends Declared Per Share

CAGR: 7.0%



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

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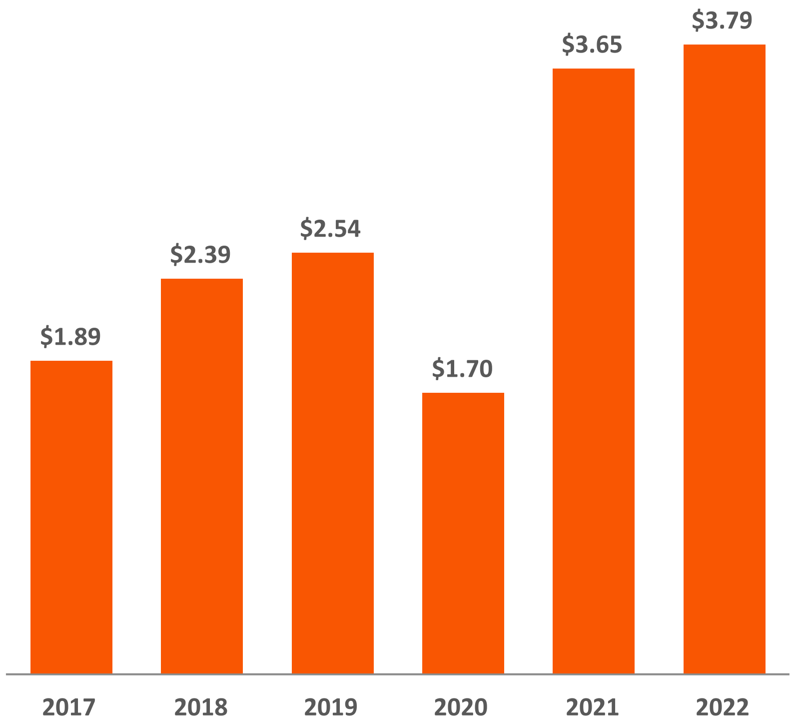
...And Increased Profitability

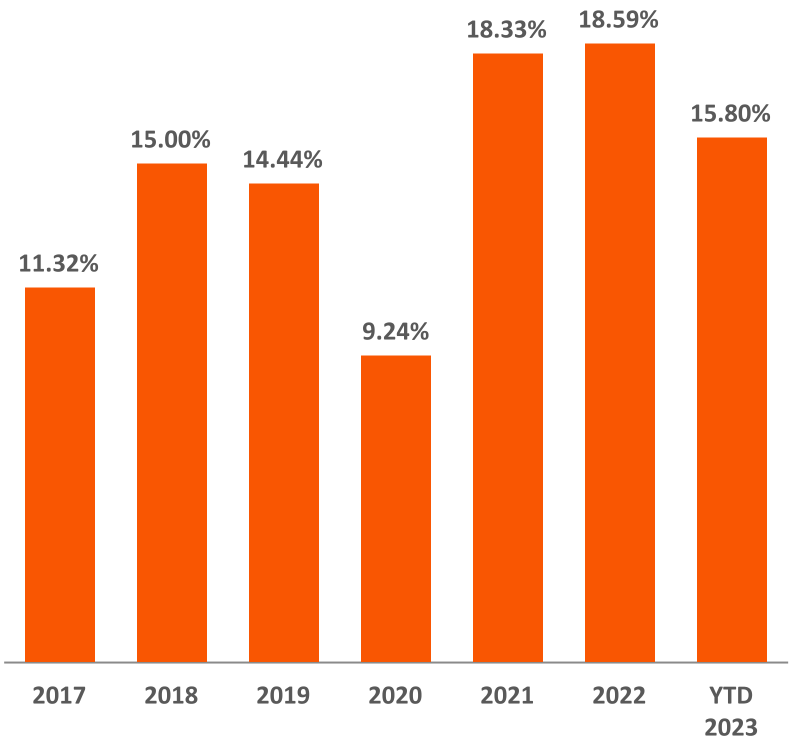
Adjusted Diluted EPS[1]

CAGR: 14.9%



Adjusted Diluted EPS data and CAGR through 2022

Adjusted ROATCE[1]



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

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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.

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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

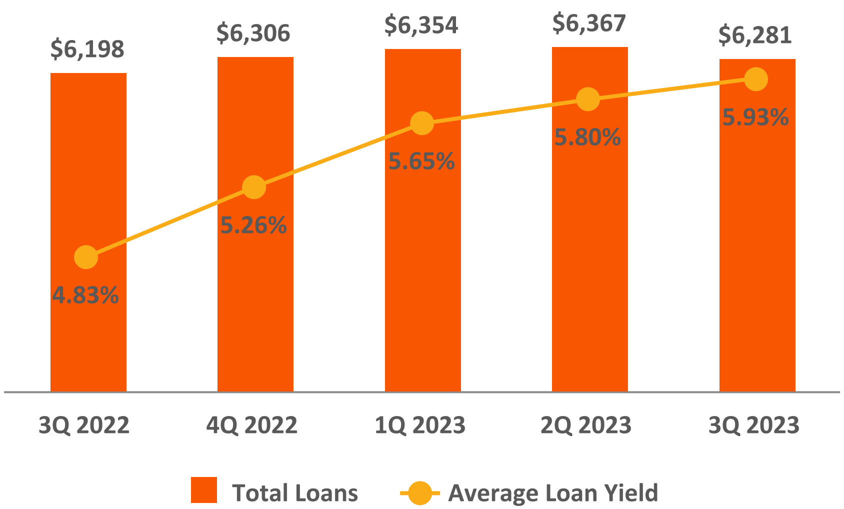
Loan Portfolio Mix

(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

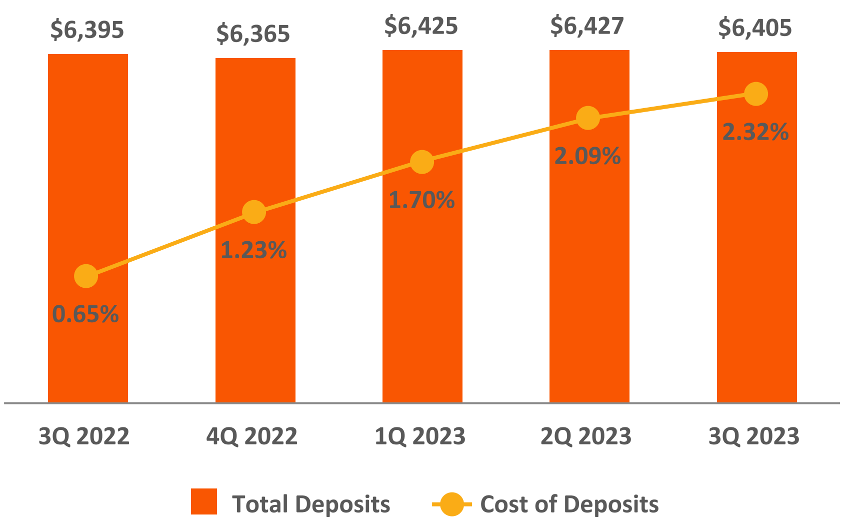
Deposit Mix

(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)



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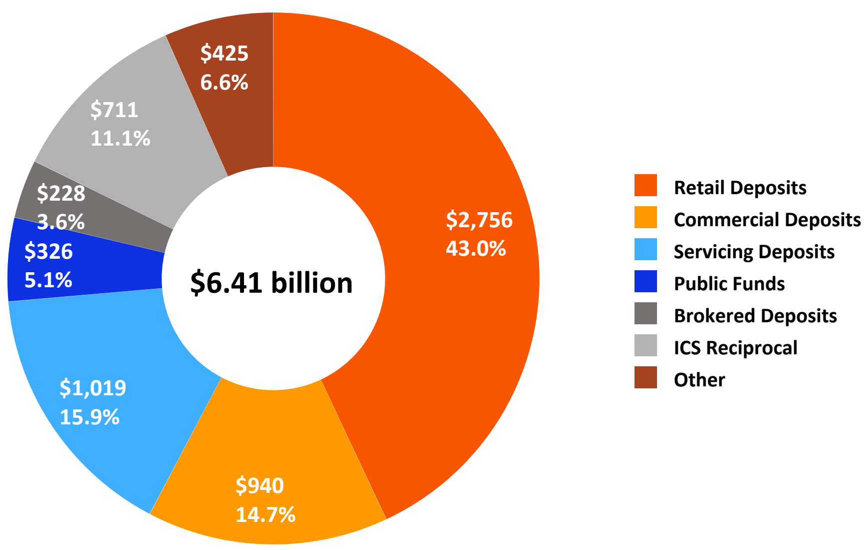
Deposit Summary as of September 30, 2023

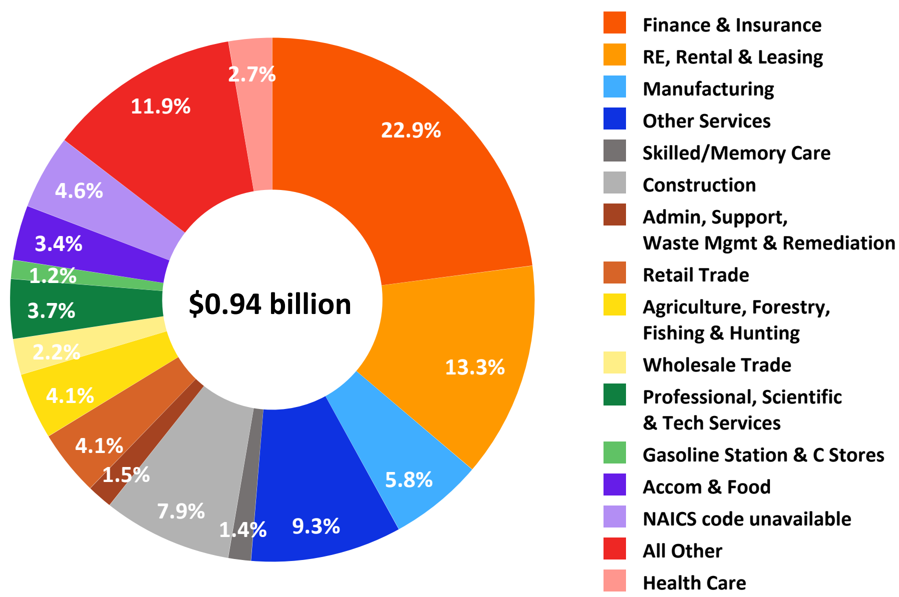
Deposits by Channel

(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

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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

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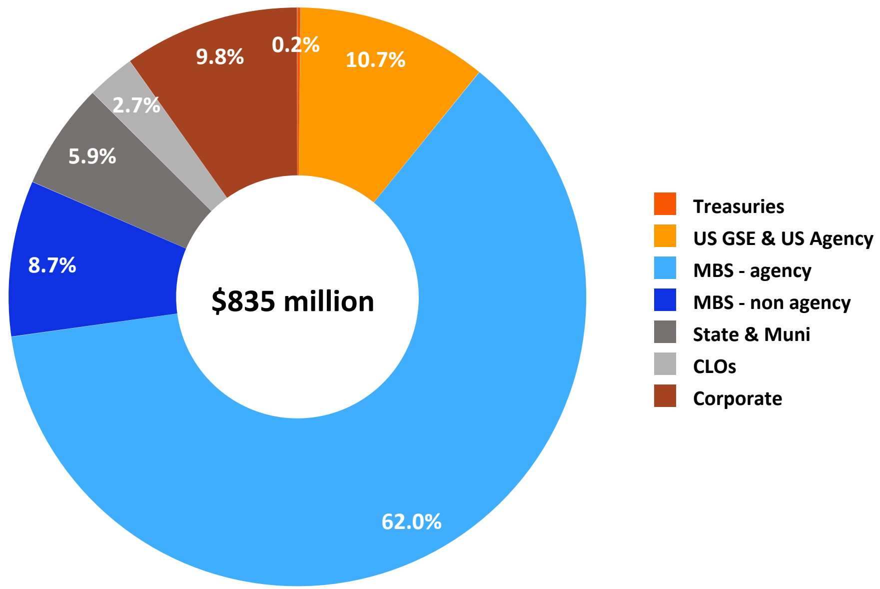
Investment Portfolio

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

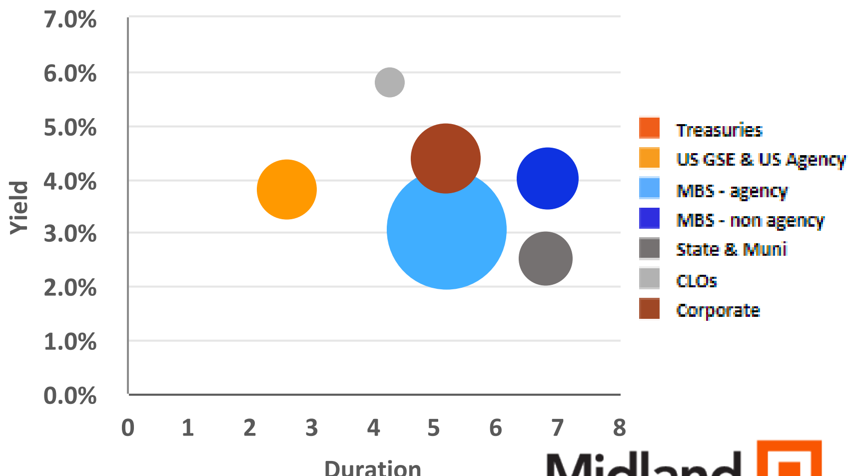


Investment Mix & Unrealized Gain (Loss)

(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



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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**

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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.

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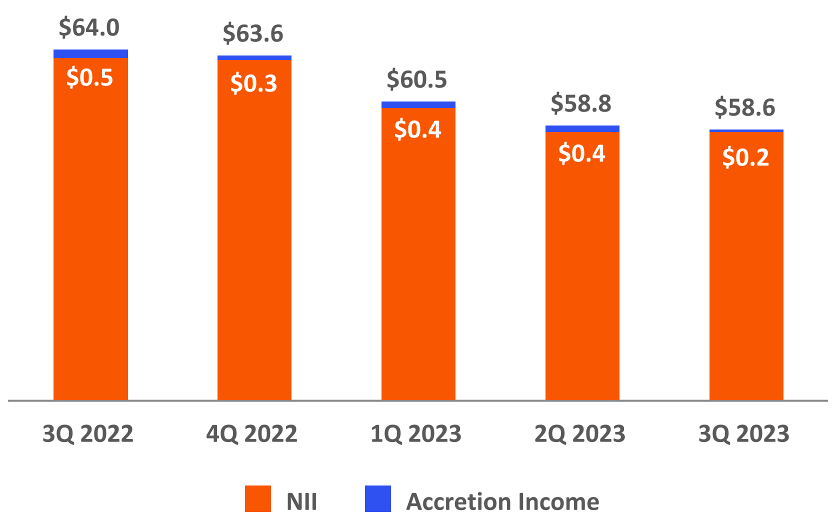
Net Interest Income/Margin

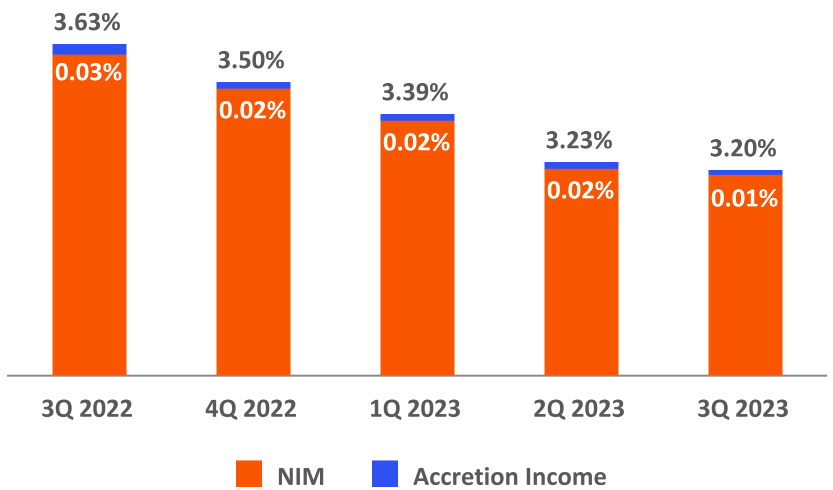
- Net interest income down slightly from prior quarter as higher average balance of interest-earning assets was offset by an increase in cost of interest-bearing liabilities
- As expected, net interest margin stabilized with just a 3 bp decrease from prior quarter as the increase in cost of deposits 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

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 September 30, 2023	Repricing Term								Rate Structure	
	3 mos or less	3-12 mos	1-3 years	3-5 years	5-10 years	10-15 years	Over 15 years	Total	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					
	1 year or less	1-3 years	3-5 years	5-10 years	Over 10 years	Total
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.

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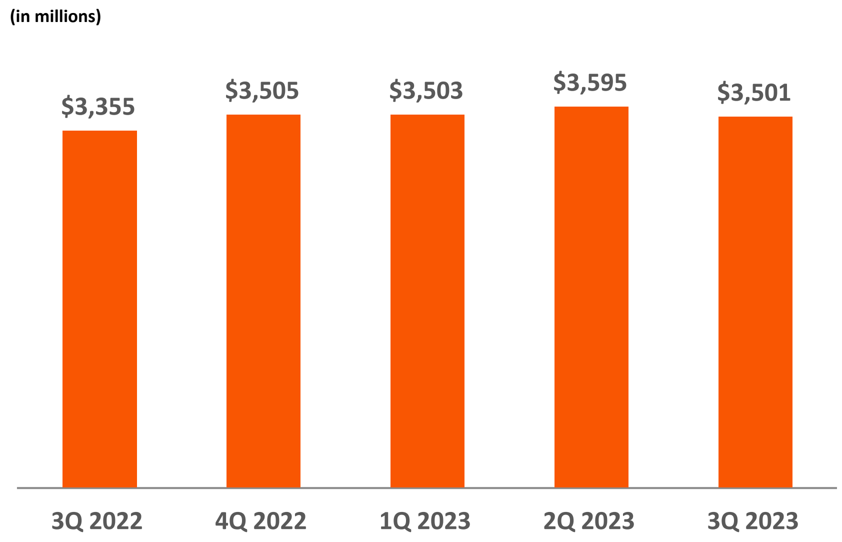
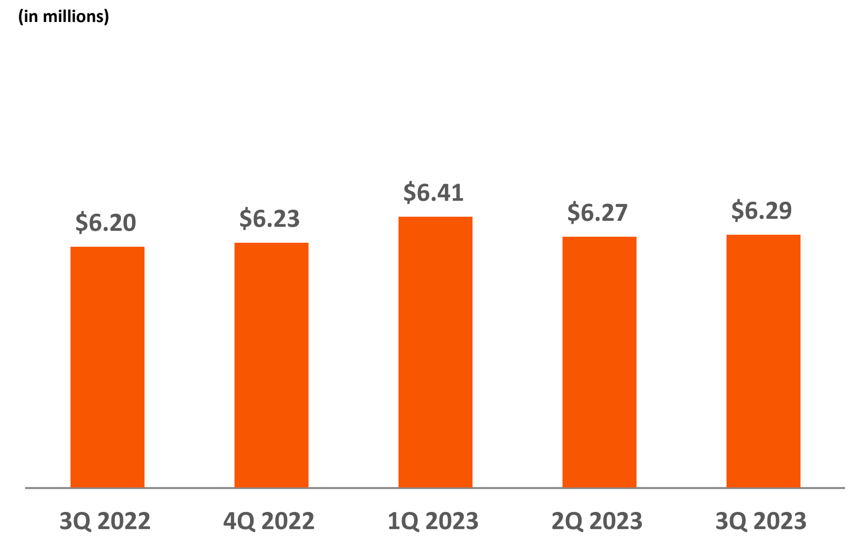
Wealth Management

- **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



Wealth Management Revenue



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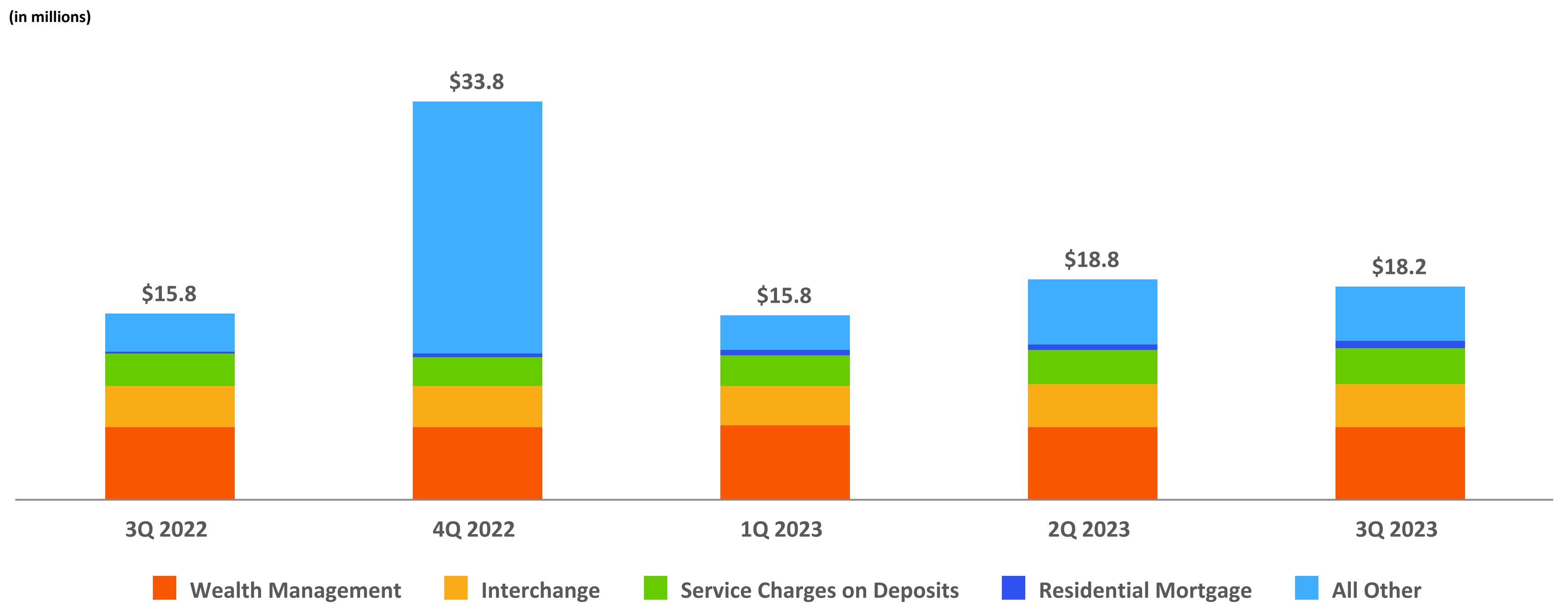
Noninterest Income

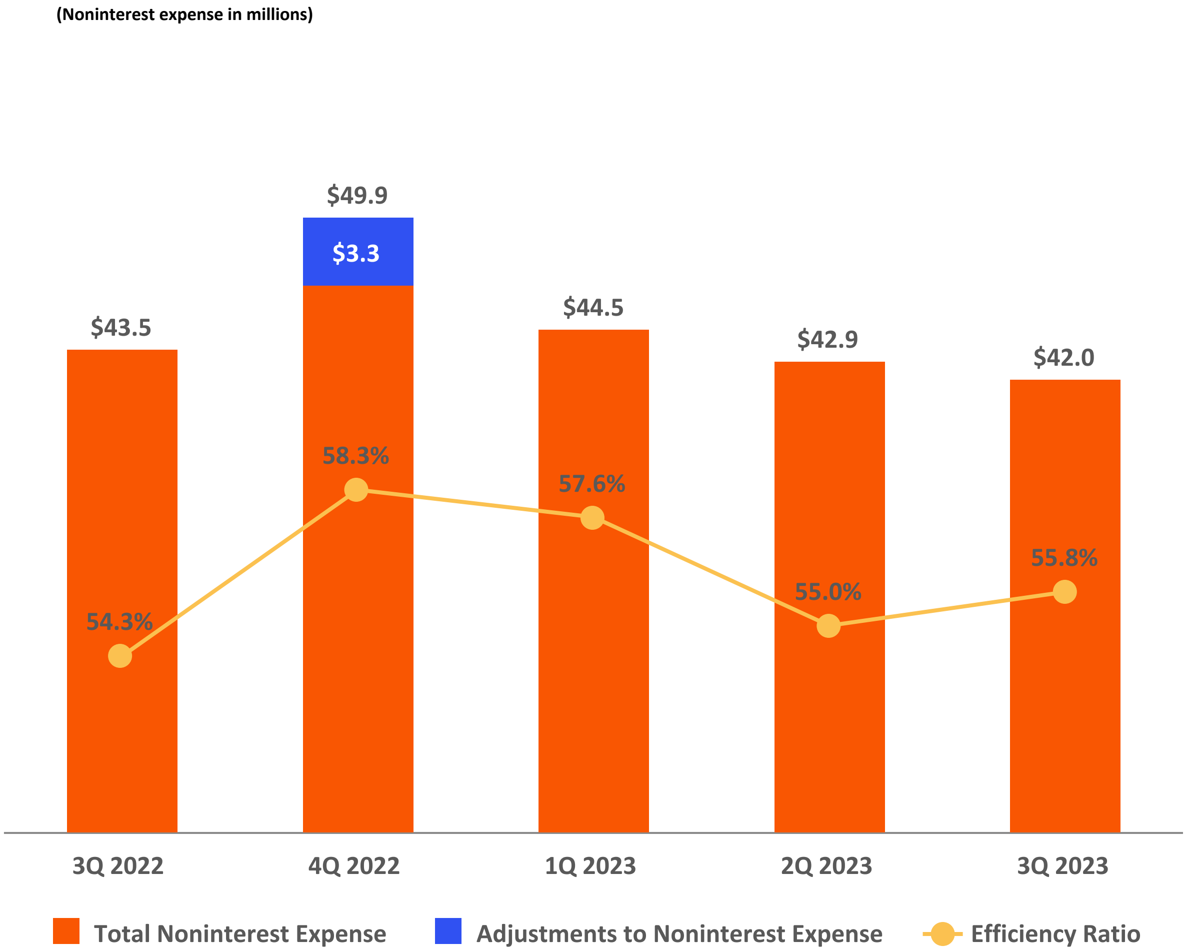
- **Noninterest income decreased 3% from prior quarter**
- **3Q23 noninterest income included $5.0 million loss on sale of investment securities and $6.6 million enhancement fee on company-owned life insurance resulting from balance sheet repositioning**
- **Excluding impact of balance sheet repositioning, 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 Income



Noninterest Expense and Operating Efficiency

Noninterest Expense and Efficiency Ratio [1]



- 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 heath care claims in 3Q not expected to continue
  - Staffing additions to support growth in BaaS, Wealth, and Community Banking

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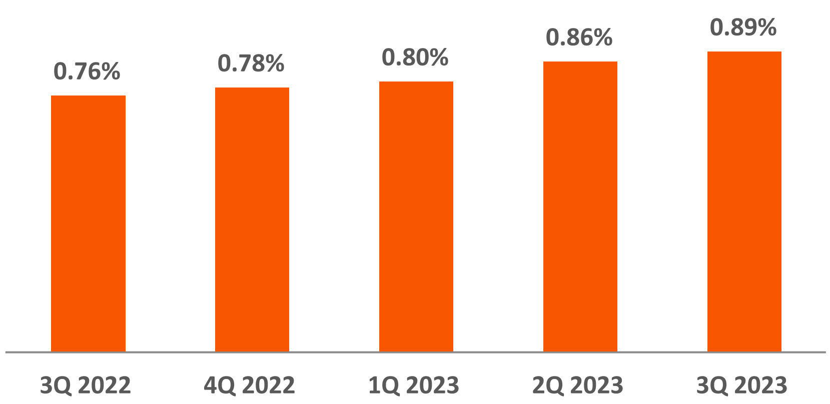
Notes:
(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.

Asset Quality

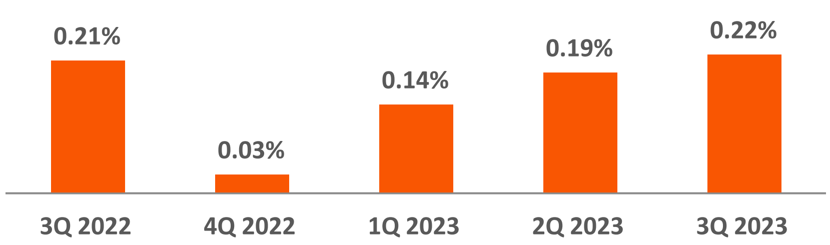
- Nonperforming loans increased $1.1 million primarily due to one commercial loan as well as increases in the equipment finance portfolio
- Net charge-offs to average loans was 0.22%
- Provision for credit losses on loans of $5.2 million, primarily related to increases in past dues for the equipment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

Nonperforming Loans / Total Loans

(Total Loans as of quarter-end)

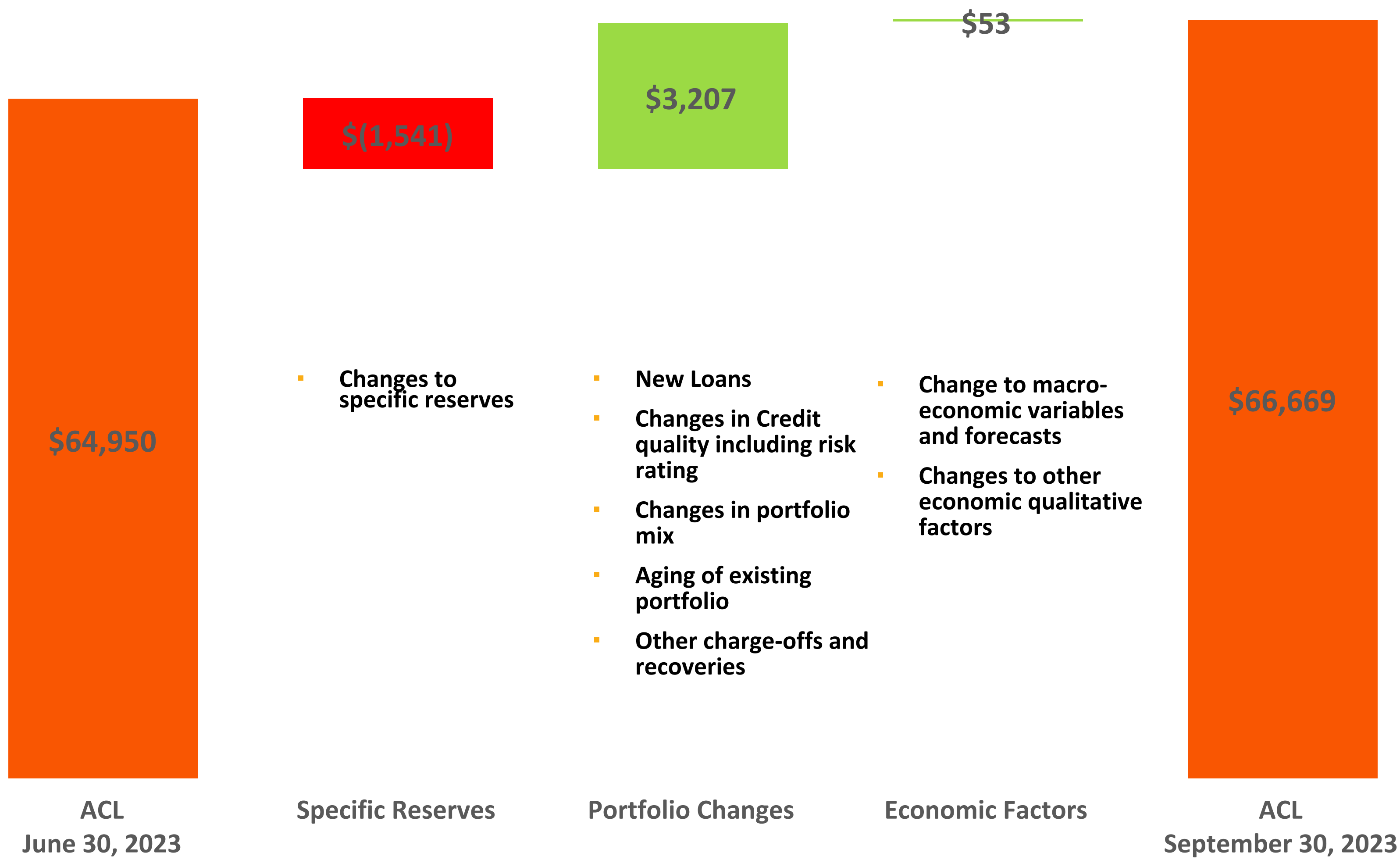


NCO / Average Loans



Changes in Allowance for Credit Losses

($ in thousands)



ACL by Portfolio

($ in thousands)

Portfolio	September 30, 2023 Loans	September 30, 2023 ACL	September 30, 2023 % of Total Loans	June 30, 2023 Loans	June 30, 2023 ACL	June 30, 2023 % 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

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Outlook

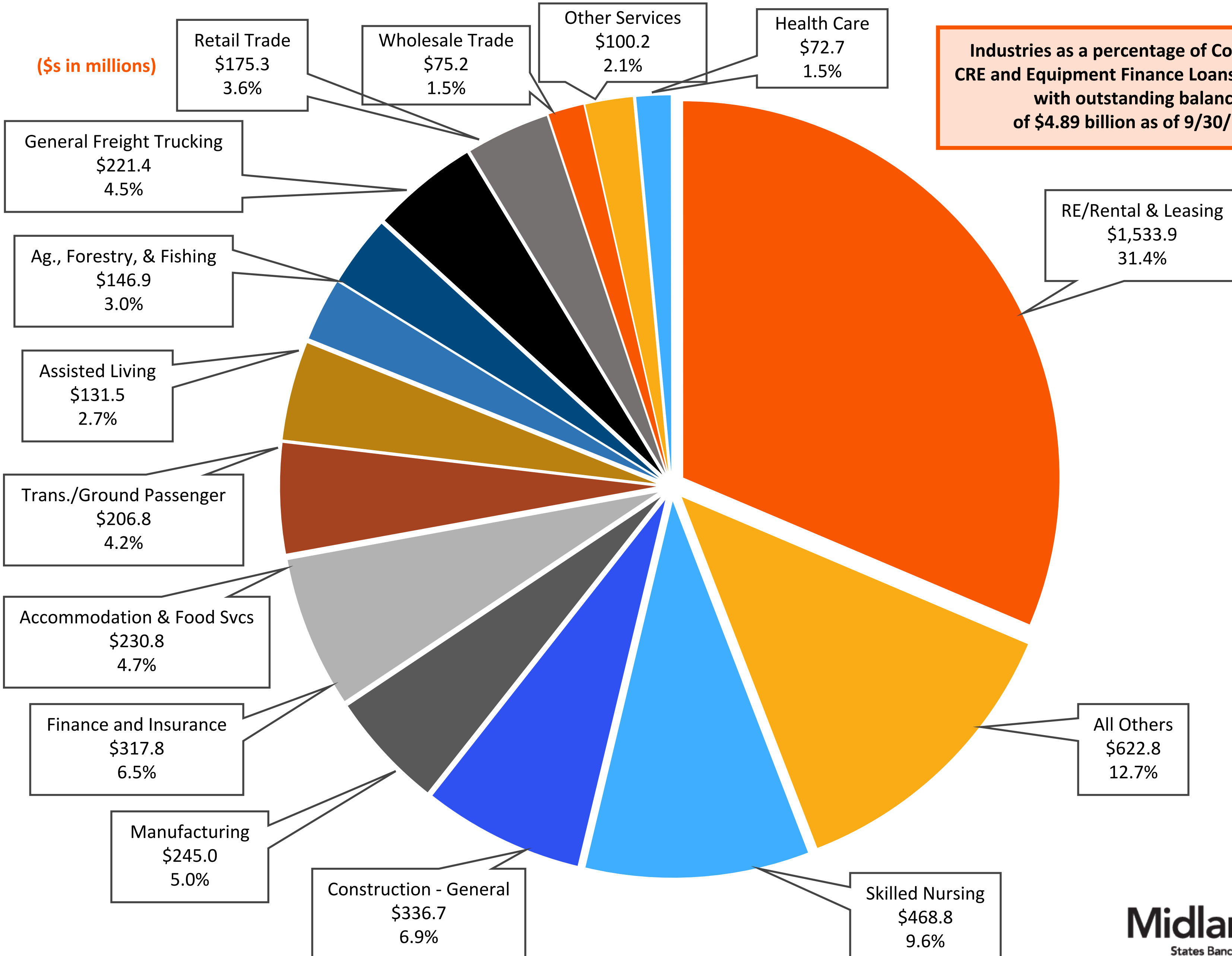
- **Prudent risk management will remain top priority while economic uncertainty remains with business development efforts focused on adding new commercial and retail deposit relationships**
- **Continue generating strong financial performance while maintaining conservative approach to new loan production 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

($s in millions)

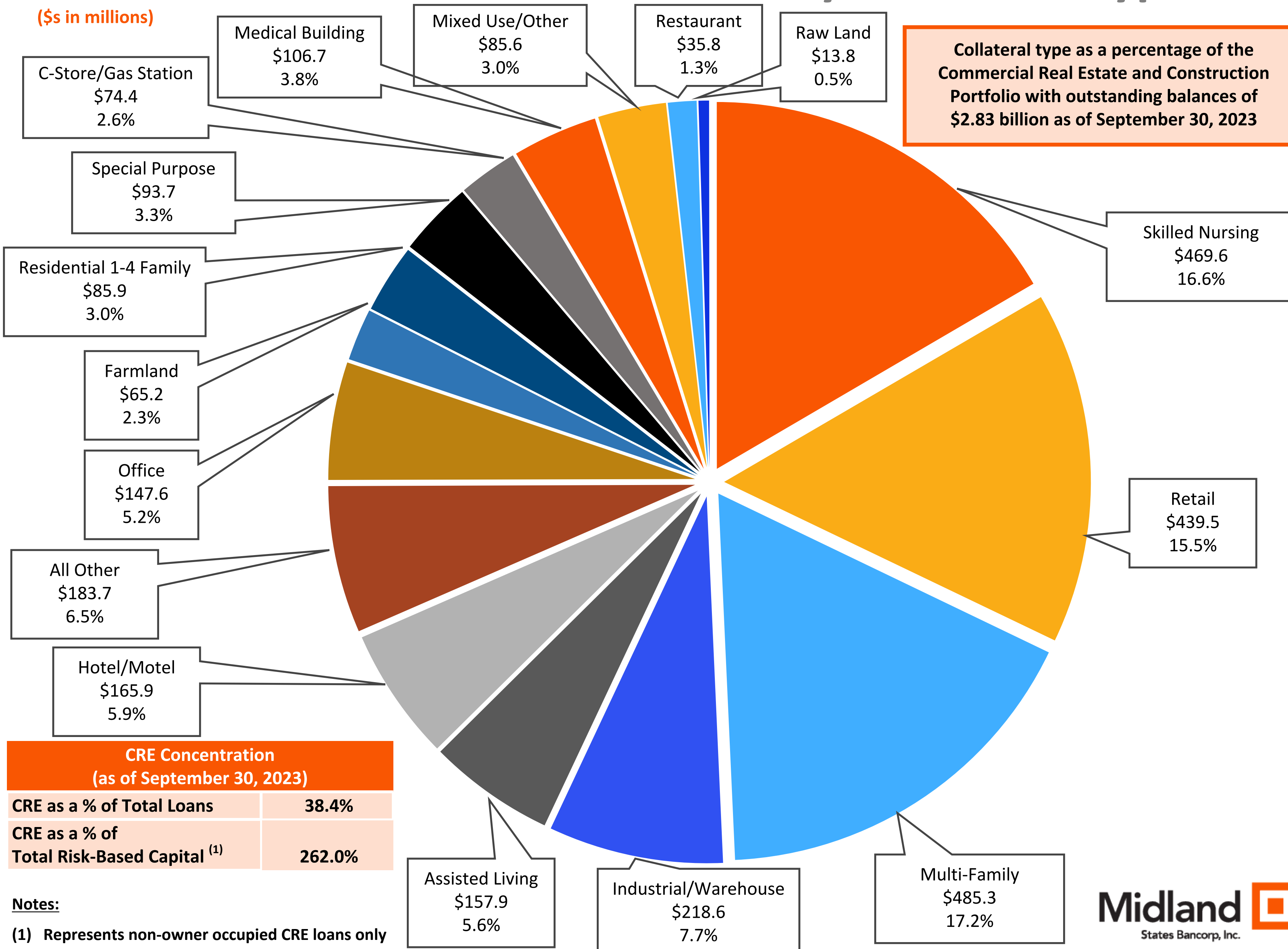
Industries as a percentage of Commercial, CRE and Equipment Finance Loans and Leases with outstanding balances of $4.89 billion as of 9/30/2023



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 $2.83 billion as of September 30, 2023



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:

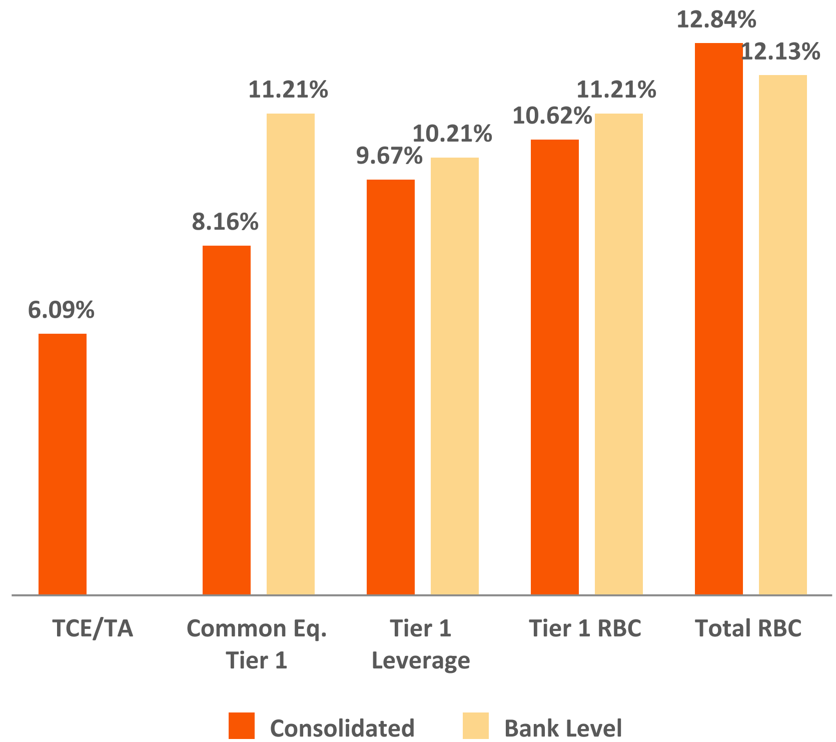
(1) Represents non-owner occupied CRE loans only

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.

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

Tangible Book Value Per Share

(dollars in thousands, except per share data)	For the Year Ended 2017	2018	2019	2020	2021	2022
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	$ 329,261	$ 405,803	$ 447,825	$ 419,674	$ 472,322	$ 549,053
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.

MIDLAND STATES BANCORP, INC.

RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (unaudited)

Adjusted Earnings Reconciliation

	For The Year Ended					
(dollars in thousands, except per share data)	2017	2018	2019	2020	2021	2022
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.

Adjusted Earnings Reconciliation

	For The Quarter Ended				
(dollars in thousands, except per share data)	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**
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
Adjusted diluted earnings per common share	$ 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				
(dollars in thousands)	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**
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
(dollars in thousands)					
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	$ 42,038	$ 42,894	$ 44,482	$ 46,693	$ 43,564
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	58,801	59,035	60,748	63,836	64,331
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	16,506	18,946	16,427	16,308	15,955
Adjusted total revenue	$ 75,307	$ 77,981	$ 77,175	$ 80,144	$ 80,286
Efficiency ratio	55.82 %	55.01 %	57.64 %	58.26 %	54.26 %

Midland
States Bancorp, Inc.

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				
(dollars in thousands, except per share data)	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
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	$ 474,560	$ 486,002	$ 483,616	$ 465,256	$ 444,629
Less: Accumulated other comprehensive income (AOCI)	(101,181)	(84,719)	(77,797)	(83,797)	(78,383)
Tangible common equity excluding AOCI	$ 575,741	$ 570,721	$ 561,413	$ 549,053	$ 523,012
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	$ 7,796,783	$ 7,854,450	$ 7,748,695	$ 7,672,731	$ 7,637,775
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				
(dollars in thousands)	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
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	$ 481,391	$ 485,402	$ 474,550	$ 455,227	$ 462,031
ROATCE	13.03 %	15.99 %	16.70 %	25.89 %	20.20 %