

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 28, 2022

MIDLAND STATES BANCORP, INC.
(Exact name of registrant as specified in its charter)

Illinois
(State or Other Jurisdiction of Incorporation)

001-35272
(Commission File Number)

37-1233196
(I.R.S. 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:

- 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	Nasdaq Global Select Market

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 28, 2022, Midland States Bancorp, Inc. (the “Company”) issued a press release announcing its financial results for the first quarter of 2022. The press release is attached as Exhibit 99.1.

Item 7.01. Regulation FD Disclosure.

On April 28, 2022, the Company made available on its website a slide presentation regarding the Company's first quarter 2022 financial results, which will be used as part of a publicly accessible conference call on April 29, 2022. The slide presentation is attached as Exhibit 99.2.

The information 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, nor shall it 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.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Midland States Bancorp, Inc., dated April 28, 2022
99.2	Slide Presentation of Midland States Bancorp, Inc. regarding first quarter 2022 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 hereunto duly authorized.

Midland States Bancorp, Inc.

Date: April 28, 2022

By: /s/ Douglas J. Tucker
Douglas J. Tucker
Senior Vice President and Corporate Counsel

Midland States Bancorp, Inc. Announces 2022 First Quarter Results

Summary

- **Net income of \$20.7 million, or \$0.92 diluted earnings per share**
- **Total loans increased 24.1% annualized**
- **Net interest income increased 4.7% from prior quarter to \$56.8 million**
- **Net interest margin increased 25 basis points from prior quarter to 3.50%**
- **Efficiency ratio improved to 55.73% from 57.14% in the first quarter of 2021**

EFFINGHAM, Ill., April 28, 2022 (GLOBE NEWSWIRE) -- Midland States Bancorp, Inc. (Nasdaq: MSBI) (the "Company") today reported net income of \$20.7 million, or \$0.92 diluted earnings per share, for the first quarter of 2022. This compares to net income of \$23.1 million, or \$1.02 diluted earnings per share, for the fourth quarter of 2021, which included a \$4.9 million FHLB advance prepayment fee and a \$1.8 million gain on the termination of an interest rate swap. This also compares to net income of \$18.5 million, or \$0.81 diluted earnings per share, for the first quarter of 2021.

Jeffrey G. Ludwig, President and Chief Executive Officer of the Company, said, "We executed very well in the first quarter, continuing to generate strong loan production while effectively managing expenses. Our banking teams are generating high quality lending opportunities across all asset classes, which resulted in 24% annualized growth in total loans. The strong loan production enabled us to redeploy our excess liquidity into the loan portfolio, drive a favorable shift in our mix of earning assets, and generate significant expansion in our net interest margin.

"Our loan pipeline remains very strong, which should enable us to continue to generate a high level of loan growth, drive additional expansion in our net interest margin, and further improve our earnings and level of profitability as we move through the year. While we continue to see good results from the efforts we have made to enhance our new business development capabilities, we are also making steady progress on our long-term initiatives to further enhance the value of the Midland franchise. Through consistent investment in our technology platform and the development of additional fintech partnerships, we are steadily expanding our Banking-as-a-Service capabilities, which we believe will become a meaningful contributor to further balance sheet and earnings growth in the years to come," said Mr. Ludwig.

Adjusted Earnings

Financial results for the fourth quarter of 2021 were impacted by \$4.9 million in FHLB advance prepayment fees and a \$1.8 million gain on the termination of an interest rate swap. Excluding these amounts and certain other income and expenses, adjusted earnings were \$25.4 million, or \$1.12 per diluted share, for the fourth quarter of 2021.

A reconciliation of adjusted earnings to net income according to accounting principles generally accepted in the United States ("GAAP") is provided in the financial tables at the end of this press release.

Net Interest Margin

Net interest margin for the first quarter of 2022 was 3.50%, compared to 3.25% for the fourth quarter of 2021. The Company's net interest margin benefits from accretion income on purchased loan portfolios, which contributed 3 and 4 basis points to net interest margin in the first quarter of 2022 and fourth quarter of 2021, respectively. Excluding the impact of accretion income, net interest margin increased 26 basis points from the fourth quarter of 2021, due primarily to a favorable shift in the mix of earning assets.

Relative to the first quarter of 2021, net interest margin increased from 3.45%. Accretion income on purchased loan portfolios contributed 8 basis points to net interest margin in the first quarter of 2021. Excluding the impact of accretion income, net interest margin increased 10 basis points from the first quarter of 2021, primarily due to a decrease in the cost of deposits.

Net Interest Income

Net interest income for the first quarter of 2022 was \$56.8 million, an increase of 4.7% from \$54.3 million for the fourth quarter of 2021. Accretion income associated with purchased loan portfolios totaled \$0.6 million for the first quarter of 2022, compared to \$0.8 million for the fourth quarter of 2021. Excluding accretion income, net interest income increased \$2.7 million from the prior quarter, which was primarily due to higher average loan balances and an increase in net interest margin. PPP loan income totaled \$1.2 million, including net loan origination fees of \$1.1 million, in the first quarter of 2022, compared to \$1.6 million, including net loan origination fees of \$1.4 million, in the fourth quarter of 2021.

Relative to the first quarter of 2021, net interest income increased \$5.0 million, or 9.6%. Accretion income for the first quarter of 2021 was \$1.2 million. Excluding the impact of accretion income, net interest income increased due to higher average earning assets and a decrease in the cost of deposits. PPP loan income totaled \$2.6 million, including net loan origination fees of \$2.1 million, in the first quarter of 2021.

Noninterest Income

Noninterest income for the first quarter of 2022 was \$15.6 million, a decrease of 30.7% from \$22.5 million for the fourth quarter of 2021. Noninterest income for the fourth quarter of 2021 was positively impacted by \$3.9 million in unrealized income on equity investments, a \$1.8 million gain on the termination of an FHLB interest rate swap, and a \$1.0 million gain on company-owned life insurance. Impairment on commercial MSRs negatively impacted noninterest income by \$0.4 million and \$2.1 million in the first quarter of 2022 and fourth quarter of 2021, respectively.

Relative to the first quarter of 2021, noninterest income increased 5.4% from \$14.8 million. The increase was primarily attributable to higher levels of wealth management revenue, partially offset by a decline in residential mortgage banking revenue.

Wealth management revenue for the first quarter of 2022 was \$7.1 million, which was consistent with the fourth quarter of 2021. Compared to the first quarter of 2021, wealth management revenue increased 20.4%, primarily due to the increase in assets under administration over the past year, including the acquisition of ATG Trust Company.

Noninterest Expense

Noninterest expense for the first quarter of 2022 was \$40.9 million, compared with \$45.8 million in the fourth quarter of 2021. Noninterest expense for the fourth quarter of 2021 included \$4.9 million in FHLB advance prepayment fees and \$0.2 million in integration and acquisition expenses. Excluding the FHLB advance prepayment fees and integration and acquisition expenses, noninterest expense was consistent with the fourth quarter of 2021.

Relative to the first quarter of 2021, noninterest expense increased 4.6% from \$39.1 million, primarily due to higher salaries and employee benefits expense consistent with the overall growth of the Company.

Loan Portfolio

Total loans outstanding were \$5.54 billion at March 31, 2022, compared with \$5.22 billion at December 31, 2021, and \$4.91 billion at March 31, 2021. The increase in total loans from December 31, 2021 was primarily attributable to higher balances of commercial real estate loans, partially offset by continued forgiveness of PPP loans.

Equipment finance balances increased \$12.3 million from December 31, 2021 to \$957.6 million at March 31, 2022.

Compared to loan balances at March 31, 2021, growth in equipment finance balances, other commercial loans, commercial real estate loans, and consumer loans was partially offset by declines in commercial FHA warehouse lines, PPP loans and residential real estate loans.

Deposits

Total deposits were \$6.06 billion at March 31, 2022, compared with \$6.11 billion at December 31, 2021, and \$5.34 billion at March 31, 2021. The decrease in total deposits from the end of the prior quarter was primarily attributable to period-end fluctuations in commercial FHA servicing deposits.

Asset Quality

Nonperforming loans totaled \$52.9 million, or 0.95% of total loans, at March 31, 2022, compared with \$42.6 million, or 0.81% of total loans, at December 31, 2021. The increase in nonperforming loans was attributable to one commercial real estate loan where no loss is currently expected. At March 31, 2021, nonperforming loans totaled \$52.8 million, or 1.08% of total loans.

Net charge-offs for the first quarter of 2022 were \$2.3 million, or 0.17% of average loans on an annualized basis, compared to net charge-offs of \$4.6 million, or 0.37% of average loans on an annualized basis, for the fourth quarter of 2021, and \$1.7 million, or 0.14% of average loans on an annualized basis, for the first quarter of 2021.

The Company recorded a provision for credit losses on loans of \$4.1 million for the first quarter of 2022, which was primarily related to the growth in total loans.

The Company's allowance for credit losses on loans was 0.96% of total loans and 100.0% of nonperforming loans at March 31, 2022, compared with 0.98% of total loans and 119.9% of nonperforming loans at December 31, 2021.

Capital

At March 31, 2022, 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:

	Bank Level Ratios as of Mar. 31, 2022	Consolidated Ratios as of Mar. 31, 2022	Minimum Regulatory Requirements ⁽²⁾
Total capital to risk-weighted assets	10.73%	11.74%	10.50%
Tier 1 capital to risk-weighted assets	9.99%	8.82%	8.50%
Tier 1 leverage ratio	9.03%	7.96%	4.00%
Common equity Tier 1 capital	9.99%	7.80%	7.00%
Tangible common equity to tangible assets ⁽¹⁾	NA	6.43%	NA

(1) A non-GAAP financial measure. Refer to page 15 for a reconciliation to the comparable GAAP financial measure.

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

Stock Repurchase Program

During the first quarter of 2022, the Company repurchased 43,010 shares of its common stock at a weighted average price of \$25.77 under its stock repurchase program. As of March 31, 2022, the Company had \$18.6 million remaining under the current stock repurchase authorization.

Conference Call, Webcast and Slide Presentation

The Company will host a conference call and webcast at 7:30 a.m. Central Time on Friday, April 29, 2022, to discuss its financial results. The call can be accessed via telephone at (877) 516-3531; conference ID: 1638388. A recorded replay can be accessed through May 6, 2022, by dialing (855) 859-2056; conference ID: 1638388.

A slide presentation relating to the first quarter 2022 financial results will be accessible prior to the scheduled conference call. This earnings release should be read together with the slide presentation. The slide presentation and webcast of the conference call can be accessed on the Webcasts and Presentations page of the Company's investor relations website at investors.midlandsb.com under the "News and Events" tab.

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, 2022, the Company had total assets of approximately \$7.34 billion, and its Wealth Management Group had assets under administration of approximately \$4.04 billion. Midland 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 Diluted Earnings Per Common Share," "Adjusted Pre-Tax, Pre-Provision Earnings," "Adjusted Return on Average Assets," "Adjusted Return on Average Shareholders' Equity," "Adjusted Return on Average Tangible Common Equity," "Adjusted Pre-Tax, Pre-Provision Return on Average Assets," "Efficiency Ratio," "Tangible Common Equity to Tangible Assets," "Tangible Book Value Per Share" 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, including the effects of the COVID-19 pandemic and its potential effects on the economic environment, our customers and our operations, as well as any changes to federal, state and local government laws, regulations and orders in connection with the pandemic; 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)

	For the Quarter Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<i>(dollars in thousands, except per share data)</i>					
Earnings Summary					
Net interest income	\$ 56,827	\$ 54,301	\$ 51,396	\$ 50,110	\$ 51,868
Provision for credit losses	4,167	467	(184)	(455)	3,565
Noninterest income	15,613	22,523	15,143	17,417	14,816
Noninterest expense	40,884	45,757	41,292	48,941	39,079
Income before income taxes	27,389	30,600	25,431	19,041	24,040
Income taxes	6,640	7,493	5,883	(1,083)	5,502
Net income	<u>\$ 20,749</u>	<u>\$ 23,107</u>	<u>\$ 19,548</u>	<u>\$ 20,124</u>	<u>\$ 18,538</u>

Diluted earnings per common share	\$ 0.92	\$ 1.02	\$ 0.86	\$ 0.88	\$ 0.81
Weighted average shares outstanding - diluted	22,350,307	22,350,771	22,577,880	22,677,515	22,578,553
Return on average assets	1.16%	1.26%	1.15 %	1.20 %	1.11%
Return on average shareholders' equity	12.80%	14.04%	11.90 %	12.59 %	12.04%
Return on average tangible common equity (1)	17.84%	19.69%	16.76 %	17.85 %	17.28%
Net interest margin	3.50%	3.25%	3.34 %	3.29 %	3.45%
Efficiency ratio (1)	55.73%	52.61%	58.78 %	60.19 %	57.14%

Adjusted Earnings Performance

Summary (1)

Adjusted earnings	\$ 20,815	\$ 25,416	\$ 19,616	\$ 19,755	\$ 18,434
Adjusted diluted earnings per common share	\$ 0.92	\$ 1.12	\$ 0.86	\$ 0.86	\$ 0.81
Adjusted return on average assets	1.16%	1.39%	1.15 %	1.17 %	1.11%
Adjusted return on average shareholders' equity	12.84%	15.44%	11.94 %	12.36 %	11.97%
Adjusted return on average tangible common equity	17.89%	21.65%	16.82 %	17.52 %	17.18%
Adjusted pre-tax, pre-provision earnings	\$ 32,041	\$ 36,324	\$ 28,379	\$ 26,967	\$ 28,737
Adjusted pre-tax, pre-provision return on average assets	1.79%	1.98%	1.67 %	1.60 %	1.73%

(1) Non-GAAP financial measures. Refer to pages 12 - 14 for a reconciliation to the comparable GAAP financial measures.

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

	For the Quarter Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<i>(in thousands, except per share data)</i>					
Net interest income:					
Interest income	\$ 62,748	\$ 60,427	\$ 58,490	\$ 58,397	\$ 60,503
Interest expense	5,921	6,126	7,094	8,287	8,635
Net interest income	<u>56,827</u>	<u>54,301</u>	<u>51,396</u>	<u>50,110</u>	<u>51,868</u>
Provision for credit losses:					
Provision for credit losses on loans	4,132	-	-	-	3,950
Provision for credit losses on unfunded commitments	256	388	-	(265)	(535)
Provision for other credit losses	(221)	79	(184)	(190)	150
Total provision for credit losses	<u>4,167</u>	<u>467</u>	<u>(184)</u>	<u>(455)</u>	<u>3,565</u>
Net interest income after provision for credit losses	<u>52,660</u>	<u>53,834</u>	<u>51,580</u>	<u>50,565</u>	<u>48,303</u>
Noninterest income:					
Wealth management revenue	7,139	7,176	7,175	6,529	5,931
Residential mortgage banking revenue	599	1,103	1,287	1,562	1,574
Service charges on deposit accounts	2,068	2,338	2,268	1,916	1,826
Interchange revenue	3,280	3,677	3,651	3,797	3,375
Gain on sales of investment securities, net	-	-	160	377	-
Gain on termination of hedged interest swap	-	1,845	-	-	314
Impairment on commercial mortgage servicing rights	(394)	(2,072)	(3,037)	(1,148)	(1,275)
Company-owned life insurance	1,019	1,904	869	863	860
Other income	1,902	6,552	2,770	3,521	2,211
Total noninterest income	<u>15,613</u>	<u>22,523</u>	<u>15,143</u>	<u>17,417</u>	<u>14,816</u>
Noninterest expense:					
Salaries and employee benefits	21,870	22,109	22,175	22,071	20,528
Occupancy and equipment	3,755	3,429	3,701	3,796	3,940
Data processing	5,873	5,819	6,495	6,288	5,993
Professional	1,972	1,499	1,738	5,549	2,185
Amortization of intangible assets	1,398	1,425	1,445	1,470	1,515
Loss on mortgage servicing rights held for sale	-	-	79	143	-
FHLB advances prepayment fees	-	4,859	-	3,669	8

Other expense	6,016	6,617	5,659	5,955	4,910
Total noninterest expense	40,884	45,757	41,292	48,941	39,079
Income before income taxes	27,389	30,600	25,431	19,041	24,040
Income taxes	6,640	7,493	5,883	(1,083)	5,502
Net income	\$ 20,749	\$ 23,107	\$ 19,548	\$ 20,124	\$ 18,538
Basic earnings per common share	\$ 0.92	\$ 1.03	\$ 0.86	\$ 0.88	\$ 0.81
Diluted earnings per common share	\$ 0.92	\$ 1.02	\$ 0.86	\$ 0.88	\$ 0.81

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

<i>(in thousands)</i>	As of				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Assets					
Cash and cash equivalents	\$ 332,264	\$ 680,371	\$ 662,643	\$ 425,100	\$ 631,219
Investment securities	858,246	916,132	900,319	756,831	690,390
Loans	5,539,961	5,224,801	4,915,554	4,835,866	4,910,806
Allowance for credit losses on loans	(52,938)	(51,062)	(55,675)	(58,664)	(62,687)
Total loans, net	5,487,023	5,173,739	4,859,879	4,777,202	4,848,119
Loans held for sale	8,931	32,045	26,621	12,187	55,174
Premises and equipment, net	69,746	70,792	71,241	71,803	73,255
Other real estate owned	11,537	12,059	11,931	12,768	20,304
Loan servicing rights, at lower of cost or fair value	27,484	28,865	30,916	34,577	36,876
Goodwill	161,904	161,904	161,904	161,904	161,904
Other intangible assets, net	22,976	24,374	26,065	27,900	26,867
Cash surrender value of life insurance policies	148,060	148,378	149,146	148,277	146,864
Other assets	210,544	195,146	193,294	201,461	193,814
Total assets	\$ 7,338,715	\$ 7,443,805	\$ 7,093,959	\$ 6,630,010	\$ 6,884,786
Liabilities and Shareholders' Equity					
Noninterest-bearing deposits	\$ 1,965,032	\$ 2,245,701	\$ 1,672,901	\$ 1,366,453	\$ 1,522,433
Interest-bearing deposits	4,092,507	3,864,947	3,928,475	3,829,898	3,818,080
Total deposits	6,057,539	6,110,648	5,601,376	5,196,351	5,340,513
Short-term borrowings	60,352	76,803	66,666	75,985	71,728
FHLB advances and other borrowings	310,171	310,171	440,171	440,171	529,171
Subordinated debt	139,184	139,091	138,998	138,906	169,888
Trust preferred debentures	49,524	49,374	49,235	49,094	48,954
Other liabilities	76,959	93,881	139,669	81,317	89,065
Total liabilities	6,693,729	6,779,968	6,436,115	5,981,824	6,249,319
Total shareholders' equity	644,986	663,837	657,844	648,186	635,467
Total liabilities and shareholders' equity	\$ 7,338,715	\$ 7,443,805	\$ 7,093,959	\$ 6,630,010	\$ 6,884,786

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

<i>(in thousands)</i>	As of				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Loan Portfolio					
Equipment finance loans	\$ 528,572	\$ 521,973	\$ 486,623	\$ 464,380	\$ 456,059
Equipment finance leases	429,000	423,280	412,430	407,161	402,546
Commercial FHA warehouse lines	83,999	91,927	180,248	129,607	205,115
SBA PPP loans	22,862	52,477	82,410	146,728	211,564
Other commercial loans	802,692	783,811	718,054	683,365	702,156
Total commercial loans and leases	1,867,125	1,873,468	1,879,765	1,831,241	1,977,440

Commercial real estate	2,114,041	1,816,828	1,562,013	1,540,489	1,494,031
Construction and land development	188,668	193,749	200,792	212,508	191,870
Residential real estate	329,331	338,151	344,414	366,612	398,501
Consumer	1,040,796	1,002,605	928,570	885,016	848,964
Total loans	<u>\$ 5,539,961</u>	<u>\$ 5,224,801</u>	<u>\$ 4,915,554</u>	<u>\$ 4,835,866</u>	<u>\$ 4,910,806</u>

Deposit Portfolio

Noninterest-bearing demand	\$ 1,965,032	\$ 2,245,701	\$ 1,672,901	\$ 1,366,453	\$ 1,522,433
Interest-bearing:					
Checking	1,779,018	1,663,021	1,697,326	1,619,436	1,601,449
Money market	964,352	869,067	852,836	787,688	819,455
Savings	710,955	679,115	665,710	669,277	653,256
Time	619,386	630,583	688,693	721,502	718,788
Brokered time	18,796	23,161	23,910	31,995	25,132
Total deposits	<u>\$ 6,057,539</u>	<u>\$ 6,110,648</u>	<u>\$ 5,601,376</u>	<u>\$ 5,196,351</u>	<u>\$ 5,340,513</u>

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

For the Quarter Ended

<i>(dollars in thousands)</i>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	<u>June 30, 2021</u>	<u>March 31, 2021</u>
Average Balance Sheets					
Cash and cash equivalents	\$ 384,231	\$ 685,655	\$ 525,848	\$ 509,886	\$ 350,061
Investment securities	894,634	915,707	773,372	734,462	680,202
Loans	5,274,051	4,995,794	4,800,063	4,826,234	4,992,802
Loans held for sale	31,256	34,272	15,204	36,299	65,365
Nonmarketable equity securities	36,378	39,203	43,873	49,388	55,935
Total interest-earning assets	<u>6,620,550</u>	<u>6,670,631</u>	<u>6,158,360</u>	<u>6,156,269</u>	<u>6,144,365</u>
Non-earning assets	631,187	605,060	597,153	589,336	602,017
Total assets	<u>\$ 7,251,737</u>	<u>\$ 7,275,691</u>	<u>\$ 6,755,513</u>	<u>\$ 6,745,605</u>	<u>\$ 6,746,382</u>
Interest-bearing deposits	\$ 3,953,249	\$ 3,913,475	\$ 3,895,970	\$ 3,815,179	\$ 3,757,108
Short-term borrowings	70,044	66,677	68,103	65,727	75,544
FHLB advances and other borrowings	311,282	319,954	440,171	519,490	617,504
Subordinated debt	139,139	139,046	138,954	165,155	169,844
Trust preferred debentures	49,451	49,307	49,167	49,026	48,887
Total interest-bearing liabilities	<u>4,523,165</u>	<u>4,488,459</u>	<u>4,592,365</u>	<u>4,614,577</u>	<u>4,668,887</u>
Noninterest-bearing deposits	1,989,413	2,049,802	1,434,193	1,411,428	1,370,604
Other noninterest-bearing liabilities	81,832	84,538	77,204	78,521	82,230
Shareholders' equity	657,327	652,892	651,751	641,079	624,661
Total liabilities and shareholders' equity	<u>\$ 7,251,737</u>	<u>\$ 7,275,691</u>	<u>\$ 6,755,513</u>	<u>\$ 6,745,605</u>	<u>\$ 6,746,382</u>

Yields

Earning Assets

Cash and cash equivalents	0.18%	0.16%	0.16%	0.11%	0.11%
Investment securities	2.22%	2.12%	2.34%	2.43%	2.51%
Loans	4.40%	4.36%	4.42%	4.43%	4.50%
Loans held for sale	2.86%	3.53%	2.79%	2.88%	2.74%
Nonmarketable equity securities	5.40%	5.07%	5.05%	4.94%	4.93%
Total interest-earning assets	3.87%	3.62%	3.79%	3.83%	4.02%

Interest-Bearing Liabilities

Interest-bearing deposits	0.22%	0.22%	0.26%	0.31%	0.34%
Short-term borrowings	0.14%	0.12%	0.12%	0.12%	0.13%
FHLB advances and other borrowings	1.58%	1.75%	1.80%	1.91%	1.69%
Subordinated debt	5.78%	5.78%	5.79%	5.61%	5.57%
Trust preferred debentures	4.21%	3.90%	3.92%	4.00%	4.08%
Total interest-bearing liabilities	0.53%	0.54%	0.61%	0.72%	0.75%

Cost of Deposits

	0.15%	0.15%	0.19%	0.23%	0.25%
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MIDLAND STATES BANCORP, INC.
CONSOLIDATED FINANCIAL SUMMARY (unaudited) (continued)

	As of and for the Quarter Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<i>(dollars in thousands, except per share data)</i>					
Asset Quality					
Loans 30-89 days past due	\$ 29,044	\$ 17,514	\$ 16,772	\$ 20,224	\$ 24,819
Nonperforming loans	52,900	42,580	54,620	61,363	52,826
Nonperforming assets	66,164	57,068	69,261	76,926	75,004
Net charge-offs	2,255	4,613	2,989	4,023	1,706
Loans 30-89 days past due to total loans	0.52%	0.34%	0.34%	0.42%	0.51%
Nonperforming loans to total loans	0.95%	0.81%	1.11%	1.27%	1.08%
Nonperforming assets to total assets	0.90%	0.77%	0.98%	1.16%	1.09%
Allowance for credit losses to total loans	0.96%	0.98%	1.13%	1.21%	1.28%
Allowance for credit losses to nonperforming loans	100.07%	119.92%	101.93%	95.60%	118.67%
Net charge-offs to average loans	0.17%	0.37%	0.25%	0.33%	0.14%
Wealth Management					
Trust assets under administration	\$ 4,044,138	\$ 4,217,412	\$ 4,058,168	\$ 4,077,581	\$ 3,560,427
Market Data					
Book value per share at period end	\$ 29.26	\$ 30.11	\$ 29.64	\$ 28.96	\$ 28.43
Tangible book value per share at period end ⁽¹⁾	\$ 20.87	\$ 21.66	\$ 21.17	\$ 20.48	\$ 19.98
Market price at period end	\$ 28.86	\$ 24.79	\$ 24.73	\$ 26.27	\$ 27.74
Shares outstanding at period end	22,044,626	22,050,537	22,193,141	22,380,492	22,351,740
Capital					
Total capital to risk-weighted assets	11.74%	12.19%	13.10%	13.11%	13.73%
Tier 1 capital to risk-weighted assets	8.82%	9.16%	9.73%	9.64%	9.62%
Tier 1 common capital to risk-weighted assets	7.80%	8.08%	8.55%	8.44%	8.39%
Tier 1 leverage ratio	7.96%	7.75%	8.16%	8.00%	7.79%
Tangible common equity to tangible assets ⁽¹⁾	6.43%	6.58%	6.80%	7.12%	6.67%

(1) Non-GAAP financial measures. Refer to pages 12 - 14 for a reconciliation to the comparable GAAP financial measures.

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

Adjusted Earnings Reconciliation

	For the Quarter Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<i>(dollars in thousands, except per share data)</i>					
Income before income taxes - GAAP	\$ 27,389	\$ 30,600	\$ 25,431	\$ 19,041	\$ 24,040
Adjustments to noninterest income:					
Gain on sales of investment securities, net	-	-	160	377	-
Gain on termination of hedged interest rate swap	-	1,845	-	-	314
Other income	-	-	-	(27)	75
Total adjustments to noninterest income	-	1,845	160	350	389
Adjustments to noninterest expense:					
Loss on mortgage servicing rights held for sale	-	-	79	143	-
FHLB advances prepayment fees	-	4,859	-	3,669	8
Integration and acquisition expenses	91	171	176	3,771	238
Total adjustments to noninterest expense	91	5,030	255	7,583	246
Adjusted earnings pre tax					

Adjusted earnings tax	27,480	33,785	25,526	26,274	23,897
	6,665	8,369	5,910	6,519	5,463
Adjusted earnings - non-GAAP	\$ 20,815	\$ 25,416	\$ 19,616	\$ 19,755	\$ 18,434
Adjusted diluted earnings per common share	\$ 0.92	\$ 1.12	\$ 0.86	\$ 0.86	\$ 0.81
Adjusted return on average assets	1.16%	1.39%	1.15 %	1.17 %	1.11%
Adjusted return on average shareholders' equity	12.84%	15.44%	11.94 %	12.36 %	11.97%
Adjusted return on average tangible common equity	17.89%	21.65%	16.82 %	17.52 %	17.18%

Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation

	For the Quarter Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<i>(dollars in thousands)</i>					
Adjusted earnings pre tax - non-GAAP	\$ 27,480	\$ 33,785	\$ 25,526	\$ 26,274	\$ 23,897
Provision for credit losses	4,167	467	(184)	(455)	3,565
Impairment on commercial mortgage servicing rights	394	2,072	3,037	1,148	1,275
Adjusted pre-tax, pre-provision earnings - non-GAAP	\$ 32,041	\$ 36,324	\$ 28,379	\$ 26,967	\$ 28,737
Adjusted pre-tax, pre-provision return on average assets	1.79%	1.98%	1.67 %	1.60 %	1.73%

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

Efficiency Ratio Reconciliation

	For the Quarter Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<i>(dollars in thousands)</i>					
Noninterest expense - GAAP	\$ 40,884	\$ 45,757	\$ 41,292	\$ 48,941	\$ 39,079
Loss on mortgage servicing rights held for sale	-	-	(79)	(143)	-
FHLB advances prepayment fees	-	(4,859)	-	(3,669)	(8)
Integration and acquisition expenses	(91)	(171)	(176)	(3,771)	(238)
Adjusted noninterest expense	<u>\$ 40,793</u>	<u>\$ 40,727</u>	<u>\$ 41,037</u>	<u>\$ 41,358</u>	<u>\$ 38,833</u>
Net interest income - GAAP	\$ 56,827	\$ 54,301	\$ 51,396	\$ 50,110	\$ 51,868
Effect of tax-exempt income	369	372	402	383	386
Adjusted net interest income	<u>57,196</u>	<u>54,673</u>	<u>51,798</u>	<u>50,493</u>	<u>52,254</u>
Noninterest income - GAAP	15,613	22,523	15,143	17,417	14,816
Impairment on commercial mortgage servicing rights	394	2,072	3,037	1,148	1,275
Gain on sales of investment securities, net	-	-	(160)	(377)	-
Gain on termination of hedged interest rate swap	-	(1,845)	-	-	(314)
Other	-	-	-	27	(75)
Adjusted noninterest income	<u>16,007</u>	<u>22,750</u>	<u>18,020</u>	<u>18,215</u>	<u>15,702</u>
Adjusted total revenue	<u>\$ 73,203</u>	<u>\$ 77,423</u>	<u>\$ 69,818</u>	<u>\$ 68,708</u>	<u>\$ 67,956</u>
Efficiency ratio	55.73 %	52.61 %	58.78 %	60.19 %	57.14 %

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

<i>(dollars in thousands, except per share data)</i>	As of				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Shareholders' Equity to Tangible Common Equity					
Total shareholders' equity—GAAP	\$ 644,986	\$ 663,837	\$ 657,844	\$ 648,186	\$ 635,467
Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(22,976)	(24,374)	(26,065)	(27,900)	(26,867)
Tangible common equity	<u>\$ 460,106</u>	<u>\$ 477,558</u>	<u>\$ 469,875</u>	<u>\$ 458,382</u>	<u>\$ 446,696</u>
Total Assets to Tangible Assets:					
Total assets—GAAP	\$ 7,338,715	\$ 7,443,805	\$ 7,093,959	\$ 6,630,010	\$ 6,884,786
Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(22,976)	(24,374)	(26,065)	(27,900)	(26,867)
Tangible assets	<u>\$ 7,153,835</u>	<u>\$ 7,257,527</u>	<u>\$ 6,905,990</u>	<u>\$ 6,440,206</u>	<u>\$ 6,696,015</u>
Common Shares Outstanding	22,044,626	22,050,537	22,193,141	22,380,492	22,351,740
Tangible Common Equity to Tangible Assets	6.43 %	6.58 %	6.80 %	7.12 %	6.67 %
Tangible Book Value Per Share	\$ 20.87	\$ 21.66	\$ 21.17	\$ 20.48	\$ 19.98

Return on Average Tangible Common Equity (ROATCE)

<i>(dollars in thousands)</i>	For the Quarter Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Net income available to common shareholders	<u>\$ 20,749</u>	<u>\$ 23,107</u>	<u>\$ 19,548</u>	<u>\$ 20,124</u>	<u>\$ 18,538</u>
Average total shareholders' equity—GAAP	\$ 657,327	\$ 652,892	\$ 651,751	\$ 641,079	\$ 624,661
Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(23,638)	(25,311)	(27,132)	(26,931)	(27,578)
Average tangible common equity	<u>\$ 471,785</u>	<u>\$ 465,677</u>	<u>\$ 462,715</u>	<u>\$ 452,244</u>	<u>\$ 435,179</u>
ROATCE	17.84 %	19.69 %	16.76 %	17.85 %	17.28 %



Midland States Bancorp, Inc. NASDAQ: MSBI

First Quarter 2022 Earnings Call





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 Midland’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 Midland undertakes no obligation to update any statement. A number of factors, many of which are beyond the ability of Midland to control or predict, could cause actual results to differ materially from those in its forward-looking statements including the effects of the Coronavirus Disease 2019 (“COVID-19”) pandemic, including its potential effects on the economic environment, our customers and our operations, as well as any changes to federal, state or local government laws, regulations or orders in connection with the pandemic. 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 Midland and its businesses, including additional factors that could materially affect Midland’s financial results, are included in Midland’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 Pre-Tax, Pre-Provision Income,” “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, Provision Return on Average Assets,” “Efficiency Ratio,” “Tangible Common Equity to Tangible Assets,” “Tangible Book Value Per Share,” 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.



Overview of 1Q22

1Q22 Earnings

- Net income of \$20.7 million, or \$0.92 diluted EPS
- Pre-tax, pre-provision earnings⁽¹⁾ of \$32.0 million
- ROAA of 1.16%, ROATCE⁽¹⁾ of 17.84%, and Adjusted PTPP ROAA⁽¹⁾ of 1.79% all increased from prior year

Another Strong Quarter of Loan Production

- Total commercial and CRE loan production increased 115% compared to first quarter of 2021
- Total loans increased 24.1% annualized
- CRE loans, including multifamily, increased \$297 million from the end of the prior quarter

Significant Expansion in Net Interest Margin

- NIM increased 25 basis points to 3.50%
- Strong loan production enabled redeployment of excess liquidity into loan portfolio
- Higher interest rates leading to improved loan pricing on new originations

Strong Expense Management

- Efficiency Ratio⁽¹⁾ of 55.7%
- Adjusted noninterest expense⁽¹⁾ consistent with prior quarter
- More productive commercial banking teams driving strong loan growth without materially impacting expense levels

Notes:

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



Loan Portfolio

- Total loans increased \$315.2 million from prior quarter to \$5.54 billion
- Growth in CRE loans, equipment finance, conventional commercial loans, and consumer loans offset lower end-of-period balances on commercial FHA warehouse credit lines, residential real estate loans, and lower PPP loans
- Equipment finance balances increased \$12.3 million, or 1.3% from end of prior quarter
- Excluding PPP loans and commercial FHA warehouse credit lines, total loans increased at an annualized rate of 27.8% during 1Q22
- PPP loans were \$22.9 million at Mar. 31, 2022, a decrease of \$29.6 million from Dec. 31, 2021

Loan Portfolio Mix

(In millions, as of quarter-end)

	1Q 2022	4Q 2021	1Q 2021
Commercial loans and leases	\$ 1,867	\$ 1,873	\$ 1,977
Commercial real estate	2,114	1,817	1,494
Construction and land development	189	194	192
Residential real estate	329	338	399
Consumer	1,041	1,003	849
Total Loans	\$5,540	\$5,225	\$4,911
Total Loans ex. Commercial FHA Lines and PPP	\$5,433	\$5,080	\$4,494

Total Loans and Average Loan Yield

(In millions, as of quarter-end)





Total Deposits

- Total deposits decreased \$53.1 million from prior quarter to \$6.06 billion
- Decrease in deposits primarily attributable to fluctuations in end-of-period balances of commercial FHA servicing deposits
- Decrease in noninterest-bearing deposits partially offset by increases in lower-cost interest-bearing deposits
- Strong business development momentum in St. Louis resulted in \$120 million increase in commercial deposit balances in that market during 1Q22

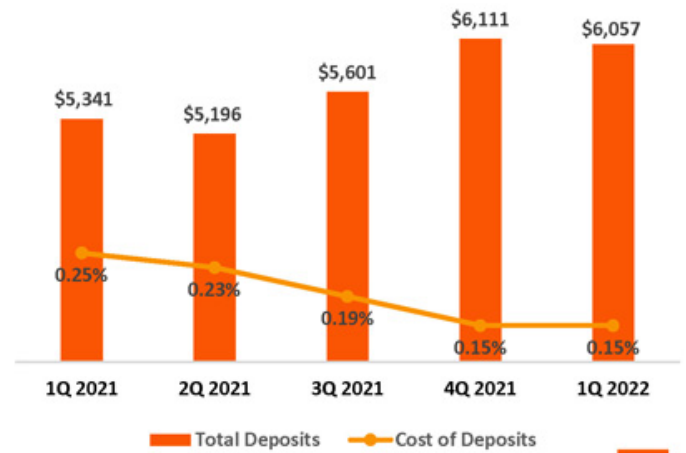
Deposit Mix

(In millions, as of quarter-end)

	1Q 2022	4Q 2021	1Q 2021
Noninterest-bearing demand	\$ 1,965	\$ 2,246	\$ 1,522
Interest-bearing:			
Checking	1,779	1,663	1,601
Money market	964	869	819
Savings	711	679	653
Time	619	631	719
Brokered time	19	23	25
Total Deposits	\$6,057	\$6,111	\$5,341

Total Deposits and Cost of Deposits

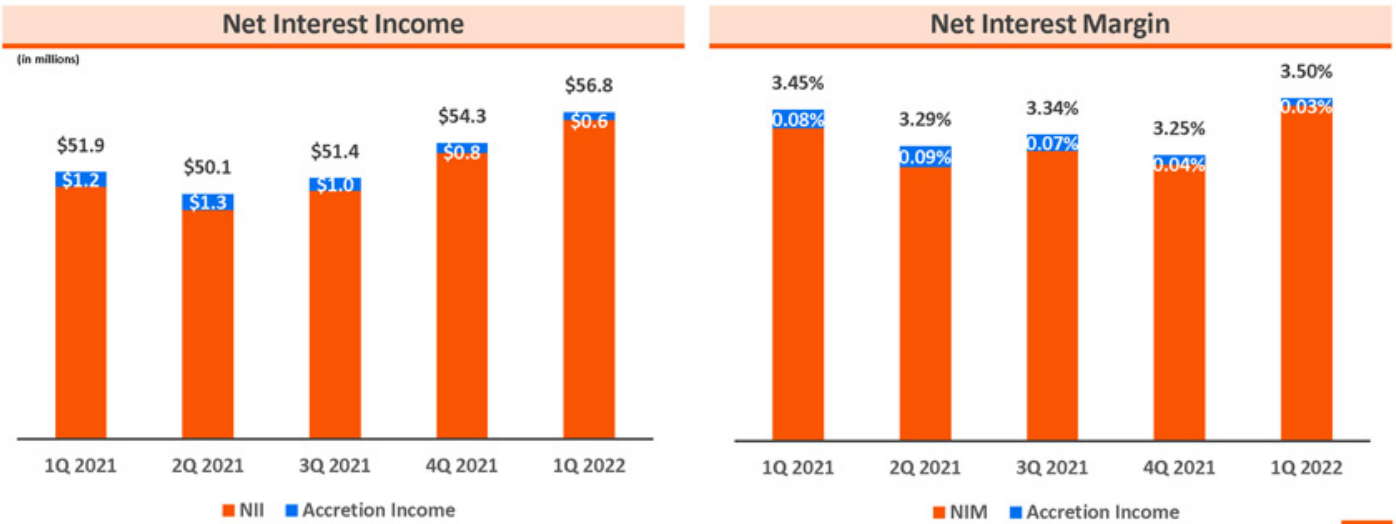
(In millions, as of quarter-end)





Net Interest Income/Margin

- Net interest income increased 4.7% from the prior quarter due primarily to higher average loan balances and an increase in net interest margin
- Net interest margin, excluding accretion income, increased 26 bps from prior quarter due primarily to the redeployment of excess liquidity into the loan portfolio
- Cash and cash equivalents declined by \$348.1 million from end of prior quarter
- Average rate on new and renewed loan originations increased 17 bps to 4.10% in March 2022 from 3.93% in December 2021
 - Midland Equipment Finance yields increased 76 bps, while other commercial loan yields increased 7 bps



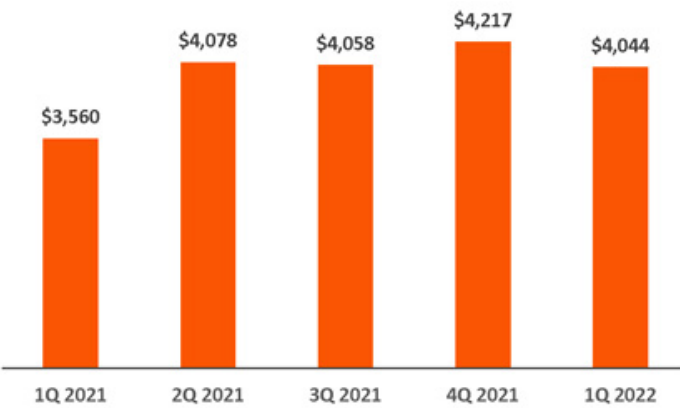


Wealth Management

- During 1Q22, assets under administration decreased \$173.3 million, primarily due to market performance
- Wealth Management revenue was consistent with prior quarter, as seasonal tax preparation fees offset the decrease in AUA

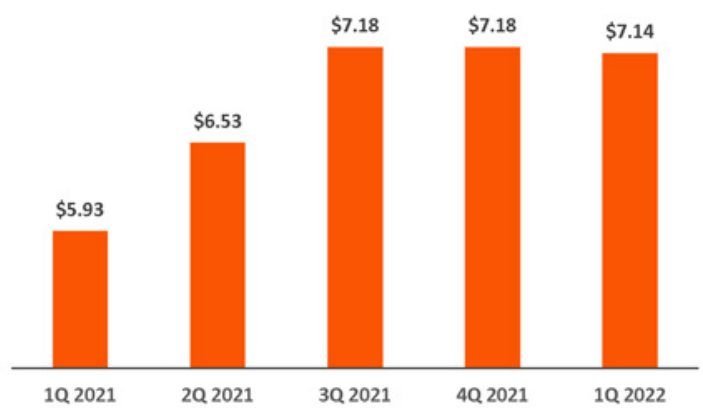
Assets Under Administration

(in millions)



Wealth Management Revenue

(in millions)



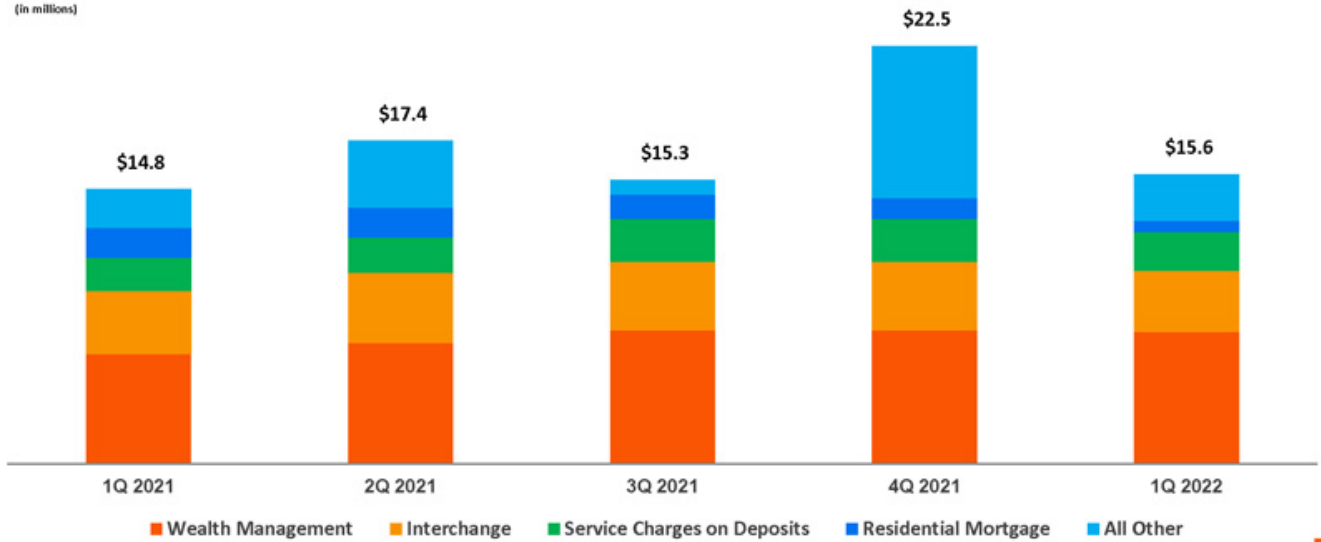


Noninterest Income

- Noninterest income decreased 30.7% from prior quarter, which was positively impacted by a number of one-time items
- Impairment on commercial MSRs impacted noninterest income by \$0.4 million and \$2.1 million in 1Q22 and 4Q21, respectively
- Excluding the impact of the one-time items and impairment of commercial MSRs, noninterest income was lower than the prior quarter due to slight declines in most areas

Noninterest Income

(in millions)

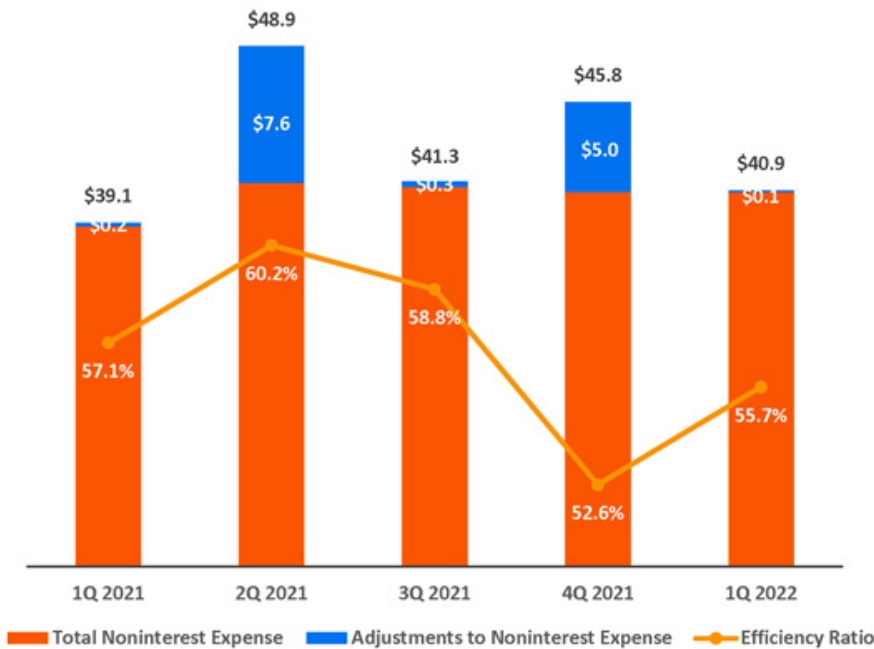




Noninterest Expense and Operating Efficiency

Noninterest Expense and Efficiency Ratio ⁽¹⁾

(Noninterest expense in millions)



• Efficiency Ratio ⁽¹⁾ was 55.7% in 1Q22 vs. 52.6% in 4Q21

• Adjustments to non-interest expense:

(\$ in millions)	1Q22	4Q21
Integration and acquisition related expenses	(\$0.1)	(\$0.2)
FHLB advance prepayment fee	--	(\$4.9)

• Excluding these adjustments, noninterest expense was consistent with the prior quarter

• Operating expense run-rate expected to be \$41.0 - \$42.0 million in 2022

Notes:

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

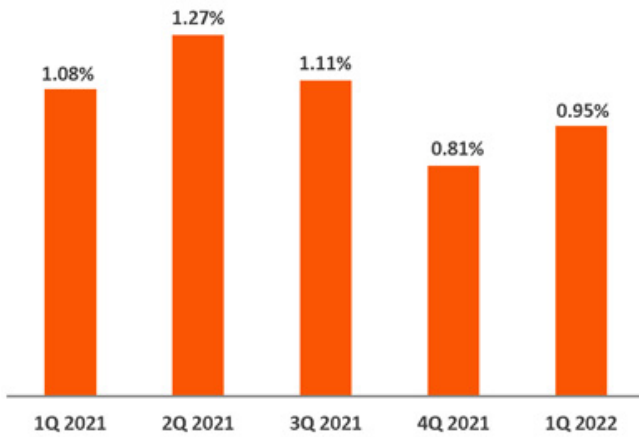


Asset Quality

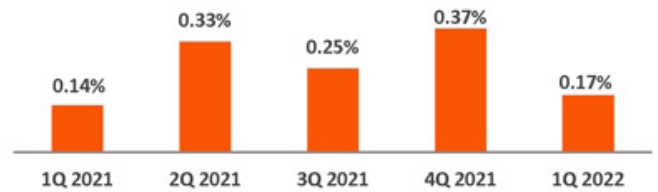
- **Nonperforming loans increased \$10.3 million due to the addition of one commercial real estate loan where no loss is currently expected**
- **Generally positive trends in the loan portfolio with continued upgrades of watch list loans**
- **Net charge-offs of \$2.3 million, or 0.17% of average loans**
- **Provision for credit losses on loans of \$4.1 million primarily related to the growth in total loans**

Nonperforming Loans / Total Loans

(Total Loans as of quarter-end)



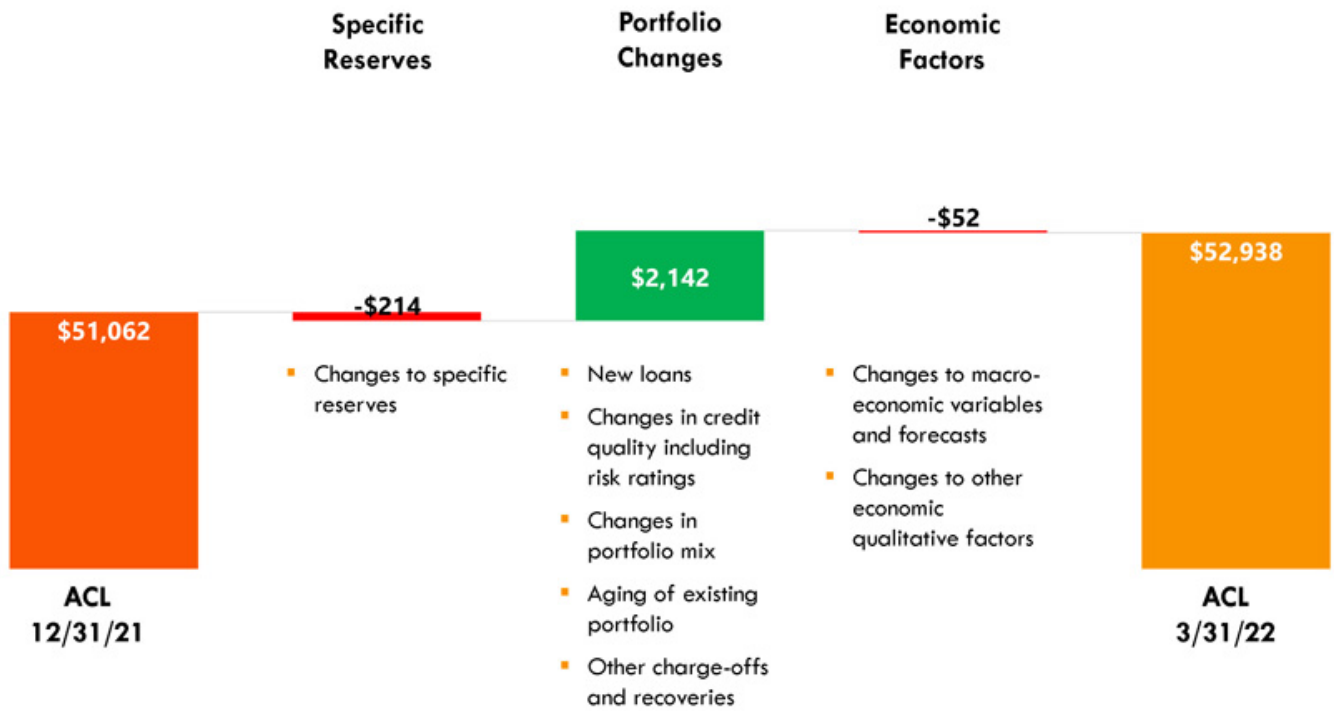
NCO / Average Loans





Changes in Allowance for Credit Losses

(\$ in thousands)





ACL by Portfolio

(\$ in thousands)

Portfolio	Total Loans at 3/31/22	ACL	% of Total Loans	Total Loans at 12/31/21	ACL	% of Total Loans
Commercial	\$ 796,498	\$ 5,078	0.64%	\$ 770,670	\$ 5,783	0.75%
Warehouse Lines	83,999	-	0.00%	91,927	-	0.00%
Commercial Other	641,628	7,543	1.18%	679,518	8,592	1.26%
Equipment Finance	528,572	7,288	1.38%	521,973	8,262	1.58%
Paycheck Protection Program	22,862	34	0.15%	52,477	79	0.15%
Lease Financing	429,000	7,264	1.69%	423,280	7,469	1.76%
CRE non-owner occupied	1,291,239	18,132	1.40%	1,105,333	14,771	1.34%
CRE owner occupied	499,871	5,646	1.13%	469,658	5,941	1.26%
Multi-family	252,507	2,163	0.86%	171,875	1,740	1.01%
Farmland	70,424	336	0.48%	69,962	541	0.77%
Construction and Land Development	188,668	816	0.43%	193,749	972	0.50%
Residential RE First Lien	268,787	2,924	1.09%	274,412	2,314	0.84%
Other Residential	60,544	364	0.60%	63,738	381	0.60%
Consumer	101,692	310	0.30%	106,008	307	0.29%
Consumer Other ⁽¹⁾	939,104	2,362	0.25%	896,598	2,251	0.25%
Total Loans	5,539,961	52,938	0.96%	5,224,801	51,062	0.98%
Loans (excluding GreenSky, PPP and warehouse lines)	4,452,413	50,401	1.13%	4,148,188	48,608	1.17%

Notes:

(1) Primarily consists of loans originated through GreenSky relationship





Outlook

- **Loan pipeline remains very healthy and should support continued strong loan growth**
- **Continued loan growth and asset sensitive balance sheet expected to drive further expansion in net interest margin as interest rates increase**
- **Closing of FNBC branch acquisition in 2Q22 will provide additional low-cost deposits to fund loan growth**
- **Strong expense management should lead to further operating leverage as loan growth and NIM expansion generate higher levels of revenue**
- **Consistent investment in technology platform and development of additional fintech partnerships building the foundation for growth in Banking-as-a-Service over the coming years**
- **Evaluating best options to strengthen capital ratios to support continued strong loan growth, while optimizing capital stack**



APPENDIX





Paycheck Protection Program Overview

Paycheck Protection Program (as of 3/31/22)	
Loans Outstanding	\$22.9 million
Total Fees Earned	\$15.3 million
Fees Recognized in 1Q22	\$1.1 million
Remaining Fees to be Recognized	\$0.9 million

Paycheck Protection Program Loan Forgiveness		
	As of 12/31/21	As of 3/31/22
Loans Submitted to SBA	\$342.4 million	\$362.7 million
Loans Forgiven by SBA	\$333.0 million	\$357.2 million
Percentage of PPP Loans Forgiven	87.5%	93.9%

Impact on 1Q22 Financials

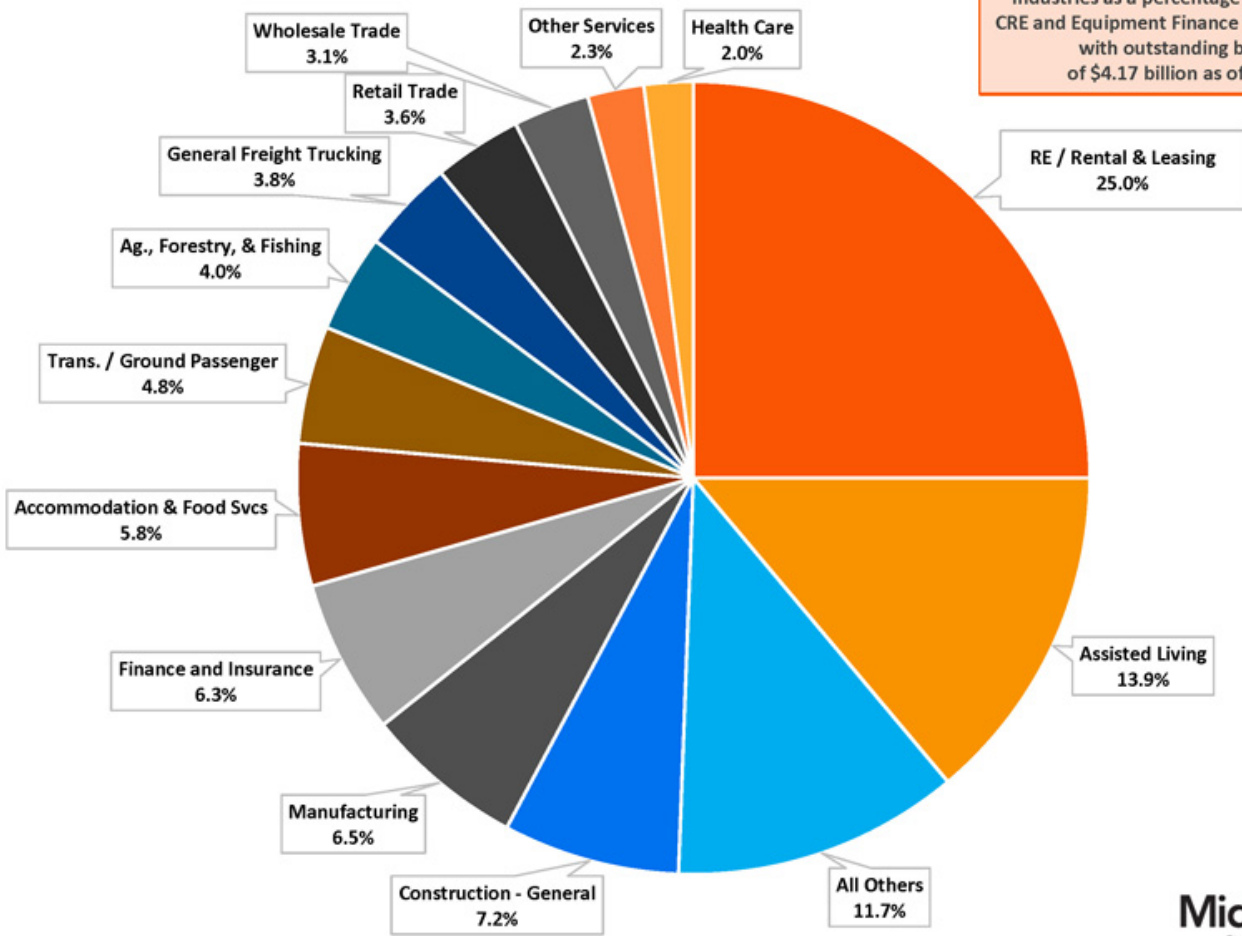
	At or for the Three Months Ended 3/31/22	Metrics Excluding PPP Impact
Total Loans	\$5.54 billion	\$5.52 billion
Average Loans	\$5.27 billion	\$5.24 billion
Net Interest Income FTE ⁽¹⁾	\$57.2 million	\$56.0 million
Net Interest Margin ⁽¹⁾	3.50%	3.45%
ACL/Total Loans	0.96%	0.96%

1. Loan fees and deferred loan origination costs being amortized over an estimated 24 to 60 month life of PPP loans



Commercial Loans and Leases by Industry

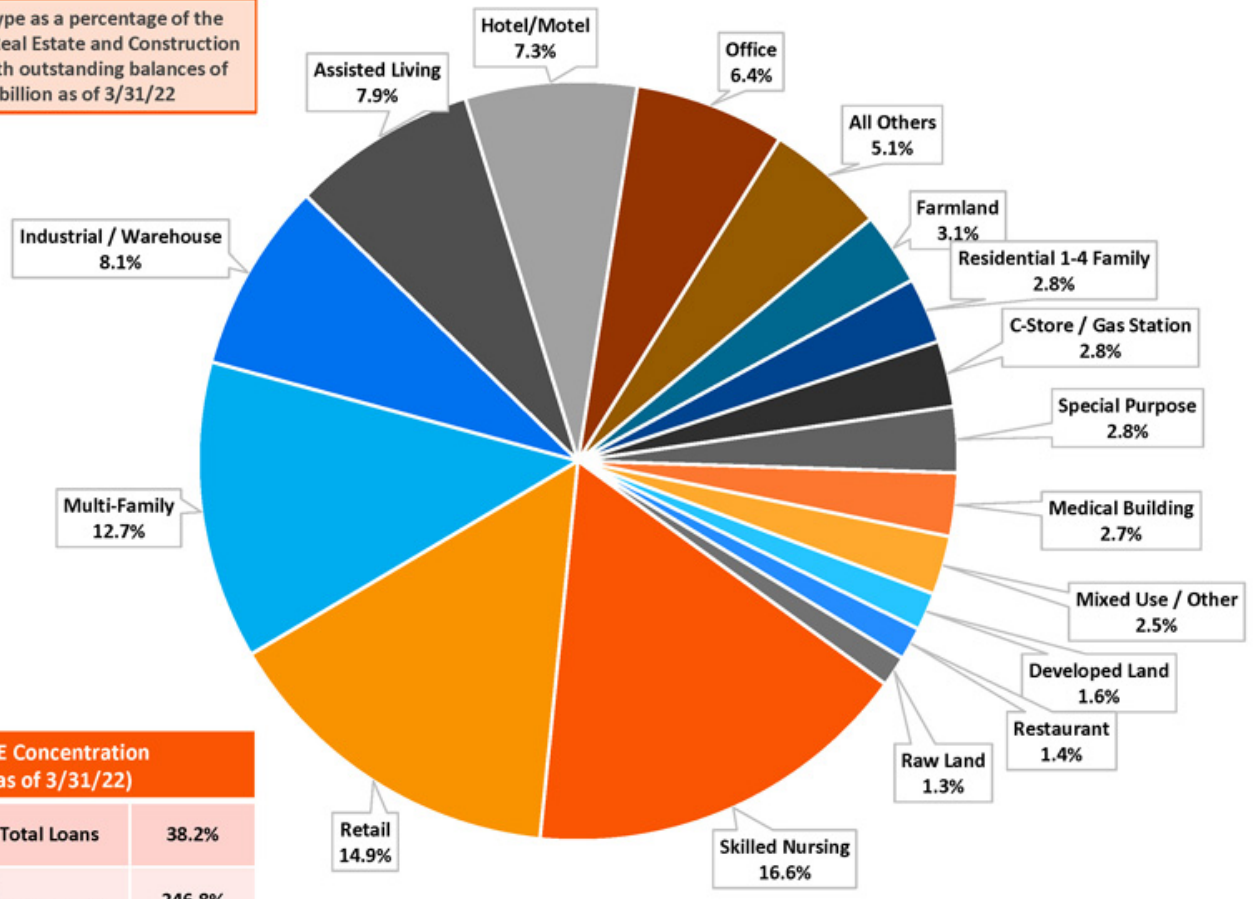
Industries as a percentage of Commercial, CRE and Equipment Finance Loans and Leases with outstanding balances of \$4.17 billion as of 3/31/22





Commercial Real Estate Portfolio by Collateral Type

Collateral type as a percentage of the Commercial Real Estate and Construction Portfolio with outstanding balances of \$2.30 billion as of 3/31/22



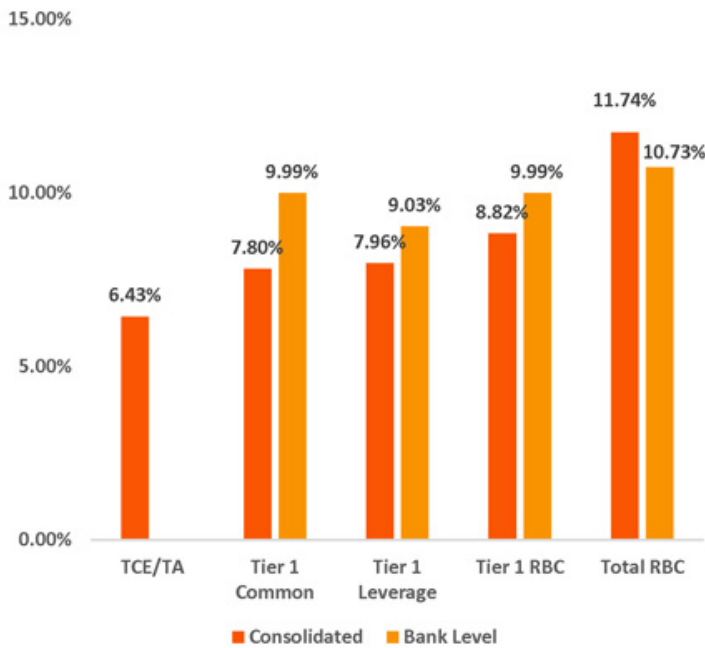
CRE Concentration (as of 3/31/22)	
CRE as a % of Total Loans	38.2%
CRE as a % of Total Risk-Based Capital ⁽¹⁾	246.8%

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



Capital and Liquidity Overview

Capital Ratios (as of 3/31/22)



Liquidity Sources (as of 3/31/22)

(\$ in millions)

Cash and Cash Equivalents	\$ 332.3
Unpledged Securities	362.0
FHLB Committed Liquidity	1,007.1
FRB Discount Window Availability	64.8
Total Estimated Liquidity	\$ 1,766.2

Conditional Funding Based on Market Conditions

Additional Credit Facility	\$ 250.0
Brokered CDs (additional capacity)	\$ 500.0

Other Liquidity

Holding Company Cash Position of \$41.2 Million
 Holding Company Line of Credit of \$15.0 Million

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

Adjusted Earnings Reconciliation

	For the Quarter Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<i>(dollars in thousands, except per share data)</i>					
Income before income taxes - GAAP	\$ 27,389	\$ 30,600	\$ 25,431	\$ 19,041	\$ 24,040
Adjustments to noninterest income:					
Gain on sales of investment securities, net	-	-	160	377	-
Gain on termination of hedged interest rate swap	-	1,845	-	-	314
Other income	-	-	-	(27)	75
Total adjustments to noninterest income	-	1,845	160	350	389
Adjustments to noninterest expense:					
Loss on mortgage servicing rights held for sale	-	-	79	143	-
FHLB advances prepayment fees	-	4,859	-	3,669	8
Integration and acquisition expenses	91	171	176	3,771	238
Total adjustments to noninterest expense	91	5,030	255	7,583	246
Adjusted earnings pre tax	27,480	33,785	25,526	26,274	23,897
Adjusted earnings tax	6,665	8,369	5,910	6,519	5,463
Adjusted earnings - non-GAAP	\$ 20,815	\$ 25,416	\$ 19,616	\$ 19,755	\$ 18,434
Adjusted diluted earnings per common share	\$ 0.92	\$ 1.12	\$ 0.86	\$ 0.86	\$ 0.81
Adjusted return on average assets	1.16 %	1.39 %	1.15 %	1.17 %	1.11 %
Adjusted return on average shareholders' equity	12.84 %	15.44 %	11.94 %	12.36 %	11.97 %
Adjusted return on average tangible common equity	17.89 %	21.65 %	16.82 %	17.52 %	17.18 %

Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation

	For the Quarter Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<i>(dollars in thousands)</i>					
Adjusted earnings pre tax - non-GAAP	\$ 27,480	\$ 33,785	\$ 25,526	\$ 26,274	\$ 23,897
Provision for credit losses	4,167	467	(184)	(455)	3,565
Impairment on commercial mortgage servicing rights	394	2,072	3,037	1,148	1,275
Adjusted pre-tax, pre-provision earnings - non-GAAP	\$ 32,041	\$ 36,324	\$ 28,379	\$ 26,967	\$ 28,737
Adjusted pre-tax, pre-provision return on average assets	1.79 %	1.98 %	1.67 %	1.60 %	1.73 %

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

Efficiency Ratio Reconciliation

	For the Quarter Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<i>(dollars in thousands)</i>					
Noninterest expense - GAAP	\$ 40,884	\$ 45,757	\$ 41,292	\$ 48,941	\$ 39,079
Loss on mortgage servicing rights held for sale	-	-	(79)	(143)	-
FHLB advances prepayment fees	-	(4,859)	-	(3,669)	(8)
Integration and acquisition expenses	(91)	(171)	(176)	(3,771)	(238)
Adjusted noninterest expense	<u>\$ 40,793</u>	<u>\$ 40,727</u>	<u>\$ 41,037</u>	<u>\$ 41,358</u>	<u>\$ 38,833</u>
Net interest income - GAAP	\$ 56,827	\$ 54,301	\$ 51,396	\$ 50,110	\$ 51,868
Effect of tax-exempt income	369	372	402	383	386
Adjusted net interest income	<u>57,196</u>	<u>54,673</u>	<u>51,798</u>	<u>50,493</u>	<u>52,254</u>
Noninterest income - GAAP	15,613	22,523	15,143	17,417	14,816
Impairment on commercial mortgage servicing rights	394	2,072	3,037	1,148	1,275
Gain on sales of investment securities, net	-	-	(160)	(377)	-
Gain on termination of hedged interest rate swap	-	(1,845)	-	-	(314)
Other	-	-	-	27	(75)
Adjusted noninterest income	<u>16,007</u>	<u>22,750</u>	<u>18,020</u>	<u>18,215</u>	<u>15,702</u>
Adjusted total revenue	<u>\$ 73,203</u>	<u>\$ 77,423</u>	<u>\$ 69,818</u>	<u>\$ 68,708</u>	<u>\$ 67,956</u>
<i>Efficiency ratio</i>	55.73 %	52.61 %	58.78 %	60.19 %	57.14 %

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				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<i>(dollars in thousands, except per share data)</i>					
Shareholders' Equity to Tangible Common Equity					
Total shareholders' equity—GAAP	\$ 644,986	\$ 663,837	\$ 657,844	\$ 648,186	\$ 635,467
Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(22,976)	(24,374)	(26,065)	(27,900)	(26,867)
Tangible common equity	<u>\$ 460,106</u>	<u>\$ 477,558</u>	<u>\$ 469,875</u>	<u>\$ 458,382</u>	<u>\$ 446,696</u>
Total Assets to Tangible Assets:					
Total assets—GAAP	\$ 7,338,715	\$ 7,443,805	\$ 7,093,959	\$ 6,630,010	\$ 6,884,786
Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(22,976)	(24,374)	(26,065)	(27,900)	(26,867)
Tangible assets	<u>\$ 7,153,835</u>	<u>\$ 7,257,527</u>	<u>\$ 6,905,990</u>	<u>\$ 6,440,206</u>	<u>\$ 6,696,015</u>
Common Shares Outstanding	22,044,626	22,050,537	22,193,141	22,380,492	22,351,740
Tangible Common Equity to Tangible Assets	6.43 %	6.58 %	6.80 %	7.12 %	6.67 %
Tangible Book Value Per Share	\$ 20.87	\$ 21.66	\$ 21.17	\$ 20.48	\$ 19.98

Return on Average Tangible Common Equity (ROATCE)

	For the Quarter Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<i>(dollars in thousands)</i>					
Net income available to common shareholders	<u>\$ 20,749</u>	<u>\$ 23,107</u>	<u>\$ 19,548</u>	<u>\$ 20,124</u>	<u>\$ 18,538</u>
Average total shareholders' equity—GAAP	\$ 657,327	\$ 652,892	\$ 651,751	\$ 641,079	\$ 624,661
Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(23,638)	(25,311)	(27,132)	(26,931)	(27,578)
Average tangible common equity	<u>\$ 471,785</u>	<u>\$ 465,677</u>	<u>\$ 462,715</u>	<u>\$ 452,244</u>	<u>\$ 435,179</u>
ROATCE	17.84 %	19.69 %	16.76 %	17.85 %	17.28 %