Midland States Bancorp, Inc.
NASDAQ: MSBI

First 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 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

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

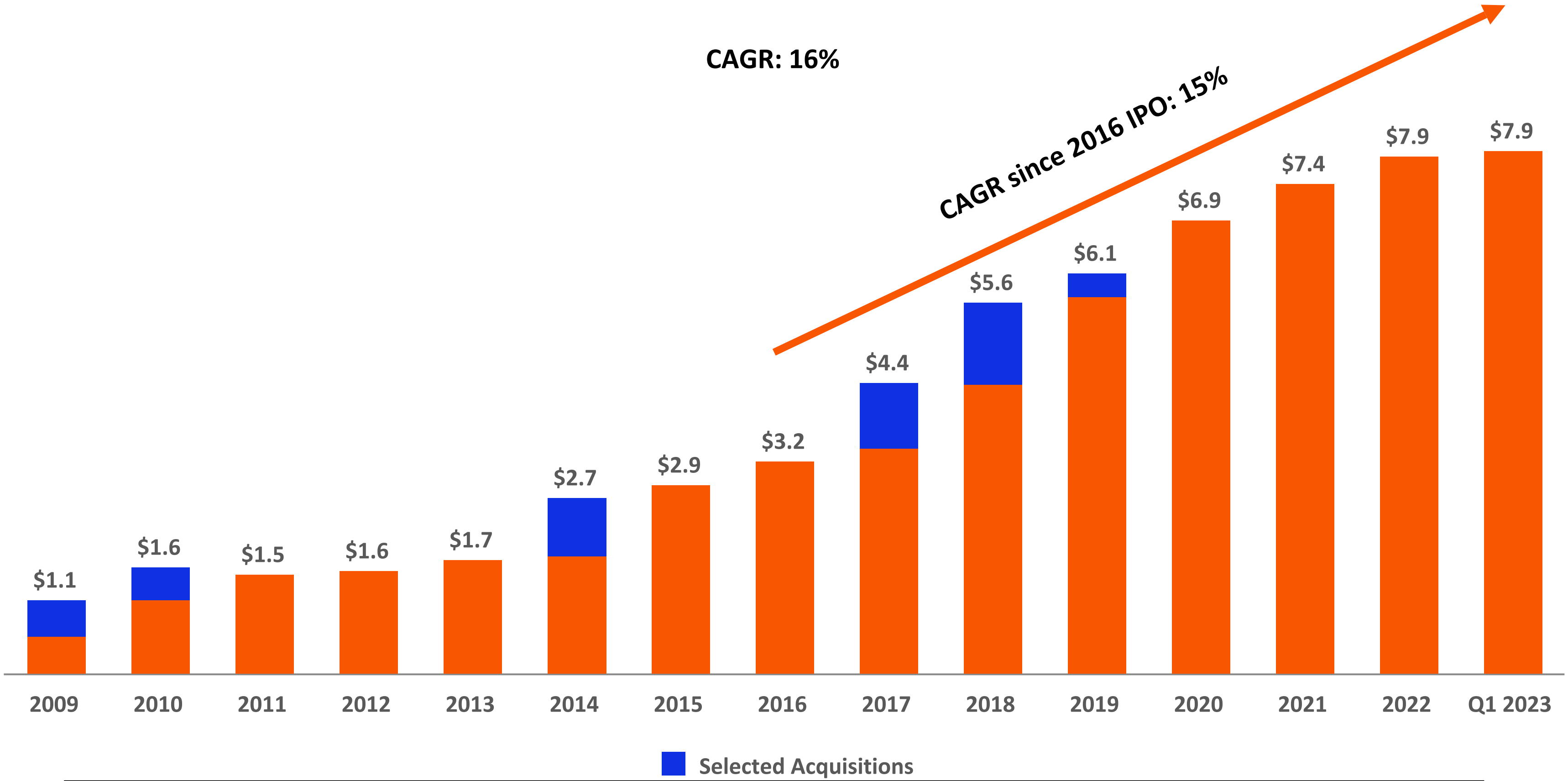
Revenue Diversification

Generate a diversified revenue mix and focus on growing businesses that generate strong recurring revenues such as wealth management

Successful Execution of Strategic Plan...

Total Assets

(at period-end in billions)



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)

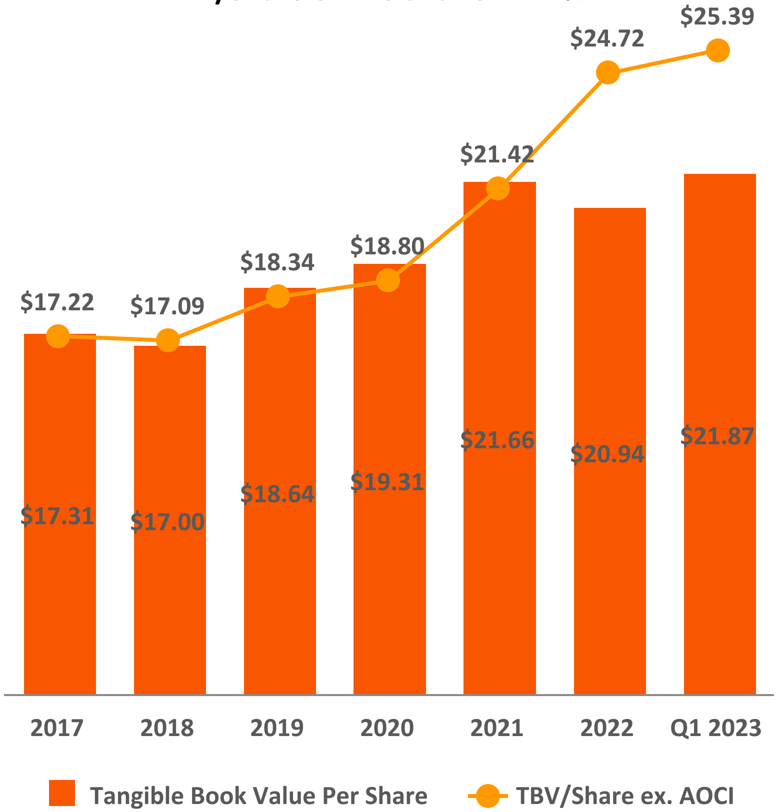
Midland States Bancorp, Inc.

...Leads to Creation of Shareholder Value

22 Consecutive Years of Dividend Increases

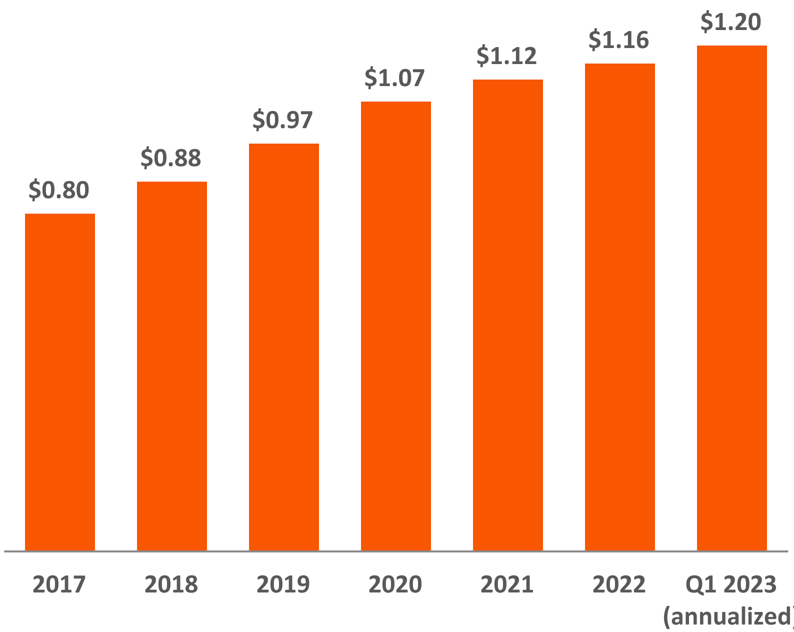
Tangible Book Value Per Share[1]

TBV/Share ex. AOCI CAGR: 7.7%



Dividends Declared Per Share

CAGR: 8.0%



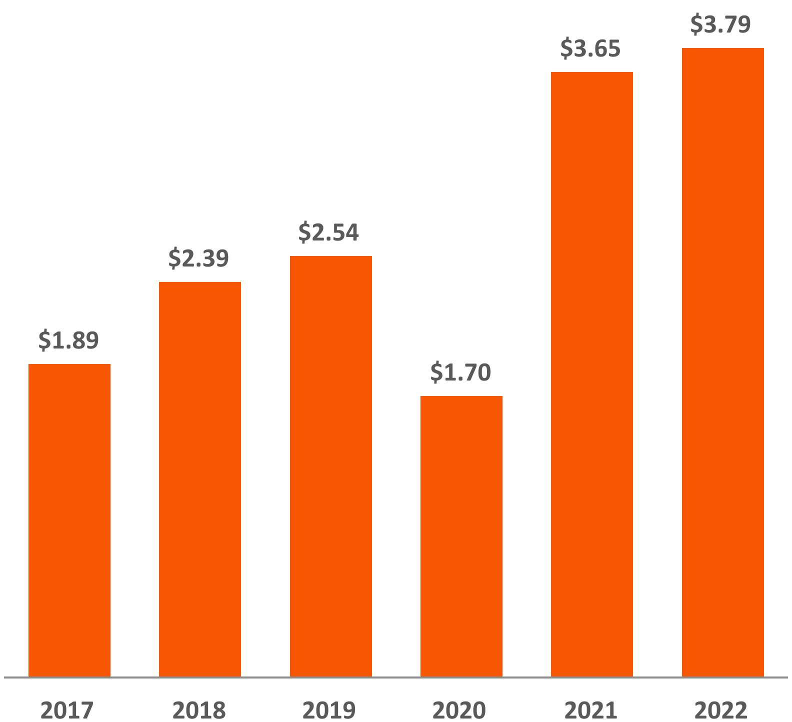
Notes:
(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.

Midland States Bancorp, Inc.

...And Increased Profitability

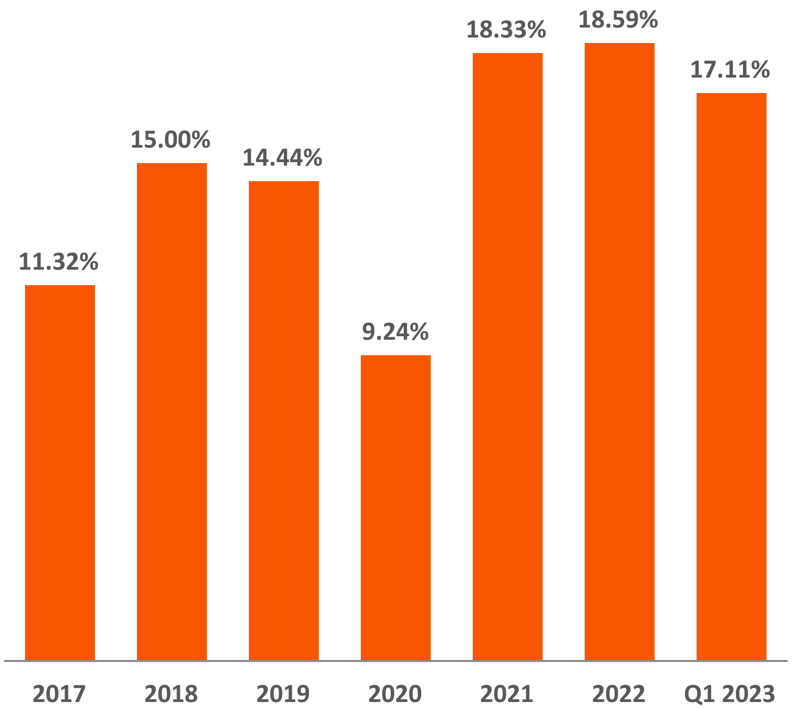
Adjusted Diluted EPS[(1)]

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.

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**

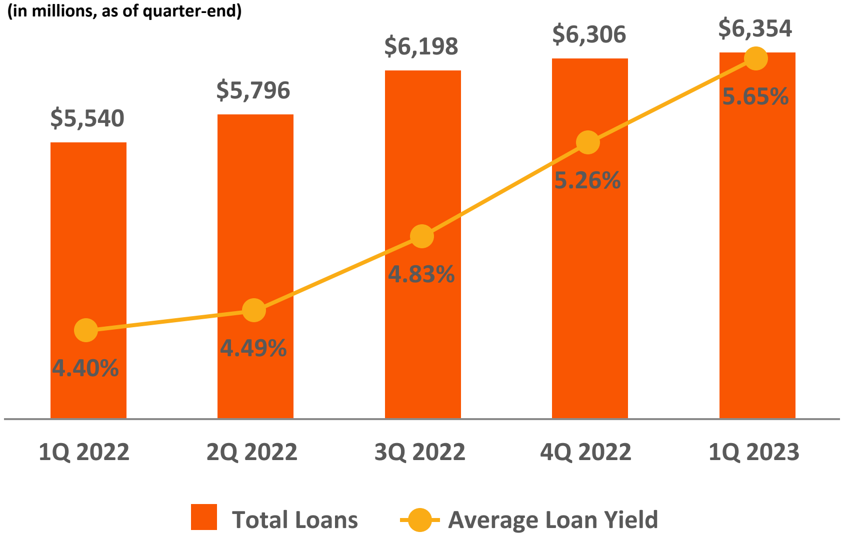
Loan Portfolio Mix

(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

(in millions, as of quarter-end)



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**

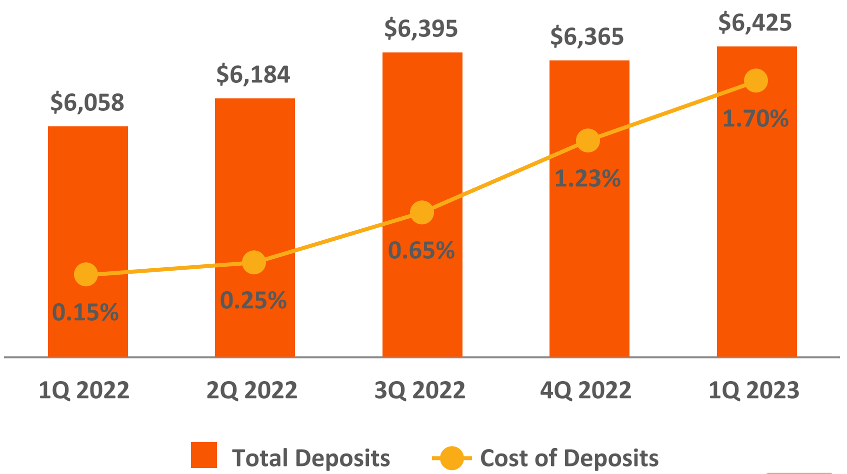
Deposit Mix

(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**

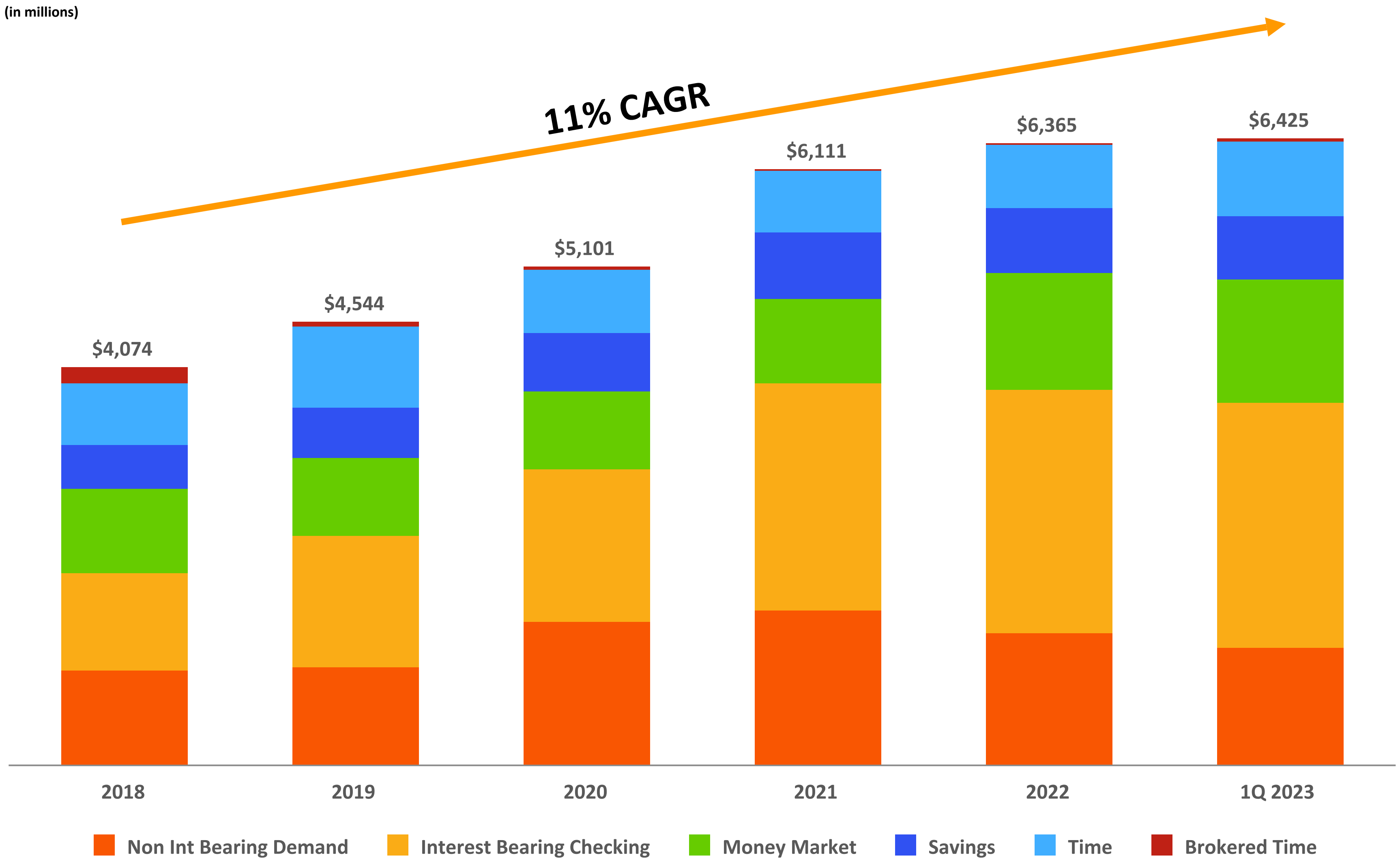
Total Deposits and Cost of Deposits

(in millions, as of quarter-end)



Deposit Type Trend

Deposits by Type Trend

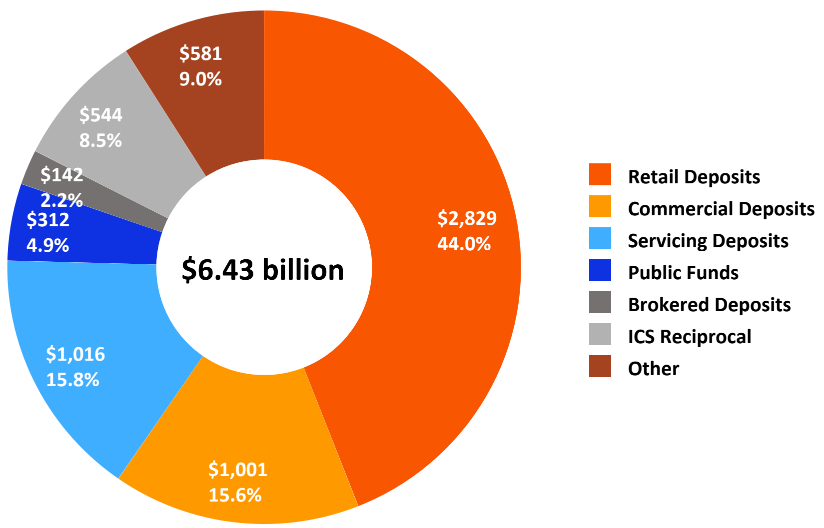


Midland States Bancorp, Inc.

Deposit Summary as of March 31, 2023

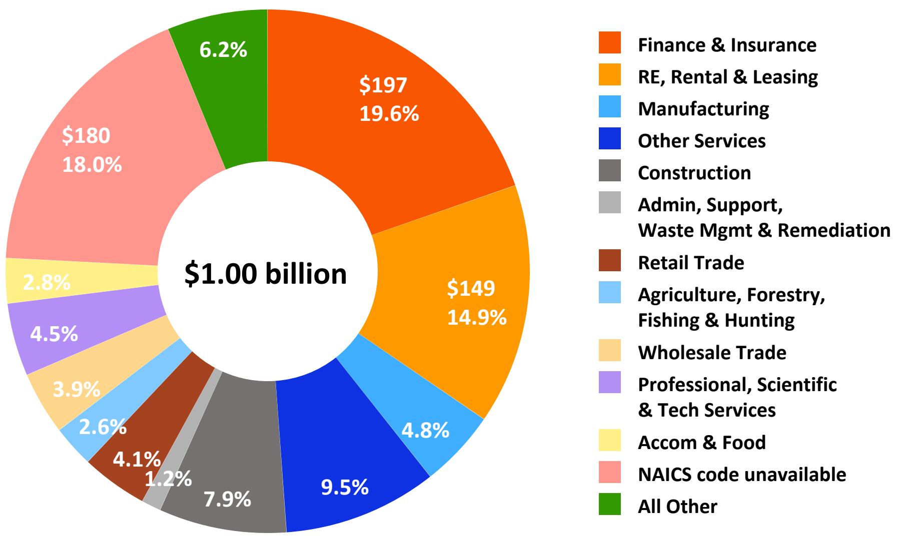
Deposits by Channel

(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

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**

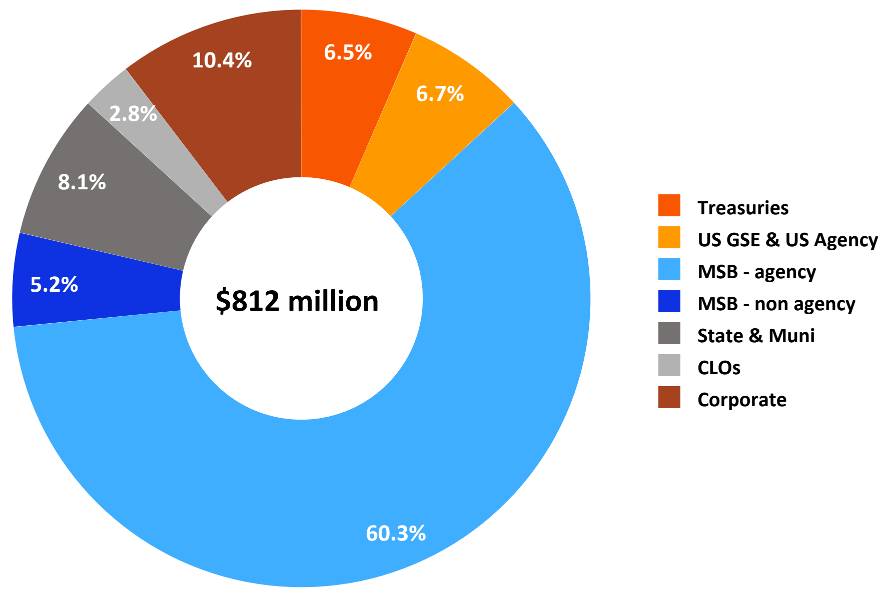
Midland States Bancorp, Inc.

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

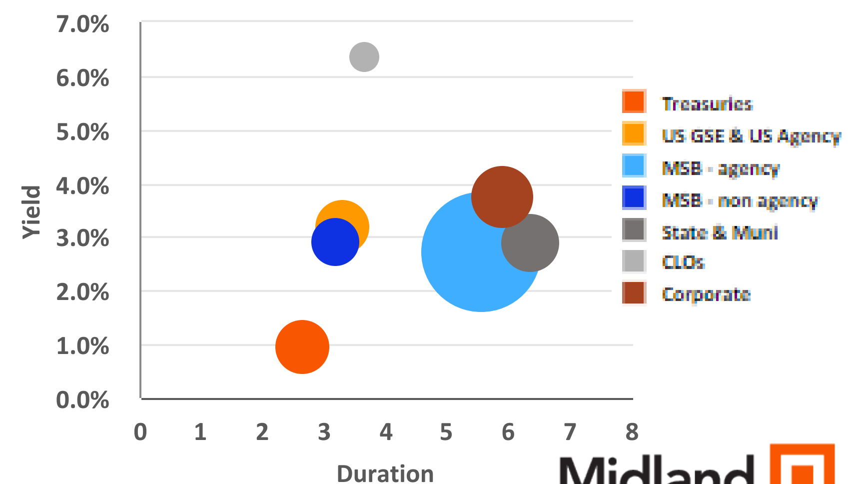


Investment Mix & Unrealized Gain (Loss)

(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

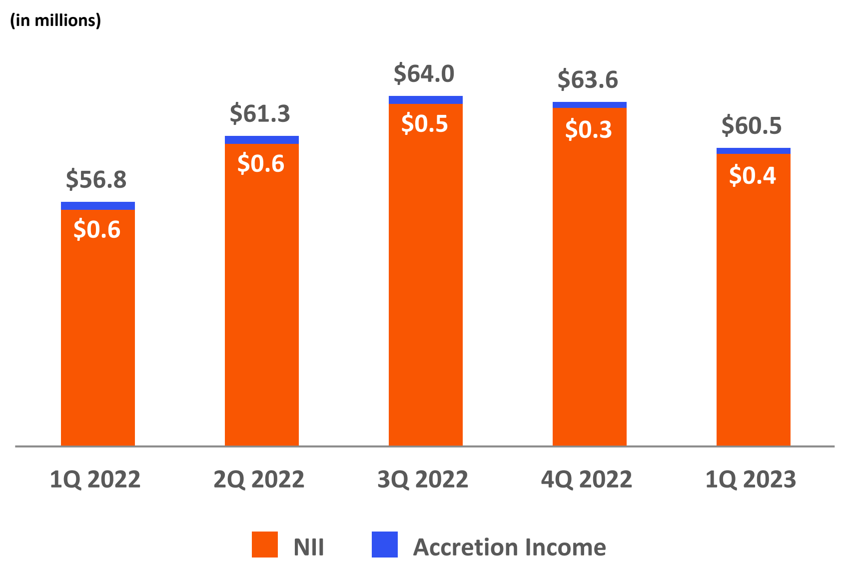
(in millions)		March 31, 2023		December 31, 2022
Cash and Cash Equivalents	$	138.3	$	160.6
Unpledged Securities		310.3		209.2
FHLB Committed Liquidity		932.8		997.4
FRB Discount Window Availability		207.7		12.2
Total Estimated Liquidity	**$**	**1,589.1**	**$**	**1,379.4**
Conditional Funding Based on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

Midland States Bancorp, Inc.

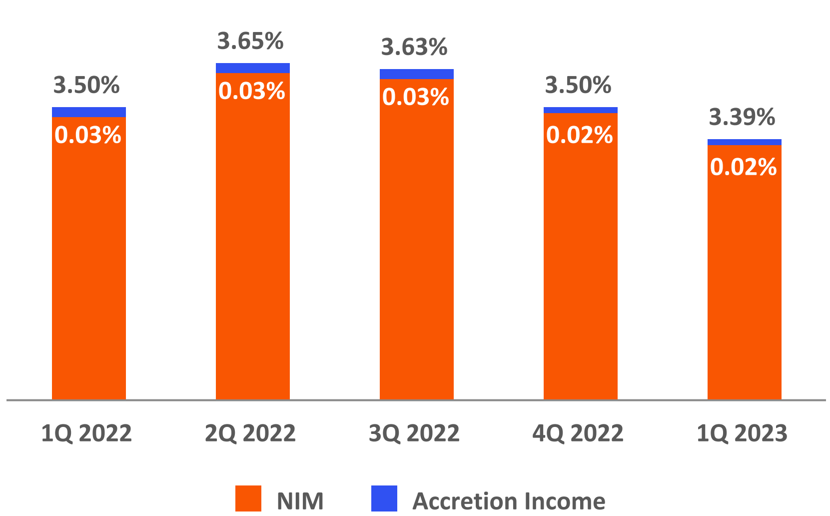
Net Interest Income/Margin

- 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



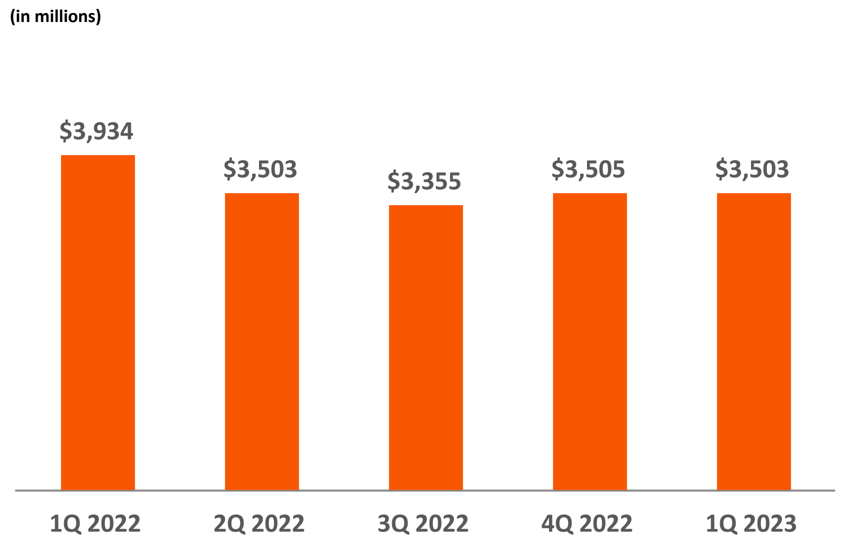
Net Interest Margin



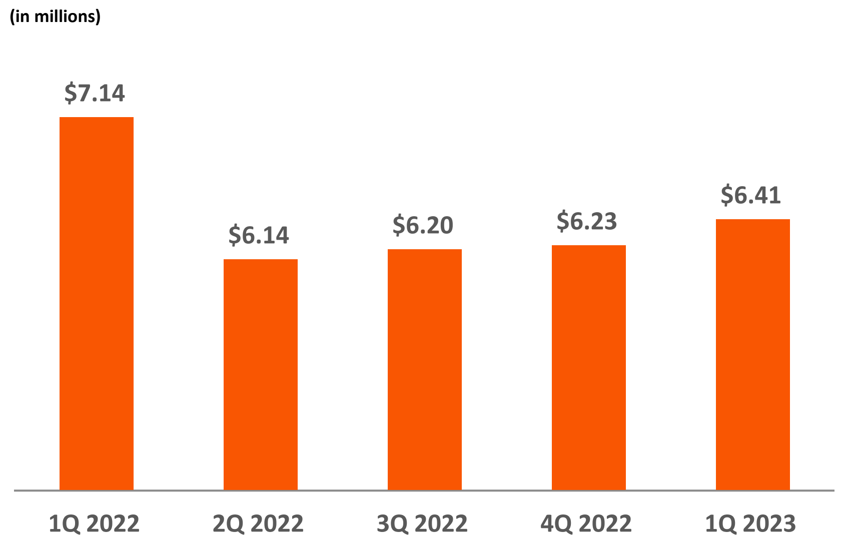
Wealth Management

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

Assets Under Administration



Wealth Management Revenue

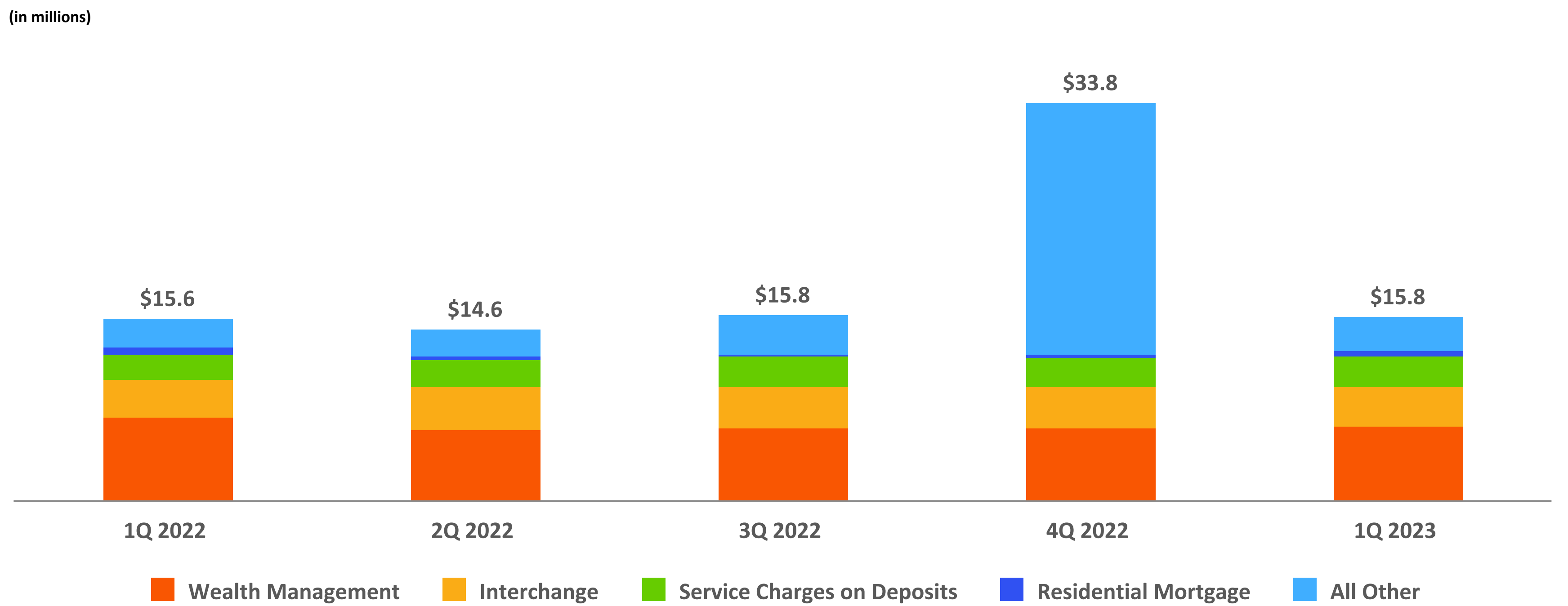


Midland States Bancorp, Inc.

Noninterest Income

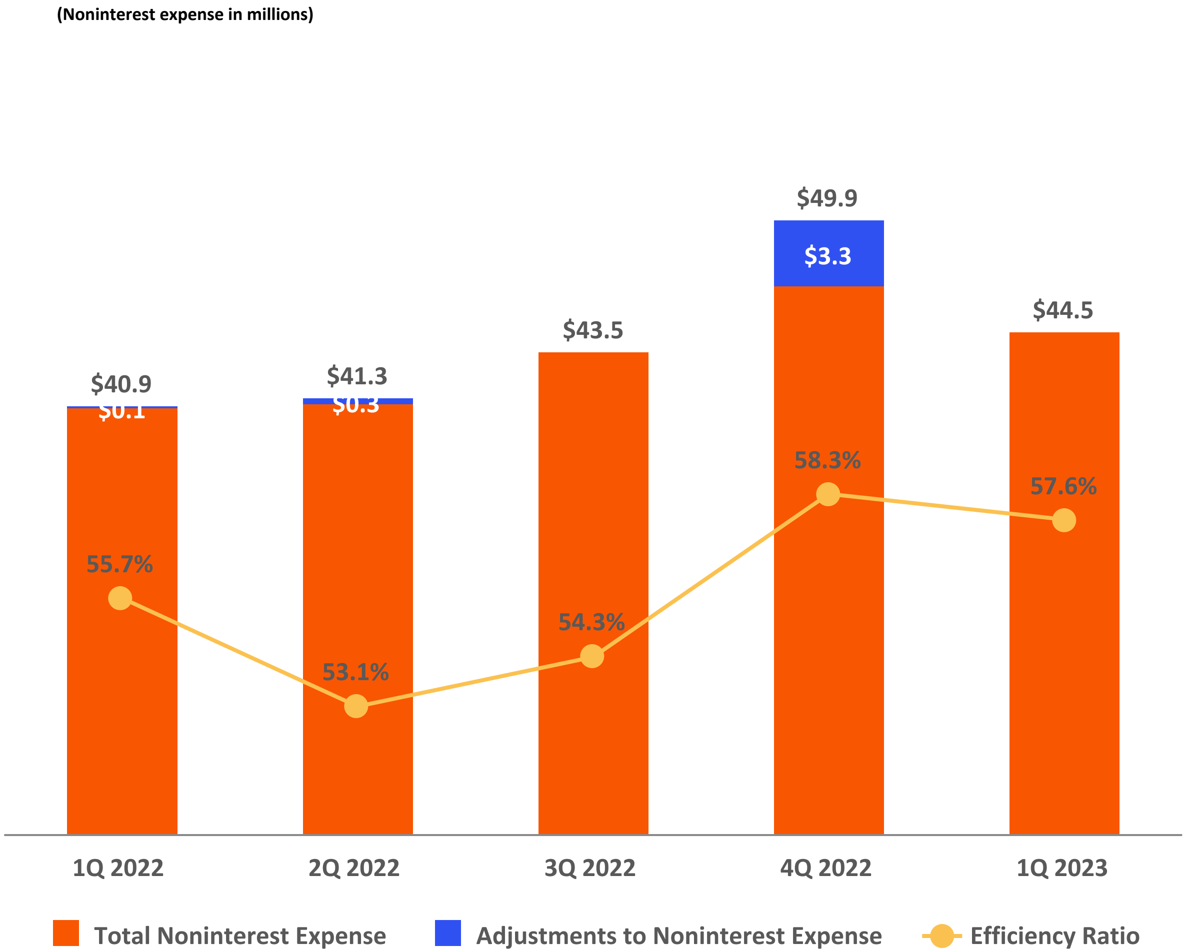
- Excluding gain on termination of forward starting interest rate swaps in 4Q22, noninterest income was relatively consistent with prior quarter
- 1Q23 noninterest income included $0.6 million loss on sale of investment securities as part of repositioning of portfolio that will positively impact net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

Noninterest Income



Noninterest Expense and Operating Efficiency

Noninterest Expense and Efficiency Ratio [1]



- 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.

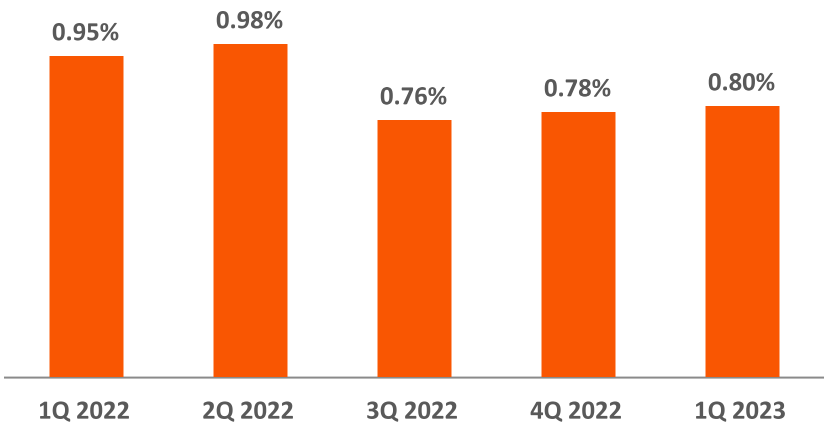
Midland States Bancorp, Inc.

Asset Quality

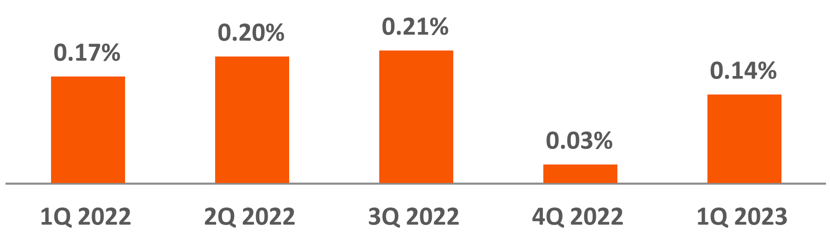
- Nonperforming loans increased $1.3 million primarily due to one commercial real estate loan
- Payment of $5.4 million received in early April on nonperforming loan, would have decreased nonperforming loans to total loans ratio by 8bps
- Delinquencies in consumer portfolio remain low
- Net charge-offs 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)

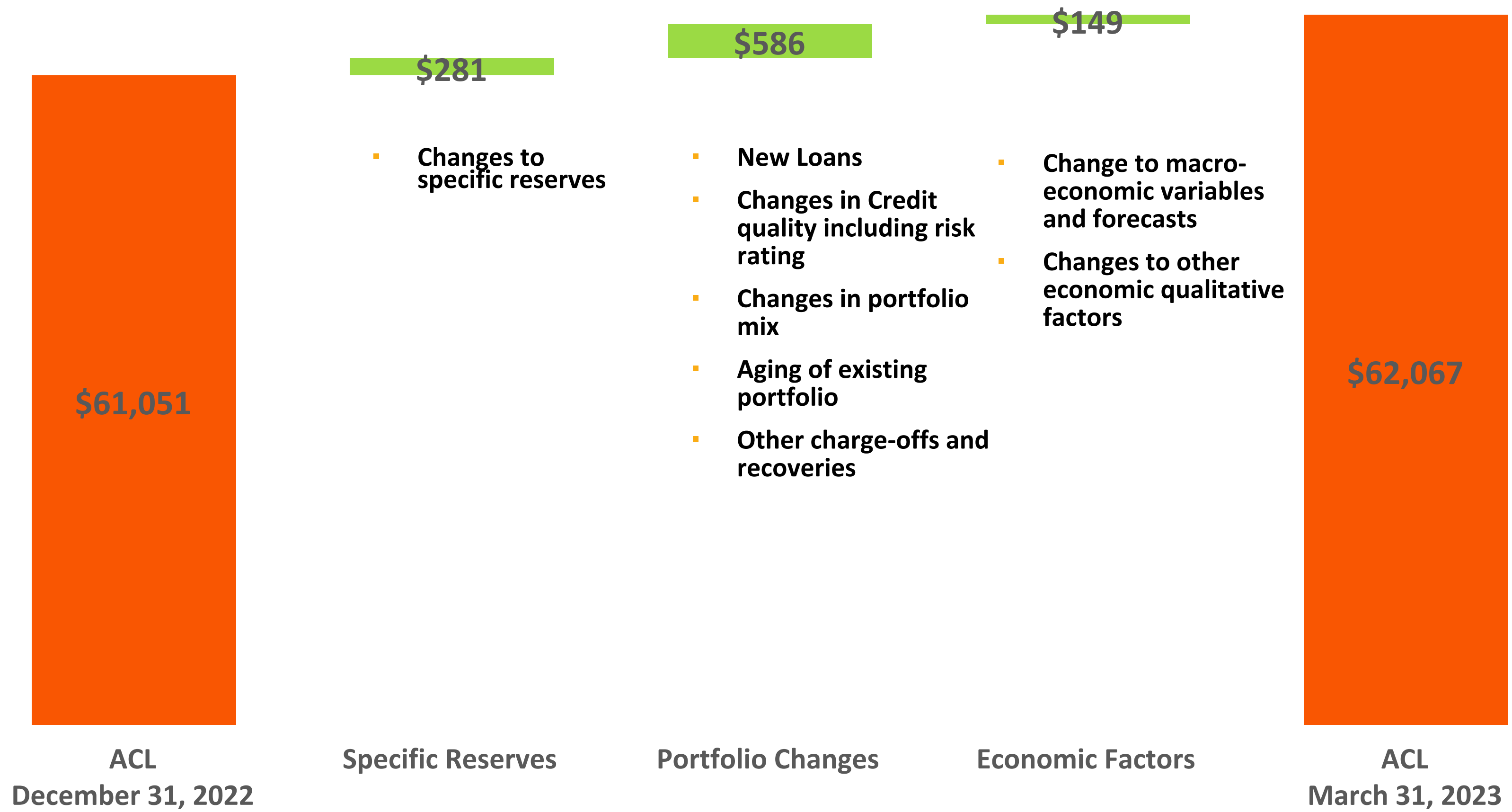


NCO / Average Loans



Changes in Allowance for Credit Losses

($ in thousands)



Midland States Bancorp, Inc.

ACL by Portfolio

($ in thousands)

Portfolio	March 31, 2023 Loans	March 31, 2023 ACL	March 31, 2023 % of Total Loans	December 31, 2022 Loans	December 31, 2022 ACL	December 31, 2022 % 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.

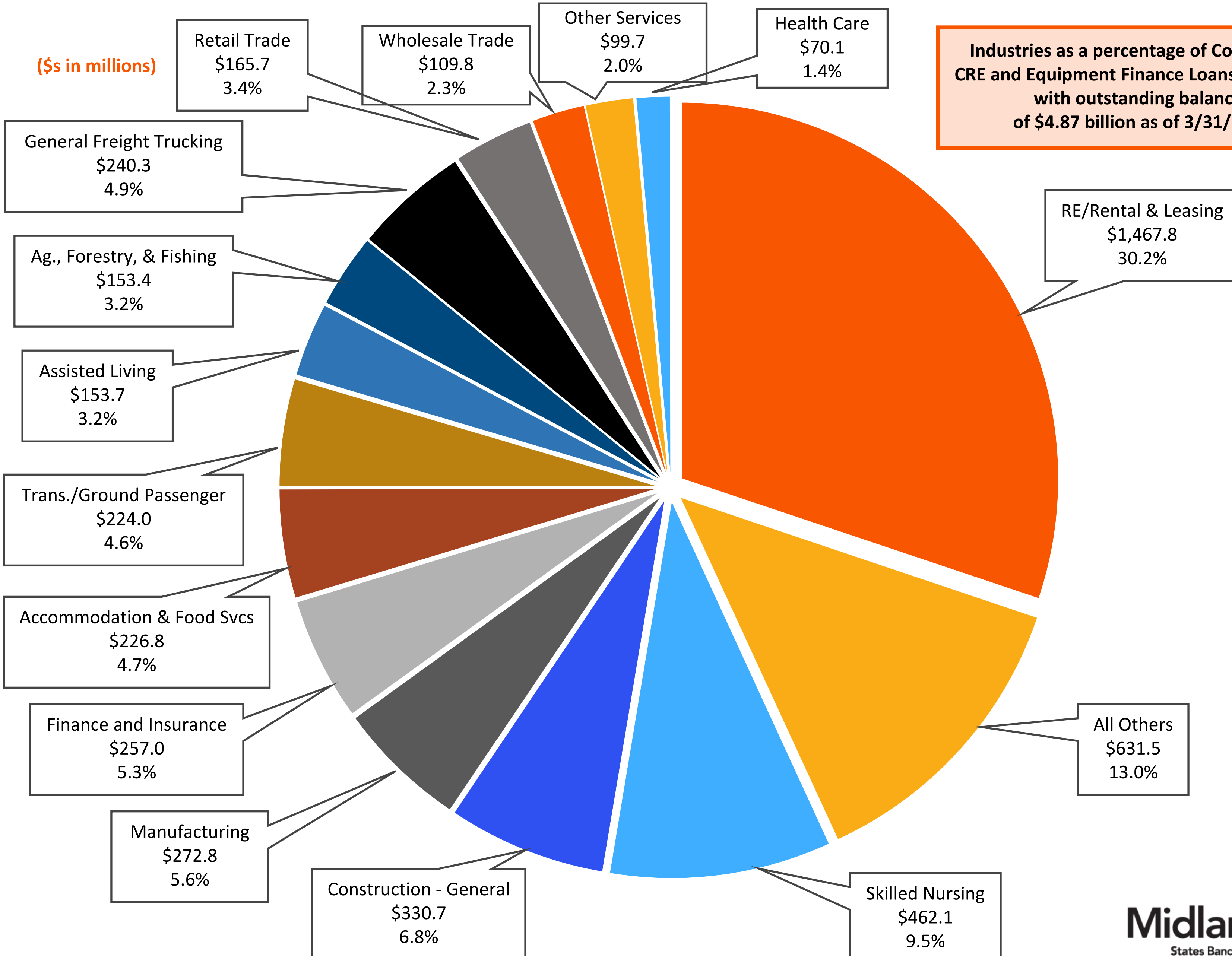
Outlook

- 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

($s in millions)

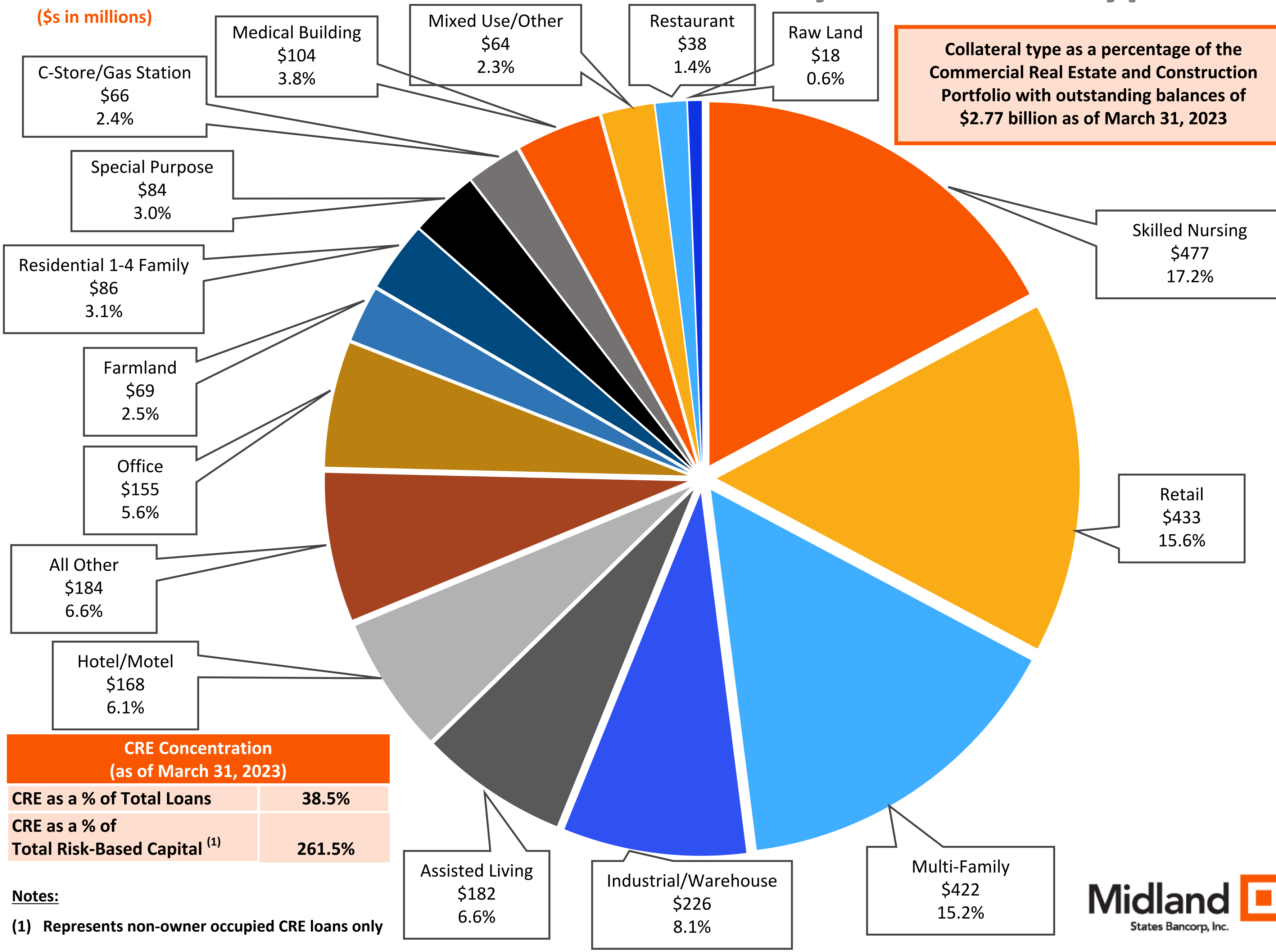


Industries as a percentage of Commercial, CRE and Equipment Finance Loans and Leases with outstanding balances of $4.87 billion as of 3/31/2023

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:

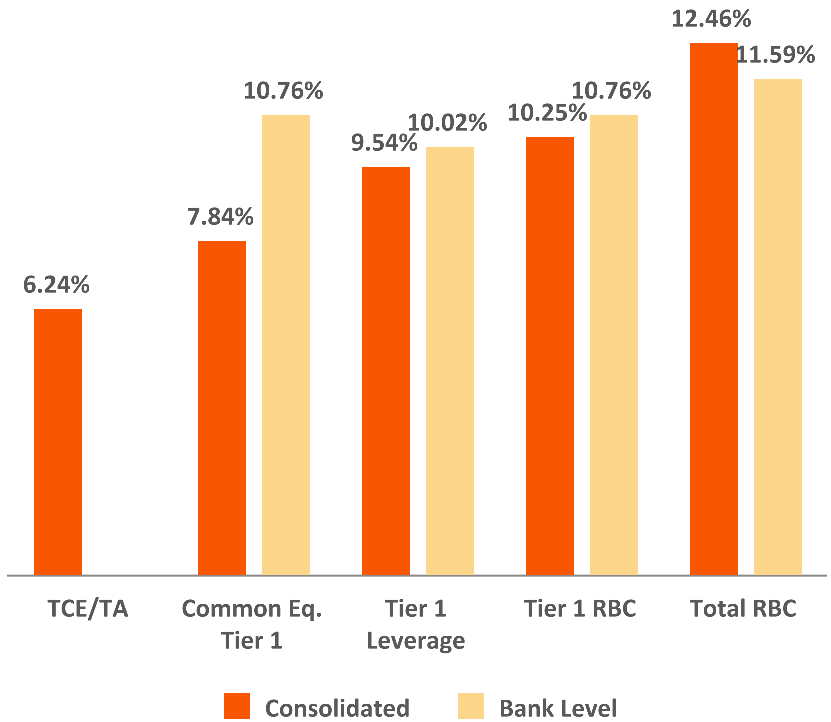
(1) Represents non-owner occupied CRE loans only

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)



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	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.
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.