




Midland States Bancorp, Inc.

NASDAQ: MSBI

Third Quarter 2024 Earnings Presentation



Forward-Looking Statements. This presentation may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements expressing management’s current expectations, forecasts of future events or long-term goals may be based upon beliefs, expectations and assumptions of the Company’s management, and are generally identifiable by the use of words such as “believe,” “expect,” “anticipate,” “plan,” “intend,” “estimate,” “may,” “will,” “would,” “could,” “should” or other similar expressions. All statements in this presentation speak only as of the date they are made, and the Company undertakes no obligation to update any statement. A number of factors, many of which are beyond the ability of the Company to control or predict, could cause actual results to differ materially from those in its forward-looking statements including changes in interest rates and other general economic, business and political conditions, the impact of inflation, increased deposit volatility and potential regulatory developments. These risks and uncertainties should be considered in evaluating forward-looking statements, and undue reliance should not be placed on such statements. Additional information concerning the Company and its businesses, including additional factors that could materially affect the Company’s financial results, are included in the Company’s filings with the Securities and Exchange Commission.

Use of Non-GAAP Financial Measures. This presentation may contain certain financial information determined by methods other than in accordance with accounting principles generally accepted in the United States (“GAAP”). These non-GAAP financial measures include “Adjusted Earnings,” “Adjusted Earnings Available to Common Shareholders,” “Adjusted Diluted Earnings Per Common Share,” “Adjusted Return on Average Assets,” “Adjusted Return on Average Shareholders’ Equity,” “Adjusted Return on Average Tangible Common Equity,” “Adjusted Pre-Tax, Pre-Provision Earnings,” “Adjusted Pre-Tax, Pre-Provision Return on Average Assets,” “Efficiency Ratio,” “Tangible Common Equity to Tangible Assets,” “Tangible Book Value Per Share,” “Tangible Book Value Per Share excluding Accumulated Other Comprehensive Income,” and “Return on Average Tangible Common Equity.” The Company believes that these non-GAAP financial measures provide both management and investors a more complete understanding of the Company’s funding profile and profitability. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Not all companies use the same calculation of these measures; therefore this presentation may not be comparable to other similarly titled measures as presented by other companies. Reconciliations of these non-GAAP measures are provided in the Appendix section of this presentation.

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

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



Financial Highlights as of September 30, 2024

\$7.8 Billion

Total Assets

\$5.7 Billion

Total Loans

\$6.3 Billion

Total Deposits

\$4.3 Billion

Assets Under Administration

YTD Adjusted ROAA ⁽¹⁾ :	0.67%
YTD Adjusted Return on TCE ⁽¹⁾ :	8.61%
TCE/TA:	7.03%
YTD PTPP ⁽¹⁾ ROAA:	1.46%
Dividend Yield:	5.54%
Price/Tangible Book:	0.9x
Price/LTM EPS:	9.7x

Notes:

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

Overview of 3Q24

Financial Performance

- Net income available to common shareholders of \$16.2 million, or \$0.74 diluted EPS
- Pre-tax, pre-provision earnings⁽¹⁾ of \$27.5 million
- Strong noninterest income of \$19.3 million
- Net interest margin stable at 3.10%

Continued Success in Balance Sheet Management Strategies

- Tangible book value per share increased 6.6% to \$24.90 from prior quarter.
- Increase in capital ratios with CET1 increasing 36 bps to 9.00%
- Increased liquidity with reduction in loan-to-deposit ratio
- Runoff in non-core loan portfolios funding new loan production and purchase of higher-yielding investment securities

Successfully Growing Community Bank

- Another good quarter of business development in community bank with full banking relationships added with high quality in-market clients
- Community bank loans increased \$45 million during 3Q24, offset by intentional reduction of equipment finance and consumer portfolios
- Loan portfolio continues to shift towards core in-market C&I and CRE loans resulting in higher quality loan portfolio

Continued Investments in Talent and Technology

- Strength of franchise allowing Midland to continue attracting high quality banking talent
- New technology platform in Wealth Management will enhance ability to cross-sell to community bank clients
- New talent and technology investments expected to drive profitable growth and further enhance the value of Midland franchise

Notes:

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

Loan Portfolio

- Total loans decreased \$103.2 million from prior quarter to \$5.75 billion
- Decrease primarily driven by decline in equipment finance portfolio of \$30.0 million and continued runoff of GreenSky portfolio of \$63.0 million
- Decrease in non-core portfolios partially offset by new loan production from high quality commercial clients that provide full banking relationships
- Investments made to increase business development efforts in St. Louis resulted in total loans increasing at an annualized rate of 12% during 3Q24 in this market
- Runoff from GreenSky portfolio rotated into investment portfolio

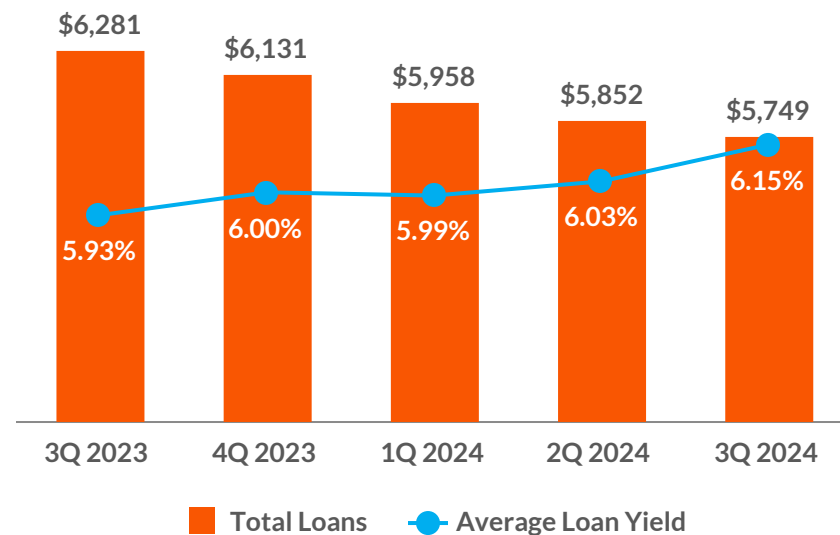
Loan Portfolio Mix

(in millions, as of quarter-end)

	3Q 2024	2Q 2024	3Q 2023
Commercial loans and leases	\$ 1,775	\$ 1,829	\$ 2,057
Commercial real estate	2,510	2,422	2,412
Construction and land development	422	477	417
Residential real estate	379	378	375
Consumer	663	746	1,020
Total Loans	\$ 5,749	\$ 5,852	\$ 6,281
Total Loans ex. Commercial FHA Lines	\$ 5,699	\$ 5,852	\$ 6,232

Total Loans and Average Loan Yield

(in millions, as of quarter-end)



Loan Segments

- Total loans in our Community Bank increased \$45 million from prior quarter to \$3.18 billion
- Loans in St. Louis region increased \$25 million or 12% annualized in 3Q24
- Focused on core, in-market loan relationships
- Continuing to add talent in faster growing markets to drive quality loan relationships and commercial deposits

Loan Portfolio Segments

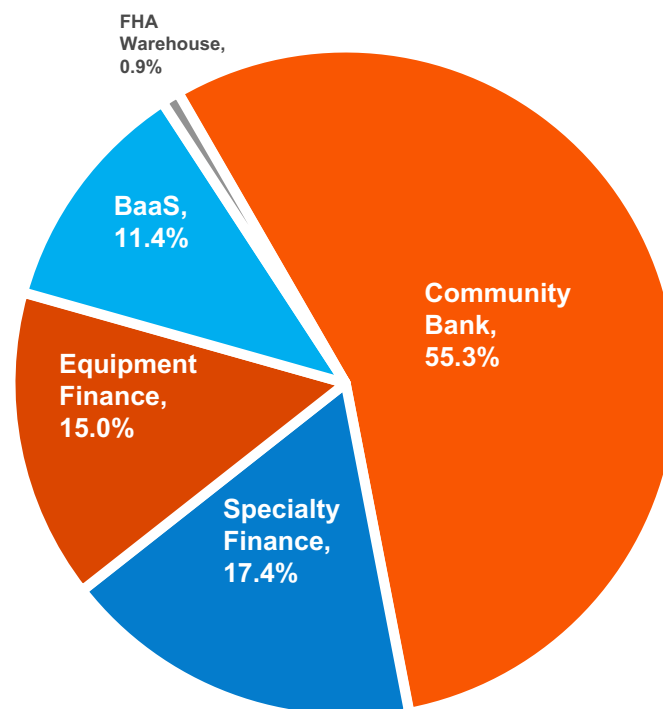
(in millions, as of quarter-end)

	3Q 2024	2Q 2024	3Q 2023
Regions:			
Eastern	\$ 903	\$ 884	\$ 853
Northern	731	725	708
Southern	695	700	702
St. Louis	850	825	704
Community Bank	\$ 3,179	\$ 3,134	\$ 2,967
Other:			
FHA Warehouse Line	\$ 50	\$ —	\$ 49
Specialty Finance	\$ 1,003	\$ 1,093	\$ 1,194
Equipment Finance	860	890	1,064
BaaS ⁽¹⁾	657	735	1,007
Total Loans	\$ 5,749	\$ 5,852	\$ 6,281

Notes:

(1) includes loans originated through Greensky and LendingPoint relationships

Loan Segment Mix



Total Deposits

- Total deposits increased \$138.8 million from end of prior quarter, primarily due to increases in brokered time
- Average balances of non-interest bearing demand deposits declined \$57 million compared to prior quarter primarily due to seasonal outflows and lower average balances
- Brokered time deposits increased \$138.0 million from prior quarter as rates provided lower cost of funds than other wholesale borrowings, which were reduced following addition of brokered time deposits

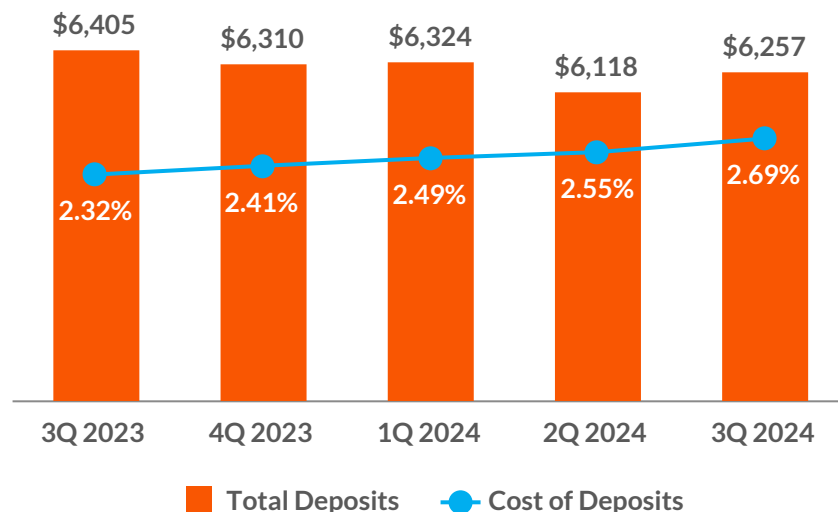
Deposit Mix

(in millions, as of quarter-end)

	3Q 2024	2Q 2024	3Q 2023
Noninterest-bearing demand	\$ 1,051	\$ 1,109	\$ 1,155
Interest-bearing:			
Checking	2,390	2,344	2,572
Money market	1,187	1,144	1,091
Savings	510	538	582
Time	849	852	886
Brokered time	270	131	119
Total Deposits	\$ 6,257	\$ 6,118	\$ 6,405

Total Deposits and Cost of Deposits

(in millions, as of quarter-end)



Deposit Summary

- Deposits excluding brokered remained relatively stable from prior quarter
- Total brokered deposits increased \$152 million in 3Q24
- Interest rates will decrease for servicing and brokered deposits reducing pressure on cost of funds

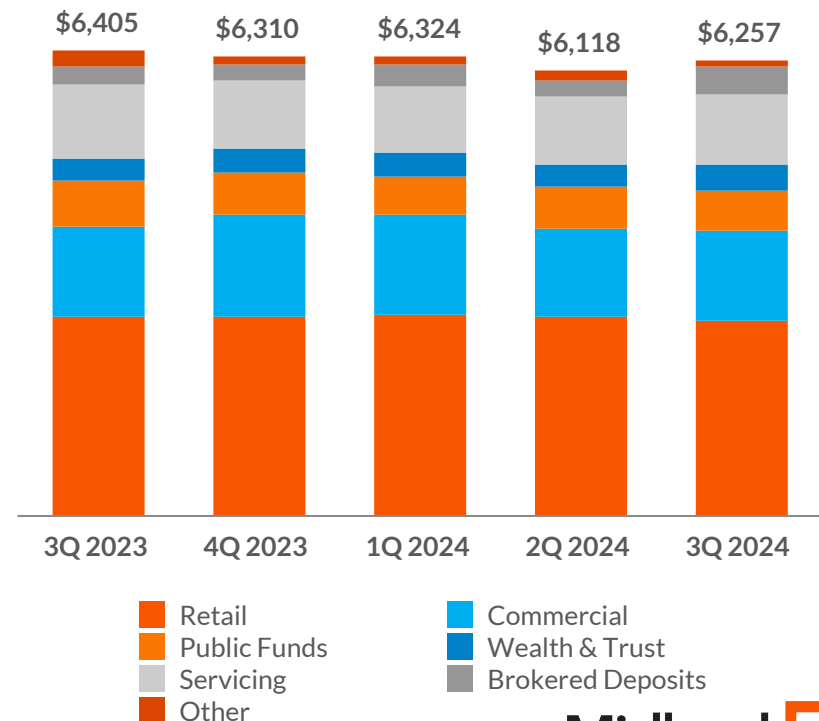
Deposits by Channel

(in millions, as of quarter-end)

	3Q 2024	2Q 2024	3Q 2023
Retail	\$ 2,695	\$ 2,742	\$ 2,756
Commercial	1,219	1,217	1,231
Public Funds	574	569	615
Wealth & Trust	332	299	318
Servicing	959	932	1,020
Brokered Deposits	391	239	228
Other	87	120	237
Total Deposits	\$ 6,257	\$ 6,118	\$ 6,405

Trend of Deposit Channel Mix

(in millions, as of quarter-end)

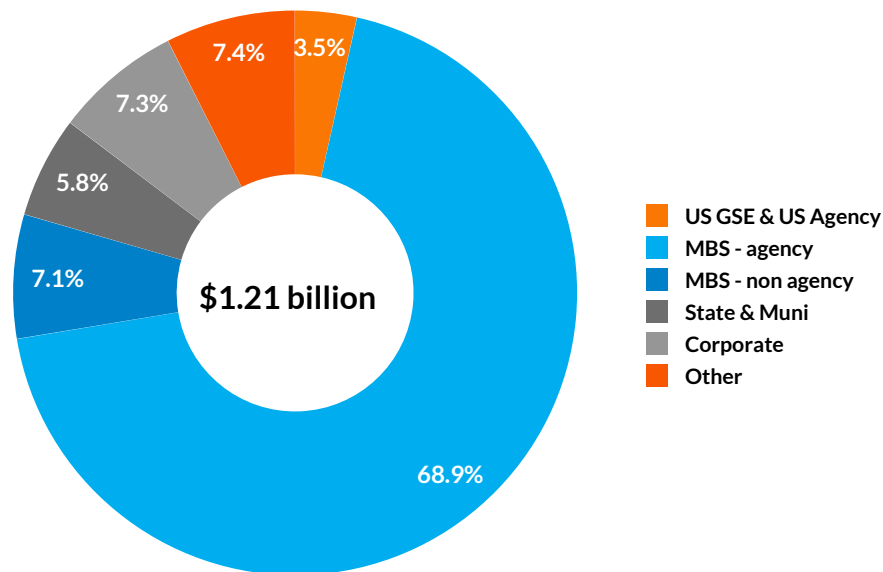


Investment Portfolio

As of September 30, 2024

- All Investments are classified as Available for Sale
- Average T/E Yield is 4.71% for 3Q24
- Average Duration is 4.87 years
- Purchased \$163 million with T/E Yield of 5.10% and sold \$11 million with T/E Yield of 3.85% in 3Q24

Fair Value of Investments by Type

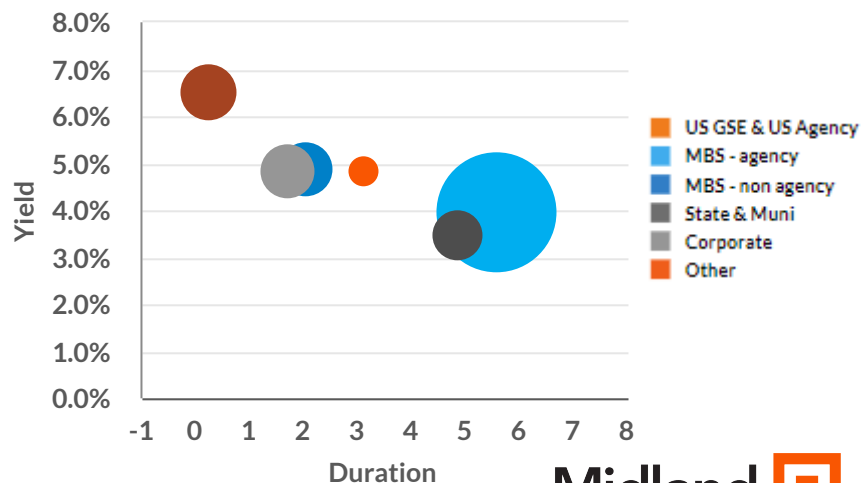


Investment Mix & Unrealized Gain (Loss)

(in millions)

	Fair Value	Book Value	Unrealized Gain (Loss)
US GSE & US Agency	\$ 43	\$ 44	\$ (1)
MBS - agency	835	897	(62)
MBS - non agency	86	87	(1)
State & Municipal	70	75	(5)
Corporate	88	95	(7)
Other	90	90	—
Total Investments	\$ 1,212	\$ 1,288	\$ (76)

Investments by Yield and Duration

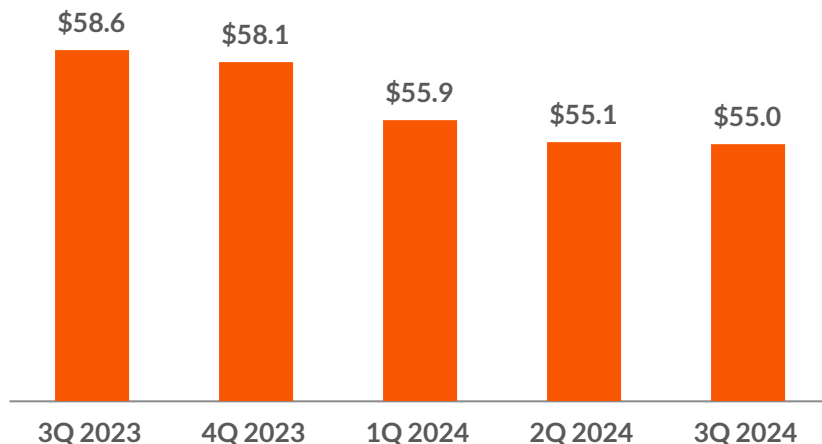


Net Interest Income/Margin

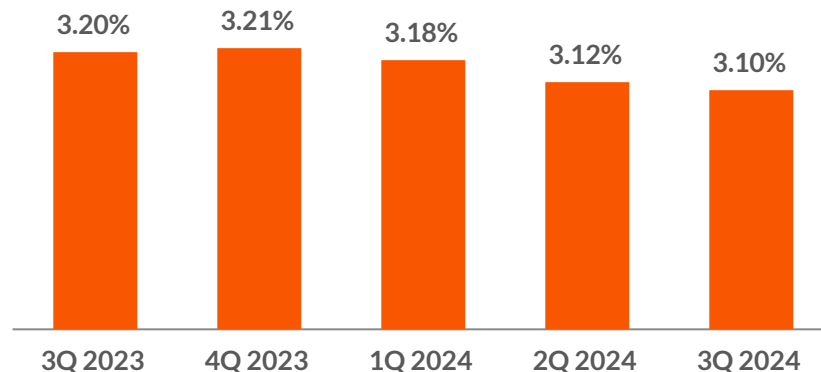
- Net interest income down slightly from prior quarter due to higher interest-bearing deposit rates and average short-term borrowings
- Net interest margin decreased 2 bp to 3.10% as the increase in the cost of deposits exceeded the increase in the average yield on earning assets
- Average rate on new and renewed loan originations was 7.82% in 3Q24 and higher than average rates on loan payoffs making them accretive to net interest margin
- Deposit rates starting to decline following Fed rate cuts and expected to positively impact net interest margin in 2025

Net Interest Income

(in millions)



Net Interest Margin



Loans & Securities - Repricing and Maturity

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

(in millions)

As of September 30, 2024

	Repricing Term							Total	Rate Structure		
	3 mos or less	3-12 mos	1-3 years	3-5 years	5-10 years	10-15 years	Over 15 years		Floating Rate	Adjustable Rate	Fixed Rate
Commercial loans and leases	\$ 722	\$ 275	\$ 537	\$ 197	\$ 30	\$ 5	\$ 8	\$1,774	\$ 557	\$ 78	\$ 1,139
Commercial real estate	862	361	769	362	142	14	1	2,511	601	235	1,675
Construction and land	291	44	76	10	1	—	—	422	233	31	158
Residential real estate	74	56	85	67	74	19	4	379	54	109	216
Consumer	132	196	235	85	15	—	—	663	83	—	580
Total	\$2,081	\$ 932	\$1,702	\$ 721	\$ 262	\$ 38	\$ 13	\$5,749	\$ 1,528	\$ 453	\$ 3,768
% of Total	35 %	16 %	30 %	13 %	5 %	1 %	— %	100 %	27 %	8 %	65 %
Weighted Average Rate	7.14 %	5.63 %	5.19 %	5.73 %	4.62 %	4.10 %	3.84 %	6.00 %	7.83 %	4.96 %	5.40 %

Investment Securities Available for Sale⁽²⁾

(in millions)

As of September 30, 2024

	Maturity & Projected Cash Flow Distribution					Total
	1 year or less	1-3 years	3-5 years	5-10 years	Over 10 years	
Amortized Cost	\$ 189	\$ 187	\$ 214	\$ 331	\$ 367	\$ 1,288
% of Total	15 %	14 %	17 %	26 %	28 %	100 %

Notes:

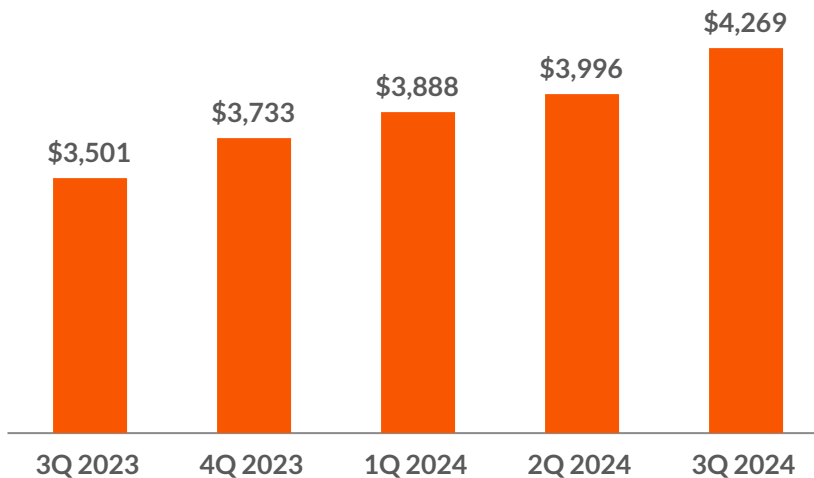
- (1) Based on projected principal payments for all loans plus the next reset for floating and adjustable rate loans and the maturity date of fixed rate loans.
- (2) Projected principal cash flows for securities. Differences between amortized cost and total principal are included in Over 10 years.

Wealth Management

- Assets under administration increased \$273 million mainly due to \$178 million in new assets and market performance
- Wealth Management fees increased due to higher AUA and net new accounts
- New technology that integrates Wealth Management data into mobile banking app that is expected to positively impact cross-selling to community bank clients
- Continual hiring of wealth advisors positively impacting new business development

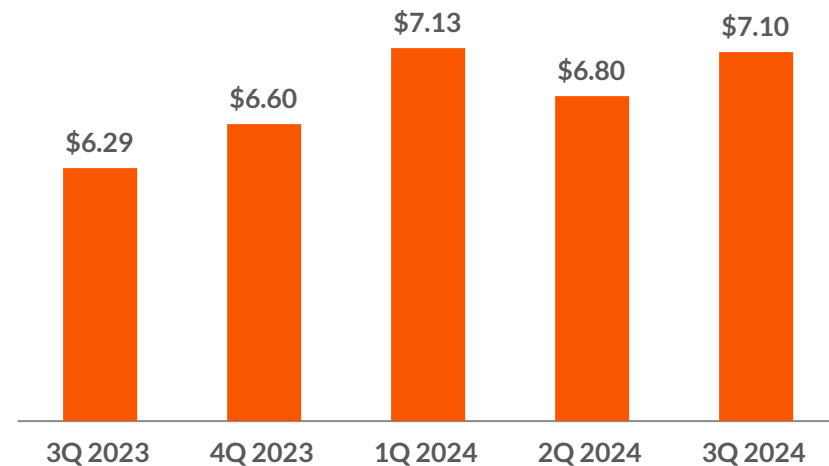
Assets Under Administration

(in millions)



Wealth Management Revenue

(in millions)

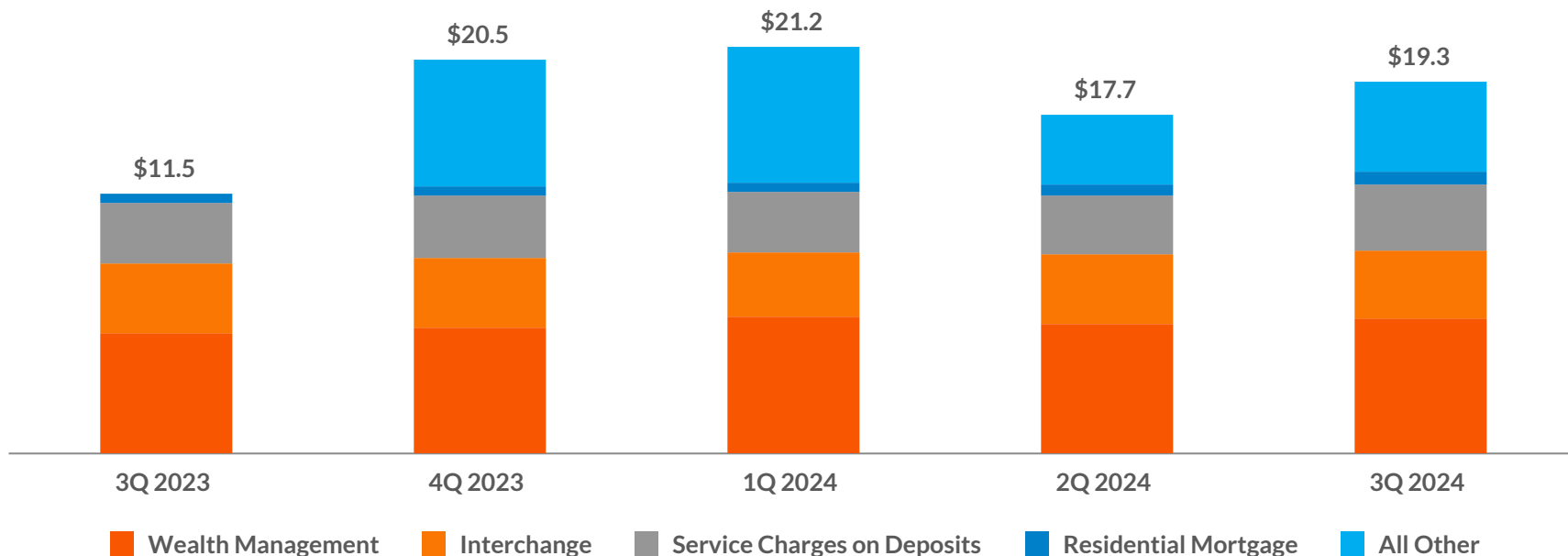


Noninterest Income

- Noninterest income increased from prior quarter primarily due to higher Wealth Management revenue resulting from increased AUA and higher deposit service charges
- 3Q24 noninterest income includes \$0.2 million gain on sale of SBA loans and \$0.4 million of earnings on limited partnership investments
- Other income negatively impacted by losses on sale of repossessed and other equipment of \$0.2 million in current quarter
- Fee income expected to be \$18.0 - \$18.5 million in the near-term quarters

Noninterest Income

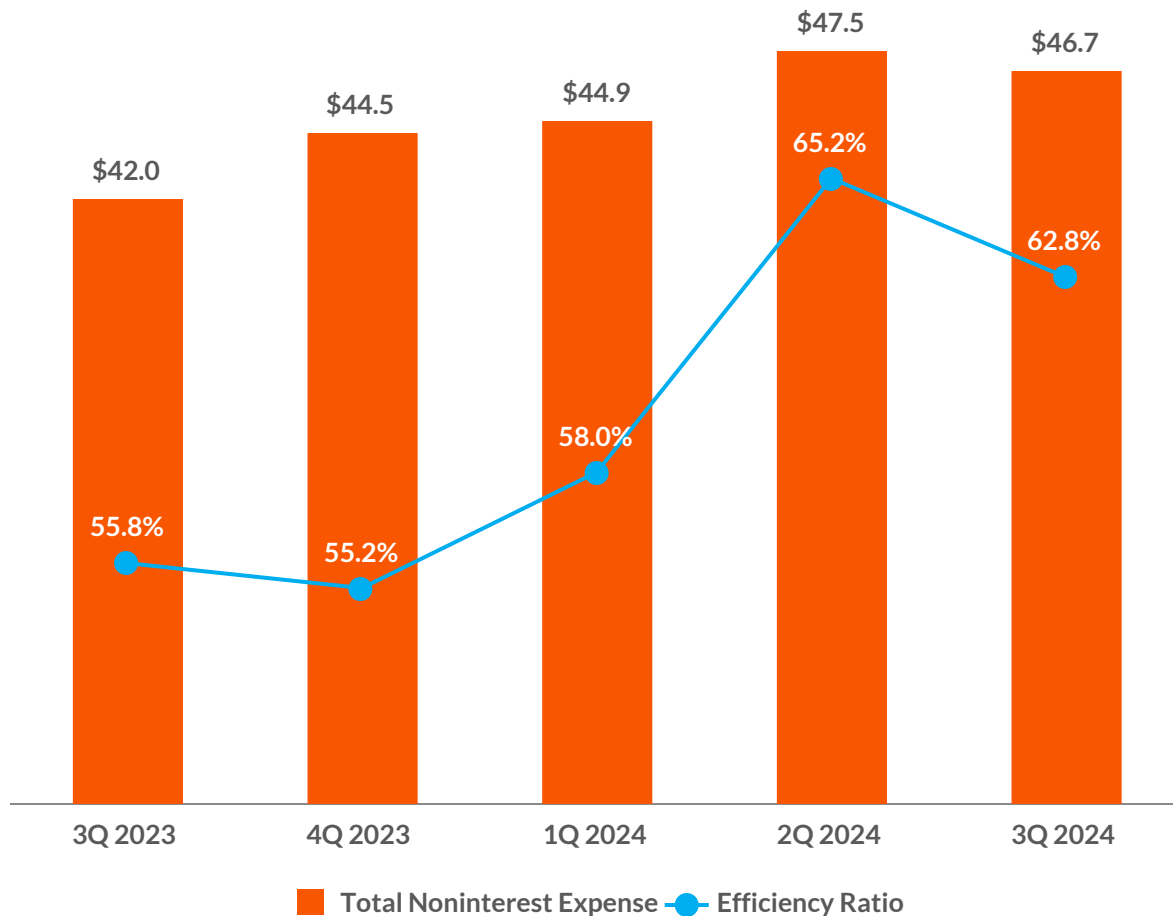
(in millions)



Noninterest Expense and Operating Efficiency

Noninterest Expense and Efficiency Ratio ⁽¹⁾

(Noninterest expense in millions)



- Efficiency Ratio ⁽¹⁾ was 62.8% in 3Q 2024 vs. 65.2% in 2Q 2024
- Compensation and benefits increased \$1.5 million due to new staff additions and incentive compensation
- Other expenses decreased \$2.0 million as prior quarter included a \$3.0 million accrual for legal action offset by increases in loan collection and continued OREO expenses in the current quarter
- Near-term operating expense run-rate expected to be approximately \$45.5 - \$46.5 million

Notes:

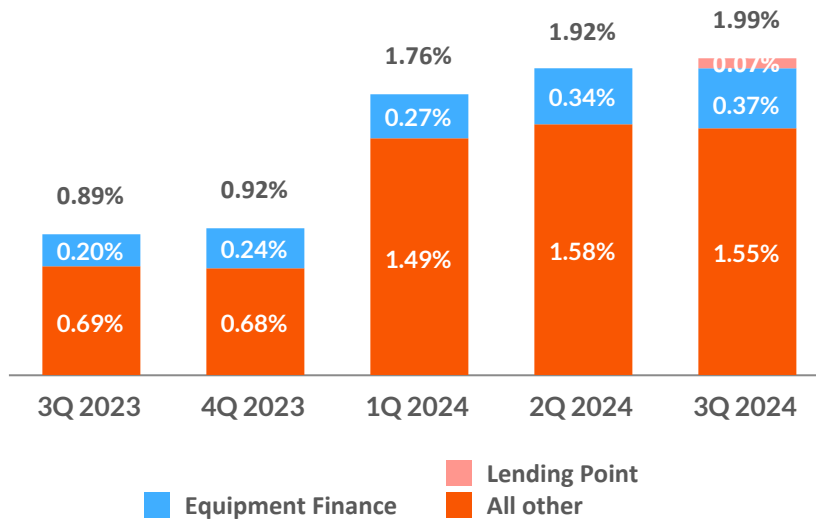
(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.

Asset Quality

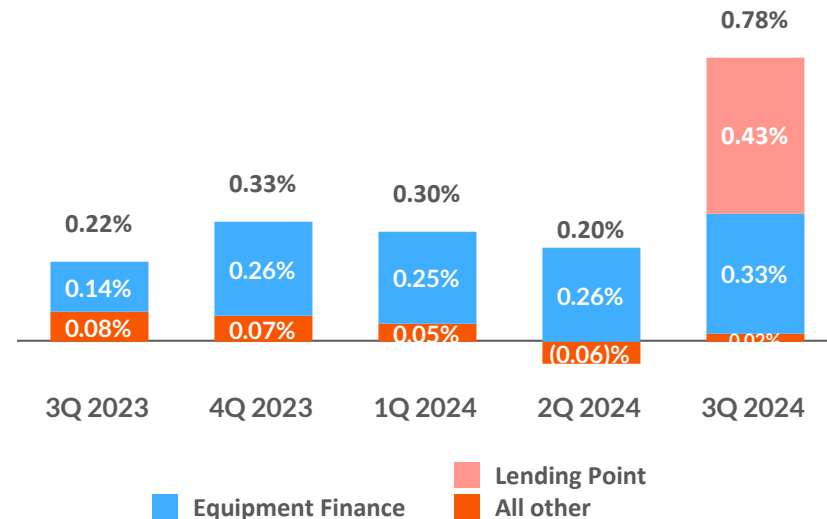
- Nonperforming loans increased from prior quarter
- Net charge-offs to average loans was 0.78% driven by equipment finance and \$6.2 million of charge offs in the Lending Point portfolio
- General stability in asset quality resulted in lower provision for credit losses than prior quarter with ACL/Total Loans of 1.49%
- Taking steps to improve asset quality through focus on relationship lending and tighter credit standards

Nonperforming Loans / Total Loans

(Total Loans as of quarter-end)

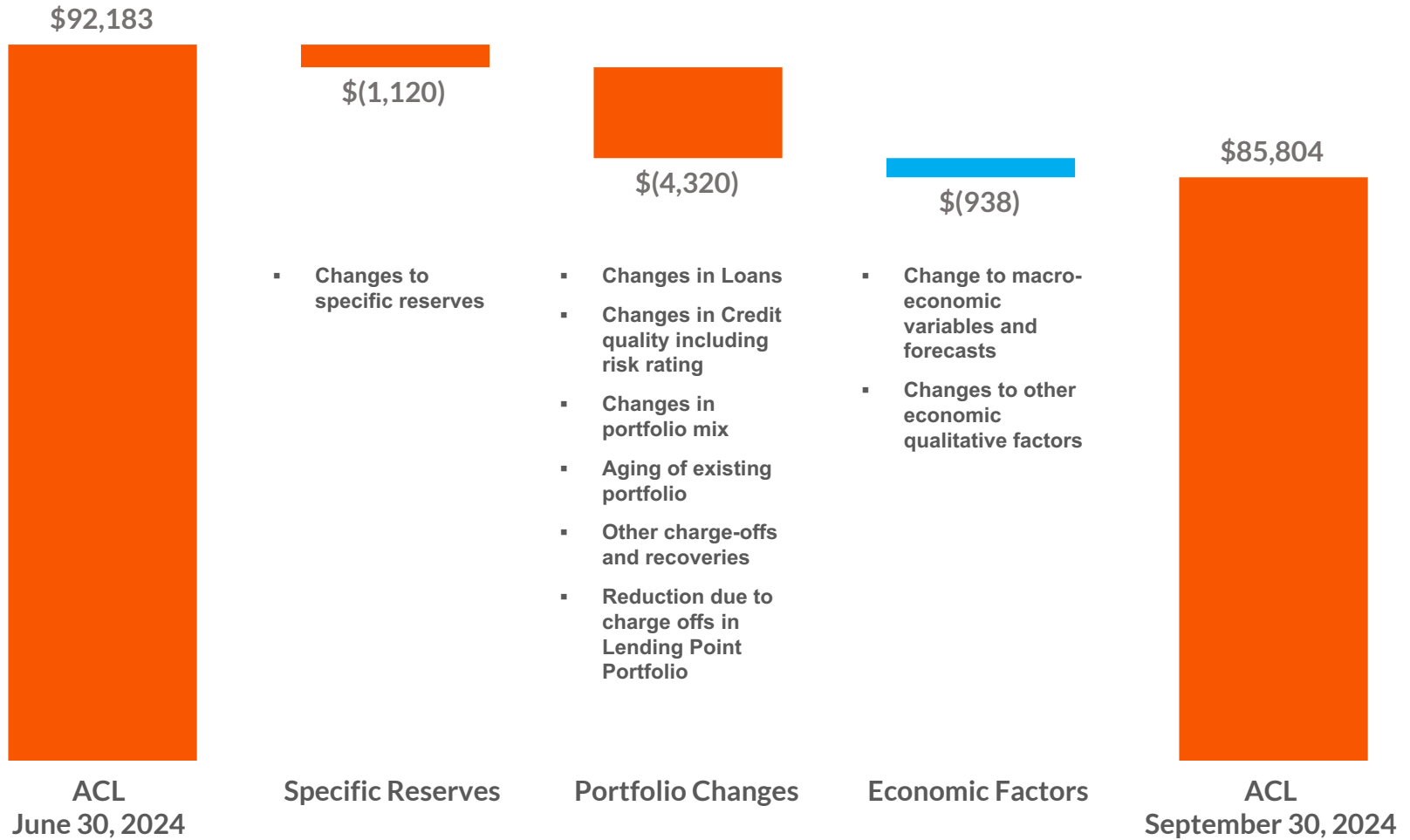


NCO / Average Loans



Changes in Allowance for Credit Losses

(\$ in thousands)



ACL by Portfolio

(\$ in thousands)

September 30, 2024

June 30, 2024

Portfolio	Loans	ACL	% of Total Loans	Loans	ACL	% of Total Loans
Commercial	\$ 797,318	\$ 9,263	1.16 %	\$ 829,888	\$ 8,821	1.06 %
Commercial Other	559,354	14,844	2.65 %	570,979	15,426	2.70 %
Equipment Finance Loans	442,552	11,236	2.54 %	461,409	11,839	2.57 %
Equipment Finance Leases	417,531	13,724	3.29 %	428,659	13,288	3.10 %
CRE non-owner occupied	1,630,930	13,623	0.84 %	1,621,102	13,949	0.86 %
CRE owner occupied	455,101	5,017	1.10 %	438,117	5,286	1.21 %
Multi-family	355,988	3,619	1.02 %	293,863	2,636	0.90 %
Farmland	68,453	269	0.39 %	68,423	326	0.48 %
Construction and Land Development	422,253	12,061	2.86 %	476,528	12,966	2.72 %
Residential RE First Lien	315,634	4,738	1.50 %	315,039	4,616	1.47 %
Other Residential	63,023	614	0.97 %	63,354	577	0.91 %
Consumer	90,626	531	0.59 %	94,763	499	0.53 %
Consumer Other ⁽¹⁾	572,608	7,501	1.31 %	651,279	13,793	2.12 %
Total Loans	\$ 5,748,819	\$ 85,804	1.49 %	\$ 5,851,994	\$ 92,183	1.58 %
Loans (excluding BaaS portfolio ⁽¹⁾ and warehouse lines)	5,048,243	74,715	1.48 %	5,125,723	74,815	1.46 %

Notes:

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



2024 Outlook and Priorities

- **Well positioned with increased levels of capital, liquidity, and reserves**
- **Continuing to focus on improving credit quality through core relationship lending and tightened credit**
- **Prudent risk management will remain top priority while economic uncertainty remains with business development efforts focused on adding new commercial and retail deposit relationships throughout our markets**
- **Capitalizing on market disruption resulting from M&A to add new clients and banking talent**
- **Prudent balance sheet management and earnings should lead to further increases in capital ratios**
- **Loan pipeline remains steady and new loan production within the community bank will continue to partially offset the runoff from the GreenSky portfolio and continued intentional reduction of the equipment finance portfolio**
- **Well positioned to benefit from lower interest rates with lower funding costs expected to lead to expanded net interest margin**
- **Positive trends in key areas should lead to consistent level of profitability**
 - * **Continued disciplined expense management while making investments in the business to increase market share, add clients, and generate profitable growth in the future**
 - * **Wealth Management revenue trending higher due to contributions of new advisors**
 - * **BaaS initiative continuing to seek high quality FinTech partners**

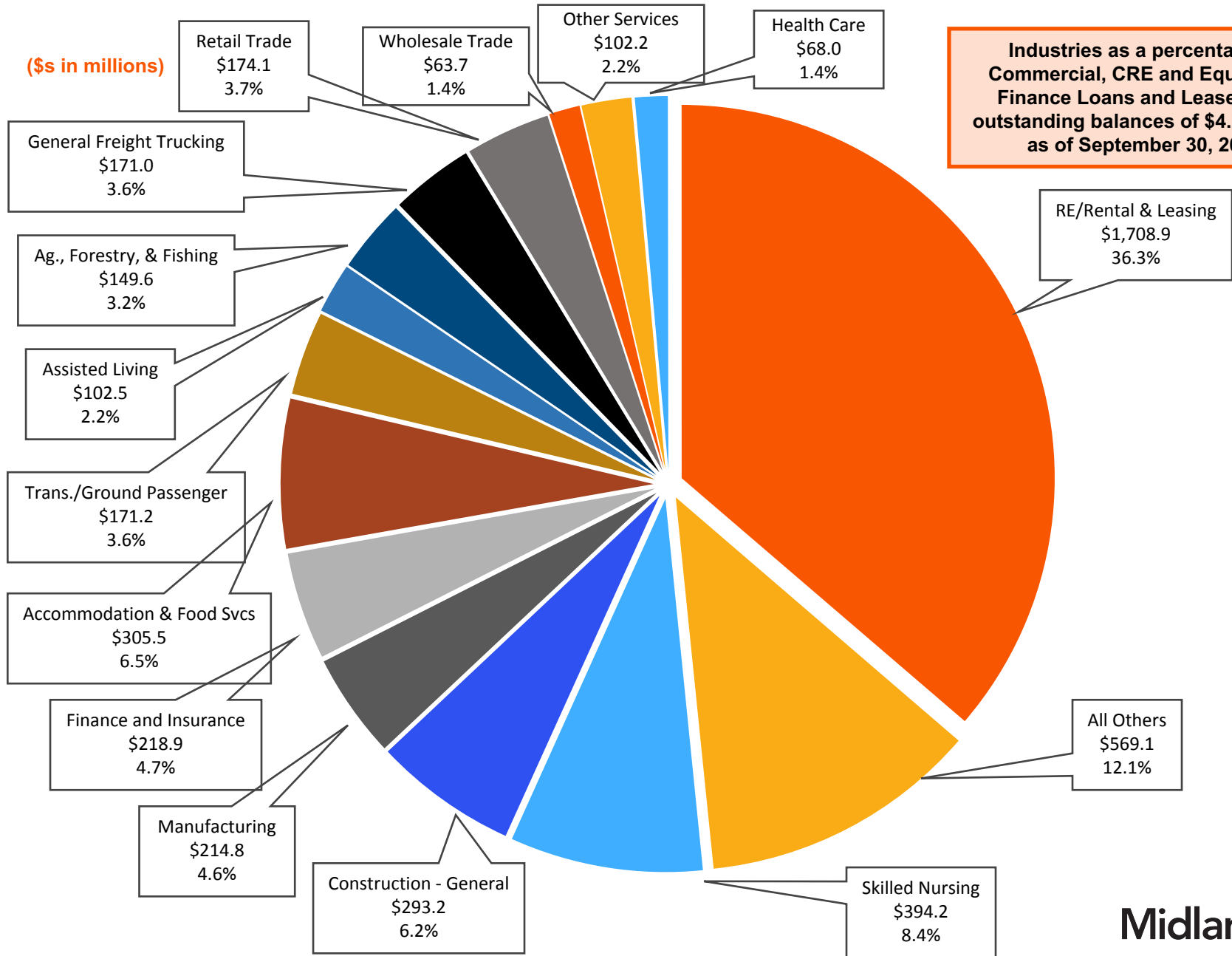


APPENDIX

Commercial Loans and Leases by Industry

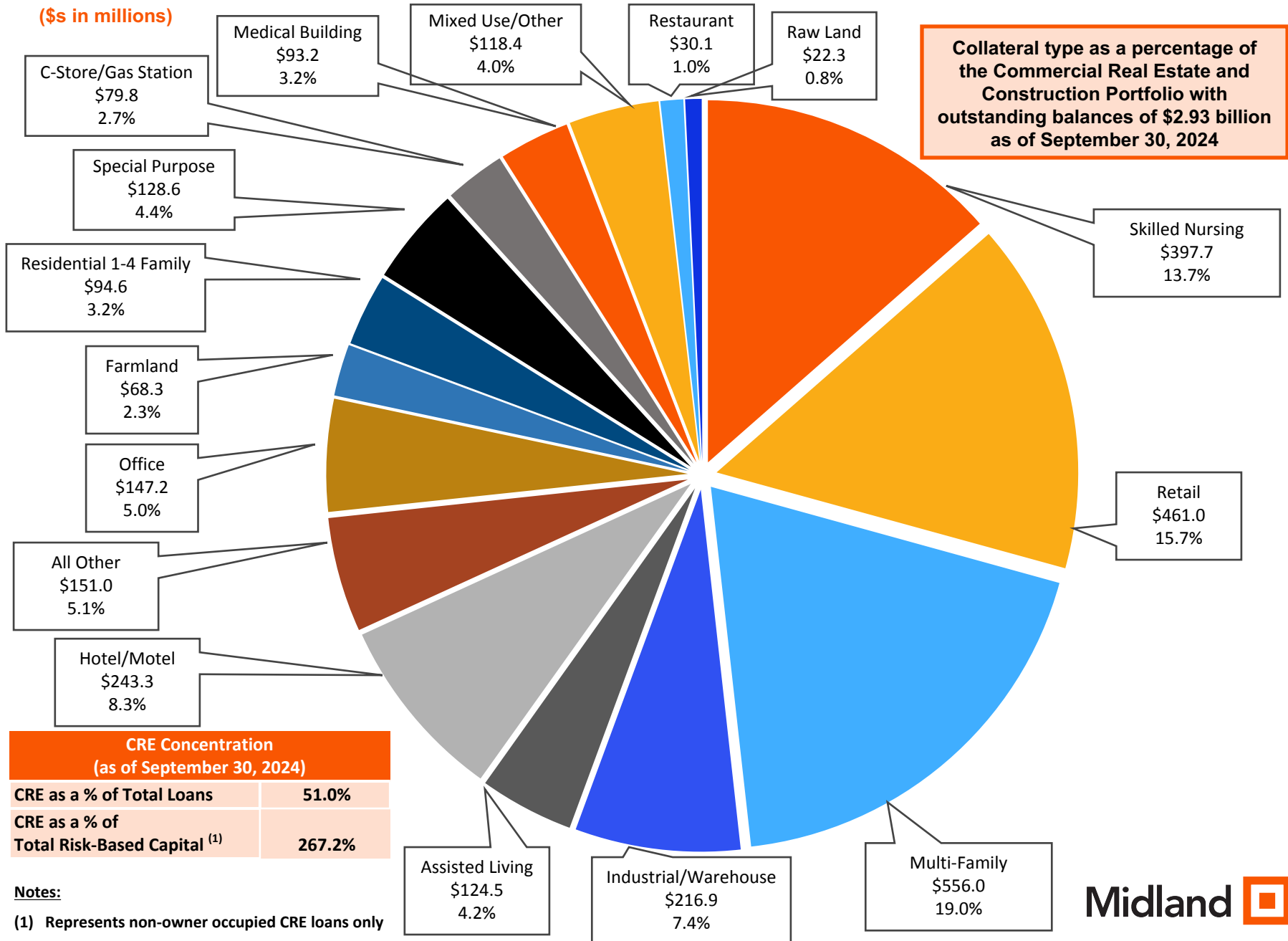
(\$s in millions)

Industries as a percentage of Commercial, CRE and Equipment Finance Loans and Leases with outstanding balances of \$4.71 billion as of September 30, 2024



Commercial Real Estate Portfolio by Collateral Type

(\$s in millions)



Collateral type as a percentage of the Commercial Real Estate and Construction Portfolio with outstanding balances of \$2.93 billion as of September 30, 2024

CRE Concentration (as of September 30, 2024)

CRE as a % of Total Loans	51.0%
CRE as a % of Total Risk-Based Capital ⁽¹⁾	267.2%

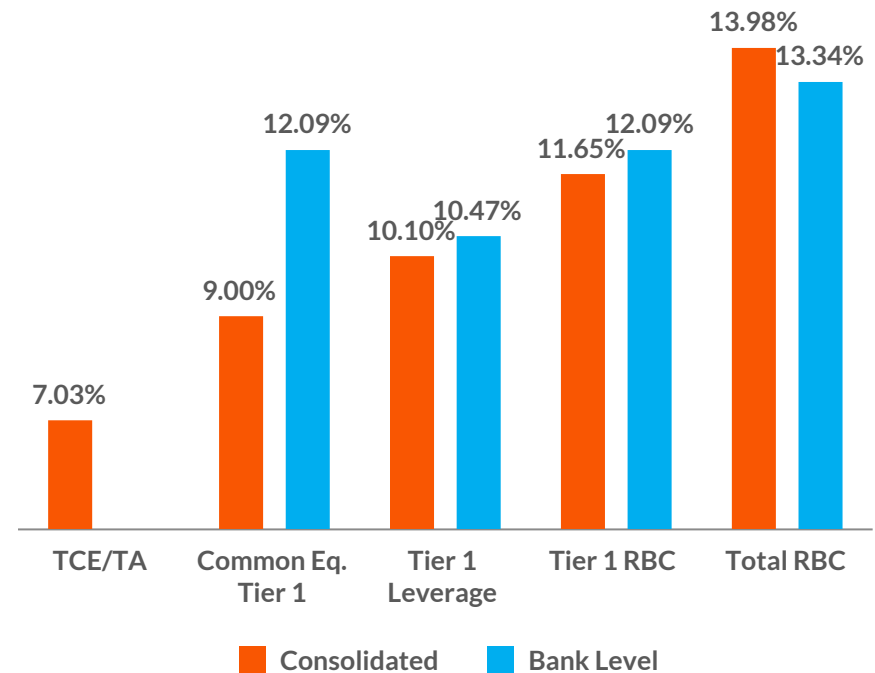
Notes:
 (1) Represents non-owner occupied CRE loans only

Capital Ratios and Strategy

Capital Strategy

- Capital initiatives increased CET1 to 9.00% from 7.77% at December 31, 2022 with limited buybacks below TBV
- Internal capital generated from strong profitability and slower balance sheet growth expected to raise TCE ratio to 7.00%-7.75% by the end of 2024
- Capital actions and strong profitability expected to enable MSBI to raise capital ratios while maintaining current dividend payout

Capital Ratios (as of September 30, 2024)



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

Tangible Book Value Per Share

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

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

Adjusted Earnings Reconciliation

	For The Year Ended					
	2018	2019	2020	2021	2022	2023
<i>(dollars in thousands, except per share data)</i>						
Income before income taxes - GAAP	\$ 50,805	\$ 72,471	\$ 32,014	\$ 99,112	\$ 129,838	\$ 107,573
Adjustments to noninterest income:						
(Gain) loss on sales of investment securities, net	(464)	(674)	(1,721)	(537)	230	9,372
(Gain) on termination of hedged interest rate swaps	—	—	—	(2,159)	(17,531)	—
(Gain) on sale of Visa B shares	—	—	—	—	—	(1,098)
(Gain) on repurchase of subordinated debt	—	—	—	—	—	(676)
Other income	(89)	29	17	(48)	—	—
Total adjustments to noninterest income	(553)	(645)	(1,704)	(2,744)	(17,301)	7,598
Adjustments to noninterest expense:						
Impairment related to facilities optimization	—	(3,577)	(12,847)	—	—	—
(Loss) gain on mortgage servicing rights held for sale	(458)	490	(1,692)	(222)	(3,250)	—
FHLB advances prepayment fees	—	—	(4,872)	(8,536)	—	—
Loss on repurchase of subordinated debt	—	(1,778)	(193)	—	—	—
Integration and acquisition expenses	(24,015)	(5,493)	(2,309)	(4,356)	(347)	—
Total adjustments to noninterest expense	(24,473)	(10,358)	(21,913)	(13,114)	(3,597)	—
Adjusted earnings pre tax - non-GAAP	74,725	82,184	52,223	109,482	116,134	115,171
Adjusted earnings tax	17,962	19,358	12,040	26,261	27,113	29,682
Adjusted earnings - non-GAAP	56,763	62,826	40,183	83,221	89,021	85,489
Preferred stock dividends, net	141	46	—	—	3,169	8,913
Adjusted earnings available to common shareholders	\$ 56,622	\$ 62,780	\$ 40,183	\$ 83,221	\$ 85,852	\$ 76,576
Adjusted diluted earnings per common share	\$ 2.39	\$ 2.54	\$ 1.70	\$ 3.65	\$ 3.79	\$ 3.42
Adjusted return on average tangible common equity	15.00 %	14.44 %	9.24 %	18.33 %	18.59 %	15.98 %

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

Adjusted Earnings Reconciliation

	For The Quarter Ended				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
<i>(dollars in thousands, except per share data)</i>					
Income before income taxes - GAAP	\$ 22,556	\$ 8,429	\$ 18,240	\$ 27,152	\$ 22,935
Adjustments to noninterest income:					
Loss on sales of investment securities, net	44	152	—	2,894	4,961
(Gain) on sale of Visa B shares	—	—	—	(1,098)	—
(Gain) on repurchase of subordinated debt	(77)	(167)	—	—	—
Total adjustments to noninterest income	(33)	(15)	—	1,796	4,961
Adjusted earnings pre tax - non-GAAP	22,523	8,414	18,240	28,948	27,896
Adjusted earnings tax	4,071	1,675	4,355	6,927	8,389
Adjusted earnings - non-GAAP	18,452	6,739	13,885	22,021	19,507
Preferred stock dividends	2,229	2,228	2,228	2,228	2,229
Adjusted earnings available to common shareholders	\$ 16,223	\$ 4,511	\$ 11,657	\$ 19,793	\$ 17,278
<i>Adjusted diluted earnings per common share</i>	\$ 0.74	\$ 0.20	\$ 0.53	\$ 0.89	\$ 0.78
Adjusted return on average assets	0.95 %	0.35 %	0.72 %	1.11 %	0.98 %
Adjusted return on average shareholders' equity	9.23 %	3.46 %	7.07 %	11.42 %	10.03 %
Adjusted return on average tangible common equity	12.67 %	3.65 %	9.34 %	16.51 %	14.24 %

Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation

	For the Quarter Ended				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
<i>(dollars in thousands)</i>					
Adjusted earnings pre tax - non-GAAP	\$ 22,523	\$ 8,414	\$ 18,240	\$ 28,948	\$ 27,896
Provision for credit losses	5,000	16,800	14,000	6,950	5,168
Adjusted pre-tax, pre-provision earnings - non-GAAP	\$ 27,523	\$ 25,214	\$ 32,240	\$ 35,898	\$ 33,064
Adjusted pre-tax, pre-provision return on average assets	1.42 %	1.30 %	1.67 %	1.80 %	1.66 %

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

Efficiency Ratio Reconciliation

	For the Quarter Ended				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
<i>(dollars in thousands)</i>					
Noninterest expense - GAAP	\$ 46,733	\$ 47,479	\$ 44,867	\$ 44,488	\$ 42,038
Net interest income - GAAP	\$ 54,950	\$ 55,052	\$ 55,920	\$ 58,077	\$ 58,596
Effect of tax-exempt income	205	170	215	183	205
Adjusted net interest income	55,155	55,222	56,135	58,260	58,801
Noninterest income - GAAP	19,339	17,656	21,187	20,513	11,545
Loss on sales of investment securities, net	44	152	—	2,894	4,961
(Gain) on sale of Visa B shares	—	—	—	(1,098)	—
(Gain) on repurchase of subordinated debt	(77)	(167)	—	—	—
Adjusted noninterest income	19,306	17,641	21,187	22,309	16,506
Adjusted total revenue	\$ 74,461	\$ 72,863	\$ 77,322	\$ 80,569	\$ 75,307
Efficiency ratio	62.76 %	65.16 %	58.03 %	55.22 %	55.82 %

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				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
<i>(dollars in thousands, except per share data)</i>					
Shareholders' Equity to Tangible Common Equity					
Total shareholders' equity—GAAP	\$ 818,259	\$ 785,772	\$ 791,006	\$ 791,853	\$ 757,610
Adjustments:					
Preferred Stock	(110,548)	(110,548)	(110,548)	(110,548)	(110,548)
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(13,052)	(14,003)	(15,019)	(16,108)	(17,238)
Tangible common equity	<u>\$ 532,755</u>	<u>\$ 499,317</u>	<u>\$ 503,535</u>	<u>\$ 503,293</u>	<u>\$ 467,920</u>
Less: Accumulated other comprehensive income (AOCI)	(60,640)	(82,581)	(81,419)	(76,753)	(101,181)
Tangible common equity excluding AOCI	<u><u>\$ 593,395</u></u>	<u><u>\$ 581,898</u></u>	<u><u>\$ 584,954</u></u>	<u><u>\$ 580,046</u></u>	<u><u>\$ 569,101</u></u>
Total Assets to Tangible Assets:					
Total assets—GAAP	\$ 7,751,483	\$ 7,757,274	\$ 7,831,809	\$ 7,866,868	\$ 7,969,285
Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(13,052)	(14,003)	(15,019)	(16,108)	(17,238)
Tangible assets	<u>\$ 7,576,527</u>	<u>\$ 7,581,367</u>	<u>\$ 7,654,886</u>	<u>\$ 7,688,856</u>	<u>\$ 7,790,143</u>
Common Shares Outstanding	21,393,905	21,377,215	21,485,231	21,551,402	21,594,546
Tangible Common Equity to Tangible Assets	7.03 %	6.59 %	6.58 %	6.55 %	6.01 %
Tangible Book Value Per Share	\$ 24.90	\$ 23.36	\$ 23.44	\$ 23.35	\$ 21.67
Tangible Book Value Per Share, excluding AOCI	\$ 27.74	\$ 27.22	\$ 27.23	\$ 26.91	\$ 26.35

Return on Average Tangible Common Equity (ROATCE)

	For the Quarter Ended				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
<i>(dollars in thousands)</i>					
Net income available to common shareholders	<u>\$ 16,247</u>	<u>\$ 4,522</u>	<u>\$ 11,657</u>	<u>\$ 18,483</u>	<u>\$ 9,173</u>
Average total shareholders' equity—GAAP	\$ 795,322	\$ 783,846	\$ 789,906	\$ 764,790	\$ 771,625
Adjustments:					
Preferred Stock	(110,548)	(110,548)	(110,548)	(110,548)	(110,548)
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(13,506)	(14,483)	(15,525)	(16,644)	(17,782)
Average tangible common equity	<u>\$ 509,364</u>	<u>\$ 496,911</u>	<u>\$ 501,929</u>	<u>\$ 475,694</u>	<u>\$ 481,391</u>
ROATCE	12.69 %	3.66 %	9.34 %	15.41 %	7.56 %