UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): April 27, 2023

Midland States Bancorp, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Illinois	**001-35272**	**37-1233196**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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

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

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

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

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

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

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

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

Emerging growth company ☐

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

Item 2.02. Results of Operations and Financial Condition.
On April 27, 2023, Midland States Bancorp, Inc. (the "Company") issued a press release announcing its financial results for the first quarter of 2023. The press release is attached as Exhibit 99.1.

Item 7.01. Regulation FD Disclosure.
On April 27, 2023, the Company made available on its website a slide presentation regarding the Company's first quarter 2023 financial results. The slide presentation is attached as Exhibit 99.2.

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release of Midland States Bancorp, Inc., dated April 27, 2023
99.2	Slide Presentation of Midland States Bancorp, Inc. regarding first quarter 2023 financial results
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

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

Date: April 27, 2023

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

EXHIBIT 99.1

Midland States Bancorp, Inc. Announces 2023 First Quarter Results

First Quarter 2023 Highlights:

- **Net income available to common shareholders of $19.5 million, or $0.86 per diluted share**
- **Total loan growth of $47.8 million, or 3.0% annualized from prior quarter**
- **Total deposits increased $60.5 million, or 3.8% annualized from prior quarter, with uninsured deposits of 21%**
- **Tangible book value per share of $21.87, an increase of 4.4% from prior quarter**

Effingham, IL, April 27, 2023 (GLOBE NEWSWIRE) -- Midland States Bancorp, Inc. (Nasdaq: MSBI) (the "Company") today reported net income available to common shareholders of $19.5 million, or $0.86 per diluted share, for the first quarter of 2023 compared to $29.7 million, or $1.30 per diluted share, for the fourth quarter of 2022. This also compares to net income available to common shareholders of $20.7 million, or $0.92 per diluted share, for the first quarter of 2022.

Jeffrey G. Ludwig, President and Chief Executive Officer of the Company, said, "The strength of the franchise we have built has enabled us to effectively manage through the recent troubles in the banking industry and continue delivering strong financial performance. Due to the strong relationships we have with our clients, our deposit base has been exceptionally stable, and we have not needed to take any extraordinary measures to prevent deposit outflows or increase our level of liquidity beyond the usual prudent level that we maintain.

"While becoming more selective in our new loan production given the uncertain economic conditions, we still grew our total loans at a 3% annualized rate in the first quarter, largely driven by growth in our commercial loan portfolio, which offset a decline in consumer loans as we see the planned reduction in loan balances in our GreenSky portfolio. We delivered another quarter of strong financial performance that further increased our capital ratios and tangible book value per share.

"We will continue to prioritize prudent risk management and be conservative in our new loan production to build capital and liquidity. We expect to see continued reductions in our consumer portfolio that will be used to add to our security portfolio and pay off higher cost funding sources, with the net impact likely being earnings neutral, but capital accretive. We have a strong balance sheet with healthy asset quality, and we believe we can capitalize on the current environment to add new commercial and retail deposit relationships. Our focus on continuing to grow and strengthen our core deposit base will help us to generate long-term profitable growth and continue enhancing the value of our franchise," said Mr. Ludwig.

Balance Sheet Highlights

Total assets were $7.93 billion at March 31, 2023, compared to $7.86 billion at December 31, 2022, and $7.34 billion at March 31, 2022. At March 31, 2023, portfolio loans were $6.35 billion, compared to $6.31 billion as of December 31, 2022, and $5.54 billion as of March 31, 2022. During the first quarter of 2023, the Company experienced another quarter of growth of $47.8 million, consisting of growth in commercial loan and lease balances of $84.1 million and commercial real estate loans of $15.0 million. The Company's consumer loan balances declined $61.1 million, primarily due to a decrease in loans originated through the program with GreenSky.

Loans

	As of		
(in thousands)	March 31, 2023	December 31, 2022	March 31, 2022
Loan Portfolio			
Commercial loans	$ 937,920	$ 872,794	$ 825,554
Equipment finance loans	632,205	616,751	528,572
Equipment finance leases	510,029	491,744	429,000
Commercial FHA warehouse lines	10,275	25,029	83,999
Total commercial loans and leases	2,090,429	2,006,318	1,867,125
Commercial real estate	2,448,158	2,433,159	2,114,041
Construction and land development	326,836	320,882	188,668
Residential real estate	369,910	366,094	329,331
Consumer	1,118,938	1,180,014	1,040,796
Total loans	$ 6,354,271	$ 6,306,467	$ 5,539,961

Loan Quality

Credit quality remained steady during the first quarter of 2023. Loans 30-89 days past due totaled $30.9 million as of March 31, 2023, compared to $32.4 million as of December 31, 2022, and $29.0 million as of March 31, 2022. Non-performing loans were $50.7 million at March 31, 2023, compared to $49.4 million as of December 31, 2022, and $52.9 million as of March 31, 2022. Non-performing loans as a percentage of portfolio loans was 0.80% at March 31, 2023 compared with 0.78% at December 31, 2022, and 0.95% at March 31, 2022. Non-performing assets were 0.74% of total assets at the end of the first quarter of 2023, compared to 0.74% at December 31, 2022 and 0.90% at March 31, 2022.

	As of and for the Quarter Ended		
(dollars in thousands, except per share data)	March 31, 2023	December 31, 2022	March 31, 2022
Asset Quality			
Loans 30-89 days past due	$ 30,895	$ 32,372	$ 29,044
Nonperforming loans	50,713	49,423	52,900
Nonperforming assets	58,806	57,824	66,164
Substandard loans	99,819	101,044	120,837
Net charge-offs	2,119	538	2,256
Loans 30-89 days past due to total loans	0.49 %	0.51 %	0.52 %
Nonperforming loans to total loans	0.80 %	0.78 %	0.95 %
Nonperforming assets to total assets	0.74 %	0.74 %	0.90 %
Allowance for credit losses to total loans	0.98 %	0.97 %	0.96 %
Allowance for credit losses to nonperforming loans	122.39 %	123.53 %	100.07 %
Net charge-offs to average loans	0.14 %	0.03 %	0.17 %

The Company's allowance for credit losses totaled $62.1 million at March 31, 2023, compared to $61.1 million at December 31, 2022, and $52.9 million at March 31, 2022. The allowance as a percentage of portfolio loans was 0.98% at March 31, 2023, compared to 0.97% at December 31, 2022, and 0.96% at March 31, 2022.

Deposits

Total deposits were $6.43 billion at March 31, 2023, compared with $6.36 billion at December 31, 2022, and $6.06 billion at March 31, 2022. Interest rate promotions offered during the first quarter of 2023 on money market and time deposit products resulted in increases in balances of $79.7 million and $117.3 million, respectively, at March 31, 2023, compared to December 31, 2022.

	As of		
(in thousands)	**March 31, 2023**	**December 31, 2022**	**March 31, 2022**
Deposit Portfolio			
Noninterest-bearing demand	$ 1,215,758	$ 1,362,158	$ 1,393,825
Interest-bearing:			
Checking	2,502,827	2,494,073	2,350,225
Money market	1,263,813	1,184,101	964,352
Savings	636,832	661,932	710,955
Time	766,884	649,552	619,386
Brokered time	39,087	12,836	18,796
Total deposits	$ 6,425,201	$ 6,364,652	$ 6,057,539

The Company estimates that uninsured deposits[1] totaled $1.32 billion, or 21% of total deposits, at March 31, 2023 compared to $1.55 billion, or 24%, at December 31, 2022.

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

Results of Operations Highlights

During the first quarter of 2023, net interest income, on a tax-equivalent basis, totaled $60.7 million, a decrease of $3.1 million, or 4.8%, compared to $63.8 million for the fourth quarter of 2022, and an increase of $3.6 million, or 6.2%, compared to the first quarter of 2022 net interest income of $57.2 million.

Net Interest Income and Margin

The tax equivalent net interest margin for the first quarter of 2023 was 3.39%, compared with 3.50% in both the fourth and first quarters of 2022. The decline in the net interest margin during the first quarter of 2023 was largely attributable to increased market interest rates resulting in the cost of funding liabilities increasing at a faster rate than the yields on earning assets.

(dollars in thousands)	For the Quarter Ended March 31, 2023			December 31, 2022			March 31, 2022		
Interest-earning assets	Average Balance	Interest & Fees	Yield/Rate	Average Balance	Interest & Fees	Yield/Rate	Average Balance	Interest & Fees	Yield/Rate
Cash and cash equivalents	$ 85,123	$ 980	4.67 %	$ 220,938	$ 2,143	3.85 %	$ 384,231	$ 171	0.18 %
Investment securities	809,848	5,995	3.00 %	736,579	4,824	2.62 %	894,634	4,962	2.22 %
Loans	6,320,402	87,997	5.65 %	6,240,277	82,810	5.26 %	5,274,051	57,280	4.40 %
Loans held for sale	1,506	16	4.41 %	3,883	47	4.86 %	31,256	220	2.86 %
Nonmarketable equity securities	47,819	795	6.75 %	43,618	677	6.16 %	36,378	484	5.40 %
Total interest-earning assets	$ 7,264,698	$ 95,783	5.35 %	$ 7,245,295	$ 90,501	4.96 %	$ 6,620,550	$ 63,117	3.87 %
Interest-Bearing Liabilities									
Interest-bearing deposits	$ 5,053,941	$ 26,405	2.12 %	$ 5,053,158	$ 19,841	1.56 %	$ 4,507,642	$ 2,161	0.19 %
Short-term borrowings	38,655	25	0.26 %	47,391	31	0.26 %	70,043	23	0.14 %
FHLB advances & other borrowings	540,278	6,006	4.51 %	460,598	4,264	3.67 %	311,282	1,212	1.58 %
Subordinated debt	99,812	1,370	5.57 %	107,374	1,463	5.45 %	139,139	2,011	5.78 %
Trust preferred debentures	50,047	1,229	9.96 %	49,902	1,066	8.47 %	49,451	514	4.21 %
Total interest-bearing liabilities	$ 5,782,733	$ 35,035	2.46 %	$ 5,718,423	$ 26,665	1.85 %	$ 5,077,557	$ 5,921	0.47 %
Net Interest Margin		$ 60,748	3.39 %		$ 63,836	3.50 %		$ 57,196	3.50 %
Cost of Deposits			1.70 %			1.23 %			0.15 %

Average interest-earning assets for the first quarter of 2023 were $7.26 billion, compared to $7.25 billion for the fourth quarter of 2022, and $6.62 billion for the first quarter of 2022. Average loans were $6.32 billion for the first quarter of 2023, compared to $6.24 billion for the fourth quarter of 2022 and $5.27 billion for the first quarter of 2022. The average balance of PPP loans for the first quarter of 2022 was $36.2 million.

Average investment securities for the first quarter of 2023 were $809.8 million, compared to $736.6 million for the fourth quarter of 2022, and $894.6 million for the first quarter of 2022. The Company took advantage of certain market conditions during the quarter to reposition out of lower yielding tax-exempt securities in favor of other structures and to purchase additional investments, increasing average investment securities by $73.3 million. These changes should result in improved overall margin, liquidity, and capital allocations. These transactions resulted in losses of $0.6 million in the current quarter, with expected paybacks to occur within the calendar year.

Average interest-bearing deposits were $5.05 billion for the first quarter of 2023, compared to $5.05 billion for the fourth quarter of 2022, and $4.51 billion for the first quarter of 2022. Cost of interest-bearing deposits was 2.12% in the first quarter of 2023, which represents a 56 basis point increase from the fourth quarter of 2022. A competitive market driven by rising interest rates was a contributing factor to the increase in deposit costs.

Noninterest Income

Noninterest income was $15.8 million for the first quarter of 2023, compared to $33.8 million for the fourth quarter of 2022, and $15.6 million for the first quarter of 2022. Noninterest income for the first quarter of 2023 was negatively impacted by $0.6 million of losses on the sales of investment securities, while the fourth quarter of 2022 was positively impacted by a $17.5 million gain on the termination of forward starting interest rate swaps, and the first quarter of 2022 was negatively impacted by $0.4 million of impairment on commercial servicing rights. Excluding these transactions, noninterest income for the first quarter of 2023, the fourth quarter of 2022 and the first quarter of 2022 was $16.4 million, $16.3 million, and $16.0 million, respectively.

	For the Quarter Ended		
(in thousands)	March 31, 2023	December 31, 2022	March 31, 2022
Noninterest income			
Wealth management revenue	$ 6,411	$ 6,227	$ 7,139
Residential mortgage banking revenue	405	316	599
Service charges on deposit accounts	2,568	2,511	2,068
Interchange revenue	3,412	3,478	3,280
Loss on sales of investment securities, net	(648)	—	—
Gain on termination of hedged interest rate swaps	—	17,531	—
Impairment on commercial mortgage servicing rights	—	—	(394)
Company-owned life insurance	876	796	1,019
Other income	2,755	2,980	1,902
Total noninterest income	$ 15,779	$ 33,839	$ 15,613

Noninterest Expense

Noninterest expense was $44.5 million in the first quarter of 2023, compared to $49.9 million in the fourth quarter of 2022, and $40.9 million in the first quarter of 2022. Noninterest expense for the fourth quarter of 2022 included a $3.3 million charge on commercial FHA loan servicing rights held for sale and $3.3 million of impairment charges on two OREO properties. Noninterest expense, excluding these adjustments, was $44.5 million in the first quarter of 2023, compared to $43.2 million in the fourth quarter of 2022, and $40.9 million in the first quarter of 2022. As a result, the efficiency ratio was 57.64% for the quarter ended March 31, 2023, compared to 58.26% for the quarter ended December 31, 2022, and 55.73% for the quarter ended March 31, 2022.

	For the Quarter Ended		
(in thousands)	March 31, 2023	December 31, 2022	March 31, 2022
Noninterest expense			
Salaries and employee benefits	$ 24,243	$ 22,901	$ 21,870
Occupancy and equipment	4,443	3,748	3,755
Data processing	6,311	6,302	5,873
Professional	1,760	1,726	1,972
Amortization of intangible assets	1,291	1,333	1,398
Other real estate owned	—	3,779	—
Loss on mortgage servicing rights held for sale	—	3,250	—
FDIC insurance	1,329	703	830
Other expense	5,105	6,201	5,186
Total noninterest expense	$ 44,482	$ 49,943	$ 40,884

Noteworthy components of noninterest expense are as follows:

- Salaries and employee benefits expenses were $24.2 million in the first quarter of 2023, compared to $22.9 million in the fourth quarter of 2022, and $21.9 million in the first quarter of 2022. Employees numbered 931 at March 31, 2023, compared to 935 at December 31, 2022, and 920 at March 31, 2022. Increased payroll taxes and medical insurance of $0.6 million and $0.5

million, respectively, contributed to increased expense in the first quarter of 2023 compared to the fourth quarter of 2022. Annual salary increases and the modest increase in staffing levels contributed to increased salaries and benefits expenses from the first quarter of 2022, along with a $0.7 million increase in medical insurance.

- Occupancy and equipment increased $0.7 million in the first quarter of 2023 compared to the fourth quarter of 2022, primarily due to seasonal related expenses, including snow removal and utilities expenses.

- FDIC insurance expense was $1.3 million in the first quarter of 2023, compared to $0.7 million in the fourth quarter of 2022, and $0.8 million in the first quarter of 2022. The increase is primarily related to the FDIC's 2 basis point increase to the initial base deposit insurance assessment rate schedules effective January 1, 2023.

Income Tax Expense

Income tax expense was $6.9 million for the first quarter of 2023, as compared to $11.0 million for the fourth quarter of 2022 and $6.6 million for the first quarter of 2022. The resulting effective tax rates were 24.0%, 25.1% and 24.2% respectively.

Capital

At March 31, 2023, Midland States Bank and the Company exceeded all regulatory capital requirements under Basel III, and Midland States Bank met the qualifications to be a ''well-capitalized'' financial institution, as summarized in the following table:

	As of March 31, 2023		
	Midland States Bank	**Midland States Bancorp, Inc.**	**Minimum Regulatory Requirements** [(2)]
Total capital to risk-weighted assets	11.59%	12.46%	10.50%
Tier 1 capital to risk-weighted assets	10.76%	10.25%	8.50%
Tier 1 leverage ratio	10.02%	9.54%	4.00%
Common equity Tier 1 capital	10.76%	7.84%	7.00%
Tangible common equity to tangible assets [(1)]	N/A	6.24%	N/A

(1) A non-GAAP financial measure. Refer to page 13 for a reconciliation to the comparable GAAP financial measure.
(2) Includes the capital conservation buffer of 2.5%.

Since the beginning of 2022, the impact of rising interest rates on the Company's investment portfolio has resulted in an $83.0 million decline in accumulated other comprehensive income, which has negatively impacted tangible book value per share by $3.76, and the tangible common equity to tangible assets ratio by 108 basis points.

Stock Repurchase Program

On December 6, 2022, the Company's board of directors authorized a new share repurchase program, pursuant to which the Company is authorized to repurchase up to $25.0 million of common stock through December 31, 2023. The previous repurchase plan terminated on December 31, 2022. During the first quarter of 2023, the Company repurchased 124,266 shares of its common stock at a weighted average price of $22.54 under its stock repurchase program. As of March 31, 2023, the Company had $22.2 million remaining under the current stock repurchase authorization.

About Midland States Bancorp, Inc.

Midland States Bancorp, Inc. is a community-based financial holding company headquartered in Effingham, Illinois, and is the sole shareholder of Midland States Bank. As of March 31, 2023, the Company had total assets of approximately $7.93 billion, and its Wealth Management Group had assets under administration of approximately $3.50 billion. The Company provides a full range of commercial and consumer banking products and services and business equipment financing, merchant credit card services, trust and investment management, insurance and financial planning services. For additional information, visit https://www.midlandsb.com/ or https://www.linkedin.com/company/midland-states-bank.

Non-GAAP Financial Measures

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

These non-GAAP financial measures include “Adjusted Earnings,” “Adjusted Earnings Available to Common Shareholders,” “Adjusted Diluted Earnings Per Common Share,” “Adjusted Return on Average Assets,” “Adjusted Return on Average Shareholders’ Equity,” “Adjusted Return on Average Tangible Common Equity,” “Adjusted Pre-Tax, Pre-Provision Earnings,” “Adjusted Pre-Tax, Pre-Provision Return on Average Assets,” “Efficiency Ratio,” “Tangible Common Equity to Tangible Assets,” “Tangible Book Value Per Share,” “Tangible Book Value Per Share excluding Accumulated Other Comprehensive Income,” and “Return on Average Tangible Common Equity.” The Company believes these non-GAAP financial measures provide both management and investors a more complete understanding of the Company’s funding profile and profitability. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Not all companies use the same calculation of these measures; therefore, 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, the impact of inflation, continuing effects of the recent failures of Silicon Valley Bank and Signature Bank, including anticipated effects on FDIC premiums, increased deposit volatility and potential regulatory developments; changes in the financial markets; changes in business plans as circumstances warrant; risks relating to acquisitions; developments and uncertainty related to the future use and availability of some reference rates, such as the London Inter-Bank Offered Rate, as well as other alternative reference rates, and the adoption of a substitute; changes to U.S. tax laws, regulations and guidance; and other risks detailed from time to time in filings made by the Company with the Securities and Exchange Commission. Readers should note that the forward-looking statements included in this press release are not a guarantee of future events, and that actual events may differ materially from those made in or suggested by the forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "will," "propose," "may," "plan," "seek," "expect," "intend," "estimate," "anticipate," "believe," "continue," or similar terminology. Any forward-looking statements presented herein are made only as of the date of this press release, and the Company does not undertake any obligation to update or revise any forward-looking statements to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

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

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

	As of and for the Quarter Ended		
(dollars in thousands, except per share data)	March 31, 2023	December 31, 2022	March 31, 2022
Earnings Summary			
Net interest income	$ 60,504	$ 63,550	$ 56,827
Provision for credit losses	3,135	3,544	4,167
Noninterest income	15,779	33,839	15,613
Noninterest expense	44,482	49,943	40,884
Income before income taxes	28,666	43,902	27,389
Income taxes	6,894	11,030	6,640
Net income	21,772	32,872	20,749
Preferred dividends	2,228	3,169	—
Net income available to common shareholders	$ 19,544	$ 29,703	$ 20,749
Diluted earnings per common share	$ 0.86	$ 1.30	$ 0.92
Weighted average common shares outstanding - diluted	22,501,970	22,503,611	22,350,307
Return on average assets	1.12 %	1.66 %	1.16 %
Return on average shareholders' equity	11.51 %	17.41 %	12.80 %
Return on average tangible common equity [(1)]	16.70 %	25.89 %	17.84 %
Net interest margin	3.39 %	3.50 %	3.50 %
Efficiency ratio [(1)]	57.64 %	58.26 %	55.73 %
Adjusted Earnings Performance Summary [(1)]			
Adjusted earnings available to common shareholders	$ 20,017	$ 19,278	$ 20,815
Adjusted diluted earnings per common share	$ 0.88	$ 0.85	$ 0.92
Adjusted return on average assets	1.15 %	1.13 %	1.16 %
Adjusted return on average shareholders' equity	11.76 %	11.89 %	12.84 %
Adjusted return on average tangible common equity	17.11 %	16.80 %	17.89 %
Adjusted pre-tax, pre-provision earnings	$ 32,449	$ 33,165	$ 32,041
Adjusted pre-tax, pre-provision return on average assets	1.67 %	1.68 %	1.79 %
Wealth Management			
Trust assets under administration	$ 3,502,635	$ 3,505,372	$ 3,934,140
Market Data			
Book value per share at period end	$ 30.08	$ 29.17	$ 29.26
Tangible book value per share at period end [(1)]	$ 21.87	$ 20.94	$ 20.87
Tangible book value per share excluding accumulated other comprehensive income at period end [(1)]	$ 25.39	$ 24.72	$ 22.14
Market price at period end	$ 21.42	$ 26.62	$ 28.86
Common shares outstanding at period end	22,111,454	22,214,913	22,044,626
Capital			
Total capital to risk-weighted assets	12.46 %	12.38 %	11.74 %
Tier 1 capital to risk-weighted assets	10.25 %	10.21 %	8.82 %
Tier 1 common capital to risk-weighted assets	7.84 %	7.77 %	7.80 %
Tier 1 leverage ratio	9.54 %	9.43 %	7.96 %
Tangible common equity to tangible assets [(1)]	6.24 %	6.06 %	6.43 %

(1) Non-GAAP financial measures. Refer to pages 11 - 13 for a reconciliation to the comparable GAAP financial measures.

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

	As of		
(in thousands)	March 31, 2023	December 31, 2022	March 31, 2022
Assets			
Cash and cash equivalents	$ 138,310	$ 160,631	$ 332,264
Investment securities	821,005	776,860	858,246
Loans	6,354,271	6,306,467	5,539,961
Allowance for credit losses on loans	(62,067)	(61,051)	(52,938)
Total loans, net	6,292,204	6,245,416	5,487,023
Loans held for sale	2,747	1,286	8,931
Premises and equipment, net	80,582	78,293	77,857
Other real estate owned	6,729	6,729	11,537
Loan servicing rights, at lower of cost or fair value	1,117	1,205	27,484
Commercial FHA mortgage loan servicing rights held for sale	20,745	20,745	—
Goodwill	161,904	161,904	161,904
Other intangible assets, net	19,575	20,866	22,976
Company-owned life insurance	151,319	150,443	148,060
Other assets	233,937	231,123	202,433
Total assets	$ 7,930,174	$ 7,855,501	$ 7,338,715
Liabilities and Shareholders' Equity			
Noninterest-bearing demand deposits	$ 1,215,758	$ 1,362,158	$ 1,393,825
Interest-bearing deposits	5,209,443	5,002,494	4,663,714
Total deposits	6,425,201	6,364,652	6,057,539
Short-term borrowings	31,173	42,311	60,352
FHLB advances and other borrowings	482,000	460,000	310,171
Subordinated debt	99,849	99,772	139,184
Trust preferred debentures	50,135	49,975	49,524
Other liabilities	66,173	80,217	76,959
Total liabilities	7,154,531	7,096,927	6,693,729
Total shareholders’ equity	775,643	758,574	644,986
Total liabilities and shareholders’ equity	$ 7,930,174	$ 7,855,501	$ 7,338,715

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

	For the Quarter Ended		
(in thousands, except per share data)	March 31, 2023	December 31, 2022	March 31, 2022
Net interest income:			
Interest income	$ 95,539	$ 90,215	$ 62,748
Interest expense	35,035	26,665	5,921
Net interest income	60,504	63,550	56,827
Provision for credit losses:			
Provision for credit losses on loans	3,135	2,950	4,132
Provision for credit losses on unfunded commitments	—	594	256
Provision for other credit losses	—	—	(221)
Total provision for credit losses	3,135	3,544	4,167
Net interest income after provision for credit losses	57,369	60,006	52,660
Noninterest income:			
Wealth management revenue	6,411	6,227	7,139
Residential mortgage banking revenue	405	316	599
Service charges on deposit accounts	2,568	2,511	2,068
Interchange revenue	3,412	3,478	3,280
Loss on sales of investment securities, net	(648)	—	—
Gain on termination of hedged interest rate swaps	—	17,531	—
Impairment on commercial mortgage servicing rights	—	—	(394)
Company-owned life insurance	876	796	1,019
Other income	2,755	2,980	1,902
Total noninterest income	15,779	33,839	15,613
Noninterest expense:			
Salaries and employee benefits	24,243	22,901	21,870
Occupancy and equipment	4,443	3,748	3,755
Data processing	6,311	6,302	5,873
Professional	1,760	1,726	1,972
Amortization of intangible assets	1,291	1,333	1,398
Other real estate owned	—	3,779	—
Loss on mortgage servicing rights held for sale	—	3,250	—
FDIC insurance	1,329	703	830
Other expense	5,105	6,201	5,186
Total noninterest expense	44,482	49,943	40,884
Income before income taxes	28,666	43,902	27,389
Income taxes	6,894	11,030	6,640
Net income	21,772	32,872	20,749
Preferred stock dividends	2,228	3,169	—
Net income available to common shareholders	$ 19,544	$ 29,703	$ 20,749
Basic earnings per common share	$ 0.86	$ 1.31	$ 0.92
Diluted earnings per common share	$ 0.86	$ 1.30	$ 0.92

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

Adjusted Earnings Reconciliation

	For the Quarter Ended		
(dollars in thousands, except per share data)	**March 31, 2023**	**December 31, 2022**	**March 31, 2022**
Income before income taxes - GAAP	$ 28,666	$ 43,902	$ 27,389
Adjustments to noninterest income:			
Loss on sales of investment securities, net	648	—	—
(Gain) on termination of hedged interest rate swaps	—	(17,531)	—
Total adjustments to noninterest income	648	(17,531)	—
Adjustments to noninterest expense:			
(Loss) on mortgage servicing rights held for sale	—	(3,250)	—
Integration and acquisition expenses	—	—	(91)
Total adjustments to noninterest expense	—	(3,250)	(91)
Adjusted earnings pre tax	29,314	29,621	27,480
Adjusted earnings tax	7,069	7,174	6,665
Adjusted earnings - non-GAAP	22,245	22,447	20,815
Preferred stock dividends	2,228	3,169	—
Adjusted earnings available to common shareholders	$ 20,017	$ 19,278	$ 20,815
Adjusted diluted earnings per common share	$ 0.88	$ 0.85	$ 0.92
Adjusted return on average assets	1.15 %	1.13 %	1.16 %
Adjusted return on average shareholders' equity	11.76 %	11.89 %	12.84 %
Adjusted return on average tangible common equity	17.11 %	16.80 %	17.89 %

Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation

	For the Quarter Ended		
(dollars in thousands)	**March 31, 2023**	**December 31, 2022**	**March 31, 2022**
Adjusted earnings pre tax - non-GAAP	$ 29,314	$ 29,621	$ 27,480
Provision for credit losses	3,135	3,544	4,167
Impairment on commercial mortgage servicing rights	—	—	394
Adjusted pre-tax, pre-provision earnings - non-GAAP	$ 32,449	$ 33,165	$ 32,041
Adjusted pre-tax, pre-provision return on average assets	1.67 %	1.68 %	1.79 %

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

Efficiency Ratio Reconciliation

	For the Quarter Ended		
(dollars in thousands)	**March 31, 2023**	**December 31, 2022**	**March 31, 2022**
Noninterest expense - GAAP	$ 44,482	$ 49,943	$ 40,884
Loss on mortgage servicing rights held for sale	—	(3,250)	—
Integration and acquisition expenses	—	—	(91)
Adjusted noninterest expense	$ 44,482	$ 46,693	$ 40,793
Net interest income - GAAP	$ 60,504	$ 63,550	$ 56,827
Effect of tax-exempt income	244	286	369
Adjusted net interest income	60,748	63,836	57,196
Noninterest income - GAAP	15,779	33,839	15,613
Impairment on commercial mortgage servicing rights	—	—	394
Loss on sales of investment securities, net	648	—	—
(Gain) on termination of hedged interest rate swaps	—	(17,531)	—
Adjusted noninterest income	16,427	16,308	16,007
Adjusted total revenue	$ 77,175	$ 80,144	$ 73,203
Efficiency ratio	57.64 %	58.26 %	55.73 %

Return on Average Tangible Common Equity (ROATCE)

	For the Quarter Ended		
(dollars in thousands)	**March 31, 2023**	**December 31, 2022**	**March 31, 2022**
Net income	$ 21,772	$ 32,872	$ 20,749
Average total shareholders' equity—GAAP	$ 767,186	$ 749,183	$ 657,327
Adjustments:			
Preferred Stock	(110,548)	(110,548)	—
Goodwill	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(20,184)	(22,859)	(23,638)
Average tangible common equity	$ 474,550	$ 453,872	$ 471,785
ROATCE	16.70 %	25.89 %	17.84 %

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)	**March 31, 2023**	**December 31, 2022**	**March 31, 2022**
Shareholders' Equity to Tangible Common Equity			
Total shareholders' equity—GAAP	$ 775,643	$ 758,574	$ 644,986
Adjustments:			
Preferred Stock	(110,548)	(110,548)	—
Goodwill	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(19,575)	(20,866)	(22,976)
Tangible common equity	$ 483,616	$ 465,256	$ 460,106
Less: Accumulated other comprehensive income (AOCI)	(77,797)	(83,797)	(28,035)
Tangible common equity excluding AOCI	561,413	549,053	488,141
Total Assets to Tangible Assets:			
Total assets—GAAP	$ 7,930,174	$ 7,855,501	$ 7,338,715
Adjustments:			
Goodwill	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(19,575)	(20,866)	(22,976)
Tangible assets	$ 7,748,695	$ 7,672,731	$ 7,153,835
Common Shares Outstanding	22,111,454	22,214,913	22,044,626
Tangible Common Equity to Tangible Assets	6.24 %	6.06 %	6.43 %
Tangible Book Value Per Share	$ 21.87	$ 20.94	$ 20.87
Tangible Book Value Per Share excluding AOCI	$ 25.39	$ 24.72	$ 22.14

Midland States Bancorp, Inc.
NASDAQ: MSBI

First Quarter 2023 Earnings Presentation

Forward-Looking Statements. This presentation may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements expressing management's current expectations, forecasts of future events or long-term goals may be based upon beliefs, expectations and assumptions of the Company's management, and are generally identifiable by the use of words such as "believe," "expect," "anticipate," "plan," "intend," "estimate," "may," "will," "would," "could," "should" or other similar expressions. All statements in this presentation speak only as of the date they are made, and the Company undertakes no obligation to update any statement. A number of factors, many of which are beyond the ability of the Company to control or predict, could cause actual results to differ materially from those in its forward-looking statements including changes in interest rates and other general economic, business and political conditions, the impact of inflation, continuing effects of the recent failures of Silicon Valley Bank and Signature Bank, including anticipated effects on FDIC premiums, 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
- $7.9 billion in assets - largest Illinois-based community bank[1]
- $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

Notes:
(1) Community bank defined as banks with less than $10 billion in assets; Source: S&P Capital IQ

Midland States Bancorp, Inc.

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 employee are fully engaged

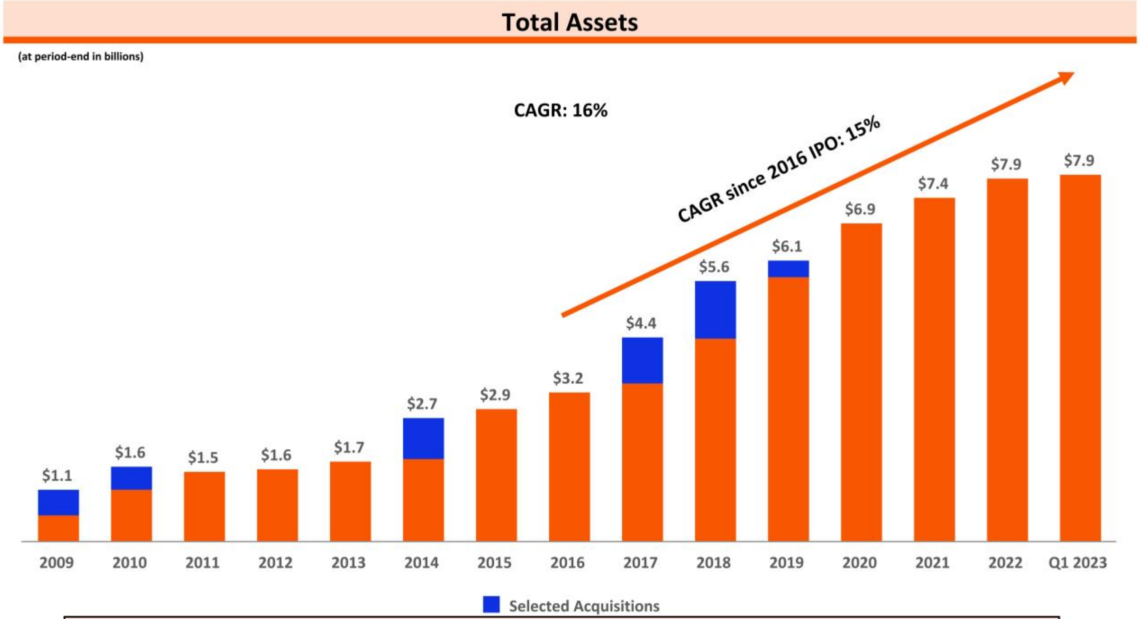
Accretive Acquisitions

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...



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

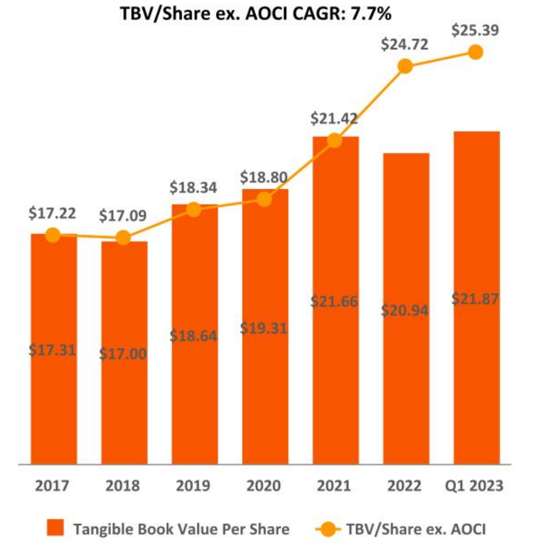
2009: Strategic Capital Bank ($540)	2010: AMCORE Bank ($500)
2014: Love Savings/Heartland Bank ($889)	2017: Centrue Financial ($990)
2018: Alpine Bancorp ($1,243)	2019: HomeStar Financial Group ($366)

Midland States Bancorp, Inc.

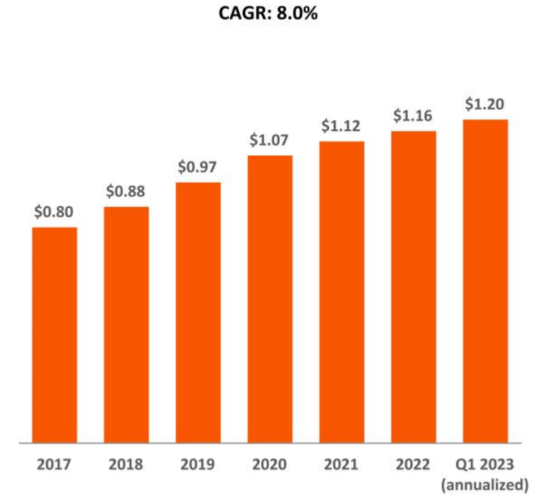
...Leads to Creation of Shareholder Value

22 Consecutive Years of Dividend Increases

Tangible Book Value Per Share[(1)]



Dividends Declared Per Share



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

...And Increased Profitability

Adjusted Diluted EPS[1]

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.

Midland States Bancorp, Inc.

Overview of 1Q23

Strong Financial Performance

- Net income available to common shareholders of $19.5 million, or $0.86 diluted EPS
- Pre-tax, pre-provision earnings[1] of $32.4 million
- GAAP ROAA of 1.12% and Adjusted ROAA[1] of 1.15%

No Impact from Issues in Banking Industry

- Deposit base was stable following announcement of bank failures
- Uninsured deposits comprise 21% of total deposits
- No extraordinary measures were needed to prevent deposit outflows
- Total deposits increased during 1Q23
- Level of borrowings and cash balances remained consistent with typical levels

Continued Loan Growth and Healthy Asset Quality

- Total loans increased 3% annualized despite more selective approach to new loan production
- Growth in commercial loans offset decline in consumer loans resulting from planned reduction in loans originated through GreenSky partnership
- New investment securities purchased with GreenSky runoff had an average rate that was 75 basis points higher than loans that paid off in 1Q23
- No meaningful change in delinquent or nonperforming loans
- Net charge-offs to average loans of 0.14%

Increase in TBV and Capital Ratios

- Tangible book value per share increased 4% from end of prior quarter
- Strong financial performance resulted in increase in all capital ratios

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

Midland States Bancorp, Inc.

Loan Portfolio

- Total loans increased $47.8 million from prior quarter to $6.35 billion
- Growth primarily driven by increases in commercial loans, partially offset by decline in consumer loans resulting from planned reduction of loans originated through GreenSky partnership
- Equipment finance balances increased $33.7 million, or 3% from end of prior quarter
- Expect continued decreases as GreenSky originations slow and official end of program in October 2023

Loan Portfolio Mix

(in millions, as of quarter-end)

	1Q 2023	4Q 2022	1Q 2022
Commercial loans and leases	$ 2,090	$ 2,006	$ 1,867
Commercial real estate	2,448	2,433	2,114
Construction and land development	327	321	189
Residential real estate	370	366	329
Consumer	1,119	1,180	1,041
Total Loans	**$ 6,354**	**$ 6,306**	**$ 5,540**
Total Loans ex. Commercial FHA Lines and PPP	**$ 6,344**	**$ 6,281**	**$ 5,456**

Total Loans and Average Loan Yield

Total Deposits

- Total deposits increased $60 million from end of prior quarter, primarily related to interest rate promotions offered on money market and time deposit products
- Noninterest-bearing deposits decline primarily attributable to commercial depositors moving excess liquidity into interest-bearing accounts and other seasonal outflows
- Managing rates on deposits in order to continue growing our deposit base through new and expanded relationships with retail and commercial clients

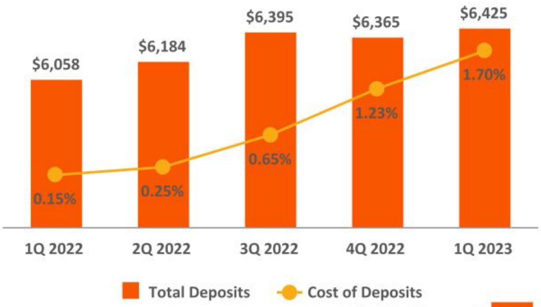
Deposit Mix

(in millions, as of quarter-end)

	1Q 2023	4Q 2022	1Q 2022
Noninterest-bearing demand	$ 1,216	$ 1,362	$ 1,394
Interest-bearing:			
Checking	$ 2,503	$ 2,494	$ 2,350
Money market	$ 1,264	$ 1,184	$ 964
Savings	$ 637	$ 662	$ 711
Time	$ 767	$ 650	$ 619
Brokered time	$ 39	$ 13	$ 19
Total Deposits	**$ 6,425**	**$ 6,365**	**$ 6,058**

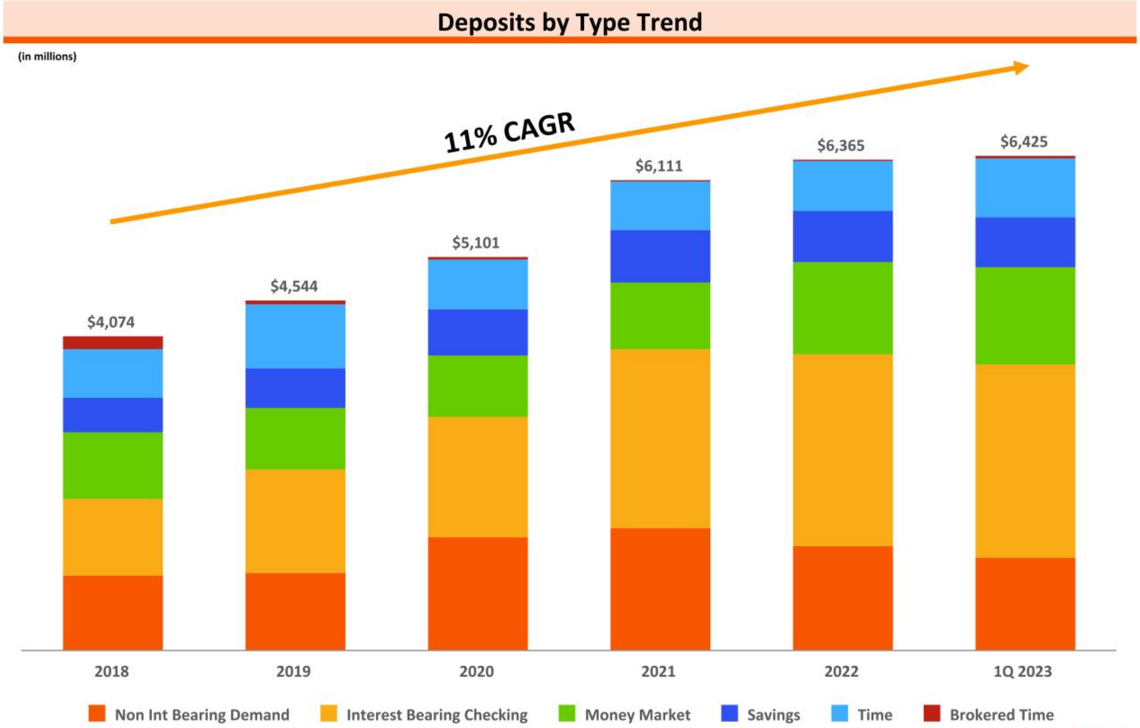
Total Deposits and Cost of Deposits

(in millions, as of quarter-end)



Midland States Bancorp, Inc.

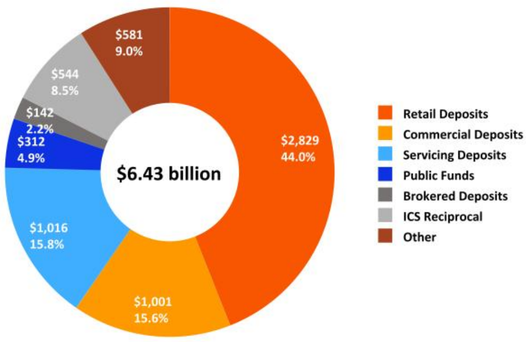
Deposit Type Trend



Deposit Summary as of March 31, 2023

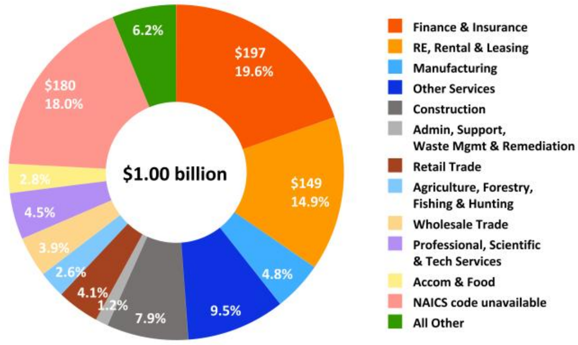
Deposits by Channel

(in millions)



Commercial Deposits by NAICS Code

(in millions)



All Other category made up of over 155 NAICS with Executive Offices being the largest at $10 million

Midland States Bancorp, Inc.

Uninsured Deposits

Uninsured Deposits		
(in millions)	March 31, 2023	December 31, 2022
Call Report Uninsured Estimate[(1)]	$ 1,793	$ 2,269
Call Report Estimated Uninsured Deposits to Total Deposits	*28 %*	*36 %*
Less: Affiliate Deposits (MSB owned funds)	(32)	(29)
Less: Estimated insured portion of servicing deposits[(1)]	—	(218)
Less: Additional structured FDIC coverage	(56)	(66)
Less: Collateralized Deposits	(384)	(405)
Estimated uninsured deposits excluding items above	**$ 1,321**	**$ 1,551**
Estimated Uninsured Deposits to Total Deposits	**21 %**	**24 %**
Total Deposits	$ 6,425	$ 6,365

Average Deposit Balance per Account = $33,000

***Excludes $645 million and $569 million, respectively, of fully insured funds in Insured Cash Sweep (ICS) accounts**

Notes:
(1) Call Report uninsured estimate was refined at March 31, 2023 to exclude the estimated insured portion of servicing deposits

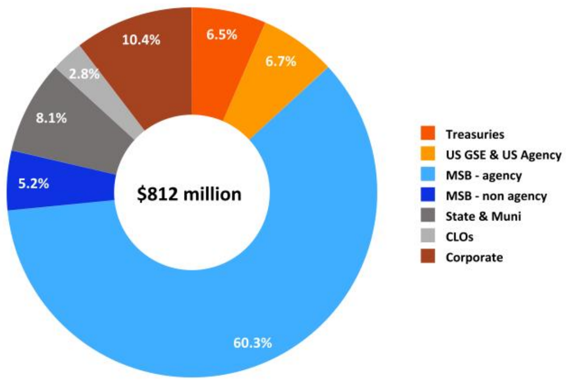
Midland States Bancorp, Inc.

Investment Portfolio

As of March 31, 2023

- **All Investments are classified as Available for Sale**
- **Average T/E Yield is 3.00%**
- **Average Duration is 5.10 years**

Fair Value of Investments by Type

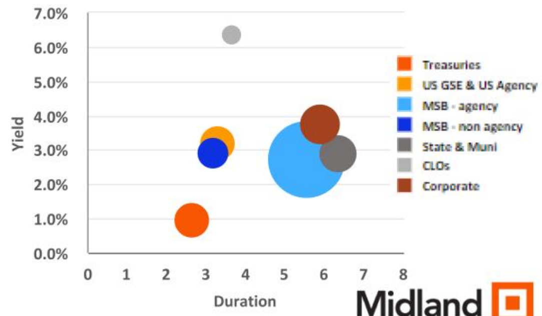


Investment Mix & Unrealized Gain (Loss)

(in millions)

	Fair Value	Book Value	Unrealized Gain (Loss)
Treasuries	$ 53	$ 57	$ (4)
US GSE & US Agency	54	58	(4)
MBS - agency	489	559	(70)
MBS - non agency	43	46	(3)
State & Municipal	66	73	(7)
CLOs	23	23	—
Corporate	84	95	(11)
Total Investments	$ 812	$ 911	$ (99)

Investments by Yield and Duration



Midland States Bancorp, Inc.

Liquidity Overview

Liquidity Sources

(in millions)	March 31, 2023	December 31, 2022
Cash and Cash Equivalents	$ 138.3	$ 160.6
Unpledged Securities	310.3	209.2
FHLB Committed Liquidity	932.8	997.4
FRB Discount Window Availability	207.7	12.2
Total Estimated Liquidity	**$ 1,589.1**	**$ 1,379.4**
Conditional Funding Based on Market Conditions		
Additional Credit Facility	$ 250.0	$ 250.0
Brokered CDs (additional capacity)	$ 500.0	$ 500.0

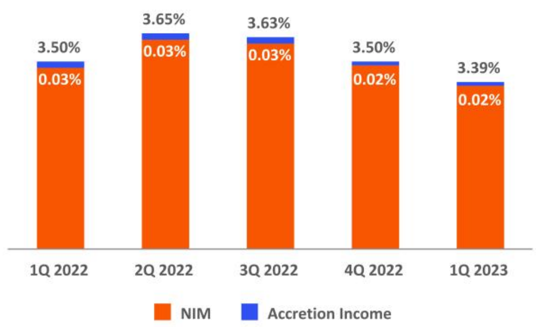
Midland States Bancorp, Inc.

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
- Net interest margin decreased 11 bps from prior quarter as the increase in cost of deposits exceeded the increase in the average yield on earning assets
- Average rate on new and renewed loan originations increased 34 bps to 7.44% in March 2023 from 7.10% in December 2022
- Net interest margin expected to stabilize as the pace of Fed rate increases slow and loan portfolio continues to reprice

Net Interest Income

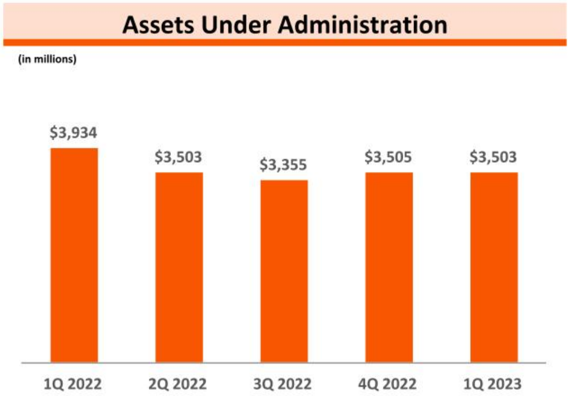
Net Interest Margin

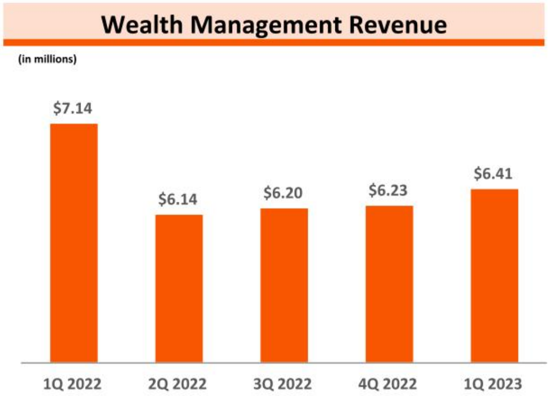


Midland States Bancorp, Inc.

Wealth Management

- **Assets under administration relatively unchanged in 1Q23**
- **Increase in Wealth Management revenue compared to the prior quarter primarily related to seasonal tax preparation fees**



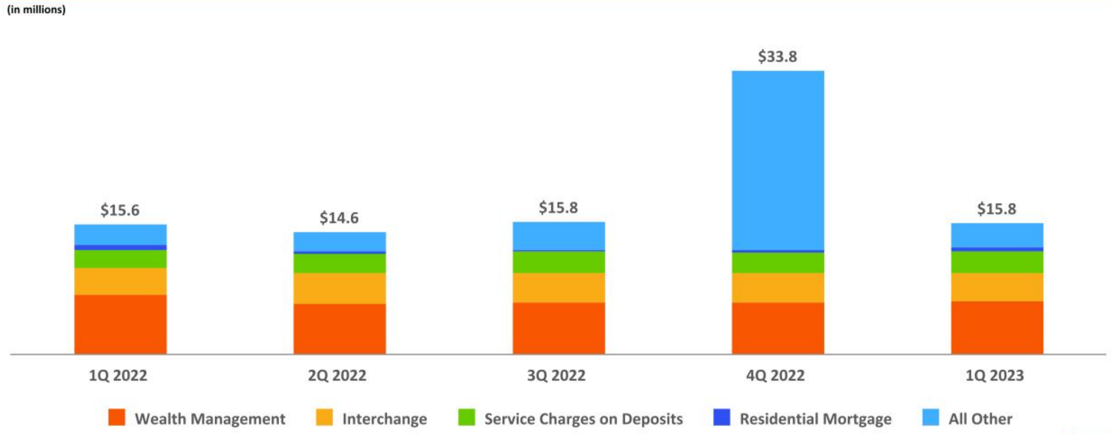


Midland States Bancorp, Inc.

Noninterest Income

- Excluding gain on termination of forward starting interest rate swaps in 4Q22, noninterest income was relatively consistent with prior quarter
- 1Q23 noninterest income included $0.6 million loss on sale of investment securities as part of repositioning of portfolio that will positively impact net interest margin, liquidity, and capital allocations
- Sale of commercial MSR portfolio still expected to close during second half of 2023

Noninterest Income

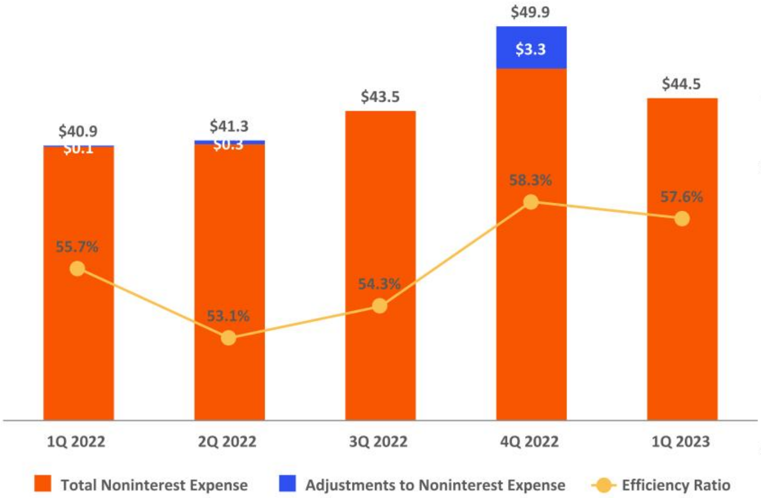


Midland States Bancorp, Inc.

Noninterest Expense and Operating Efficiency

Noninterest Expense and Efficiency Ratio [1]

(Noninterest expense in millions)



- Efficiency Ratio [1] was 57.6% in 1Q22 vs. 58.3% in 4Q22
- Adjustments to non-interest expense:

($ in millions)	1Q 2023	4Q 2022
Loss on mortgage servicing rights held for sale	--	$3.3

- 4Q22 included a $3.5 million impairment on other real estate owned
- Excluding loss on MSRs and OREO impairment in 4Q22, noninterest expense increased primarily due to:
  - Higher salaries and employee benefits resulting from seasonal impact of payroll taxes and medical insurance
  - Higher FDIC insurance expense resulting from higher assessment rate now in place
- Near-term operating expense run-rate expected to be $43 - $44 million

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

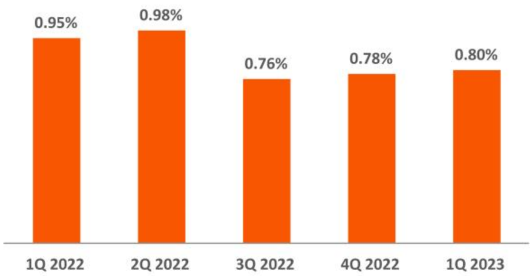
Midland States Bancorp, Inc.

Asset Quality

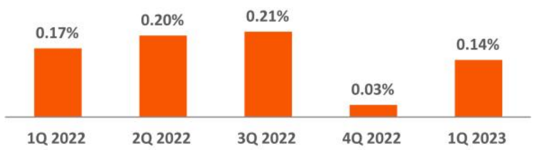
- Nonperforming loans increased $1.3 million primarily due to one commercial real estate loan
- Payment of $5.4 million received in early April on nonperforming loan, would have decreased nonperforming loans to total loans ratio by 8bps
- Delinquencies in consumer portfolio remain low
- Net charge-offs to average loans was 0.14%
- Provision for credit losses on loans of $3.1 million, primarily related to the growth in total loans and changes in the portfolio mix

Nonperforming Loans / Total Loans

(Total Loans as of quarter-end)



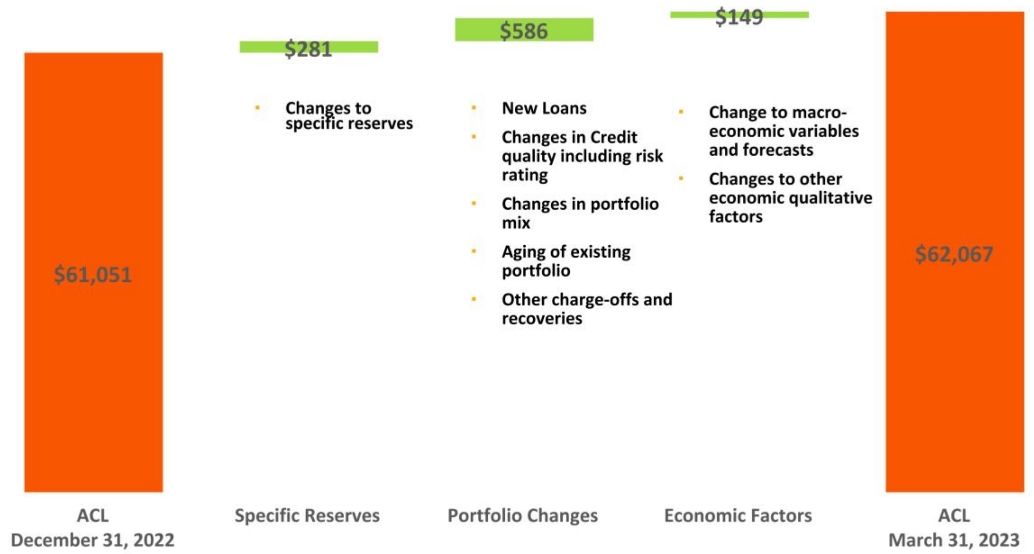
NCO / Average Loans



Midland States Bancorp, Inc.

Changes in Allowance for Credit Losses

($ in thousands)



ACL by Portfolio

($ in thousands)	March 31, 2023			December 31, 2022		
Portfolio	Loans	ACL	% of Total Loans	Loans	ACL	% of Total Loans
Commercial	$ 823,847	$ 5,365	0.65 %	$ 786,877	$ 4,706	0.60 %
Warehouse Lines	10,275	—	— %	25,029	—	— %
Commercial Other	756,553	10,397	1.37 %	727,697	9,933	1.36 %
Equipment Finance Loans	632,205	9,997	1.58 %	616,751	9,666	1.57 %
Paycheck Protection Program	90	—	— %	1,916	3	0.16 %
Equipment Finance Leases	510,029	7,168	1.41 %	491,744	6,788	1.38 %
CRE non-owner occupied	1,636,316	18,049	1.10 %	1,591,399	18,649	1.17 %
CRE owner occupied	460,133	6,945	1.51 %	496,786	7,447	1.50 %
Multi-family	281,559	2,730	0.97 %	277,889	2,702	0.97 %
Farmland	70,150	492	0.70 %	67,085	491	0.73 %
Construction and Land Development	326,836	2,442	0.75 %	320,882	2,435	0.76 %
Residential RE First Lien	309,637	3,773	1.22 %	304,243	3,717	1.22 %
Other Residential	60,273	577	0.96 %	61,851	584	0.94 %
Consumer	112,882	1,074	0.95 %	105,880	636	0.60 %
Consumer Other[(1)]	1,006,056	3,055	0.30 %	1,074,134	2,963	0.28 %
Total Loans	**6,354,271**	**62,067**	**0.98 %**	**6,306,467**	**61,051**	**0.97 %**
Loans (excluding GreenSky, PPP and warehouse lines)	5,228,082	58,643	1.12 %	5,143,343	57,897	1.13 %

Notes:

(1) Primarily consists of loans originated through GreenSky relationship

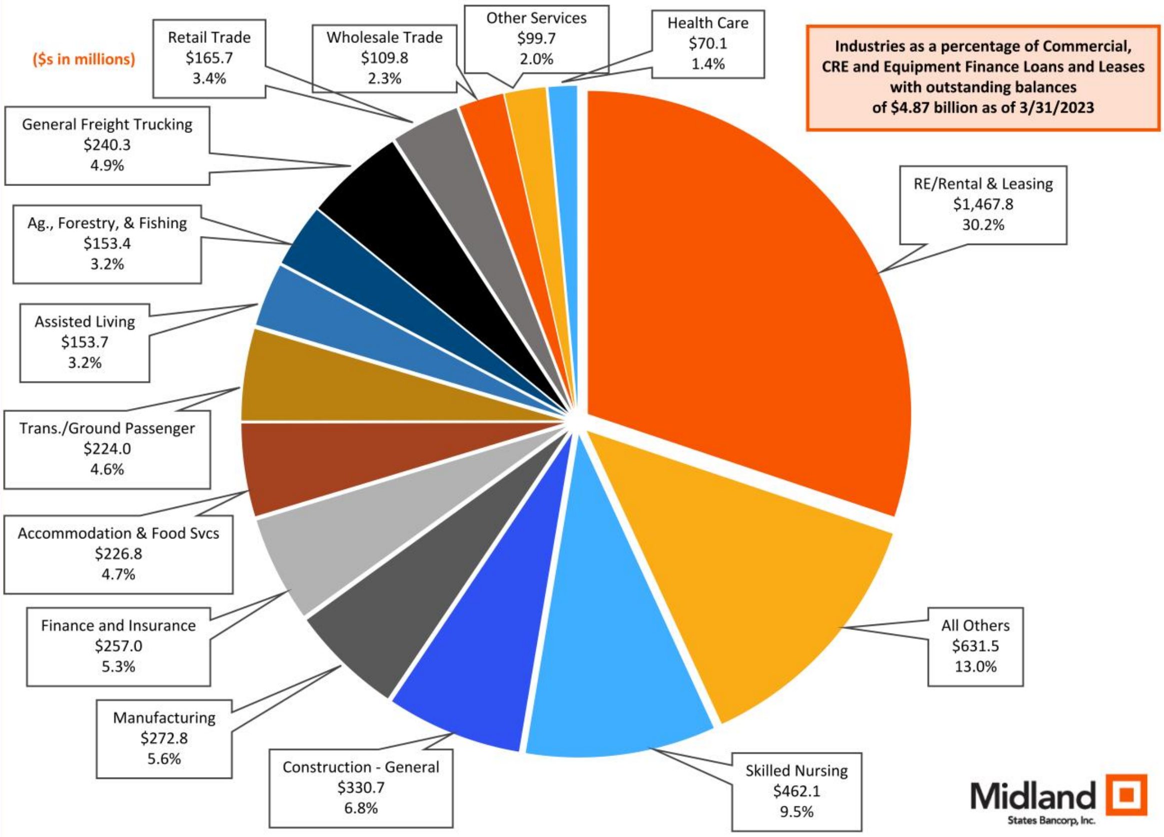
Midland States Bancorp, Inc.

Outlook

- Prudent risk management will remain top priority while economic uncertainty remains
- Continue generating strong financial performance while maintaining conservative approach to new loan production to build capital and liquidity
- Planned reduction of GreenSky portfolio will be utilized to add to the securities portfolio and pay off higher cost funding sources with net impact likely being earnings neutral, but capital accretive
- Maintain disciplined expense management while getting further leverage from investments in talent and technology made over the past few years
- Business development efforts focused on adding new commercial and retail deposit relationships, supplemented with new Banking-as-a-Service partnerships focused on deposit generation
- 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

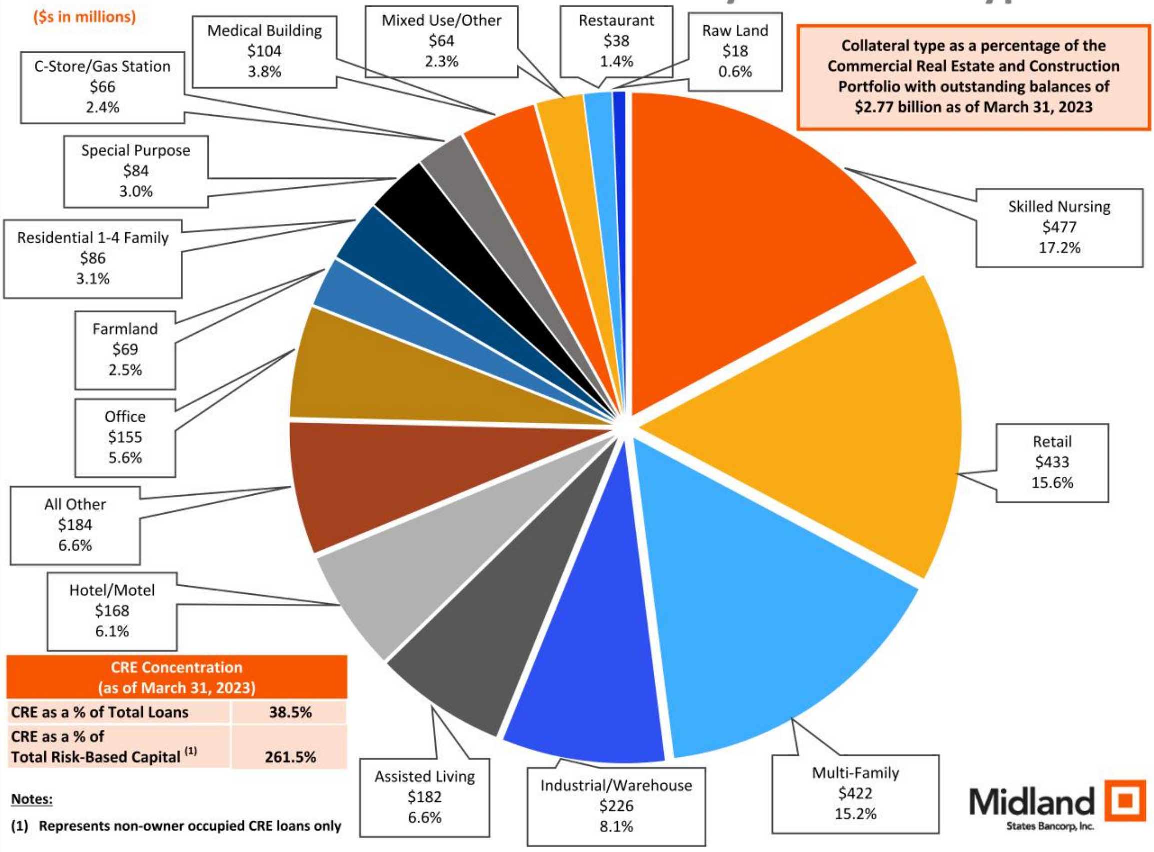
Commercial Loans and Leases by Industry



Midland States Bancorp, Inc.

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 $2.77 billion as of March 31, 2023

CRE Concentration (as of March 31, 2023)	
CRE as a % of Total Loans	38.5%
CRE as a % of Total Risk-Based Capital (1)	261.5%

Notes:

(1) Represents non-owner occupied CRE loans only

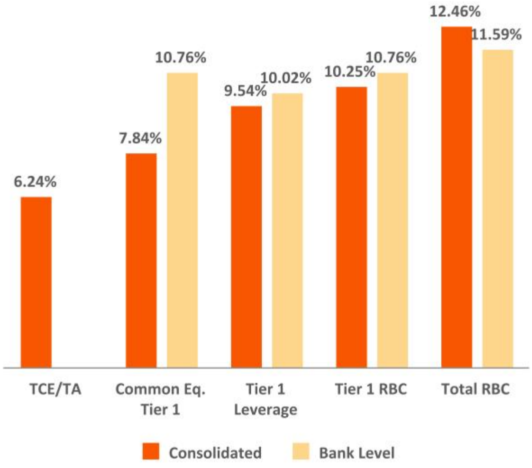
Midland States Bancorp, Inc.

Capital Ratios and Strategy

Capital Strategy

- Strengthened capital ratios with issuance of $115 million of non-cumulative preferred stock in August 2022
  - Included in Tier 1 Regulatory Capital
  - 7.75% with reset at 5 years
- Reduced cost of funds by redeeming $40 million of sub-debt with rate of 6.25% in October 2022
- Gain from forward starting swaps increased capital for fourth quarter 2022
- 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 March 31, 2023)



Midland States Bancorp, Inc.

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

Tangible Book Value Per Share

	For the Year Ended					
(dollars in thousands, except per share data)	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	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.

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

Adjusted Earnings Reconciliation

	For The Quarter Ended				
(dollars in thousands, except per share data)	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**
Income before income taxes - GAAP	$ 28,666	$ 43,902	$ 29,380	$ 29,167	$ 27,389
Adjustments to noninterest income:					
Loss on sales of investment securities, net	648	—	129	101	—
(Gain) on termination of hedged interest rate swaps	—	(17,531)	—	—	—
Total adjustments to noninterest income	648	(17,531)	129	101	—
Adjustments to noninterest expense:					
(Loss) on mortgage servicing rights held for sale	—	(3,250)	—	—	—
FHLB advances prepayment fees	—	—	—	—	—
Integration and acquisition expenses	—	—	68	(324)	(91)
Total adjustments to noninterest expense	—	(3,250)	68	(324)	(91)
Adjusted earnings pre tax	29,314	29,621	29,441	29,592	27,480
Adjusted earnings tax	7,069	7,174	5,873	7,401	6,665
Adjusted earnings - non-GAAP	22,245	22,447	23,568	22,191	20,815
Preferred stock dividends	2,228	3,169	—	—	—
Adjusted earnings available to common shareholders	$ 20,017	$ 19,278	$ 23,568	$ 22,191	$ 20,815
Adjusted diluted earnings per common share	$ 0.88	$ 0.85	$ 1.04	$ 0.98	$ 0.92
Adjusted return on average assets	1.15 %	1.13 %	1.22 %	1.21 %	1.16 %
Adjusted return on average shareholders' equity	11.76 %	11.89 %	13.34 %	13.84 %	12.84 %
Adjusted return on average tangible common equity	17.11 %	16.80 %	20.24 %	19.41 %	17.89 %

Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation

	For the Quarter Ended				
(dollars in thousands)	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**
Adjusted earnings pre tax - non-GAAP	$ 29,314	$ 29,621	$ 29,441	$ 29,592	$ 27,480
Provision for credit losses	3,135	3,544	6,974	5,441	4,167
Impairment on commercial mortgage servicing rights	—	—	—	869	394
Adjusted pre-tax, pre-provision earnings - non-GAAP	$ 32,449	$ 33,165	$ 36,415	$ 35,902	$ 32,041
Adjusted pre-tax, pre-provision return on average assets	1.67 %	1.68 %	1.89 %	1.95 %	1.79 %

Midland
States Bancorp, Inc.

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

Efficiency Ratio Reconciliation

	For the Quarter Ended				
	March 31, 2023	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**
(dollars in thousands)					
Noninterest expense - GAAP	$ 44,482	$ 49,943	$ 43,496	$ 41,339	$ 40,884
Loss on mortgage servicing rights held for sale	—	(3,250)	—	—	—
FHLB advances prepayment fees	—	—	—	—	—
Integration and acquisition expenses	—	—	68	(324)	(91)
Adjusted noninterest expense	$ 44,482	$ 46,693	$ 43,564	$ 41,015	$ 40,793
Net interest income - GAAP	$ 60,504	$ 63,550	$ 64,024	$ 61,334	$ 56,827
Effect of tax-exempt income	244	286	307	321	369
Adjusted net interest income	60,748	63,836	64,331	61,655	57,196
Noninterest income - GAAP	15,779	33,839	15,826	14,613	15,613
Impairment on commercial mortgage servicing rights	—	—	—	869	394
Loss on sales of investment securities, net	648	—	129	101	—
(Gain) on termination of hedged interest rate swaps	—	(17,531)	—	—	—
Adjusted noninterest income	16,427	16,308	15,955	15,583	16,007
Adjusted total revenue	$ 77,175	$ 80,144	$ 80,286	$ 77,238	$ 73,203
Efficiency ratio	57.64 %	58.26 %	54.26 %	53.10 %	55.73 %

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)	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**
Shareholders' Equity to Tangible Common Equity					
Total shareholders' equity—GAAP	$ 775,643	$ 758,574	$ 739,279	$ 636,188	$ 644,986
Adjustments:					
Preferred Stock	(110,548)	(110,548)	(110,548)	—	—
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(19,575)	(20,866)	(22,198)	(23,559)	(22,976)
Tangible common equity	$ 483,616	$ 465,256	$ 444,629	$ 450,725	$ 460,106
Less: Accumulated other comprehensive income (AOCI)	(77,797)	(83,797)	(78,383)	(53,097)	(28,035)
Tangible common equity excluding AOCI	$ 561,413	$ 549,053	$ 523,012	$ 503,822	$ 488,141
Total Assets to Tangible Assets:					
Total assets—GAAP	$ 7,930,174	$ 7,855,501	$ 7,821,877	$ 7,435,812	$ 7,338,715
Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(19,575)	(20,866)	(22,198)	(23,559)	(22,976)
Tangible assets	$ 7,748,695	$ 7,672,731	$ 7,637,775	$ 7,250,349	$ 7,153,835
Common Shares Outstanding	22,111,454	22,214,913	22,074,740	22,060,255	22,044,626
Tangible Common Equity to Tangible Assets	6.24 %	6.06 %	5.82 %	6.22 %	6.43 %
Tangible Book Value Per Share	$ 21.87	$ 20.94	$ 20.14	$ 20.43	$ 20.87
Tangible Book Value Per Share excluding AOCI	$ 25.39	$ 24.72	$ 23.69	$ 22.84	$ 22.14

Return on Average Tangible Common Equity (ROATCE)

	For the Quarter Ended				
(dollars in thousands)	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**
Net income	$ 21,772	$ 32,872	$ 23,521	$ 21,883	$ 20,749
Average total shareholders' equity—GAAP	$ 767,186	$ 749,183	$ 700,866	$ 643,004	$ 657,327
Adjustments:					
Preferred Stock	(110,548)	(110,548)	(54,072)	—	—
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(20,184)	(22,859)	22,589	(22,570)	(23,638)
Average tangible common equity	$ 474,550	$ 453,872	$ 507,479	$ 458,530	$ 471,785
ROATCE	16.70 %	25.89 %	20.20 %	19.14 %	17.84 %

Midland States Bancorp, Inc.