



MIDLAND STATES BANCORP, INC. ANNOUNCES PRELIMINARY 2025 FIRST QUARTER RESULTS

Effingham, IL, April 30, 2025 (GLOBE NEWSWIRE) -- Midland States Bancorp, Inc. (Nasdaq: MSBI) (the "Company") reported preliminary results for the first quarter of 2025. As previously disclosed, the Company is completing its evaluation, subject to review by its independent registered public accounting firm, of the accounting and financial reporting of third-party lending and servicing arrangements, including the collection and analysis of third-party documentation, not material to tangible equity. This process is ongoing and must be completed for the Company to file its Annual Report on Form 10-K for the year ended December 31, 2024 (the "2024 Annual Report"), which is expected to include restated financial statements for the applicable periods.

While the Company works diligently to complete this process, the Company is providing preliminary results for the first quarter of 2025. These results reflect the updated accounting methodology for the remaining third party lending and servicing arrangements. The Company's actual results may differ materially from these preliminary financial results. The Company is also completing an evaluation of whether there is an impairment to its goodwill, including obtaining valuation information from third parties. An impairment, if determined to exist, would not affect the tangible equity or the regulatory capital ratios of the Company. This preliminary financial data has been prepared by and is the responsibility of the Company. The Company's independent auditor has not reviewed or audited these preliminary financial results. The results should be considered preliminary and are subject to adjustment based on the results of the process, the restatement and other developments that may arise between now and the time the Company's 2024 audited consolidated financial statements are issued.

As a result of the delays in the filing of the 2024 Annual Report, certain subsequent events have been evaluated and will be recorded in the Company's audited financial statements for the year ended December 31, 2024. The Company will continue to evaluate subsequent events that occur prior to the date the financial statements for the year ended December 31, 2024 are available to be issued.

Preliminary 2025 First Quarter Results

- **Net income available to common shareholders of \$12.6 million, or \$0.57 per diluted share, for the first quarter of 2025**
- **Pre-tax, pre-provision earnings of \$27.0 million, or \$1.12 per diluted share, for the first quarter of 2025**

Discussion of Outlook; President & Chief Executive Officer, Jeffrey G. Ludwig:

"We are working diligently to resolve the delay in our audited financials, although we want to emphasize that we do not expect a material impact to first quarter tangible equity or regulatory capital levels, and that our unaudited preliminary first quarter results already reflect the previously disclosed accounting methodology changes, for a small third party guaranteed loan portfolio.

“Improving credit quality remains a strategic priority, and during the first quarter we had no significant new substandard or nonperforming loans identified, with two-thirds of net charge-offs in the quarter taking place within third party programs that were fully reimbursed. The previously disclosed sale of \$330 million of GreenSky loans in April 2025, plus tighter underwriting standards in our equipment finance portfolio are expected to significantly reduce exposure to higher-risk portfolios over the balance of 2025.

“Our underlying profitability trends were favorable in the first quarter, with a strong net interest margin of 3.48%, solid loan growth in the Community Bank, and continued contribution from our wealth management revenue platform. We continue to expect stronger profitability over the balance of 2025 with growing capital ratios.”

Key Points for First Quarter and Outlook

Continued Credit Clean-up; Tightened Credit Standards

- The Company closed its sale of participation interests of consumer loans originated through the GreenSky program. The sale included approximately \$330 million, or 89%, of the Company’s GreenSky portfolio. The remaining portfolio will be retained by the Company under a new servicing agreement.
- Substandard accruing loans and nonperforming loans decreased slightly to \$75.7 million and \$140.0 million at March 31, 2025, respectively. No significant new substandard or nonperforming loans were identified during the quarter.
- Net charge-offs were \$16.9 million for the quarter, including \$11.1 million of fully reimbursed charge-offs related to our third party lending programs. Net charge-offs in our equipment finance portfolio were approximately \$4.5 million as we continue to see credit issues primarily in the trucking industry.
- Provision for credit losses on loans was \$8.3 million for the first quarter of 2025, primarily as a result of continued trends in the equipment finance portfolio.
- Allowance for credit losses on loans was \$90.5 million, or 1.80% of total loans.

The table below summarizes certain information regarding the Company’s loan portfolio asset quality as of March 31, 2025.

| <i>(in thousands)</i> | As of and for the Three Months Ended March 31, 2025 | |
|--|--|---------|
| Asset Quality | | |
| Loans 30-89 days past due | \$ | 43,522 |
| Nonperforming loans | | 140,020 |
| Nonperforming assets | | 146,080 |
| Substandard accruing loans | | 75,668 |
| Net charge-offs | | 16,878 |
| Loans 30-89 days past due to total loans | | 0.87 % |
| Nonperforming loans to total loans | | 2.79 % |
| Nonperforming assets to total assets | | 1.96 % |
| Allowance for credit losses to total loans | | 1.80 % |
| Allowance for credit losses to nonperforming loans | | 64.60 % |
| Net charge-offs to average loans | | 1.35 % |

Solid Growth Trends in Community Bank & Wealth Management

- Total loans at March 31, 2025 were \$5.02 billion, a decrease of \$149.5 million from December 31, 2024. Key changes in the loan portfolio were as follows:
 - Loans originated by our Community Bank increased \$56.8 million, or 1.8%, from December 31, 2024, pipelines remain strong
 - We continue to pursue an intentional decrease in our Specialty Finance loan portfolio, as we tighten credit standards. Balances in this loan portfolio decreased \$159.3 million during the quarter.
 - Equipment finance portfolio balances declined \$44.9 million during the quarter as we continue to reduce the overall balances in this unit and tighten underwriting standards.
- Total deposits were \$5.94 billion at March 31, 2025, a decrease of \$260.8 million from December 31, 2024. The decline in deposits reflects the following:
 - Noninterest-bearing deposits increased \$35.1 million in the quarter.
 - Retail deposits increased by \$96.8 million through a growth and marketing strategy implemented late in the first quarter of 2025, along with higher average deposits held by retail customers.
 - Brokered deposits, including both money market and time deposits decreased by \$115.4 million.
 - Sweep accounts included in interest bearing checking decreased by \$115.4 million, of which \$80 million was related to normal first quarter distributions for one large depositor with the remainder due to seasonal adjustments.
 - Servicing deposits decreased by \$53.9 million.
- Wealth Management revenue totaled \$7.4 million in the first quarter of 2025. Assets under administration were \$4.10 billion at March 31, 2025. The Company added six new sales positions in the first quarter of 2025 and continues to experience strong pipelines.

Net Interest Margin

- Net interest margin was 3.48%, and we saw a continued decline in the cost of funding. Rate cuts enacted by the Federal Reserve Bank in late 2024 continue to result in a lower cost of deposits for the Company, which fell to 2.29% in the first quarter of 2025.

The following table summarizes certain factors affecting the Company's net interest margin for the first quarter of 2025.

| | For the Three Months Ended | | |
|--|----------------------------|-----------------|------------|
| | March 31, 2025 | | |
| | Average Balance | Interest & Fees | Yield/Rate |
| <i>(dollars in thousands)</i> | | | |
| Interest-earning assets | | | |
| Cash and cash equivalents | \$ 68,671 | \$ 718 | 4.24 % |
| Investment securities ⁽¹⁾ | 1,311,887 | 15,517 | 4.80 |
| Loans ⁽¹⁾⁽²⁾ | 5,057,394 | 78,014 | 6.26 |
| Loans held for sale | 326,348 | 4,563 | 5.67 |
| Nonmarketable equity securities | 35,614 | 647 | 7.37 |
| Total interest-earning assets | 6,799,914 | 99,459 | 5.93 |
| Noninterest-earning assets | 687,870 | | |
| Total assets | \$ 7,487,784 | | |
| Interest-Bearing Liabilities | | | |
| Interest-bearing deposits | \$ 5,074,007 | \$ 34,615 | 2.77 % |
| Short-term borrowings | 73,767 | 700 | 3.85 |
| FHLB advances & other borrowings | 299,578 | 3,163 | 4.28 |
| Subordinated debt | 77,752 | 1,387 | 7.23 |
| Trust preferred debentures | 51,283 | 1,200 | 9.49 |
| Total interest-bearing liabilities | 5,576,387 | 41,065 | 2.99 |
| Noninterest-bearing deposits | 1,052,181 | | |
| Other noninterest-bearing liabilities | 124,638 | | |
| Shareholders' equity | 734,578 | | |
| Total liabilities and shareholder's equity | \$ 7,487,784 | | |
| Net Interest Margin | | \$ 58,394 | 3.48 % |
| Cost of Deposits | | | 2.29 % |

- Interest income and average rates for tax-exempt loans and investment securities are presented on a tax-equivalent basis, assuming a federal income tax rate of 21%. Tax-equivalent adjustments totaled \$0.2 million for the three months ended March 31, 2025.
- Average loan balances include nonaccrual loans. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs.

Trends in Noninterest Income and Expense

- Noninterest income was \$17.8 million for the first quarter of 2025 and included a loss on limited partnership investments of \$0.6 million and credit enhancement losses of \$0.6 million, offset by income from death benefits on life insurance policies of \$0.3 million.
- As of the date of this earnings release, the Company expects noninterest income of approximately \$17.0 million to \$17.5 million in the near term quarters after consideration of credit enhancement income or losses.
- Noninterest expense was \$48.9 million for the first quarter of 2025 and was impacted by an additional \$1.4 million in severance expense and \$0.7 million in professional fees. The Company continues to experience higher levels of legal fees and other expenses related to loan collections.
- As of the date of this earnings release, the Company expects the near term operating expense run rate to be approximately \$48.0 million to \$49.0 million.

First Quarter 2025 Financial Highlights and Key Performance Indicators (KPIs):

| | As of and for the Three Months Ended March 31, 2025 |
|--|--|
| Return on average assets | 0.80 % |
| Pre-tax, pre-provision return on average assets ⁽¹⁾ | 1.46 % |
| Net interest margin | 3.48 % |
| Efficiency ratio ⁽¹⁾ | 64.24 % |
| Noninterest expense to average assets | 2.65 % |
| Net charge-offs to average loans | 1.35 % |
| Tangible book value per share at period end ⁽¹⁾ | \$ 21.43 |
| Diluted earnings per common share | \$ 0.57 |
| Common shares outstanding at period end | 21,503,036 |

(1) Non-GAAP financial measures. Refer to page 10 for a reconciliation to the comparable GAAP financial measures.

Capital

At March 31, 2025, Midland States Bank and the Company exceeded all regulatory capital requirements under Basel III, and Midland States Bank met the qualifications to be a “well-capitalized” financial institution, as summarized in the following table:

| | As of March 31, 2025 | | |
|--|-----------------------------|-------------------------------------|---|
| | Midland States Bank | Midland States Bancorp, Inc. | Minimum Regulatory Requirements ⁽²⁾ |
| Total capital to risk-weighted assets | 13.10% | 13.77% | 10.50% |
| Tier 1 capital to risk-weighted assets | 11.84% | 11.43% | 8.50% |
| Common equity Tier 1 capital to risk-weighted assets | 11.84% | 8.60% | 7.00% |
| Tier 1 leverage ratio | 9.90% | 9.55% | 4.00% |
| Tangible common equity to tangible assets ⁽¹⁾ | N/A | 6.32% | N/A |

(1) A non-GAAP financial measure. Refer to page 10 for a reconciliation to the comparable GAAP financial measure.

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

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 March 31, 2025, the Company had total assets of approximately \$7.46 billion, and its Wealth Management Group had assets under administration of approximately \$4.10 billion. The Company provides a full range of commercial and consumer banking products and services and business equipment financing, merchant credit card services, trust and investment management, insurance and financial planning services. For additional information, visit <https://www.midlandsb.com/> or <https://www.linkedin.com/company/midland-states-bank>.

Non-GAAP Financial Measures

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

These non-GAAP financial measures include “Pre-tax, pre-provision earnings,” “Pre-tax, pre-provision diluted earnings per share,” “Pre-tax, pre-provision return on average assets,” “Efficiency ratio,” “Tangible common equity to tangible assets,” and “Tangible book value per share.” The Company believes these non-GAAP financial measures provide both management and investors a more complete understanding of the Company’s funding profile and profitability. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Not all companies use the same calculation of these measures; therefore, the measures in this press release may not be comparable to other similarly titled measures as presented by other companies.

Forward-Looking Statements

Readers should note that in addition to the historical information contained herein, this press release includes "forward-looking statements" within the meanings of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including but not limited to statements about the Company’s plans, objectives, future performance, goals and future earnings levels, including currently anticipated levels of noninterest income and operating expenses. These statements are subject to many risks and uncertainties, including the expected timing and results of the Company’s audit for the year ended December 31, 2024, and the Company’s ongoing evaluation of whether there is an impairment to its goodwill; the fact that the completion and filing of the 2024 Annual Report has taken, and may continue to take, longer than expected; changes in interest rates and other general economic, business and political conditions; the impact of federal trade policy, inflation, increased deposit volatility and potential regulatory developments; changes in the financial markets; changes in business plans as circumstances warrant; changes to U.S. tax laws, regulations and guidance; and other risks detailed from time to time in filings made by the Company with the Securities and Exchange Commission. Readers should note that the forward-looking statements included in this press release are not a guarantee of future events, and that actual events may differ materially from those made in or suggested by the forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "will," "propose," "may," "plan," "seek," "expect," "intend," "estimate," "anticipate," "believe," "continue," or similar terminology. Any forward-looking statements presented herein are made only as of the date of this press release, and the Company does not undertake any obligation to update or revise any forward-looking statements to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

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

| <i>(dollars in thousands)</i> | <u>As of March 31, 2025</u> |
|---|------------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 102,006 |
| Investment securities | 1,368,405 |
| Loans | 5,018,053 |
| Allowance for credit losses on loans | <u>(90,458)</u> |
| Total loans, net | 4,927,595 |
| Loans held for sale | 287,821 |
| Premises and equipment, net | 86,719 |
| Other real estate owned | 4,669 |
| Loan servicing rights, at lower of cost or fair value | 17,278 |
| Goodwill | 161,904 |
| Other intangible assets, net | 11,189 |
| Company-owned life insurance | 212,336 |
| Credit enhancement asset | 5,614 |
| Other assets | <u>272,217</u> |
| Total assets | <u><u>\$ 7,457,753</u></u> |
| Liabilities and Shareholders' Equity | |
| Noninterest-bearing demand deposits | \$ 1,090,707 |
| Interest-bearing deposits | <u>4,845,727</u> |
| Total deposits | 5,936,434 |
| Short-term borrowings | 40,224 |
| FHLB advances and other borrowings | 498,000 |
| Subordinated debt | 77,754 |
| Trust preferred debentures | 51,358 |
| Other liabilities | <u>109,599</u> |
| Total liabilities | 6,713,369 |
| Total shareholders' equity | <u>744,384</u> |
| Total liabilities and shareholders' equity | <u><u>\$ 7,457,753</u></u> |

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

| <i>(in thousands, except per share data)</i> | For the Three Months Ended March 31, 2025 | |
|---|--|--------|
| Net interest income: | | |
| Interest income | \$ | 99,251 |
| Interest expense | | 41,065 |
| Net interest income | | 58,186 |
| Provision for credit losses on loans | | 8,250 |
| Net interest income after provision for credit losses | | 49,936 |
| Noninterest income: | | |
| Wealth management revenue | | 7,350 |
| Service charges on deposit accounts | | 3,305 |
| Interchange revenue | | 3,151 |
| Residential mortgage banking revenue | | 676 |
| Income on company-owned life insurance | | 2,334 |
| Credit enhancement (loss) income | | (578) |
| Other income | | 1,525 |
| Total noninterest income | | 17,763 |
| Noninterest expense: | | |
| Salaries and employee benefits | | 26,416 |
| Occupancy and equipment | | 4,498 |
| Data processing | | 6,919 |
| Professional services | | 2,741 |
| Amortization of intangible assets | | 911 |
| FDIC insurance | | 1,463 |
| Other expense | | 5,977 |
| Total noninterest expense | | 48,925 |
| Income before income taxes | | 18,774 |
| Income tax expense | | 3,975 |
| Net income | | 14,799 |
| Preferred stock dividends | | 2,228 |
| Net income available to common shareholders | \$ | 12,571 |
| Basic earnings per common share | \$ | 0.57 |
| Diluted earnings per common share | \$ | 0.57 |

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

| <i>(in thousands)</i> | <u>As of March 31, 2025</u> |
|--|-----------------------------|
| Loan Portfolio Mix | |
| Commercial loans | \$ 869,009 |
| Equipment finance loans | 390,276 |
| Equipment finance leases | 373,168 |
| Total commercial loans and leases | <u>1,632,453</u> |
| Commercial real estate | 2,592,325 |
| Construction and land development | 264,966 |
| Residential real estate | 373,095 |
| Consumer | 155,214 |
| Total loans | <u><u>\$ 5,018,053</u></u> |
| Loan Portfolio Segment | |
| Regions | |
| Eastern | \$ 897,792 |
| Northern | 747,028 |
| Southern | 711,787 |
| St. Louis | 902,743 |
| Total Community Bank | <u>3,259,350</u> |
| Specialty finance | 865,401 |
| Equipment finance | 763,444 |
| Non-core consumer and other ⁽¹⁾ | 129,858 |
| Total loans | <u><u>\$ 5,018,053</u></u> |
| Deposit Portfolio Mix | |
| Noninterest-bearing demand | \$ 1,090,707 |
| Interest-bearing: | |
| Checking | 2,161,282 |
| Money market | 1,154,403 |
| Savings | 522,663 |
| Time | 818,732 |
| Brokered time | 188,647 |
| Total deposits | <u><u>\$ 5,936,434</u></u> |
| Deposit Portfolio by Channel | |
| Retail | \$ 2,846,494 |
| Commercial | 1,074,837 |
| Public Funds | 490,374 |
| Wealth & Trust | 301,251 |
| Servicing | 842,567 |
| Brokered Deposits | 358,063 |
| Other | 22,848 |
| Total deposits | <u><u>\$ 5,936,434</u></u> |

(1) Non-core consumer loans refers to consumer loan portfolios originated through third parties.

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

Pre-Tax, Pre-Provision Earnings Reconciliation

| | For the Three Months Ended March 31, 2025 |
|---|--|
| Income before income taxes | \$ 18,774 |
| Provision for credit losses | 8,250 |
| Pre-tax, pre-provision earnings | <u>\$ 27,024</u> |
| Pre-tax, pre-provision earnings per diluted share | \$ 1.12 |
| Pre-tax, pre-provision return on average assets | 1.46 % |

Efficiency Ratio Reconciliation

| <i>(dollars in thousands)</i> | For the Three Months Ended March 31, 2025 |
|-------------------------------|--|
| Noninterest expense - GAAP | <u>\$ 48,925</u> |
| Net interest income - GAAP | \$ 58,186 |
| Effect of tax-exempt income | 208 |
| Adjusted net interest income | <u>58,394</u> |
| Noninterest income - GAAP | 17,763 |
| Adjusted total revenue | <u>\$ 76,157</u> |
| Efficiency ratio | 64.24 % |

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

| <i>(dollars in thousands, except per share data)</i> | As of March 31, 2025 |
|---|-----------------------------|
| Shareholders' Equity to Tangible Common Equity | |
| Total shareholders' equity—GAAP | \$ 744,384 |
| Adjustments: | |
| Preferred Stock | (110,548) |
| Goodwill | (161,904) |
| Other intangible assets, net | (11,189) |
| Tangible common equity | <u>460,743</u> |
| Total Assets to Tangible Assets: | |
| Total assets—GAAP | \$ 7,457,753 |
| Adjustments: | |
| Goodwill | (161,904) |
| Other intangible assets, net | (11,189) |
| Tangible assets | <u>\$ 7,284,660</u> |
| Common Shares Outstanding | 21,503,036 |
| Tangible Common Equity to Tangible Assets | 6.32 % |
| Tangible Book Value Per Share | \$ 21.43 |