

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

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

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

**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**  
(IRS Employer Identification No.)

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

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

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

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

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

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

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

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

Emerging growth company

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

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**Item 2.02. Results of Operations and Financial Condition.**

On July 27, 2023, Midland States Bancorp, Inc. (the "Company") issued a press release announcing its financial results for the second quarter of 2023. The press release is attached as Exhibit 99.1.

**Item 7.01. Regulation FD Disclosure.**

On July 27, 2023, the Company made available on its website a slide presentation regarding the Company's second quarter 2023 financial results. The slide presentation is attached as Exhibit 99.2.

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

**Item 9.01. Financial Statements and Exhibits.****(d) Exhibits.**

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">99.1</a>	Press Release of Midland States Bancorp, Inc., dated July 27, 2023
<a href="#">99.2</a>	Slide Presentation of Midland States Bancorp, Inc. regarding second quarter 2023 financial results
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURE**

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

Date: July 27, 2023

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

**Midland States Bancorp, Inc. Announces 2023 Second Quarter Results****Second Quarter 2023 Highlights:**

- **Net income available to common shareholders of \$19.3 million, or \$0.86 per diluted share**
- **Efficiency ratio improved to 55.0% from prior quarter**
- **Total loan growth of \$13.1 million, or 0.8% annualized**
- **Total deposit growth of \$1.3 million or 0.1% annualized**
- **Common equity tier 1 capital ratio improved to 8.03%**
- **Tangible book value per share of \$22.24, an increase of 1.7% from prior quarter**

**Effingham, IL, July 27, 2023** (GLOBE NEWSWIRE) -- Midland States Bancorp, Inc. (Nasdaq: MSBI) (the "Company") today reported net income available to common shareholders of \$19.3 million, or \$0.86 per diluted share, for the second quarter of 2023, compared to \$19.5 million, or \$0.86 per diluted share, for the first quarter of 2023. This also compares to net income available to common shareholders of \$21.9 million, or \$0.97 per diluted share, for the second quarter of 2022.

Jeffrey G. Ludwig, President and Chief Executive Officer of the Company, said, "We executed well in the second quarter and continued to deliver strong financial performance while prioritizing prudent risk management given the challenging operating environment, which resulted in an 8% increase in our pre-tax, pre-provision income compared to the prior quarter. Due to our strong financial performance and prudent balance sheet management, we saw an increase in our capital ratios and tangible book value per share, while also taking advantage of the opportunity to repurchase our common stock at below tangible book value and redeeming some of our higher cost subordinated debt.

"We continue to have success in developing full banking relationships with high quality businesses, which resulted in continued growth in our commercial loan portfolio. As planned, we are funding the new commercial loans and additional securities purchases with the runoff in our GreenSky portfolio, which is contributing to our strong financial performance and increase in capital ratios.

"While economic conditions remain uncertain, we will continue to prioritize prudent risk management and be conservative in our new loan production to build capital and liquidity. We continue to see good opportunities to add core deposit relationships in our markets with both retail and commercial customers, and during the second half of the year, we expect to begin seeing a contribution to deposit gathering from our Banking-as-a-Service initiative, which we believe will further strengthen our deposit base, support profitable growth in the future, and create additional franchise value," said Mr. Ludwig.

**Balance Sheet Highlights**

Total assets were \$8.03 billion at June 30, 2023, compared to \$7.93 billion at March 31, 2023, and \$7.44 billion at June 30, 2022. At June 30, 2023, portfolio loans were \$6.37 billion, compared to \$6.35 billion as of March 31, 2023, and \$5.80 billion as of June 30, 2022.

## Loans

During the second quarter of 2023, outstanding loans increased at a slower rate as the Company originated loans in a more selective and deliberate approach to balance liquidity and funding costs. Commercial loan and lease balances and construction and land development loans increased \$18.0 million and \$39.8 million, respectively, offsetting the decline in consumer loan balances due to a decrease in loans originated through GreenSky.

(in thousands)	As of				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
<b>Loan Portfolio</b>					
Commercial loans	\$ 962,756	\$ 937,920	\$ 872,794	\$ 907,651	\$ 821,119
Equipment finance loans	614,633	632,205	616,751	577,323	546,267
Equipment finance leases	500,485	510,029	491,744	457,611	439,202
Commercial FHA warehouse lines	30,522	10,275	25,029	51,309	23,872
Total commercial loans and leases	2,108,396	2,090,429	2,006,318	1,993,894	1,830,460
Commercial real estate	2,443,995	2,448,158	2,433,159	2,466,303	2,335,655
Construction and land development	366,631	326,836	320,882	225,549	203,955
Residential real estate	371,486	369,910	366,094	356,225	340,103
Consumer	1,076,836	1,118,938	1,180,014	1,156,480	1,085,371
Total loans	\$ 6,367,344	\$ 6,354,271	\$ 6,306,467	\$ 6,198,451	\$ 5,795,544

## Loan Quality

Credit quality metrics declined during the second quarter of 2023. Loans 30-89 days past due totaled \$44.2 million as of June 30, 2023, compared to \$30.9 million as of March 31, 2023, and \$16.2 million as of June 30, 2022. The increase in delinquencies during the most recent quarter was due to a single commercial loan, which has since been brought current, and an increase in delinquencies in equipment finance loans and leases.

Non-performing loans were \$54.8 million at June 30, 2023, compared to \$50.7 million as of March 31, 2023, and \$56.9 million as of June 30, 2022. The increase at June 30, 2023 was related to one commercial real estate loan moving to non-performing at the end of the quarter. Non-performing loans as a percentage of portfolio loans was 0.86% at June 30, 2023, compared with 0.80% at March 31, 2023, and 0.98% at June 30, 2022.

Non-performing assets were 0.72% of total assets at the end of the second quarter of 2023, compared to 0.74% at March 31, 2023 and 0.93% at June 30, 2022. Two other real estate owned ("OREO") properties were sold during the second quarter of 2023 at a gain of \$0.8 million resulting in the decrease in non-performing assets.

(in thousands)	As of and for the Three Months Ended				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
<b>Asset Quality</b>					
Loans 30-89 days past due	\$ 44,161	\$ 30,895	\$ 32,372	\$ 28,275	\$ 16,212
Nonperforming loans	54,844	50,713	49,423	46,882	56,883
Nonperforming assets	57,688	58,806	57,824	59,524	69,344
Substandard loans	130,707	99,819	101,044	98,517	114,820
Net charge-offs	2,996	2,119	538	3,233	2,781
Loans 30-89 days past due to total loans	0.69 %	0.49 %	0.51 %	0.46 %	0.28 %
Nonperforming loans to total loans	0.86 %	0.80 %	0.78 %	0.76 %	0.98 %
Nonperforming assets to total assets	0.72 %	0.74 %	0.74 %	0.76 %	0.93 %
Allowance for credit losses to total loans	1.02 %	0.98 %	0.97 %	0.95 %	0.95 %
Allowance for credit losses to nonperforming loans	118.43 %	122.39 %	123.53 %	125.08 %	96.51 %
Net charge-offs to average loans	0.19 %	0.14 %	0.03 %	0.21 %	0.20 %

The Company's allowance for credit losses totaled \$65.0 million at June 30, 2023, compared to \$62.1 million at March 31, 2023, and \$54.9 million at June 30, 2022. The allowance as a percentage of portfolio loans was 1.02% at June 30, 2023, compared to 0.98% at March 31, 2023, and 0.95% at June 30, 2022.

#### Deposits

Total deposits were \$6.43 billion at both June 30, 2023 and March 31, 2023, compared with \$6.18 billion at June 30, 2022. The deposit mix continues to shift from noninterest-bearing deposits to interest-bearing deposits due to the continued rate increases announced by the Federal Reserve. Interest rate promotions offered during the second quarter of 2023 on time deposit products contributed to an increase in balances of \$73.9 million at June 30, 2023, compared to March 31, 2023.

(in thousands)	As of				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
<b>Deposit Portfolio</b>					
Noninterest-bearing demand	\$ 1,162,909	\$ 1,215,758	\$ 1,362,158	\$ 1,362,481	\$ 1,403,386
Interest-bearing:					
Checking	2,499,693	2,502,827	2,494,073	2,568,195	2,377,760
Money market	1,226,470	1,263,813	1,184,101	1,125,333	1,027,547
Savings	624,005	636,832	661,932	704,245	740,364
Time	840,734	766,884	649,552	620,960	620,363
Brokered time	72,737	39,087	12,836	14,038	15,018
Total deposits	\$ 6,426,548	\$ 6,425,201	\$ 6,364,652	\$ 6,395,252	\$ 6,184,438

The Company estimates that unsecured deposits<sup>(1)</sup> totaled \$1.21 billion, or 19% of total deposits, at June 30, 2023 compared to \$1.32 billion, or 21%, at March 31, 2023.

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

## Results of Operations Highlights

### *Net Interest Income and Margin*

During the second quarter of 2023, net interest income, on a tax-equivalent basis, totaled \$59.0 million, a decrease of \$1.7 million, or 2.8%, compared to \$60.7 million for the first quarter of 2023. The tax-equivalent net interest margin for the second quarter of 2023 was 3.23%, compared with 3.39% in the first quarter of 2023. Net interest income and related margin, on a tax-equivalent basis, was \$61.7 million and 3.65%, respectively, in the second quarter of 2022. The decline in the net interest income and margin was largely attributable to increased market interest rates resulting in the cost of funding liabilities increasing at a faster rate than the yields on earning assets.

Average interest-earning assets for the second quarter of 2023 were \$7.33 billion, compared to \$7.26 billion for the first quarter of 2023. The yield increased 16 basis points to 5.51% compared to the first quarter of 2023. Interest-earning assets averaged \$6.77 billion for the second quarter of 2022.

Average loans were \$6.36 billion for the second quarter of 2023, compared to \$6.32 billion for the first quarter of 2023 and \$5.68 billion for the second quarter of 2022. The yield on loans was 5.80% and 5.65% for the second and first quarters of 2023, respectively.

**For the Three Months Ended**

(dollars in thousands)	June 30, 2023			March 31, 2023			June 30, 2022		
	Average Balance	Interest & Fees	Yield/Rate	Average Balance	Interest & Fees	Yield/Rate	Average Balance	Interest & Fees	Yield/Rate
<b>Interest-earning assets</b>									
Cash and cash equivalents	\$ 67,377	\$ 852	5.07 %	\$ 85,123	\$ 980	4.67 %	\$ 226,517	\$ 468	0.83 %
Investment securities	861,409	7,286	3.39 %	809,848	5,995	3.00 %	818,927	4,931	2.41 %
Loans	6,356,012	91,890	5.80 %	6,320,402	87,997	5.65 %	5,677,791	63,594	4.49 %
Loans held for sale	4,067	59	5.79 %	1,506	16	4.41 %	9,865	77	3.15 %
Nonmarketable equity securities	45,028	599	5.33 %	47,819	795	6.75 %	36,338	487	5.38 %
Total interest-earning assets	\$ 7,333,893	\$ 100,686	5.51 %	\$ 7,264,698	\$ 95,783	5.35 %	\$ 6,769,438	\$ 69,557	4.12 %
Noninterest-earning assets	612,238			610,811			615,348		
Total assets	\$ 7,946,131			\$ 7,875,509			\$ 7,384,786		
<b>Interest-Bearing Liabilities</b>									
Interest-bearing deposits	\$ 5,259,188	\$ 33,617	2.56 %	\$ 5,053,941	\$ 26,405	2.12 %	\$ 4,718,759	\$ 3,810	0.32 %
Short-term borrowings	22,018	14	0.26 %	38,655	25	0.26 %	59,301	22	0.15 %
FHLB advances & other borrowings	471,989	5,396	4.59 %	540,278	6,006	4.51 %	307,611	1,435	1.87 %
Subordinated debt	97,278	1,335	5.51 %	99,812	1,370	5.57 %	139,232	2,011	5.78 %
Trust preferred debentures	50,218	1,289	10.29 %	50,047	1,229	9.96 %	49,602	624	5.05 %
Total interest-bearing liabilities	\$ 5,900,691	\$ 41,651	2.83 %	\$ 5,782,733	\$ 35,035	2.46 %	\$ 5,274,505	\$ 7,902	0.60 %
Noninterest-bearing deposits	1,187,584			1,250,899			1,401,268		
Other noninterest-bearing liabilities	81,065			74,691			66,009		
Shareholders' equity	776,791			767,186			643,004		
Total liabilities and shareholder's equity	\$ 7,946,131			\$ 7,875,509			\$ 7,384,786		
<b>Net Interest Margin</b>		\$ 59,035	3.23 %		\$ 60,748	3.39 %		\$ 61,655	3.65 %
<b>Cost of Deposits</b>			2.09 %			1.70 %			0.25 %

(1) Interest income and average rates for tax-exempt loans and securities are presented on a tax-equivalent basis, assuming a federal income tax rate of 21%. Tax-equivalent adjustments totaled \$0.2 million, \$0.2 million and \$0.3 million for the three months ended June 30, 2023, March 31, 2023 and 2022, respectively.

Investment securities averaged \$861.4 million for the second quarter of 2023, compared to \$809.8 million for the first quarter of 2023. The Company purchased additional investments and repositioned out of lower-yielding securities in favor of higher-yielding instruments resulting in increased average balances of \$51.6 million and a higher yield. These changes are expected to improve overall margin, liquidity, and capital allocations. The Company incurred net losses on sales of \$0.9 million in the second quarter of 2023. Investment securities averaged \$818.9 million for the second quarter of 2022.

Average interest-bearing deposits were \$5.26 billion for the second quarter of 2023, compared to \$5.05 billion for the first quarter of 2023, and \$4.72 billion for the second quarter of 2022. Cost of interest-bearing deposits was 2.56% in the second quarter of 2023, which represents a 44 basis point increase from the first quarter of 2023. A competitive market driven by rising interest rates was a contributing factor to the increase in deposit costs.

The Company redeemed \$6.6 million of subordinated debt during the second quarter of 2023. The debentures were redeemed at a discount, resulting in a gain of \$0.7 million.

During the six months ended June 30, 2023, net interest income, on a tax-equivalent basis, increased to \$119.8 million, with a tax-equivalent net interest margin of 3.31%, compared to net interest income, on a

tax-equivalent basis, of \$118.9 million, and a tax-equivalent net interest margin of 3.58% for the six months ended June 30, 2022.

(dollars in thousands)	For the Six Months Ended					
	June 30, 2023			June 30, 2022		
	Average Balance	Interest & Fees	Yield/Rate	Average Balance	Interest & Fees	Yield/Rate
<b>Interest-earning assets</b>						
Cash and cash equivalents	\$ 76,201	\$ 1,832	4.85 %	\$ 304,938	\$ 639	0.42 %
Investment securities	835,771	13,281	3.18 %	856,571	9,894	2.31 %
Loans	6,338,305	179,887	5.72 %	5,477,037	120,873	4.45 %
Loans held for sale	2,794	75	5.42 %	20,501	297	2.93 %
Nonmarketable equity securities	46,416	1,394	6.05 %	36,358	971	5.39 %
Total interest-earning assets	\$ 7,299,487	\$ 196,469	5.43 %	\$ 6,695,405	\$ 132,674	4.00 %
Noninterest-earning assets	611,528			623,224		
Total assets	\$ 7,911,015			\$ 7,318,629		
<b>Interest-Bearing Liabilities</b>						
Interest-bearing deposits	\$ 5,157,148	\$ 60,022	2.35 %	\$ 4,613,751	\$ 5,971	0.26 %
Short-term borrowings	30,291	39	0.26 %	64,642	45	0.14 %
FHLB advances & other borrowings	505,945	11,402	4.54 %	309,436	2,647	1.72 %
Subordinated debt	98,538	2,705	5.54 %	139,186	4,022	5.78 %
Trust preferred debentures	50,133	2,518	10.13 %	49,527	1,138	4.64 %
Total interest-bearing liabilities	\$ 5,842,055	\$ 76,686	2.65 %	\$ 5,176,542	\$ 13,823	0.54 %
Noninterest-bearing deposits	1,219,050			1,418,083		
Other noninterest-bearing liabilities	77,895			73,878		
Shareholders' equity	772,015			650,126		
Total liabilities and shareholder's equity	\$ 7,911,015			\$ 7,318,629		
<b>Net Interest Margin</b>		\$ 119,783	3.31 %		\$ 118,851	3.58 %
<b>Cost of Deposits</b>			1.90 %			0.20 %

(1) Interest income and average rates for tax-exempt loans and securities are presented on a tax-equivalent basis, assuming a federal income tax rate of 21%. Tax-equivalent adjustments totaled \$0.4 million and \$0.7 million for the six months ended June 30, 2023 and 2022, respectively.

The yield on earning assets increased 143 basis points to 5.43% for the six months ended June 30, 2023 compared to the same period one year prior. However, the cost of interest bearing liabilities increased at a faster rate during this period, increasing 211 basis points to 2.65% for the six months ended June 30, 2023.

#### Noninterest Income

Noninterest income was \$18.8 million for the second quarter of 2023, compared to \$15.8 million for the first quarter of 2023. Noninterest income for the second quarter of 2023 included an \$0.8 million gain on the sale of OREO and a \$0.7 million gain on the repurchase of subordinated debt, partially offset by \$0.9 million of losses on the sale of investment securities. The first quarter of 2023 was negatively impacted by \$0.6 million of losses on the sale of investment securities. Excluding these transactions, noninterest income for the second quarter of 2023 and the first quarter of 2023 was \$18.2 million and \$16.4 million, respectively. Noninterest income for the second quarter of 2022 was \$14.6 million and included \$0.9 million impairment charge on commercial servicing rights and a \$0.1 million loss on the sale of



investment securities. Excluding these transactions, noninterest income for the second quarter of 2022 was \$15.6 million.

(in thousands)	For the Three Months Ended			For the Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Noninterest income</b>					
Wealth management revenue	\$ 6,269	\$ 6,411	\$ 6,143	\$ 12,680	\$ 13,282
Residential mortgage banking revenue	540	405	384	945	983
Service charges on deposit accounts	2,677	2,568	2,304	5,245	4,372
Interchange revenue	3,696	3,412	3,590	7,108	6,870
Loss on sales of investment securities, net	(869)	(648)	(101)	(1,517)	(101)
Gain on repurchase of subordinated debt, net	676	—	—	676	—
Gain (loss) on sales of other real estate owned, net	819	—	(162)	819	(121)
Impairment on commercial mortgage servicing rights	—	—	(869)	—	(1,263)
Company-owned life insurance	891	876	840	1,767	1,859
Other income	4,054	2,755	2,484	6,809	4,345
Total noninterest income	\$ 18,753	\$ 15,779	\$ 14,613	\$ 34,532	\$ 30,226

#### Noninterest Expense

Noninterest expense was \$42.9 million in the second quarter of 2023, compared to \$44.5 million in the first quarter of 2023, and \$41.3 million in the second quarter of 2022. The efficiency ratio was 55.01% for the quarter ended June 30, 2023, compared to 57.64% for the quarter ended March 31, 2023, and 53.10% for the quarter ended June 30, 2022.

(in thousands)	For the Three Months Ended			For the Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Noninterest expense</b>					
Salaries and employee benefits	\$ 22,857	\$ 24,243	\$ 22,645	\$ 47,100	\$ 44,515
Occupancy and equipment	3,879	4,443	3,489	8,322	7,244
Data processing	6,544	6,311	6,082	12,855	11,955
Professional	1,663	1,760	1,516	3,423	3,488
Amortization of intangible assets	1,208	1,291	1,318	2,499	2,716
FDIC insurance	1,196	1,329	826	2,525	1,656
Other expense	5,547	5,105	5,463	10,652	10,649
Total noninterest expense	\$ 42,894	\$ 44,482	\$ 41,339	\$ 87,376	\$ 82,223

Noteworthy components of noninterest expense are as follows:

- Salaries and employee benefits expenses were \$22.9 million in the second quarter of 2023, compared to \$24.2 million in the first quarter of 2023, and \$22.6 million in the second quarter of 2022. Employees numbered 915 at June 30, 2023, compared to 931 at March 31, 2023, and 932 at June 30, 2022. Annual salary increases, effective in the second quarter of 2023, were offset by decreased commissions and incentive compensation expense.

- Occupancy and equipment expense decreased \$0.6 million in the second quarter of 2023 compared to the first quarter of 2023, primarily due to elevated seasonal related expenses incurred in the first quarter, including snow removal and utilities expenses.
- Increases in FDIC insurance expense on a year to date basis is primarily related to the FDIC's 2 basis point increase to the initial base deposit insurance assessment rate schedules effective January 1, 2023.

#### Income Tax Expense

Income tax expense was \$7.2 million for the second quarter of 2023, as compared to \$6.9 million for the first quarter of 2023 and \$7.3 million for the second quarter of 2022. The resulting effective tax rates were 25.1%, 24.0% and 25.0% respectively.

#### Capital

At June 30, 2023, Midland States Bank and the Company exceeded all regulatory capital requirements under Basel III, and Midland States Bank met the qualifications to be a "well-capitalized" financial institution, as summarized in the following table:

	As of June 30, 2023		
	Midland States Bank	Midland States Bancorp, Inc.	Minimum Regulatory Requirements <sup>(2)</sup>
Total capital to risk-weighted assets	11.89%	12.65%	10.50%
Tier 1 capital to risk-weighted assets	11.01%	10.47%	8.50%
Tier 1 leverage ratio	10.07%	9.57%	4.00%
Common equity Tier 1 capital	11.01%	8.03%	7.00%
Tangible common equity to tangible assets <sup>(1)</sup>	N/A	6.19%	N/A

(1) A non-GAAP financial measure. Refer to page 16 for a reconciliation to the comparable GAAP financial measure.

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

The impact of rising interest rates on the Company's investment portfolio and cash flow hedges has resulted in an \$84.7 million accumulated other comprehensive loss at June 30, 2023, which impacts tangible book value by \$3.87.

#### Stock Repurchase Program

As previously disclosed, on December 6, 2022, the Company's board of directors authorized a new share repurchase program, pursuant to which the Company is authorized to repurchase up to \$25.0 million of common stock through December 31, 2023. During the second quarter of 2023, the Company repurchased 308,543 shares of its common stock at a weighted average price of \$19.78 under its stock repurchase program. As of June 30, 2023, the Company had \$16.1 million remaining under the current stock repurchase authorization.

## **About Midland States Bancorp, Inc.**

Midland States Bancorp, Inc. is a community-based financial holding company headquartered in Effingham, Illinois, and is the sole shareholder of Midland States Bank. As of June 30, 2023, the Company had total assets of approximately \$8.03 billion, and its Wealth Management Group had assets under administration of approximately \$3.59 billion. The Company provides a full range of commercial and consumer banking products and services and business equipment financing, merchant credit card services, trust and investment management, insurance and financial planning services. For additional information, visit <https://www.midlandsb.com/> or <https://www.linkedin.com/company/midland-states-bank>.

## **Non-GAAP Financial Measures**

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

These non-GAAP financial measures include "Adjusted Earnings," "Adjusted Earnings Available to Common Shareholders," "Adjusted Diluted Earnings Per Common Share," "Adjusted Return on Average Assets," "Adjusted Return on Average Shareholders' Equity," "Adjusted Return on Average Tangible Common Equity," "Adjusted Pre-Tax, Pre-Provision Earnings," "Adjusted Pre-Tax, Pre-Provision Return on Average Assets," "Efficiency Ratio," "Tangible Common Equity to Tangible Assets," "Tangible Book Value Per Share," "Tangible Book Value Per Share excluding Accumulated Other Comprehensive Income," and "Return on Average Tangible Common Equity." The Company believes these non-GAAP financial measures provide both management and investors a more complete understanding of the Company's funding profile and profitability. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Not all companies use the same calculation of these measures; therefore, this presentation may not be comparable to other similarly titled measures as presented by other companies.

## **Forward-Looking Statements**

Readers should note that in addition to the historical information contained herein, this press release includes "forward-looking statements" within the meanings of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including but not limited to statements about the Company's plans, objectives, future performance, goals and future earnings levels. These statements are subject to many risks and uncertainties, including changes in interest rates and other general economic, business and political conditions, the impact of inflation, continuing effects of the recent failures of Silicon Valley Bank and Signature Bank, including anticipated effects on FDIC premiums, increased deposit volatility and potential regulatory developments; changes in the financial markets; changes in business plans as circumstances warrant; risks relating to acquisitions; developments and uncertainty related to the future use and availability of some reference rates, such as the London Inter-Bank Offered Rate, as well as other alternative reference rates, and the adoption of a substitute; changes to U.S. tax laws, regulations and guidance; and other risks detailed from time to time in filings made by the Company with the Securities and Exchange Commission. Readers should note that the forward-looking statements included in this press release are not a guarantee of future events, and that actual events may differ materially from those made in or suggested by the forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "will," "propose," "may," "plan," "seek," "expect," "intend," "estimate," "anticipate," "believe," "continue," or similar terminology. Any forward-

looking statements presented herein are made only as of the date of this press release, and the Company does not undertake any obligation to update or revise any forward-looking statements to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

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

	As of and for the Three Months Ended			As of and for the Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<i>(dollars in thousands, except per share data)</i>					
<b>Earnings Summary</b>					
Net interest income	\$ 58,840	\$ 60,504	\$ 61,334	\$ 119,344	\$ 118,161
Provision for credit losses	5,879	3,135	5,441	9,014	9,608
Noninterest income	18,753	15,779	14,613	34,532	30,226
Noninterest expense	42,894	44,482	41,339	87,376	82,223
Income before income taxes	28,820	28,666	29,167	57,486	56,556
Income taxes	7,245	6,894	7,284	14,139	13,924
Net income	21,575	21,772	21,883	43,347	42,632
Preferred dividends	2,228	2,228	—	4,456	—
Net income available to common shareholders	\$ 19,347	\$ 19,544	\$ 21,883	\$ 38,891	\$ 42,632
Diluted earnings per common share	\$ 0.86	\$ 0.86	\$ 0.97	\$ 1.72	\$ 1.89
Weighted average common shares outstanding - diluted	22,205,079	22,501,970	22,360,819	22,348,981	22,355,936
Return on average assets	1.09 %	1.12 %	1.19 %	1.10 %	1.17 %
Return on average shareholders' equity	11.14 %	11.51 %	13.65 %	11.32 %	13.22 %
Return on average tangible common equity <sup>(1)</sup>	15.99 %	16.70 %	19.14 %	16.34 %	18.48 %
Net interest margin	3.23 %	3.39 %	3.65 %	3.31 %	3.58 %
Efficiency ratio <sup>(1)</sup>	55.01 %	57.64 %	53.10 %	56.32 %	54.38 %
<b>Adjusted Earnings Performance Summary <sup>(1)</sup></b>					
Adjusted earnings available to common shareholders	\$ 19,488	\$ 20,017	\$ 22,191	\$ 39,505	\$ 43,006
Adjusted diluted earnings per common share	\$ 0.87	\$ 0.88	\$ 0.98	\$ 1.75	\$ 1.90
Adjusted return on average assets	1.10 %	1.15 %	1.21 %	1.12 %	1.18 %
Adjusted return on average shareholders' equity	11.21 %	11.76 %	13.84 %	11.48 %	13.34 %
Adjusted return on average tangible common equity	16.10 %	17.11 %	19.41 %	16.60 %	18.65 %
Adjusted pre-tax, pre-provision earnings	\$ 34,892	\$ 32,449	\$ 35,902	\$ 67,341	\$ 67,943
Adjusted pre-tax, pre-provision return on average assets	1.76 %	1.67 %	1.95 %	1.72 %	1.87 %
<b>Market Data</b>					
Book value per share at period end	\$ 30.49	\$ 30.08	\$ 28.84		
Tangible book value per share at period end <sup>(1)</sup>	\$ 22.24	\$ 21.87	\$ 20.43		
Tangible book value per share excluding accumulated other comprehensive income at period end <sup>(1)</sup>	\$ 26.11	\$ 25.39	\$ 22.84		
Market price at period end	\$ 19.91	\$ 21.42	\$ 24.04		
Common shares outstanding at period end	21,854,800	22,111,454	22,060,255		
<b>Capital</b>					
Total capital to risk-weighted assets	12.65 %	12.46 %	11.44 %		
Tier 1 capital to risk-weighted assets	10.47 %	10.25 %	8.63 %		
Tier 1 common capital to risk-weighted assets	8.03 %	7.84 %	7.66 %		
Tier 1 leverage ratio	9.57 %	9.54 %	7.98 %		
Tangible common equity to tangible assets <sup>(1)</sup>	6.19 %	6.24 %	6.22 %		
<b>Wealth Management</b>					
Trust assets under administration	\$ 3,594,727	\$ 3,502,635	\$ 3,503,227		

(1) Non-GAAP financial measures. Refer to pages 14 - 16 for a reconciliation to the comparable GAAP financial measures.

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

(in thousands)	As of				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
<b>Assets</b>					
Cash and cash equivalents	\$ 160,695	\$ 138,310	\$ 160,631	\$ 313,188	\$ 270,117
Investment securities	887,003	821,005	776,860	690,504	769,278
Loans	6,367,344	6,354,271	6,306,467	6,198,451	5,795,544
Allowance for credit losses on loans	(64,950)	(62,067)	(61,051)	(58,639)	(54,898)
Total loans, net	6,302,394	6,292,204	6,245,416	6,139,812	5,740,646
Loans held for sale	5,632	2,747	1,286	4,338	5,298
Premises and equipment, net	81,006	80,582	78,293	77,519	77,668
Other real estate owned	202	6,729	6,729	11,141	11,131
Loan servicing rights, at lower of cost or fair value	21,611	1,117	1,205	1,297	25,879
Commercial FHA mortgage loan servicing rights held for sale	—	20,745	20,745	23,995	—
Goodwill	161,904	161,904	161,904	161,904	161,904
Other intangible assets, net	18,367	19,575	20,866	22,198	23,559
Company-owned life insurance	152,210	151,319	150,443	149,648	148,900
Other assets	243,697	233,937	231,123	226,333	201,432
Total assets	<u>\$ 8,034,721</u>	<u>\$ 7,930,174</u>	<u>\$ 7,855,501</u>	<u>\$ 7,821,877</u>	<u>\$ 7,435,812</u>
<b>Liabilities and Shareholders' Equity</b>					
Noninterest-bearing demand deposits	\$ 1,162,909	\$ 1,215,758	\$ 1,362,158	\$ 1,362,481	\$ 1,403,386
Interest-bearing deposits	5,263,639	5,209,443	5,002,494	5,032,771	4,781,052
Total deposits	6,426,548	6,425,201	6,364,652	6,395,252	6,184,438
Short-term borrowings	21,783	31,173	42,311	58,518	67,689
FHLB advances and other borrowings	575,000	482,000	460,000	360,000	285,000
Subordinated debt	93,404	99,849	99,772	139,370	139,277
Trust preferred debentures	50,296	50,135	49,975	49,824	49,674
Other liabilities	90,869	66,173	80,217	79,634	73,546
Total liabilities	7,257,900	7,154,531	7,096,927	7,082,598	6,799,624
Total shareholders' equity	776,821	775,643	758,574	739,279	636,188
Total liabilities and shareholders' equity	<u>\$ 8,034,721</u>	<u>\$ 7,930,174</u>	<u>\$ 7,855,501</u>	<u>\$ 7,821,877</u>	<u>\$ 7,435,812</u>

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

(in thousands, except per share data)	For the Three Months Ended			For the Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Net interest income:</b>					
Interest income	\$ 100,491	\$ 95,539	\$ 69,236	\$ 196,030	\$ 131,984
Interest expense	41,651	35,035	7,902	76,686	13,823
Net interest income	58,840	60,504	61,334	119,344	118,161
<b>Provision for credit losses:</b>					
Provision for credit losses on loans	5,879	3,135	4,741	9,014	8,873
Provision for credit losses on unfunded commitments	—	—	700	—	956
Provision for other credit losses	—	—	—	—	(221)
Total provision for credit losses	5,879	3,135	5,441	9,014	9,608
Net interest income after provision for credit losses	52,961	57,369	55,893	110,330	108,553
<b>Noninterest income:</b>					
Wealth management revenue	6,269	6,411	6,143	12,680	13,282
Residential mortgage banking revenue	540	405	384	945	983
Service charges on deposit accounts	2,677	2,568	2,304	5,245	4,372
Interchange revenue	3,696	3,412	3,590	7,108	6,870
Loss on sales of investment securities, net	(869)	(648)	(101)	(1,517)	(101)
Gain on repurchase of subordinated debt, net	676	—	—	676	—
Gain (loss) on sales of other real estate owned, net	819	—	(162)	819	(121)
Impairment on commercial mortgage servicing rights	—	—	(869)	—	(1,263)
Company-owned life insurance	891	876	840	1,767	1,859
Other income	4,054	2,755	2,484	6,809	4,345
Total noninterest income	18,753	15,779	14,613	34,532	30,226
<b>Noninterest expense:</b>					
Salaries and employee benefits	22,857	24,243	22,645	47,100	44,515
Occupancy and equipment	3,879	4,443	3,489	8,322	7,244
Data processing	6,544	6,311	6,082	12,855	11,955
Professional	1,663	1,760	1,516	3,423	3,488
Amortization of intangible assets	1,208	1,291	1,318	2,499	2,716
FDIC insurance	1,196	1,329	826	2,525	1,656
Other expense	5,547	5,105	5,463	10,652	10,649
Total noninterest expense	42,894	44,482	41,339	87,376	82,223
Income before income taxes	28,820	28,666	29,167	57,486	56,556
Income taxes	7,245	6,894	7,284	14,139	13,924
Net income	21,575	21,772	21,883	43,347	42,632
Preferred stock dividends	2,228	2,228	—	4,456	—
Net income available to common shareholders	\$ 19,347	\$ 19,544	\$ 21,883	\$ 38,891	\$ 42,632
Basic earnings per common share	\$ 0.86	\$ 0.86	\$ 0.97	\$ 1.72	\$ 1.89
Diluted earnings per common share	\$ 0.86	\$ 0.86	\$ 0.97	\$ 1.72	\$ 1.89

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

**Adjusted Earnings Reconciliation**

	For the Three Months Ended			For the Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<i>(dollars in thousands, except per share data)</i>					
Income before income taxes - GAAP	\$ 28,820	\$ 28,666	\$ 29,167	\$ 57,486	\$ 56,556
Adjustments to noninterest income:					
Loss on sales of investment securities, net	869	648	101	1,517	101
(Gain) on repurchase of subordinated debt	(676)	—	—	(676)	—
Total adjustments to noninterest income	193	648	101	841	101
Adjustments to noninterest expense:					
Integration and acquisition expenses	—	—	(324)	—	(415)
Total adjustments to noninterest expense	—	—	(324)	—	(415)
Adjusted earnings pre tax - non-GAAP	29,013	29,314	29,592	58,327	57,072
Adjusted earnings tax	7,297	7,069	7,401	14,366	14,066
Adjusted earnings - non-GAAP	21,716	22,245	22,191	43,961	43,006
Preferred stock dividends	2,228	2,228	—	4,456	—
<b>Adjusted earnings available to common shareholders</b>	<b>\$ 19,488</b>	<b>\$ 20,017</b>	<b>\$ 22,191</b>	<b>\$ 39,505</b>	<b>\$ 43,006</b>
Adjusted diluted earnings per common share	\$ 0.87	\$ 0.88	\$ 0.98	\$ 1.75	\$ 1.90
Adjusted return on average assets	1.10 %	1.15 %	1.21 %	1.12 %	1.18 %
Adjusted return on average shareholders' equity	11.21 %	11.76 %	13.84 %	11.48 %	13.34 %
Adjusted return on average tangible common equity	16.10 %	17.11 %	19.41 %	16.60 %	18.65 %

**Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation**

	For the Three Months Ended			For the Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<i>(dollars in thousands)</i>					
Adjusted earnings pre tax - non-GAAP	\$ 29,013	\$ 29,314	\$ 29,592	\$ 58,327	\$ 57,072
Provision for credit losses	5,879	3,135	5,441	9,014	9,608
Impairment on commercial mortgage servicing rights	—	—	869	—	1,263
<b>Adjusted pre-tax, pre-provision earnings - non-GAAP</b>	<b>\$ 34,892</b>	<b>\$ 32,449</b>	<b>\$ 35,902</b>	<b>\$ 67,341</b>	<b>\$ 67,943</b>
Adjusted pre-tax, pre-provision return on average assets	1.76 %	1.67 %	1.95 %	1.72 %	1.87 %



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

**Efficiency Ratio Reconciliation**

<i>(dollars in thousands)</i>	For the Three Months Ended			For the Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Noninterest expense - GAAP	\$ 42,894	\$ 44,482	\$ 41,339	\$ 87,376	\$ 82,223
Integration and acquisition expenses	—	—	(324)	—	(415)
Adjusted noninterest expense	<u>\$ 42,894</u>	<u>\$ 44,482</u>	<u>\$ 41,015</u>	<u>\$ 87,376</u>	<u>\$ 81,808</u>
Net interest income - GAAP	\$ 58,840	\$ 60,504	\$ 61,334	\$ 119,344	\$ 118,161
Effect of tax-exempt income	195	244	321	439	690
Adjusted net interest income	<u>59,035</u>	<u>60,748</u>	<u>61,655</u>	<u>119,783</u>	<u>118,851</u>
Noninterest income - GAAP	18,753	15,779	14,613	34,532	30,226
Impairment on commercial mortgage servicing rights	—	—	869	—	1,263
Loss on sales of investment securities, net	869	648	101	1,517	101
(Gain) on repurchase of subordinated debt	(676)	—	—	(676)	—
Adjusted noninterest income	<u>18,946</u>	<u>16,427</u>	<u>15,583</u>	<u>35,373</u>	<u>31,590</u>
Adjusted total revenue	<u>\$ 77,980</u>	<u>\$ 77,175</u>	<u>\$ 77,238</u>	<u>\$ 155,156</u>	<u>\$ 150,441</u>
<b>Efficiency ratio</b>	55.01 %	57.64 %	53.10 %	56.32 %	54.38 %

**Return on Average Tangible Common Equity (ROATCE)**

<i>(dollars in thousands)</i>	For the Three Months Ended			For the Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net income available to common shareholders	\$ 19,347	\$ 19,544	\$ 21,883	\$ 38,891	\$ 42,632
Average total shareholders' equity—GAAP	\$ 776,791	\$ 767,186	\$ 643,004	\$ 772,015	\$ 650,126
Adjustments:					
Preferred Stock	(110,548)	(110,548)	—	(110,548)	—
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(18,937)	(20,184)	(22,570)	(19,557)	(23,101)
Average tangible common equity	<u>\$ 485,402</u>	<u>\$ 474,550</u>	<u>\$ 458,530</u>	<u>\$ 480,006</u>	<u>\$ 465,121</u>
<b>ROATCE</b>	15.99 %	16.70 %	19.14 %	16.34 %	18.48 %

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

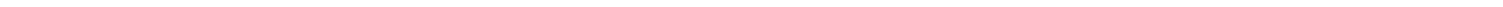
**Tangible Common Equity to Tangible Assets Ratio and Tangible Book Value Per Share**

	As of				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
<i>(dollars in thousands, except per share data)</i>					
<b>Shareholders' Equity to Tangible Common Equity</b>					
Total shareholders' equity—GAAP	\$ 776,821	\$ 775,643	\$ 758,574	\$ 739,279	\$ 636,188
Adjustments:					
Preferred Stock	(110,548)	(110,548)	(110,548)	(110,548)	—
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(18,367)	(19,575)	(20,866)	(22,198)	(23,559)
Tangible common equity	<u>\$ 486,002</u>	<u>\$ 483,616</u>	<u>\$ 465,256</u>	<u>\$ 444,629</u>	<u>\$ 450,725</u>
Less: Accumulated other comprehensive income (AOCI)	(84,719)	(77,797)	(83,797)	(78,383)	(53,097)
Tangible common equity excluding AOCI	<u>570,721</u>	<u>561,413</u>	<u>549,053</u>	<u>523,012</u>	<u>503,822</u>
<b>Total Assets to Tangible Assets:</b>					
Total assets—GAAP	\$ 8,034,721	\$ 7,930,174	\$ 7,855,501	\$ 7,821,877	\$ 7,435,812
Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(18,367)	(19,575)	(20,866)	(22,198)	(23,559)
Tangible assets	<u>\$ 7,854,450</u>	<u>\$ 7,748,695</u>	<u>\$ 7,672,731</u>	<u>\$ 7,637,775</u>	<u>\$ 7,250,349</u>
Common Shares Outstanding	21,854,800	22,111,454	22,214,913	22,074,740	22,060,255
<b>Tangible Common Equity to Tangible Assets</b>	6.19 %	6.24 %	6.06 %	5.82 %	6.22 %
<b>Tangible Book Value Per Share</b>	\$ 22.24	\$ 21.87	\$ 20.94	\$ 20.14	\$ 20.43
<b>Tangible Book Value Per Share excluding AOCI</b>	\$ 26.11	\$ 25.39	\$ 24.72	\$ 23.69	\$ 22.84



# Midland States Bancorp, Inc. NASDAQ: MSBI

Second Quarter 2023 Earnings Presentation





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

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



## Company Snapshot

- Illinois state-chartered community bank founded in 1881
- \$8.0 billion in assets
- \$3.6 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



## Financial Highlights as of 6/30/2023

**\$8.0 Billion**

Total Assets

**\$6.4 Billion**

Total Loans

**\$6.4 Billion**

Total Deposits

**\$3.6 Billion**

Assets Under Administration

YTD ROAA: 1.10 %

YTD Return on TCE<sup>(1)</sup>: 16.34 %

TCE/TA: 6.19 %

YTD PTPP<sup>(1)</sup> ROAA: 1.72 %

Dividend Yield: 6.03 %

Price/Tangible Book: 0.90x

Price/LTM EPS: 4.9x

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**Notes:**

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





# 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 employees 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

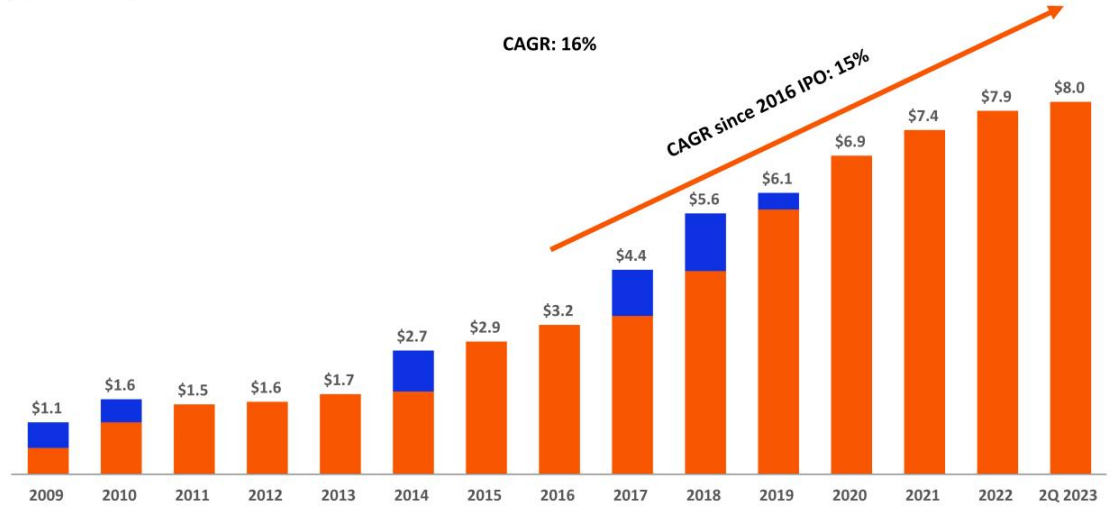




# Successful Execution of Strategic Plan...

## Total Assets

(at period-end in billions)



Selected Acquisitions

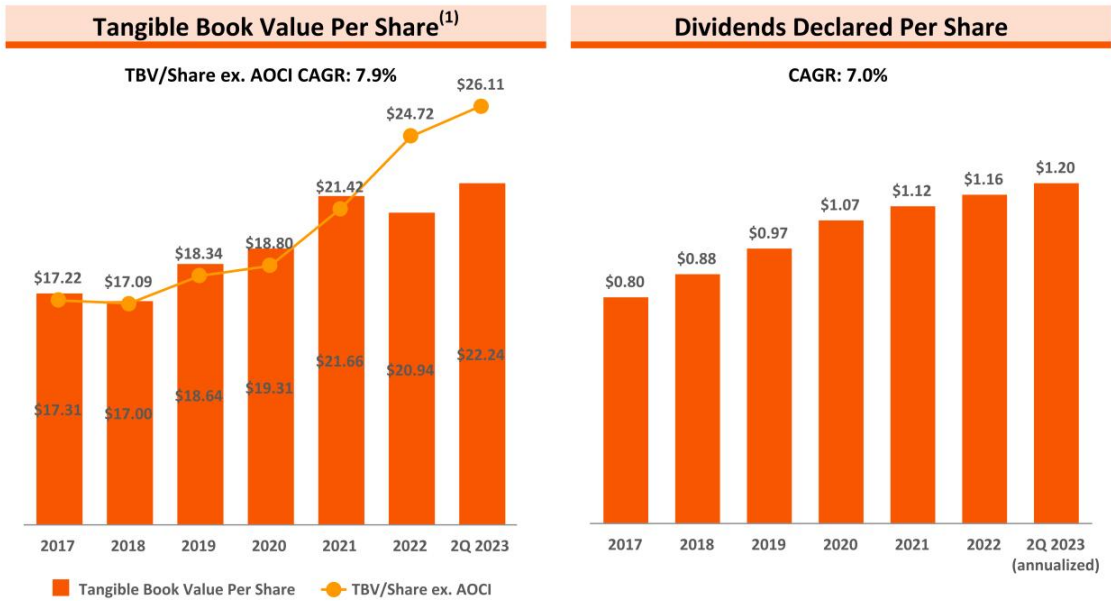
Selected Acquisitions: Total Assets at Time of Acquisition (in millions)	
2009: Strategic Capital Bank (\$540)	2010: AMCORE Bank (\$500)
2014: Love Savings/Heartland Bank (\$889)	2017: Centru Financial (\$990)
2018: Alpine Bancorp (\$1,243)	2019: HomeStar Financial Group (\$366)





# ...Leads to Creation of Shareholder Value

## 22 Consecutive Years of Dividend Increases



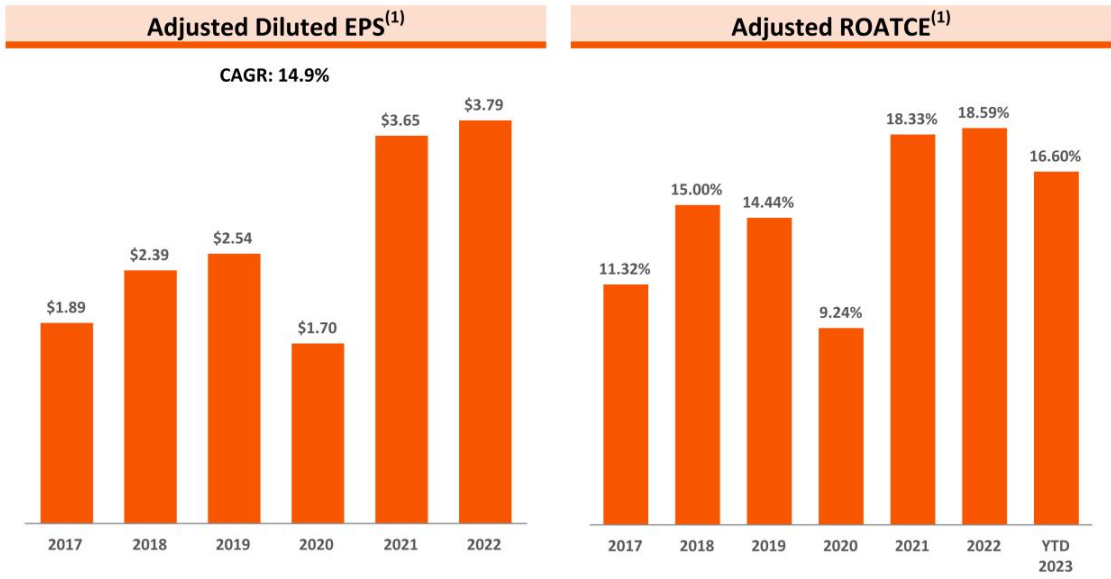
Notes:  
(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.







# ...And Increased Profitability



Adjusted Diluted EPS data and CAGR through 2022

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



# Overview of 2Q23

## Strong Financial Performance

- Net income available to common shareholders of \$19.3 million, or \$0.86 diluted EPS
- Pre-tax, pre-provision earnings<sup>(1)</sup> increased 8% from prior quarter to \$34.9 million
- ROAA of 1.09% and ROTCE of 15.99%

## Stable Deposit Base

- Total deposits up slightly from end of prior quarter
- Uninsured deposits comprise 19% of total deposits
- Deposit mix reflects continued trend of customers shifting a portion of deposit balances into higher yielding accounts

## Continued Shift of Portfolio Towards Commercial Loans

- New loan production focused on full banking relationships with commercial clients that provide both loans and deposits
- Total loans up slightly from end of prior quarter, reflecting the more selective approach to new loan production
- Growth in commercial loans offset decline in consumer loans resulting from decline in loans originated through GreenSky partnership

## Increase in TBV and Capital Ratios

- Tangible book value per share increased 2% from end of prior quarter
- Strong financial performance and prudent balance sheet management resulted in increase in most capital ratios
- CET1 ratio increased 19bps to 8.03% at the end of the current quarter

**Notes:**

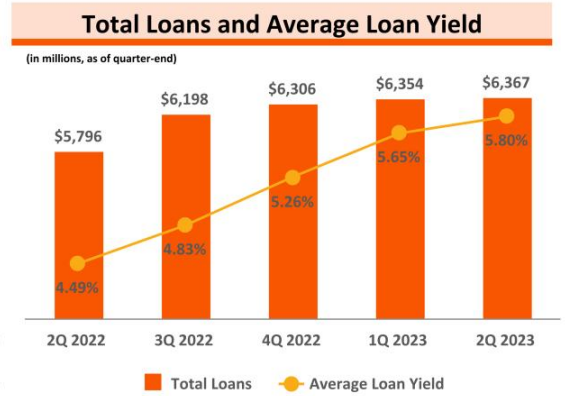
(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.



# Loan Portfolio

- Total loans increased \$13.1 million from prior quarter to \$6.37 billion
- Growth primarily driven by increases in commercial loans and leases and construction and land development loans, partially offset by decline in consumer loans resulting from planned reduction of loans originated through GreenSky partnership
- Growth in construction portfolio driven by fundings on existing lines, primarily for multifamily projects
- Equipment finance balances decreased \$27.1 million, or 2% from end of prior quarter
- Expect continued decreases in the consumer portfolio as GreenSky originations slow and program officially ends in October 2023

Loan Portfolio Mix			
(in millions, as of quarter-end)	2Q 2023	1Q 2023	2Q 2022
Commercial loans and leases	\$ 2,108	\$ 2,090	\$ 1,830
Commercial real estate	2,444	2,448	2,336
Construction and land development	367	327	204
Residential real estate	371	370	340
Consumer	1,077	1,119	1,085
<b>Total Loans</b>	<b>\$ 6,367</b>	<b>\$ 6,354</b>	<b>\$ 5,796</b>
<b>Total Loans ex. Commercial FHA Lines and PPP</b>	<b>\$ 6,337</b>	<b>\$ 6,344</b>	<b>\$ 5,765</b>





# Total Deposits

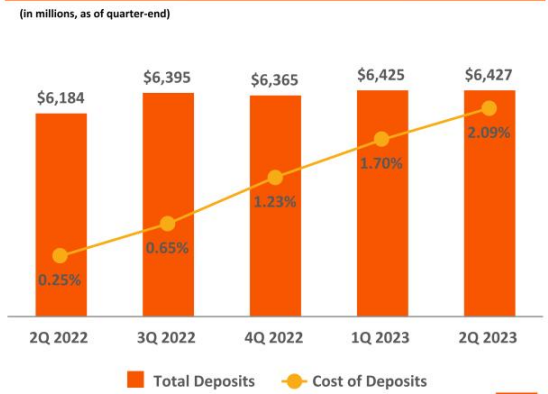
- Total deposits increased \$1.3 million from end of prior quarter
- Noninterest-bearing deposits decline primarily attributable to commercial depositors moving excess liquidity into interest-bearing accounts and other seasonal outflows
- Managing rates on deposits in order to continue growing our deposit base through new and expanded relationships with retail and commercial clients
- Increase in brokered CDs replaced other higher cost fundings

## Deposit Mix

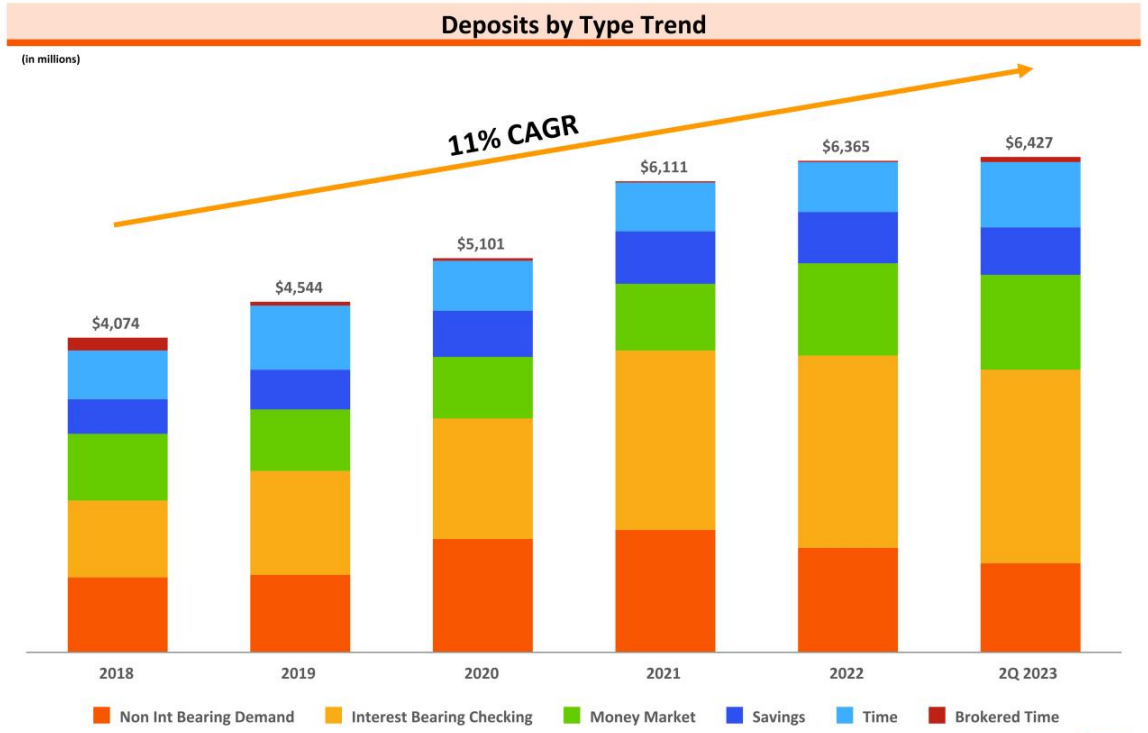
(in millions, as of quarter-end)

	2Q 2023	1Q 2023	2Q 2022
Noninterest-bearing demand	\$ 1,163	\$ 1,216	\$ 1,403
Interest-bearing:			
Checking	\$ 2,500	\$ 2,503	\$ 2,378
Money market	\$ 1,226	\$ 1,264	\$ 1,028
Savings	\$ 624	\$ 637	\$ 740
Time	\$ 841	\$ 767	\$ 620
Brokered time	\$ 73	\$ 39	\$ 15
<b>Total Deposits</b>	<b>\$ 6,427</b>	<b>\$ 6,425</b>	<b>\$ 6,184</b>

## Total Deposits and Cost of Deposits



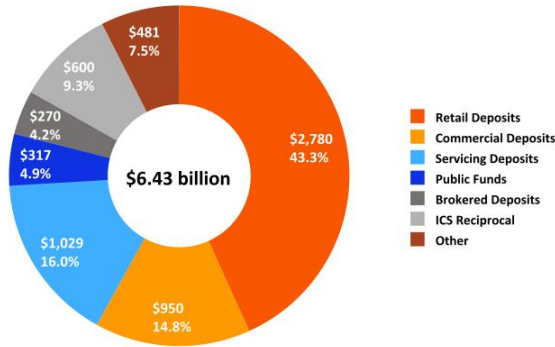
# Deposit Type Trend



# Deposit Summary as of June 30, 2023

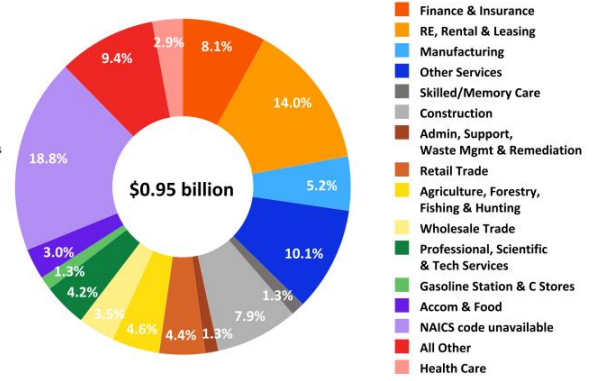
## Deposits by Channel

(in millions)



## Commercial Deposits by NAICS Code

(in millions)



All Other category made up of over 155 NAICS with Golf Courses being the largest at \$4 million



# Uninsured Deposits

Uninsured Deposits				
(in millions)	June 30, 2023		March 31, 2023	
Call Report Uninsured Estimate*	\$	1,654	\$	1,793
Call Report Estimated Uninsured Deposits to Total Deposits		26 %		28 %
Less: Affiliate Deposits (MSB owned funds)		(30)		(32)
Less: Additional structured FDIC coverage		(50)		(56)
Less: Collateralized Deposits		(363)		(384)
<b>Estimated uninsured deposits excluding items above</b>	<b>\$</b>	<b>1,211</b>	<b>\$</b>	<b>1,321</b>
<b>Estimated Uninsured Deposits to Total Deposits</b>		<b>19 %</b>		<b>21 %</b>
Total Deposits	\$	6,427	\$	6,425

**Average Deposit Balance per Account = \$33,000**

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

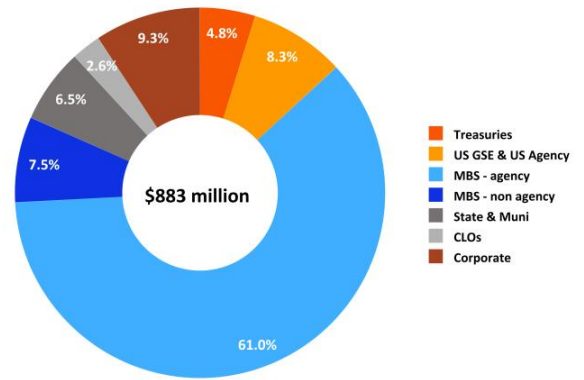


# Investment Portfolio

As of June 30, 2023

- All Investments are classified as Available for Sale
- Average T/E Yield is 3.39%
- Average Duration is 5.46 years
- Purchased \$109 million with T/E Yield of 5.53%, Sold \$15.5 million with T/E Yield of 1.71% in 2Q23

## Fair Value of Investments by Type

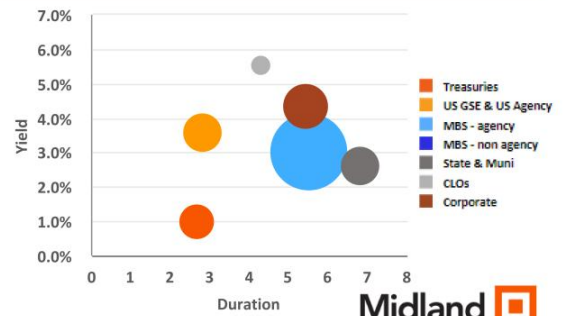


## Investment Mix & Unrealized Gain (Loss)

(In millions)

	Fair Value	Book Value	Unrealized Gain (Loss)
Treasuries	\$ 43	\$ 47	\$ (4)
US GSE & US Agency	73	78	(5)
MBS - agency	539	612	(73)
MBS - non agency	66	70	(4)
State & Municipal	57	64	(7)
CLOs	23	23	—
Corporate	82	95	(13)
<b>Total Investments</b>	<b>\$ 883</b>	<b>\$ 989</b>	<b>\$ (106)</b>

## Investments by Yield and Duration







# Liquidity Overview

## Liquidity Sources

(in millions)	June 30, 2023	March 31, 2023
Cash and Cash Equivalents	\$ 160.7	\$ 138.3
Unpledged Securities	343.5	310.3
FHLB Committed Liquidity	857.2	932.8
FRB Discount Window Availability	184.1	207.7
<b>Total Estimated Liquidity</b>	<b>\$ 1,545.5</b>	<b>\$ 1,589.1</b>
<b>Conditional Funding Based on Market Conditions</b>		
Additional Credit Facility	\$ 330.0	\$ 250.0
Brokered CDs (additional capacity)	\$ 400.0	\$ 500.0



# Net Interest Income/Margin

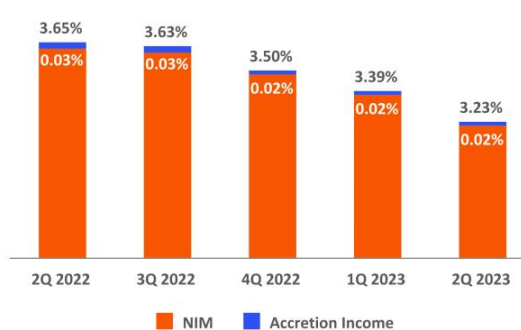
- Net interest income down slightly from prior quarter as higher average balance of interest-earning assets was offset by an increase in cost of interest-bearing liabilities
- Net interest margin decreased 16 bps from prior quarter as the increase in cost of deposits exceeded the increase in the average yield on earning assets
- Average rate on new and renewed loan originations increased 57 bps to 8.01% in June 2023 from 7.44% in March 2023
- Net interest margin expected to stabilize as the pace of Fed rate increases slow, loan portfolio continues to reprice, and the impact of repositioning in the investment portfolio is realized

## Net Interest Income

(in millions)



## Net Interest Margin





# Wealth Management

- Assets under administration up slightly in 2Q23
- 1Q23 increase in Wealth Management fees included seasonal tax preparation fees
- Increase in AUA resulted in slight increase in Wealth Management revenue compared to the prior quarter excluding the seasonal tax preparation fees

## Assets Under Administration

(in millions)



## Wealth Management Revenue

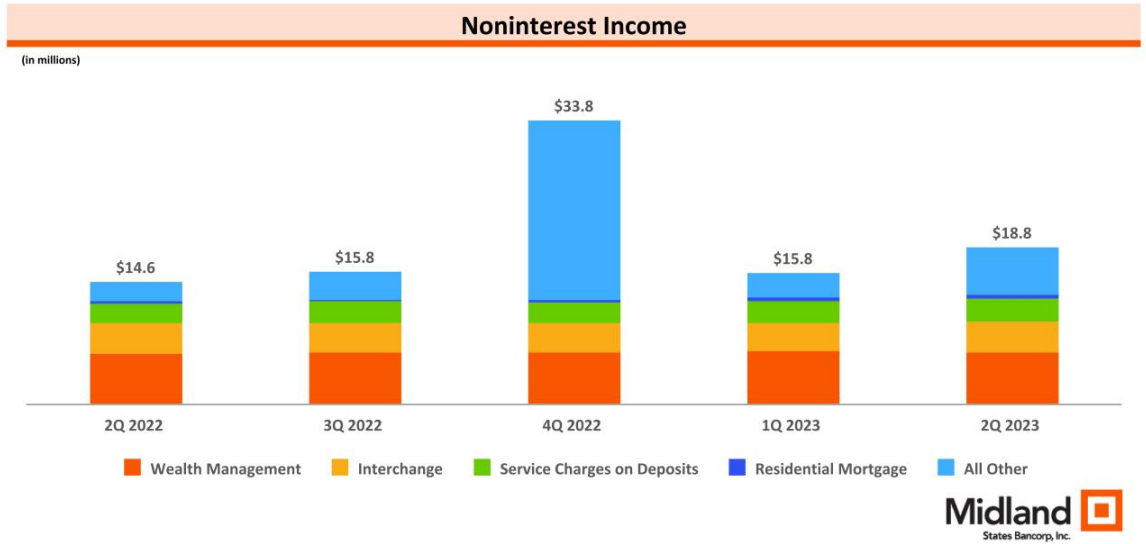
(in millions)





## Noninterest Income

- Noninterest income increased \$3.0 million from prior quarter primarily due to gains on the redemption of subordinated debt and sales of other real estate owned
- 2Q23 noninterest income included \$0.9 million loss on sale of investment securities as part of repositioning of portfolio that will positively impact net interest margin, liquidity, and capital allocations
- Projecting \$0.6 million of commercial MSR amortization per quarter going forward

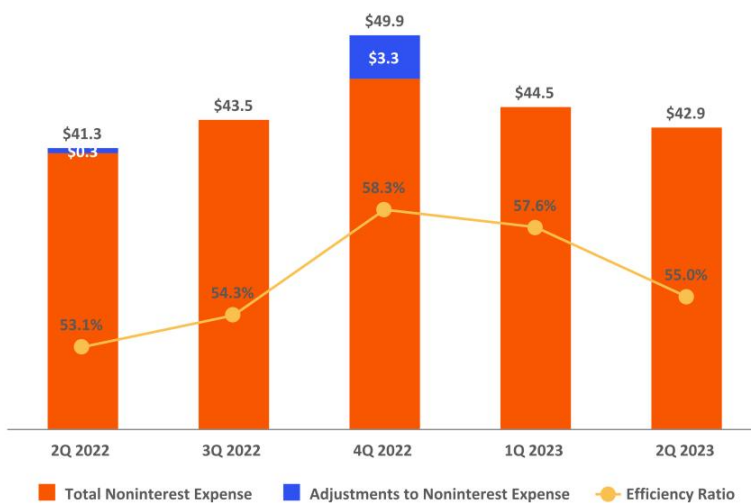




# Noninterest Expense and Operating Efficiency

## Noninterest Expense and Efficiency Ratio <sup>(1)</sup>

(Noninterest expense in millions)



- Efficiency Ratio <sup>(1)</sup> was 55.0% in 2Q 2023 vs. 57.6% in 1Q 2023
- Noninterest expense decreased primarily due to:
  - Decreased commissions and incentive compensation expenses partially offset by annual salary increases
  - Decreased occupancy and equipment primarily due to elevated seasonal related expenses incurred in 1Q23
- Near-term operating expense run-rate expected to be \$43.5 - \$44.5 million

**Notes:**

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

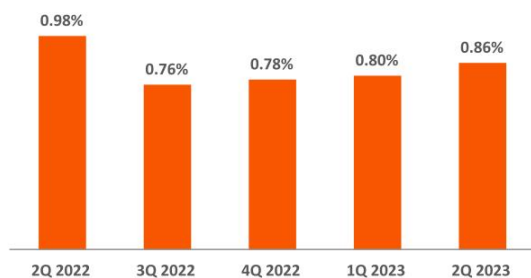


## Asset Quality

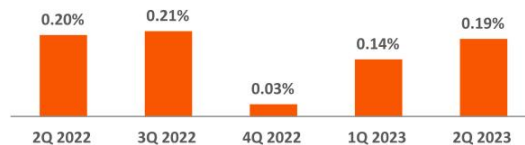
- Nonperforming loans increased \$4.1 million primarily due to one commercial loan as well as increases in the equipment finance portfolio
- Delinquencies in consumer portfolio remain low
- Net charge-offs to average loans was 0.19%
- Provision for credit losses on loans of \$5.9 million, primarily related to changes in the portfolio mix and increases to specific reserves
- Sale of two OREO properties resulted in decrease of nonperforming assets

### Nonperforming Loans / Total Loans

(Total Loans as of quarter-end)



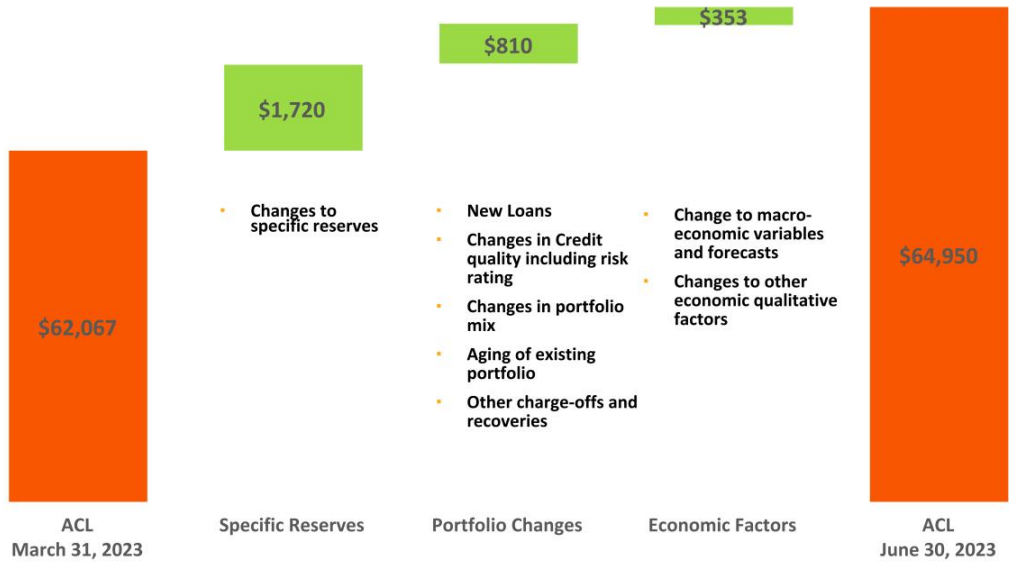
### NCO / Average Loans





# Changes in Allowance for Credit Losses

(\$ in thousands)





# ACL by Portfolio

(\$ in thousands)

June 30, 2023

March 31, 2023

Portfolio	Loans	ACL	% of Total Loans	Loans	ACL	% of Total Loans
Commercial	\$ 875,295	\$ 5,180	0.59 %	\$ 823,847	\$ 5,365	0.65 %
Warehouse Lines	30,522	—	— %	10,275	—	— %
Commercial Other	732,616	10,110	1.38 %	756,553	10,397	1.37 %
Equipment Finance Loans	614,633	9,743	1.59 %	632,205	9,997	1.58 %
Equipment Finance Leases	500,485	7,542	1.51 %	510,029	7,168	1.41 %
CRE non-owner occupied	1,647,680	20,544	1.25 %	1,636,316	18,049	1.10 %
CRE owner occupied	453,514	5,711	1.26 %	460,133	6,945	1.51 %
Multi-family	273,939	2,676	0.98 %	281,559	2,730	0.97 %
Farmland	68,862	494	0.72 %	70,150	492	0.70 %
Construction and Land Development	366,631	3,189	0.87 %	326,836	2,442	0.75 %
Residential RE First Lien	311,796	4,952	1.59 %	309,637	3,773	1.22 %
Other Residential	59,690	599	1.00 %	60,273	577	0.96 %
Consumer	108,619	804	0.74 %	112,882	1,074	0.95 %
Consumer Other <sup>(1)</sup>	968,217	3,149	0.33 %	1,006,056	3,055	0.30 %
<b>Total Loans</b>	<b>6,367,344</b>	<b>64,950</b>	<b>1.02 %</b>	<b>6,354,271</b>	<b>62,067</b>	<b>0.98 %</b>
Loans (excluding BaaS portfolio <sup>(1)</sup> and warehouse lines)	5,276,170	61,436	1.16 %	5,228,172	58,643	1.12 %

Notes:

(1) Primarily consists of loans originated through GreenSky relationship





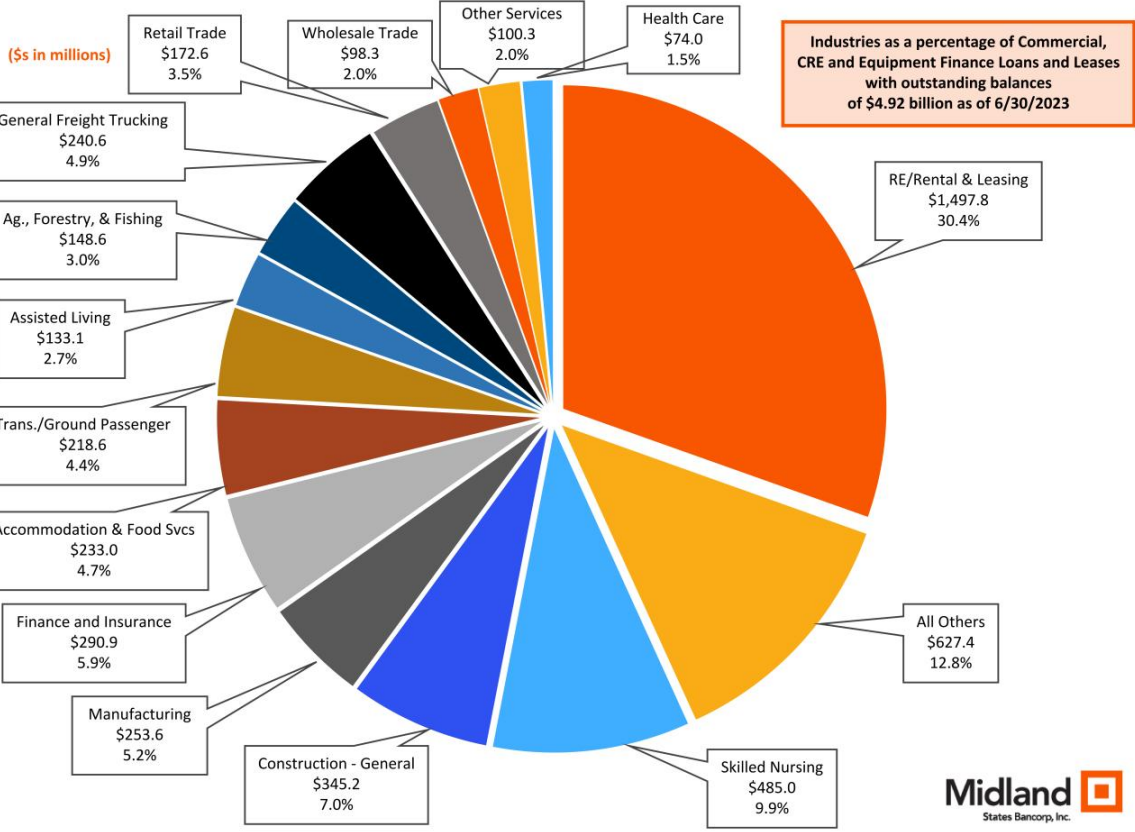
## Outlook

- 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 in the consumer portfolio will continue to be utilized to fund new commercial loan production, add to the securities portfolio and pay off higher cost funding sources with net impact likely being earnings neutral, but capital accretive
- Planned sale of commercial MSR portfolio has been terminated and this business will continue to provide a low-cost source of deposits
- 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 that are expected to start making a contribution during the second half of 2023
- 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

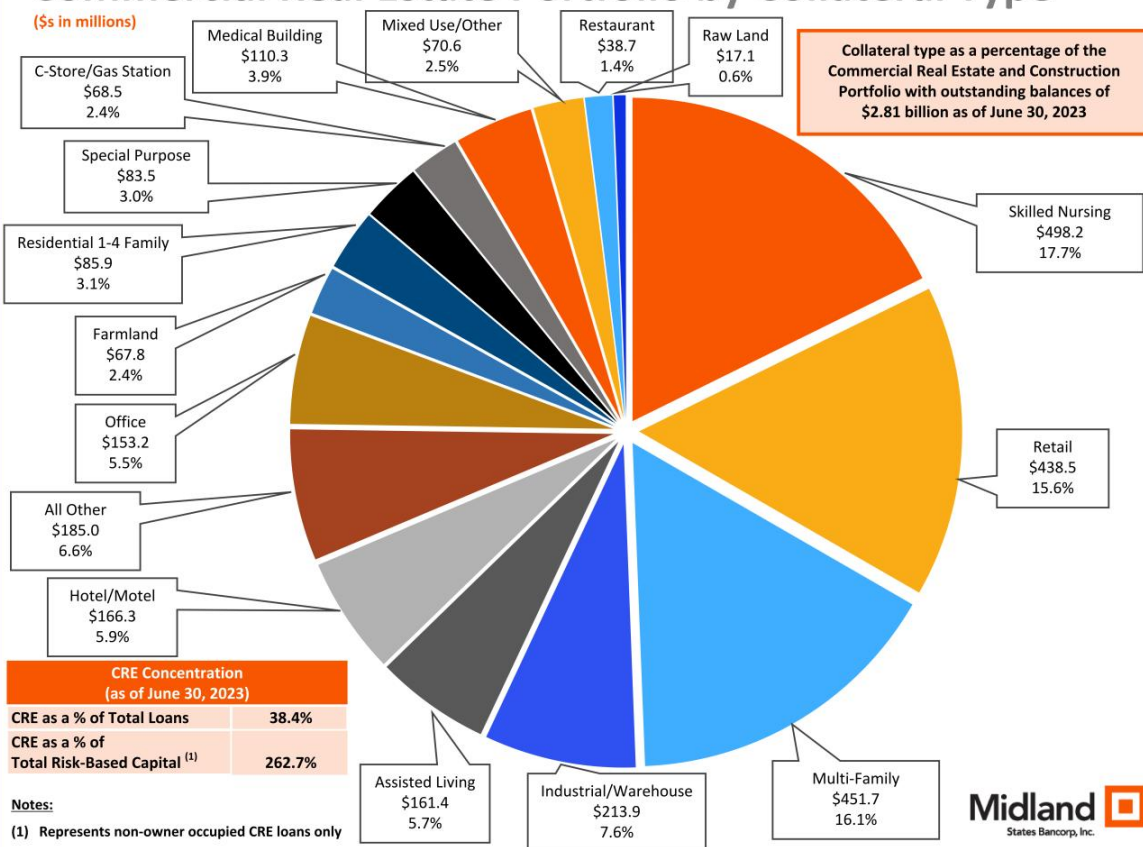
# Commercial Loans and Leases by Industry





# 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 \$2.81 billion as of June 30, 2023

CRE Concentration (as of June 30, 2023)	
CRE as a % of Total Loans	38.4%
CRE as a % of Total Risk-Based Capital <sup>(1)</sup>	262.7%

**Notes:**

(1) Represents non-owner occupied CRE loans only

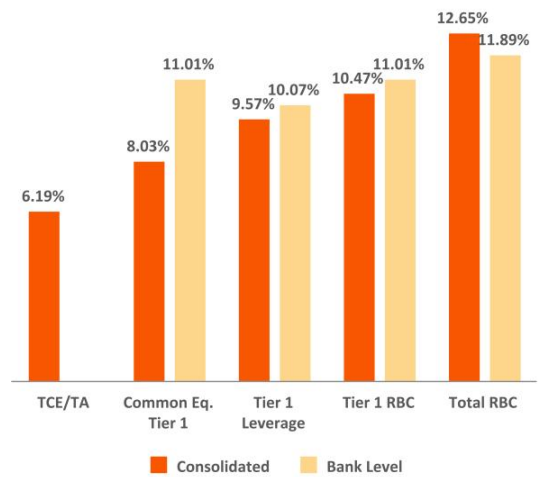


# Capital Ratios and Strategy

## Capital Strategy

- Capital initiatives increased CET1 to 8.03% from 7.77% at 12/31/22 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 June 30, 2023)





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

**Tangible Book Value Per Share**

	For the Year Ended					
	2017	2018	2019	2020	2021	2022
<i>(dollars in thousands, except per share data)</i>						
<b>Shareholders' Equity to Tangible Common Equity</b>						
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	<u>\$ 329,261</u>	<u>\$ 405,803</u>	<u>\$ 447,825</u>	<u>\$ 419,674</u>	<u>\$ 472,322</u>	<u>\$ 549,053</u>
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.**  
**RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (unaudited)**

**Adjusted Earnings Reconciliation**

	For The Year Ended					
	2017	2018	2019	2020	2021	2022
<i>(dollars in thousands, except per share data)</i>						
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 - non-GAAP	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				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
<i>(dollars in thousands, except per share data)</i>					
Income before income taxes - GAAP	\$ 28,820	\$ 28,666	\$ 43,902	\$ 29,380	\$ 29,167
Adjustments to noninterest income:					
Loss on sales of investment securities, net	869	648	—	129	101
(Gain) on termination of hedged interest rate swaps	—	—	(17,531)	—	—
(Gain) on repurchase of subordinated debt	(676)	—	—	—	—
Total adjustments to noninterest income	193	648	(17,531)	129	101
Adjustments to noninterest expense:					
(Loss) on mortgage servicing rights held for sale	—	—	(3,250)	—	—
Integration and acquisition expenses	—	—	—	68	(324)
Total adjustments to noninterest expense	—	—	(3,250)	68	(324)
Adjusted earnings pre tax - non-GAAP	29,013	29,314	29,621	29,441	29,592
Adjusted earnings tax	7,297	7,069	7,174	5,873	7,401
Adjusted earnings - non-GAAP	21,716	22,245	22,447	23,568	22,191
Preferred stock dividends	2,228	2,228	—	—	—
<b>Adjusted earnings available to common shareholders</b>	<b>\$ 19,488</b>	<b>\$ 20,017</b>	<b>\$ 22,447</b>	<b>\$ 23,568</b>	<b>\$ 22,191</b>
<i>Adjusted diluted earnings per common share</i>	\$ 0.87	\$ 0.88	\$ 0.85	\$ 1.04	\$ 0.98
Adjusted return on average assets	1.10 %	1.15 %	1.13 %	1.22 %	1.21 %
Adjusted return on average shareholders' equity	11.21 %	11.76 %	11.89 %	13.34 %	13.84 %
Adjusted return on average tangible common equity	16.10 %	17.11 %	16.80 %	20.24 %	19.41 %

**Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation**

	For the Quarter Ended				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
<i>(dollars in thousands)</i>					
Adjusted earnings pre tax - non-GAAP	\$ 29,013	\$ 29,314	\$ 29,621	\$ 29,441	\$ 29,592
Provision for credit losses	5,879	3,135	3,544	6,974	5,441
Impairment on commercial mortgage servicing rights	—	—	—	—	869
<b>Adjusted pre-tax, pre-provision earnings - non-GAAP</b>	<b>\$ 34,892</b>	<b>\$ 32,449</b>	<b>\$ 33,165</b>	<b>\$ 36,415</b>	<b>\$ 35,902</b>
Adjusted pre-tax, pre-provision return on average assets	1.76 %	1.67 %	1.68 %	1.89 %	1.95 %





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

**Efficiency Ratio Reconciliation**

	For the Quarter Ended				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
<i>(dollars in thousands)</i>					
Noninterest expense - GAAP	\$ 42,894	\$ 44,482	\$ 49,943	\$ 43,496	\$ 41,339
Loss on mortgage servicing rights held for sale	—	—	(3,250)	—	—
Integration and acquisition expenses	—	—	—	68	(324)
Adjusted noninterest expense	<u>\$ 42,894</u>	<u>\$ 44,482</u>	<u>\$ 46,693</u>	<u>\$ 43,564</u>	<u>\$ 41,015</u>
Net interest income - GAAP	\$ 58,840	\$ 60,504	\$ 63,550	\$ 64,024	\$ 61,334
Effect of tax-exempt income	195	244	286	307	321
Adjusted net interest income	<u>59,035</u>	<u>60,748</u>	<u>63,836</u>	<u>64,331</u>	<u>61,655</u>
Noninterest income - GAAP	18,753	15,779	33,839	15,826	14,613
Impairment on commercial mortgage servicing rights	—	—	—	—	869
Loss on sales of investment securities, net	869	648	—	129	101
(Gain) on termination of hedged interest rate swaps	—	—	(17,531)	—	—
(Gain) on repurchase of subordinated debt	(676)	—	—	—	—
Adjusted noninterest income	<u>18,946</u>	<u>16,427</u>	<u>16,308</u>	<u>15,955</u>	<u>15,583</u>
Adjusted total revenue	<u>\$ 77,980</u>	<u>\$ 77,175</u>	<u>\$ 80,144</u>	<u>\$ 80,286</u>	<u>\$ 77,238</u>
<b>Efficiency ratio</b>	55.01 %	57.64 %	58.26 %	54.26 %	53.10 %



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				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
<i>(dollars in thousands, except per share data)</i>					
<b>Shareholders' Equity to Tangible Common Equity</b>					
Total shareholders' equity—GAAP	\$ 776,821	\$ 775,643	\$ 758,574	\$ 739,279	\$ 636,188
Adjustments:					
Preferred Stock	(110,548)	(110,548)	(110,548)	(110,548)	—
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(18,367)	(19,575)	(20,866)	(22,198)	(23,559)
Tangible common equity	\$ 486,002	\$ 483,616	\$ 465,256	\$ 444,629	\$ 450,725
Less: Accumulated other comprehensive income (AOCI)	(77,797)	(77,797)	(83,797)	(78,383)	(53,097)
Tangible common equity excluding AOCI	\$ 563,799	\$ 561,413	\$ 549,053	\$ 523,012	\$ 503,822
<b>Total Assets to Tangible Assets:</b>					
Total assets—GAAP	\$ 8,034,721	\$ 7,930,174	\$ 7,855,501	\$ 7,821,877	\$ 7,435,812
Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(18,367)	(19,575)	(20,866)	(22,198)	(23,559)
Tangible assets	\$ 7,854,450	\$ 7,748,695	\$ 7,672,731	\$ 7,637,775	\$ 7,250,349
Common Shares Outstanding	21,854,800	22,111,454	22,214,913	22,074,740	22,060,255
<b>Tangible Common Equity to Tangible Assets</b>	6.19 %	6.24 %	6.06 %	5.82 %	6.22 %
<b>Tangible Book Value Per Share</b>	\$ 22.24	\$ 21.87	\$ 20.94	\$ 20.14	\$ 20.43
<b>Tangible Book Value Per Share excluding AOCI</b>	\$ 26.11	\$ 25.39	\$ 24.72	\$ 23.69	\$ 22.84

**Return on Average Tangible Common Equity (ROATCE)**

	For the Quarter Ended				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
<i>(dollars in thousands)</i>					
Net income available to common shareholders	\$ 19,347	\$ 19,544	\$ 29,703	\$ 23,521	\$ 21,883
Average total shareholders' equity—GAAP	\$ 776,791	\$ 767,186	\$ 749,183	\$ 700,866	\$ 643,004
Adjustments:					
Preferred Stock	(110,548)	(110,548)	(110,548)	(54,072)	—
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(18,937)	(20,184)	(21,504)	(22,589)	(22,570)
Average tangible common equity	\$ 485,402	\$ 474,550	\$ 455,227	\$ 462,301	\$ 458,530
<b>ROATCE</b>	15.99 %	16.70 %	25.89 %	20.20 %	19.14 %

