

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

Item 7.01. Regulation FD Disclosure.

On July 28, 2022, the Company made available on its website a slide presentation regarding the Company's second quarter 2022 financial results, which will be used as part of a publicly accessible conference call on July 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.

Exhibit No. Description

| | |
|----------------------|--|
| 99.1 | Press Release of Midland States Bancorp, Inc., dated July 28, 2022 |
| 99.2 | Slide Presentation of Midland States Bancorp, Inc. regarding second 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: July 28, 2022

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

Midland States Bancorp, Inc. Announces 2022 Second Quarter Results

Summary

- **Net income of \$21.9 million, or \$0.97 diluted earnings per share**
- **ROAA, ROAE, and ROATCE all increased from prior quarter**
- **Total loans increased 18.5% annualized from prior quarter**
- **Net interest margin increased 15 basis points from prior quarter to 3.65%**
- **Efficiency ratio improved to 53.10% from 55.73% in prior quarter**

EFFINGHAM, Ill., July 28, 2022 (GLOBE NEWSWIRE) -- Midland States Bancorp, Inc. (Nasdaq: MSBI) (the "Company") today reported net income of \$21.9 million, or \$0.97 diluted earnings per share, for the second quarter of 2022. This compares to net income of \$20.7 million, or \$0.92 diluted earnings per share, for the first quarter of 2022. This also compares to net income of \$20.1 million, or \$0.88 diluted earnings per share, for the second quarter of 2021.

Jeffrey G. Ludwig, President and Chief Executive Officer of the Company, said, "We continue to generate improvement in our financial performance as a result of the strategic initiatives we have implemented over the past few years to strengthen our commercial banking team, increase our focus on higher growth markets, and improve operational efficiencies. We had another exceptionally strong quarter of loan production, which resulted in 18% annualized growth in total loans, as well as continued expansion in our net interest margin. The loan growth and margin expansion drove increases in our revenue and earnings, as well as improved efficiencies and returns compared to the prior quarter.

"Our loan pipeline remains strong, although we expect loan growth to moderate in the second half of the year as it is likely that higher rates and concern about weakening economic conditions will have a greater impact on loan demand. However, with our continued loan growth and margin expansion, combined with stable expense levels, we believe that we are well positioned to generate further improvement in earnings and returns," said Mr. Ludwig.

Net Interest Margin

Net interest margin for the second quarter of 2022 was 3.65%, compared to 3.50% for the first quarter of 2022, due primarily to a favorable shift in the mix of earning assets and an increase in the average yield on earning assets. The Company's net interest margin benefits from accretion income on purchased loan portfolios, which contributed 3 basis points to net interest margin in both the first and second quarters of 2022.

Relative to the second quarter of 2021, net interest margin increased 36 basis points from 3.29%, primarily due to a favorable shift in the mix of earning assets and an increase in the average yield on earning assets. Accretion income on purchased loan portfolios contributed 9 basis points to net interest margin in the second quarter of 2021. Excluding the impact of accretion income, net interest margin increased 42 basis points from the second quarter of 2021.

Net Interest Income

Net interest income for the second quarter of 2022 was \$61.3 million, an increase of 7.9% from \$56.8 million for the first quarter of 2022, which was primarily due to higher average loan balances and an increase in net interest margin. PPP loan income totaled \$0.7 million in the second quarter of 2022, compared to \$1.2 million in the first quarter of 2022. Accretion income associated with purchased loan portfolios totaled \$0.6 million for the second quarter of 2022, unchanged from \$0.6 million for the first quarter of 2022.

Relative to the second quarter of 2021, net interest income increased \$11.2 million, or 22.4%, due to higher average earning assets and an increase in net interest margin. Accretion income for the second quarter of 2021 was \$1.3 million. PPP loan income totaled \$2.5 million in the second quarter of 2021.

Noninterest Income

Noninterest income for the second quarter of 2022 was \$14.6 million, a decrease of 6.4% from \$15.6 million for the first quarter of 2022. The decrease in noninterest income was primarily attributable to lower wealth management revenue due to a decline in assets under administration resulting from market performance.

Relative to the second quarter of 2021, noninterest income decreased 16.1% from \$17.4 million. The decrease was primarily attributable to a decline in residential mortgage banking revenue and other income.

Wealth management revenue for the second quarter of 2022 was \$6.1 million, a decrease of 14.0% from \$7.1 million in the first quarter of 2022. Compared to the second quarter of 2021, wealth management revenue decreased 5.9%, primarily due to a decline in assets under administration resulting from market performance.

Noninterest Expense

Noninterest expense for the second quarter of 2022 was \$41.3 million, an increase of 1.1% from \$40.9 million in the first quarter of 2022. The increase was primarily due to higher salaries and employee benefits expense resulting from a modest increase in staffing levels and higher incentive compensation.

Relative to the second quarter of 2021, noninterest expense decreased 15.5% from \$48.9 million. Noninterest expense for the second quarter of 2021 included \$3.6 million in professional fees related to the settlement of a prior tax issue and \$3.7 million in FHLB advance prepayment fees.

Loan Portfolio

Total loans outstanding were \$5.80 billion at June 30, 2022, compared with \$5.54 billion at March 31, 2022, and \$4.84 billion at June 30, 2021. The increase in total loans from March 31, 2022 was primarily attributable to higher balances of commercial real estate loans, partially offset by lower period-end balances of commercial FHA warehouse lines and continued forgiveness of PPP loans.

Equipment finance balances increased \$27.9 million from March 31, 2022 to \$985.5 million at June 30, 2022.

Compared to loan balances at June 30, 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 \$6.18 billion at June 30, 2022, compared with \$6.06 billion at March 31, 2022, and \$5.20 billion at June 30, 2021. The increase in total deposits from the end of the prior quarter was primarily attributable to growth in noninterest-bearing and lower cost interest-bearing deposits.

Asset Quality

Nonperforming loans totaled \$56.9 million, or 0.98% of total loans, at June 30, 2022, compared with \$52.9 million, or 0.95% of total loans, at March 31, 2022. The increase in nonperforming loans was attributable to one commercial real estate loan where no loss is currently expected. At June 30, 2021, nonperforming loans totaled \$61.4 million, or 1.27% of total loans.

Net charge-offs for the second quarter of 2022 were \$2.8 million, or 0.20% of average loans on an annualized basis, compared to net charge-offs of \$2.3 million, or 0.17% of average loans on an annualized basis, for the first quarter of 2022, and \$4.0 million, or 0.33% of average loans on an annualized basis, for the second quarter of 2021.

The Company recorded a provision for credit losses on loans of \$4.7 million for the second quarter of 2022, which was primarily related to the growth in total loans and weakening economic conditions.

The Company's allowance for credit losses on loans was 0.95% of total loans and 96.5% of nonperforming loans at June 30, 2022, compared with 0.96% of total loans and 100.1% of nonperforming loans at March 31, 2022.

Capital

At June 30, 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 June 30, 2022 | Consolidated Ratios as of June 30, 2022 | Minimum Regulatory Requirements ⁽²⁾ |
|--|---------------------------------------|---|--|
| Total capital to risk-weighted assets | 10.60% | 11.44% | 10.50% |
| Tier 1 capital to risk-weighted assets | 9.85% | 8.63% | 8.50% |
| Tier 1 leverage ratio | 9.12% | 7.98% | 4.00% |
| Common equity Tier 1 capital | 9.85% | 7.66% | 7.00% |
| Tangible common equity to tangible assets ⁽¹⁾ | NA | 6.22% | 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 second quarter of 2022, the Company did not repurchase any shares under its stock repurchase program. As of June 30, 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, July 29, 2022, to discuss its financial results.

Telephone Access: <https://register.vevent.com/register/BI640d5b3f68364a9991310d1cfd490581>

A slide presentation relating to the second 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 June 30, 2022, the Company had total assets of approximately \$7.44 billion, and its Wealth Management Group had assets under administration of approximately \$3.60 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 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" 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, the effects of the COVID-19 pandemic and its potential effects on the economic environment; 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:

Jeffrey G. Ludwig, President and CEO, at jludwig@midlandsb.com or (217) 342-7321
Eric T. Lemke, Chief Financial Officer, at elemke@midlandsb.com or (217) 342-7321
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 | | | | |
|---|-----------------------|------------------|------------------|------------------|------------------|
| | June 30, | March 31, | December 31, | September 30, | June 30, |
| | 2022 | 2022 | 2021 | 2021 | 2021 |
| <i>(dollars in thousands, except per share data)</i> | | | | | |
| Earnings Summary | | | | | |
| Net interest income | \$ 61,334 | \$ 56,827 | \$ 54,301 | \$ 51,396 | \$ 50,110 |
| Provision for credit losses | 5,441 | 4,167 | 467 | (184) | (455) |
| Noninterest income | 14,613 | 15,613 | 22,523 | 15,143 | 17,417 |
| Noninterest expense | 41,339 | 40,884 | 45,757 | 41,292 | 48,941 |
| Income before income taxes | 29,167 | 27,389 | 30,600 | 25,431 | 19,041 |
| Income taxes | 7,284 | 6,640 | 7,493 | 5,883 | (1,083) |
| Net income | <u>\$ 21,883</u> | <u>\$ 20,749</u> | <u>\$ 23,107</u> | <u>\$ 19,548</u> | <u>\$ 20,124</u> |
| Diluted earnings per common share | \$ 0.97 | \$ 0.92 | \$ 1.02 | \$ 0.86 | \$ 0.88 |
| Weighted average shares outstanding - diluted | 22,360,819 | 22,350,307 | 22,350,771 | 22,577,880 | 22,677,515 |
| Return on average assets | 1.19% | 1.16% | 1.26% | 1.15 % | 1.20 % |
| Return on average shareholders' equity | 13.65 % | 12.80 % | 14.04 % | 11.90 % | 12.59 % |
| Return on average tangible common equity ⁽¹⁾ | 19.14% | 17.84% | 19.69% | 16.76 % | 17.85 % |
| Net interest margin | 3.65% | 3.50% | 3.25% | 3.34 % | 3.29 % |
| Efficiency ratio ⁽¹⁾ | 53.10% | 55.73% | 52.61% | 58.78 % | 60.19 % |

Adjusted Earnings Performance

Summary⁽¹⁾

| | | | | | | | | | | |
|--|----|--------|----|--------|----|--------|----|--------|----|--------|
| Adjusted earnings | \$ | 22,191 | \$ | 20,815 | \$ | 25,416 | \$ | 19,616 | \$ | 19,755 |
| Adjusted diluted earnings per common share | \$ | 0.98 | \$ | 0.92 | \$ | 1.12 | \$ | 0.86 | \$ | 0.86 |
| Adjusted return on average assets | | 1.21% | | 1.16% | | 1.39% | | 1.15% | | 1.17% |
| Adjusted return on average shareholders' equity | | 13.84% | | 12.84% | | 15.44% | | 11.94% | | 12.36% |
| Adjusted return on average tangible common equity | | 19.41% | | 17.89% | | 21.65% | | 16.82% | | 17.52% |
| Adjusted pre-tax, pre-provision earnings | \$ | 35,902 | \$ | 32,041 | \$ | 36,324 | \$ | 28,379 | \$ | 26,967 |
| Adjusted pre-tax, pre-provision return on average assets | | 1.95% | | 1.79% | | 1.98% | | 1.67% | | 1.60% |

(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 | | | | |
|---|------------------------------|---------------------------|------------------------------|-------------------------------|--------------------------|
| | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| <i>(in thousands, except per share data)</i> | | | | | |
| Net interest income: | | | | | |
| Interest income | \$ 69,236 | \$ 62,748 | \$ 60,427 | \$ 58,490 | \$ 58,397 |
| Interest expense | 7,902 | 5,921 | 6,126 | 7,094 | 8,287 |
| Net interest income | 61,334 | 56,827 | 54,301 | 51,396 | 50,110 |
| Provision for credit losses: | | | | | |
| Provision for credit losses on loans | 4,741 | 4,132 | - | - | - |
| Provision for credit losses on unfunded commitments | 700 | 256 | 388 | - | (265) |
| Provision for other credit losses | - | (221) | 79 | (184) | (190) |
| Total provision for credit losses | 5,441 | 4,167 | 467 | (184) | (455) |
| Net interest income after provision for credit losses | 55,893 | 52,660 | 53,834 | 51,580 | 50,565 |
| Noninterest income: | | | | | |
| Wealth management revenue | 6,143 | 7,139 | 7,176 | 7,175 | 6,529 |
| Residential mortgage banking revenue | 384 | 599 | 1,103 | 1,287 | 1,562 |
| Service charges on deposit accounts | 2,304 | 2,068 | 2,338 | 2,268 | 1,916 |
| Interchange revenue | 3,590 | 3,280 | 3,677 | 3,651 | 3,797 |
| (Loss) gain on sales of investment securities, net | (101) | - | - | 160 | 377 |
| Gain on termination of hedged interest swap | - | - | 1,845 | - | - |
| Impairment on commercial mortgage servicing rights | (869) | (394) | (2,072) | (3,037) | (1,148) |
| Company-owned life insurance | 840 | 1,019 | 1,904 | 869 | 863 |
| Other income | 2,322 | 1,902 | 6,552 | 2,770 | 3,521 |
| Total noninterest income | 14,613 | 15,613 | 22,523 | 15,143 | 17,417 |
| Noninterest expense: | | | | | |
| Salaries and employee benefits | 22,645 | 21,870 | 22,109 | 22,175 | 22,071 |
| Occupancy and equipment | 3,489 | 3,755 | 3,429 | 3,701 | 3,796 |
| Data processing | 6,082 | 5,873 | 5,819 | 6,495 | 6,288 |
| Professional | 1,516 | 1,972 | 1,499 | 1,738 | 5,549 |
| Amortization of intangible assets | 1,318 | 1,398 | 1,425 | 1,445 | 1,470 |
| Loss on mortgage servicing rights held for sale | - | - | - | 79 | 143 |
| FHLB advances prepayment fees | - | - | 4,859 | - | 3,669 |
| Other expense | 6,289 | 6,016 | 6,617 | 5,659 | 5,955 |
| Total noninterest expense | 41,339 | 40,884 | 45,757 | 41,292 | 48,941 |
| Income before income taxes | 29,167 | 27,389 | 30,600 | 25,431 | 19,041 |
| Income taxes | 7,284 | 6,640 | 7,493 | 5,883 | (1,083) |
| Net income | \$ 21,883 | \$ 20,749 | \$ 23,107 | \$ 19,548 | \$ 20,124 |
| Basic earnings per common share | \$ 0.97 | \$ 0.92 | \$ 1.03 | \$ 0.86 | \$ 0.88 |
| Diluted earnings per common share | \$ 0.97 | \$ 0.92 | \$ 1.02 | \$ 0.86 | \$ 0.88 |

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

| <i>(in thousands)</i> | As of | | | | |
|---|---------------------|---------------------|----------------------|-----------------------|---------------------|
| | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| Assets | | | | | |
| Cash and cash equivalents | \$ 270,117 | \$ 332,264 | \$ 680,371 | \$ 662,643 | \$ 425,100 |
| Investment securities | 769,278 | 858,246 | 916,132 | 900,319 | 756,831 |
| Loans | 5,795,544 | 5,539,961 | 5,224,801 | 4,915,554 | 4,835,866 |
| Allowance for credit losses on loans | (54,898) | (52,938) | (51,062) | (55,675) | (58,664) |
| Total loans, net | 5,740,646 | 5,487,023 | 5,173,739 | 4,859,879 | 4,777,202 |
| Loans held for sale | 5,298 | 8,931 | 32,045 | 26,621 | 12,187 |
| Premises and equipment, net | 77,668 | 77,857 | 79,220 | 79,701 | 80,699 |
| Other real estate owned | 11,131 | 11,537 | 12,059 | 11,931 | 12,768 |
| Loan servicing rights, at lower of cost or fair value | 25,879 | 27,484 | 28,865 | 30,916 | 34,577 |
| Goodwill | 161,904 | 161,904 | 161,904 | 161,904 | 161,904 |
| Other intangible assets, net | 23,559 | 22,976 | 24,374 | 26,065 | 27,900 |
| Company-owned life insurance | 148,900 | 148,060 | 148,378 | 149,146 | 148,277 |
| Other assets | 201,432 | 202,433 | 186,718 | 184,834 | 192,565 |
| Total assets | <u>\$ 7,435,812</u> | <u>\$ 7,338,715</u> | <u>\$ 7,443,805</u> | <u>\$ 7,093,959</u> | <u>\$ 6,630,010</u> |
| Liabilities and Shareholders' Equity | | | | | |
| Noninterest-bearing demand deposits | \$ 1,972,261 | \$ 1,965,032 | \$ 2,245,701 | \$ 1,672,901 | \$ 1,366,453 |
| Interest-bearing deposits | 4,212,177 | 4,092,507 | 3,864,947 | 3,928,475 | 3,829,898 |
| Total deposits | 6,184,438 | 6,057,539 | 6,110,648 | 5,601,376 | 5,196,351 |
| Short-term borrowings | 67,689 | 60,352 | 76,803 | 66,666 | 75,985 |
| FHLB advances and other borrowings | 285,000 | 310,171 | 310,171 | 440,171 | 440,171 |
| Subordinated debt | 139,277 | 139,184 | 139,091 | 138,998 | 138,906 |
| Trust preferred debentures | 49,674 | 49,524 | 49,374 | 49,235 | 49,094 |
| Other liabilities | 73,546 | 76,959 | 93,881 | 139,669 | 81,317 |
| Total liabilities | 6,799,624 | 6,693,729 | 6,779,968 | 6,436,115 | 5,981,824 |
| Total shareholders' equity | 636,188 | 644,986 | 663,837 | 657,844 | 648,186 |
| Total liabilities and shareholders' equity | <u>\$ 7,435,812</u> | <u>\$ 7,338,715</u> | <u>\$ 7,443,805</u> | <u>\$ 7,093,959</u> | <u>\$ 6,630,010</u> |

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

| <i>(in thousands)</i> | As of | | | | |
|-----------------------------------|---------------------|---------------------|----------------------|-----------------------|---------------------|
| | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| Loan Portfolio | | | | | |
| Equipment finance loans | \$ 546,267 | \$ 528,572 | \$ 521,973 | \$ 486,623 | \$ 464,380 |
| Equipment finance leases | 439,202 | 429,000 | 423,280 | 412,430 | 407,161 |
| Commercial FHA warehouse lines | 23,872 | 83,999 | 91,927 | 180,248 | 129,607 |
| SBA PPP loans | 6,409 | 22,862 | 52,477 | 82,410 | 146,728 |
| Other commercial loans | 814,710 | 802,692 | 783,811 | 718,054 | 683,365 |
| Total commercial loans and leases | 1,830,460 | 1,867,125 | 1,873,468 | 1,879,765 | 1,831,241 |
| Commercial real estate | 2,335,655 | 2,114,041 | 1,816,828 | 1,562,013 | 1,540,489 |
| Construction and land development | 203,955 | 188,668 | 193,749 | 200,792 | 212,508 |
| Residential real estate | 340,103 | 329,331 | 338,151 | 344,414 | 366,612 |
| Consumer | 1,085,371 | 1,040,796 | 1,002,605 | 928,570 | 885,016 |
| Total loans | <u>\$ 5,795,544</u> | <u>\$ 5,539,961</u> | <u>\$ 5,224,801</u> | <u>\$ 4,915,554</u> | <u>\$ 4,835,866</u> |
| Deposit Portfolio | | | | | |
| Noninterest-bearing demand | \$ 1,972,261 | \$ 1,965,032 | \$ 2,245,701 | \$ 1,672,901 | \$ 1,366,453 |
| Interest-bearing: | | | | | |
| Checking | 1,808,885 | 1,779,018 | 1,663,021 | 1,697,326 | 1,619,436 |
| Money market | 1,027,547 | 964,352 | 869,067 | 852,836 | 787,688 |
| Savings | 740,364 | 710,955 | 679,115 | 665,710 | 669,277 |
| Time | 620,363 | 619,386 | 630,583 | 688,693 | 721,502 |

| | | | | | |
|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Brokered time | 15,018 | 18,796 | 23,161 | 23,910 | 31,995 |
| Total deposits | <u>\$ 6,184,438</u> | <u>\$ 6,057,539</u> | <u>\$ 6,110,648</u> | <u>\$ 5,601,376</u> | <u>\$ 5,196,351</u> |

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

| <i>(dollars in thousands)</i> | For the Quarter Ended | | | | |
|--|------------------------------|---------------------------|------------------------------|-------------------------------|--------------------------|
| | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| Average Balance Sheets | | | | | |
| Cash and cash equivalents | \$ 226,517 | \$ 384,231 | \$ 685,655 | \$ 525,848 | \$ 509,886 |
| Investment securities | 818,927 | 894,634 | 915,707 | 773,372 | 734,462 |
| Loans | 5,677,791 | 5,274,051 | 4,995,794 | 4,800,063 | 4,826,234 |
| Loans held for sale | 9,865 | 31,256 | 34,272 | 15,204 | 36,299 |
| Nonmarketable equity securities | 36,338 | 36,378 | 39,203 | 43,873 | 49,388 |
| Total interest-earning assets | <u>6,769,438</u> | <u>6,620,550</u> | <u>6,670,631</u> | <u>6,158,360</u> | <u>6,156,269</u> |
| Non-earning assets | 615,348 | 631,187 | 605,060 | 597,153 | 589,336 |
| Total assets | <u>\$ 7,384,786</u> | <u>\$ 7,251,737</u> | <u>\$ 7,275,691</u> | <u>\$ 6,755,513</u> | <u>\$ 6,745,605</u> |
| Interest-bearing deposits | \$ 4,152,764 | \$ 3,953,249 | \$ 3,913,475 | \$ 3,895,970 | \$ 3,815,179 |
| Short-term borrowings | 59,301 | 70,044 | 66,677 | 68,103 | 65,727 |
| FHLB advances and other borrowings | 307,611 | 311,282 | 319,954 | 440,171 | 519,490 |
| Subordinated debt | 139,232 | 139,139 | 139,046 | 138,954 | 165,155 |
| Trust preferred debentures | 49,602 | 49,451 | 49,307 | 49,167 | 49,026 |
| Total interest-bearing liabilities | <u>4,708,510</u> | <u>4,523,165</u> | <u>4,488,459</u> | <u>4,592,365</u> | <u>4,614,577</u> |
| Noninterest-bearing deposits | 1,967,263 | 1,989,413 | 2,049,802 | 1,434,193 | 1,411,428 |
| Other noninterest-bearing liabilities | 66,009 | 81,832 | 84,538 | 77,204 | 78,521 |
| Shareholders' equity | 643,004 | 657,327 | 652,892 | 651,751 | 641,079 |
| Total liabilities and shareholders' equity | <u>\$ 7,384,786</u> | <u>\$ 7,251,737</u> | <u>\$ 7,275,691</u> | <u>\$ 6,755,513</u> | <u>\$ 6,745,605</u> |

Yields

Earning Assets

| | | | | | |
|---------------------------------|-------|-------|-------|-------|-------|
| Cash and cash equivalents | 0.83% | 0.18% | 0.16% | 0.16% | 0.11% |
| Investment securities | 2.41% | 2.22% | 2.12% | 2.34% | 2.43% |
| Loans | 4.49% | 4.40% | 4.36% | 4.42% | 4.43% |
| Loans held for sale | 3.15% | 2.86% | 3.53% | 2.79% | 2.88% |
| Nonmarketable equity securities | 5.38% | 5.40% | 5.07% | 5.05% | 4.94% |
| Total interest-earning assets | 4.12% | 3.87% | 3.62% | 3.79% | 3.83% |

Interest-Bearing Liabilities

| | | | | | |
|------------------------------------|-------|-------|-------|-------|-------|
| Interest-bearing deposits | 0.37% | 0.22% | 0.22% | 0.26% | 0.31% |
| Short-term borrowings | 0.15% | 0.14% | 0.12% | 0.12% | 0.12% |
| FHLB advances and other borrowings | 1.87% | 1.58% | 1.75% | 1.80% | 1.91% |
| Subordinated debt | 5.78% | 5.78% | 5.78% | 5.79% | 5.61% |
| Trust preferred debentures | 5.05% | 4.21% | 3.90% | 3.92% | 4.00% |
| Total interest-bearing liabilities | 0.67% | 0.53% | 0.54% | 0.61% | 0.72% |

Cost of Deposits

| | | | | | |
|--|-------|-------|-------|-------|-------|
| | 0.25% | 0.15% | 0.15% | 0.19% | 0.23% |
|--|-------|-------|-------|-------|-------|

Net Interest Margin

| | | | | | |
|--|-------|-------|-------|-------|-------|
| | 3.65% | 3.50% | 3.25% | 3.34% | 3.29% |
|--|-------|-------|-------|-------|-------|

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

| <i>(dollars in thousands, except per share data)</i> | As of and for the Quarter Ended | | | | |
|--|--|---------------------------|------------------------------|-------------------------------|--------------------------|
| | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| Asset Quality | | | | | |
| Loans 30-89 days past due | \$ 16,212 | \$ 29,044 | \$ 17,514 | \$ 16,772 | \$ 20,224 |
| Nonperforming loans | 56,883 | 52,900 | 42,580 | 54,620 | 61,363 |
| Nonperforming assets | 69,344 | 66,164 | 57,068 | 69,261 | 76,926 |
| Net charge-offs | 2,781 | 2,255 | 4,613 | 2,989 | 4,023 |

| | | | | | |
|--|--------|---------|---------|---------|--------|
| Loans 30-89 days past due to total loans | 0.28% | 0.52% | 0.34% | 0.34% | 0.42% |
| Nonperforming loans to total loans | 0.98% | 0.95% | 0.81% | 1.11% | 1.27% |
| Nonperforming assets to total assets | 0.93% | 0.90% | 0.77% | 0.98% | 1.16% |
| Allowance for credit losses to total loans | 0.95% | 0.96% | 0.98% | 1.13% | 1.21% |
| Allowance for credit losses to nonperforming loans | 96.51% | 100.07% | 119.92% | 101.93% | 95.60% |
| Net charge-offs to average loans | 0.20% | 0.17% | 0.37% | 0.25% | 0.33% |

Wealth Management

| | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Trust assets under administration | \$ 3,597,944 | \$ 4,044,138 | \$ 4,217,412 | \$ 4,058,168 | \$ 4,077,581 |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|

Market Data

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Book value per share at period end | \$ 28.84 | \$ 29.26 | \$ 30.11 | \$ 29.64 | \$ 28.96 |
| Tangible book value per share at period end ⁽¹⁾ | \$ 20.43 | \$ 20.87 | \$ 21.66 | \$ 21.17 | \$ 20.48 |
| Market price at period end | \$ 24.04 | \$ 28.86 | \$ 24.79 | \$ 24.73 | \$ 26.27 |
| Shares outstanding at period end | 22,060,255 | 22,044,626 | 22,050,537 | 22,193,141 | 22,380,492 |

Capital

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Total capital to risk-weighted assets | 11.44% | 11.74% | 12.19% | 13.10% | 13.11% |
| Tier 1 capital to risk-weighted assets | 8.63% | 8.82% | 9.16% | 9.73% | 9.64% |
| Tier 1 common capital to risk-weighted assets | 7.66% | 7.80% | 8.08% | 8.55% | 8.44% |
| Tier 1 leverage ratio | 7.98% | 7.96% | 7.75% | 8.16% | 8.00% |
| Tangible common equity to tangible assets ⁽¹⁾ | 6.22% | 6.43% | 6.58% | 6.80% | 7.12% |

(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 | | | | |
|--|-----------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| <i>(dollars in thousands, except per share data)</i> | | | | | |
| Income before income taxes - GAAP | \$ 29,167 | \$ 27,389 | \$ 30,600 | \$ 25,431 | \$ 19,041 |
| Adjustments to noninterest income: | | | | | |
| Loss (gain) on sales of investment securities, net | 101 | - | - | (160) | (377) |
| (Gain) on termination of hedged interest rate swap | - | - | (1,845) | - | - |
| Other income | - | - | - | - | 27 |
| Total adjustments to noninterest income | 101 | - | (1,845) | (160) | (350) |
| Adjustments to noninterest expense: | | | | | |
| (Loss) on mortgage servicing rights held for sale | - | - | - | (79) | (143) |
| FHLB advances prepayment fees | - | - | (4,859) | - | (3,669) |
| Integration and acquisition expenses | (324) | (91) | (171) | (176) | (3,771) |
| Total adjustments to noninterest expense | (324) | (91) | (5,030) | (255) | (7,583) |
| Adjusted earnings pre tax | 29,592 | 27,480 | 33,785 | 25,526 | 26,274 |
| Adjusted earnings tax | 7,401 | 6,665 | 8,369 | 5,910 | 6,519 |
| Adjusted earnings - non-GAAP | \$ 22,191 | \$ 20,815 | \$ 25,416 | \$ 19,616 | \$ 19,755 |
| Adjusted diluted earnings per common share | \$ 0.98 | \$ 0.92 | \$ 1.12 | \$ 0.86 | \$ 0.86 |
| Adjusted return on average assets | 1.21 % | 1.16 % | 1.39 % | 1.15 % | 1.17 % |
| Adjusted return on average shareholders' equity | 13.84 % | 12.84 % | 15.44 % | 11.94 % | 12.36 % |
| Adjusted return on average tangible common equity | 19.41 % | 17.89 % | 21.65 % | 16.82 % | 17.52 % |

Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation

| | For the Quarter Ended | | | | |
|--|-----------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| <i>(dollars in thousands)</i> | | | | | |
| Adjusted earnings pre tax - non-GAAP | \$ 29,592 | \$ 27,480 | \$ 33,785 | \$ 25,526 | \$ 26,274 |
| Provision for credit losses | 5,441 | 4,167 | 467 | (184) | (455) |
| Impairment on commercial mortgage servicing rights | 869 | 394 | 2,072 | 3,037 | 1,148 |
| Adjusted pre-tax, pre-provision earnings - non-GAAP | \$ 35,902 | \$ 32,041 | \$ 36,324 | \$ 28,379 | \$ 26,967 |
| Adjusted pre-tax, pre-provision return on average assets | 1.95 % | 1.79 % | 1.98 % | 1.67 % | 1.60 % |

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

Efficiency Ratio Reconciliation

| | For the Quarter Ended | | | | |
|--|-----------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| <i>(dollars in thousands)</i> | | | | | |
| Noninterest expense - GAAP | \$ 41,339 | \$ 40,884 | \$ 45,757 | \$ 41,292 | \$ 48,941 |
| (Loss) on mortgage servicing rights held for sale | - | - | - | (79) | (143) |
| FHLB advances prepayment fees | - | - | (4,859) | - | (3,669) |
| Integration and acquisition expenses | (324) | (91) | (171) | (176) | (3,771) |
| Adjusted noninterest expense | <u>\$ 41,015</u> | <u>\$ 40,793</u> | <u>\$ 40,727</u> | <u>\$ 41,037</u> | <u>\$ 41,358</u> |
| Net interest income - GAAP | \$ 61,334 | \$ 56,827 | \$ 54,301 | \$ 51,396 | \$ 50,110 |
| Effect of tax-exempt income | 321 | 369 | 372 | 402 | 383 |
| Adjusted net interest income | <u>61,655</u> | <u>57,196</u> | <u>54,673</u> | <u>51,798</u> | <u>50,493</u> |
| Noninterest income - GAAP | 14,613 | 15,613 | 22,523 | 15,143 | 17,417 |
| Impairment on commercial mortgage servicing rights | 869 | 394 | 2,072 | 3,037 | 1,148 |
| Loss (gain) on sales of investment securities, net | 101 | - | - | (160) | (377) |
| (Gain) on termination of hedged interest rate swap | - | - | (1,845) | - | - |
| Other | - | - | - | - | 27 |
| Adjusted noninterest income | <u>15,583</u> | <u>16,007</u> | <u>22,750</u> | <u>18,020</u> | <u>18,215</u> |
| Adjusted total revenue | <u>\$ 77,238</u> | <u>\$ 73,203</u> | <u>\$ 77,423</u> | <u>\$ 69,818</u> | <u>\$ 68,708</u> |
| Efficiency ratio | 53.10 % | 55.73 % | 52.61 % | 58.78 % | 60.19 % |

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, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| <i>(dollars in thousands, except per share data)</i> | | | | | |
| Shareholders' Equity to Tangible Common Equity | | | | | |
| Total shareholders' equity—GAAP | \$ 636,188 | \$ 644,986 | \$ 663,837 | \$ 657,844 | \$ 648,186 |
| Adjustments: | | | | | |
| Goodwill | (161,904) | (161,904) | (161,904) | (161,904) | (161,904) |

| | | | | | |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Other intangible assets, net | <u>(23,559)</u> | <u>(22,976)</u> | <u>(24,374)</u> | <u>(26,065)</u> | <u>(27,900)</u> |
| Tangible common equity | <u>\$ 450,725</u> | <u>\$ 460,106</u> | <u>\$ 477,558</u> | <u>\$ 469,875</u> | <u>\$ 458,382</u> |

Total Assets to Tangible Assets:

| | | | | | |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total assets—GAAP | \$ 7,435,812 | \$ 7,338,715 | \$ 7,443,805 | \$ 7,093,959 | \$ 6,630,010 |
| Adjustments: | | | | | |
| Goodwill | (161,904) | (161,904) | (161,904) | (161,904) | (161,904) |
| Other intangible assets, net | <u>(23,559)</u> | <u>(22,976)</u> | <u>(24,374)</u> | <u>(26,065)</u> | <u>(27,900)</u> |
| Tangible assets | <u>\$ 7,250,349</u> | <u>\$ 7,153,835</u> | <u>\$ 7,257,527</u> | <u>\$ 6,905,990</u> | <u>\$ 6,440,206</u> |

| | | | | | |
|---------------------------|------------|------------|------------|------------|------------|
| Common Shares Outstanding | 22,060,255 | 22,044,626 | 22,050,537 | 22,193,141 | 22,380,492 |
|---------------------------|------------|------------|------------|------------|------------|

Tangible Common Equity to Tangible Assets

| | | | | | |
|--------------------------------------|----------|----------|----------|----------|----------|
| | 6.22 % | 6.43 % | 6.58 % | 6.80 % | 7.12 % |
| Tangible Book Value Per Share | \$ 20.43 | \$ 20.87 | \$ 21.66 | \$ 21.17 | \$ 20.48 |

Return on Average Tangible Common Equity (ROATCE)

| | For the Quarter Ended | | | | |
|---|-----------------------|-------------------|----------------------|-----------------------|-------------------|
| | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| <i>(dollars in thousands)</i> | | | | | |
| Net income | <u>\$ 21,883</u> | <u>\$ 20,749</u> | <u>\$ 23,107</u> | <u>\$ 19,548</u> | <u>\$ 20,124</u> |
| Average total shareholders' equity—GAAP | \$ 643,004 | \$ 657,327 | \$ 652,892 | \$ 651,751 | \$ 641,079 |
| Adjustments: | | | | | |
| Goodwill | (161,904) | (161,904) | (161,904) | (161,904) | (161,904) |
| Other intangible assets, net | <u>(22,570)</u> | <u>(23,638)</u> | <u>(25,311)</u> | <u>(27,132)</u> | <u>(26,931)</u> |
| Average tangible common equity | <u>\$ 458,530</u> | <u>\$ 471,785</u> | <u>\$ 465,677</u> | <u>\$ 462,715</u> | <u>\$ 452,244</u> |
| ROATCE | 19.14 % | 17.84 % | 19.69 % | 16.76 % | 17.85 % |



Midland States Bancorp, Inc. NASDAQ: MSBI

Second 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 and its potential effects on the economic environment, changes in interest rates and other general economic, business and political conditions, and the impact of inflation. 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 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," 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 2Q22

Higher Earnings and Improved Returns

- Net income of \$21.9 million, or \$0.97 diluted EPS, up from \$0.92 in prior quarter
- Pre-tax, pre-provision earnings⁽¹⁾ of \$35.9 million, up from \$32.0 million in prior quarter
- ROAA of 1.19%, ROATCE⁽¹⁾ of 19.14%, and Adjusted PTPP ROAA⁽¹⁾ of 1.95% all increased from prior quarter

Continued Strong Loan Production

- Strong growth in community banking markets including St. Louis
- Total loans increased 18.5% annualized
- CRE loans, including multifamily, increased \$222 million from the end of the prior quarter

Positive Trends Across Key Metrics

- NIM increased 15 basis points from prior quarter to 3.65%
- Growing balances of noninterest-bearing and lower-cost interest-bearing deposits
- Efficiency Ratio⁽¹⁾ improved to 53.1% from 55.7% in prior quarter

Completion of FNBC Branch Purchase

- Low-risk, easily digestible, immediately earnings accretive transaction
- Added \$80 million of low-cost deposits
- New Mokena branch will support increased business development efforts in greater Chicagoland area

Notes:

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



Loan Portfolio

- Total loans increased \$255.6 million from prior quarter to \$5.80 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 and lower PPP loans
- Equipment finance balances increased \$27.9 million, or 2.9% from end of prior quarter
- Excluding PPP loans and commercial FHA warehouse credit lines, total loans increased at an annualized rate of 24.5% during 2Q22
- PPP loans were \$6.4 million at June 30, 2022, a decrease of \$16.5 million from Mar. 31, 2022

Loan Portfolio Mix

(In millions, as of quarter-end)

| | 2Q 2022 | 1Q 2022 | 2Q 2021 |
|---|----------------|----------------|----------------|
| Commercial loans and leases | \$ 1,830 | \$ 1,867 | \$ 1,831 |
| Commercial real estate | 2,336 | 2,114 | 1,540 |
| Construction and land development | 204 | 189 | 213 |
| Residential real estate | 340 | 329 | 367 |
| Consumer | 1,085 | 1,041 | 885 |
| Total Loans | \$5,796 | \$5,540 | \$4,836 |
| Total Loans ex. Commercial FHA Lines and PPP | \$5,765 | \$5,433 | \$4,560 |

Total Loans and Average Loan Yield





Total Deposits

- Total deposits increased \$126.9 million from prior quarter to \$6.18 billion
- Increase driven by higher balances of noninterest-bearing and lower-cost interest-bearing deposits
- Strengthened commercial banking and treasury management teams consistently generating new relationships that provide steady inflow of low-cost commercial deposits

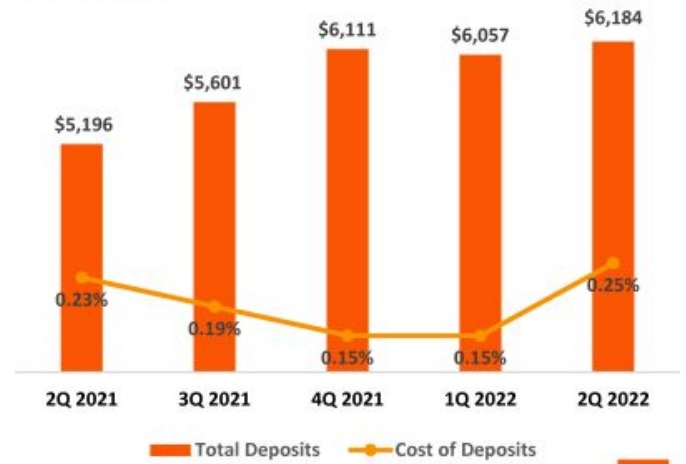
Deposit Mix

(In millions, as of quarter-end)

| | 2Q 2022 | 1Q 2022 | 2Q 2021 |
|----------------------------|----------------|----------------|----------------|
| Noninterest-bearing demand | \$ 1,972 | \$ 1,965 | \$ 1,366 |
| Interest-bearing: | | | |
| Checking | 1,809 | 1,779 | 1,619 |
| Money market | 1,028 | 964 | 788 |
| Savings | 740 | 711 | 669 |
| Time | 620 | 619 | 722 |
| Brokered time | 15 | 19 | 32 |
| Total Deposits | \$6,184 | \$6,057 | \$5,196 |

Total Deposits and Cost of Deposits

(In millions, as of quarter-end)



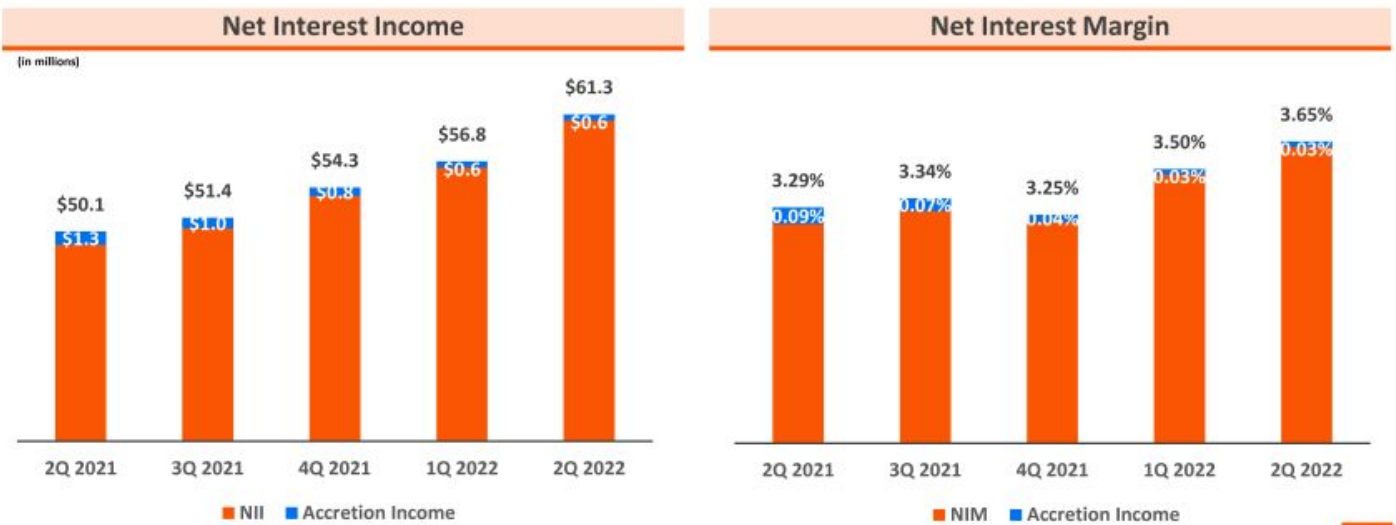
Legend: Total Deposits (Orange Bar), Cost of Deposits (Yellow Line)





Net Interest Income/Margin

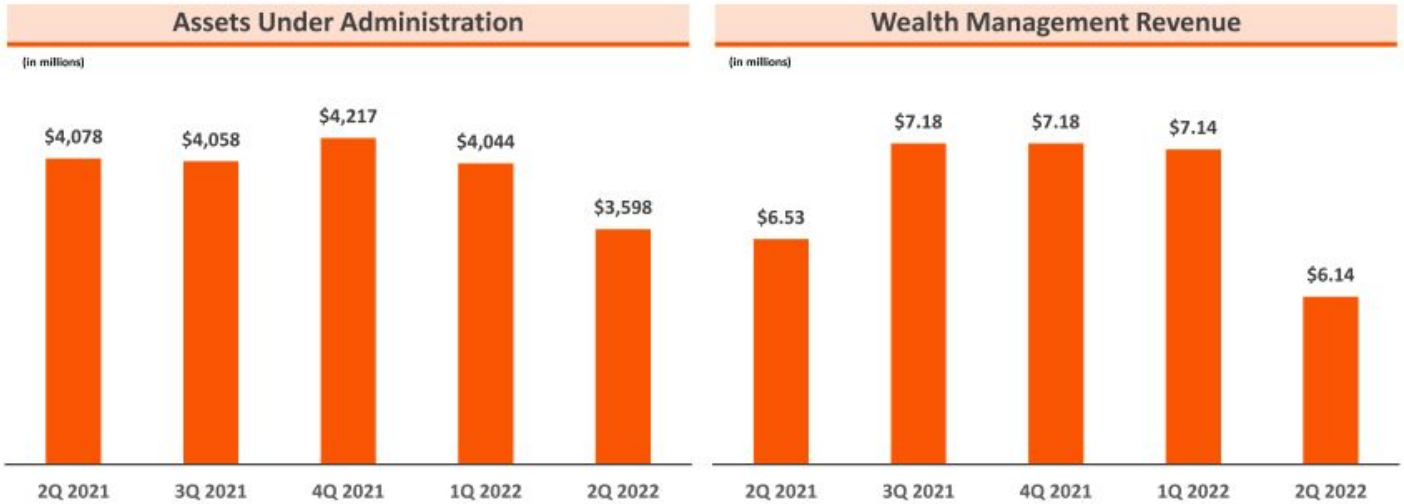
- Net interest income increased 7.9% from the prior quarter due primarily to higher average loan balances and an increase in net interest margin
- Net interest margin increased 15 bps from prior quarter due to the redeployment of excess liquidity into the loan portfolio and higher average yield on earning assets
- Average cash and cash equivalents declined by \$157.7 million compared to prior quarter
- Average rate on new and renewed loan originations increased 69 bps to 4.79% in June 2022 from 4.10% in March 2022
 - Midland Equipment Finance yields increased 84 bps; other commercial loan yields increased 69 bps





Wealth Management

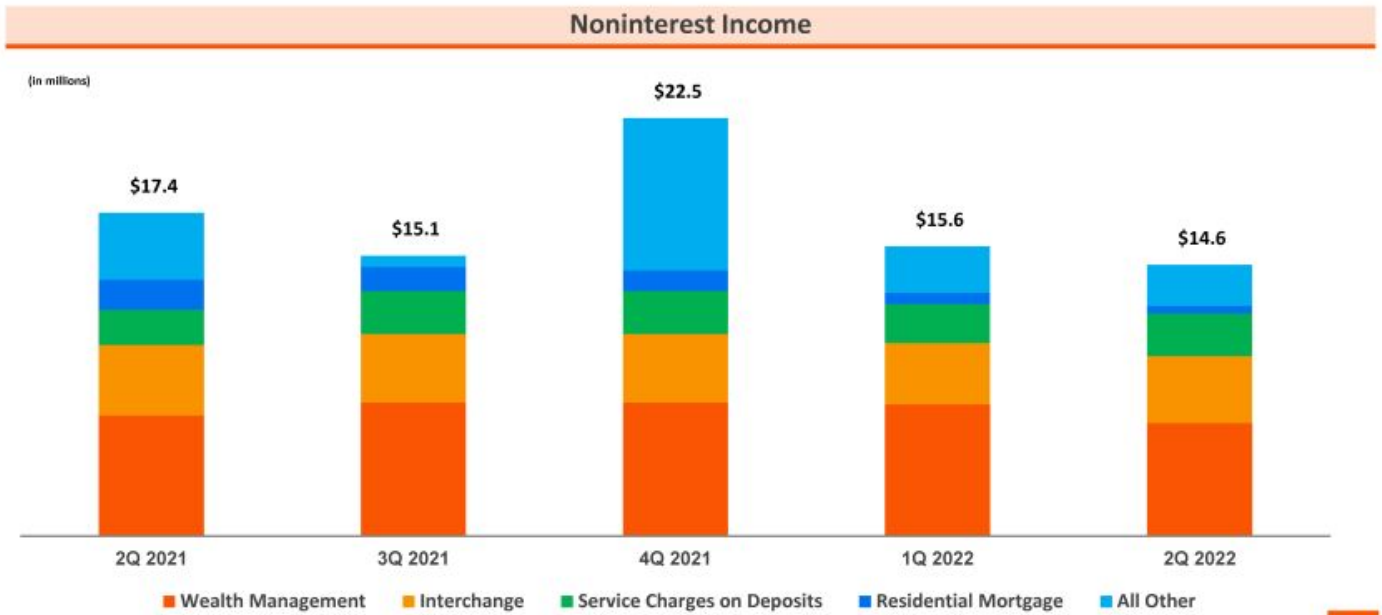
- During 2Q22, assets under administration decreased \$446.2 million, primarily due to market performance
- Wealth Management revenue declined due to lower AUA





Noninterest Income

- **Noninterest income decreased 6.4% from prior quarter, primarily due to lower wealth management revenue**
- **Impairment on commercial MSR's impacted noninterest income by \$0.9 million and \$0.4 million in 2Q22 and 1Q22, respectively**
- **Decline in wealth management and larger commercial MSR's impairment partially offset by higher deposit service charges and interchange revenue resulting from growth in client base**

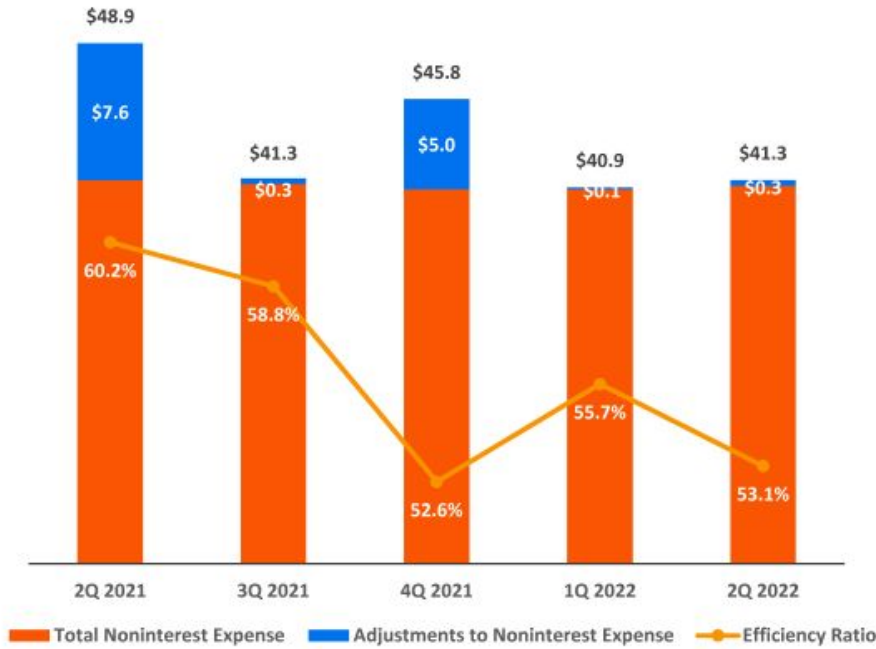




Noninterest Expense and Operating Efficiency

Noninterest Expense and Efficiency Ratio ⁽¹⁾

[Noninterest expense in millions]



- **Efficiency Ratio ⁽¹⁾ was 53.1% in 2Q22 vs. 55.7% in 1Q22**
- **Adjustments to non-interest expense:**

| (\$ in millions) | 2Q22 | 1Q22 |
|--|---------|---------|
| Integration and acquisition related expenses | (\$0.3) | (\$0.1) |

- **Excluding these adjustments, noninterest expense was up slightly from the prior quarter primarily due to a modest increase in staffing levels and higher incentive compensation**
- **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.

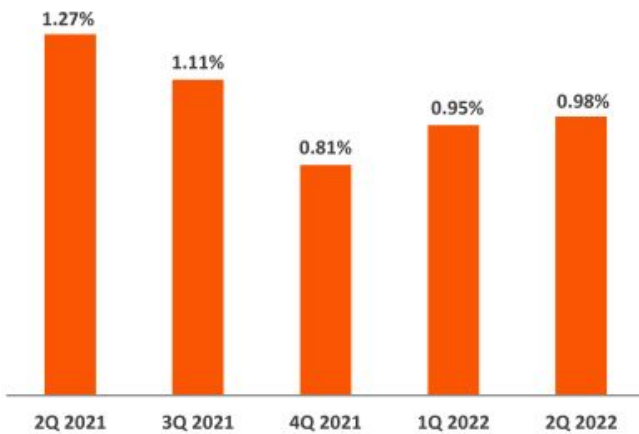


Asset Quality

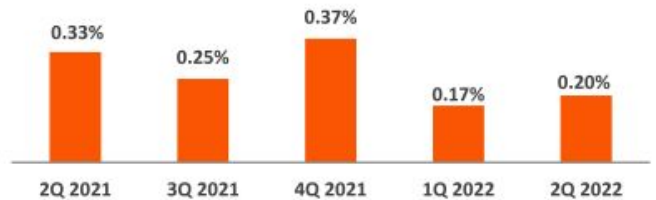
- Nonperforming loans increased \$4.0 million due to one CRE loan where no loss is expected
- Generally positive trends in the loan portfolio with continued upgrades of watch list loans
- Delinquencies in consumer portfolio remain exceptionally low
- Net charge-offs of \$2.8 million, or 0.20% of average loans
- Provision for credit losses on loans of \$4.7 million primarily related to the growth in total loans and weakening economic conditions

Nonperforming Loans / Total Loans

(Total Loans as of quarter-end)



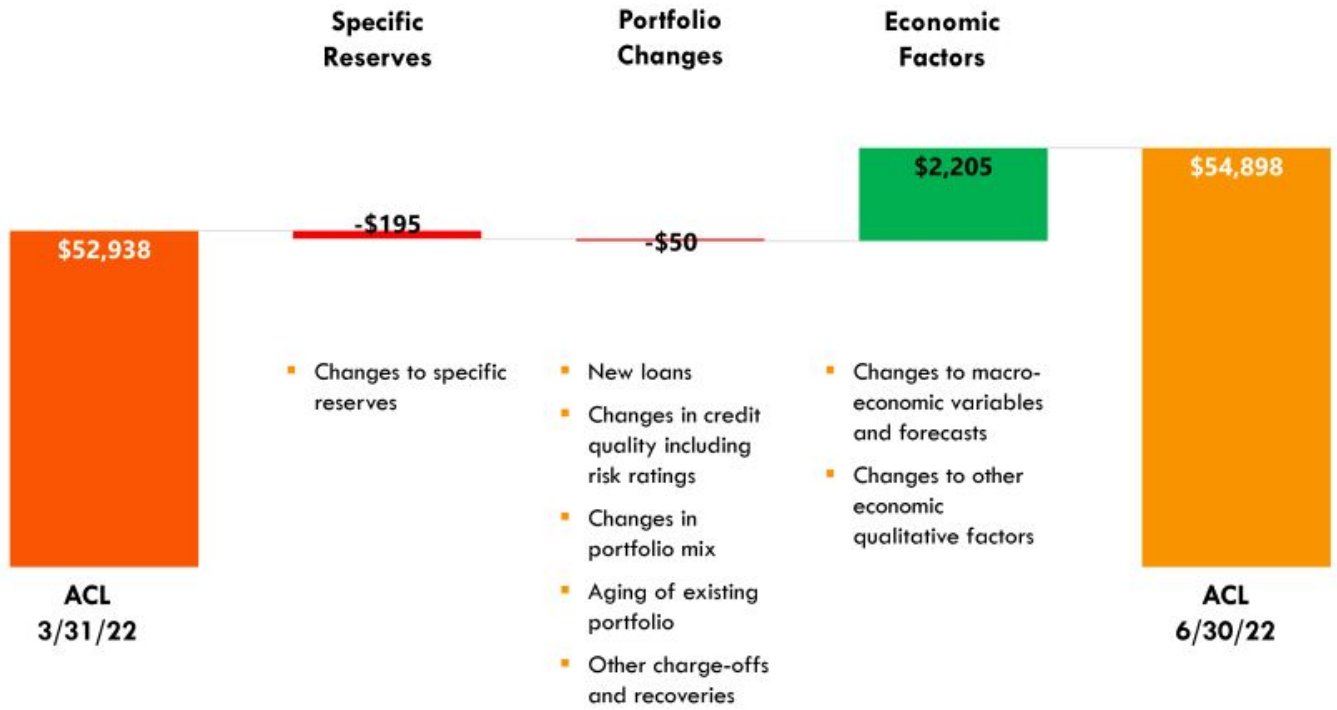
NCO / Average Loans





Changes in Allowance for Credit Losses

(\$ in thousands)





ACL by Portfolio

(\$ in thousands)

June 30, 2022

March 31, 2022

| Portfolio | Loans | ACL | % of Total Loans | | Loans | ACL | % of Total Loans |
|--|------------------|---------------|------------------|--|------------------|---------------|------------------|
| Commercial | \$ 747,782 | \$ 5,412 | 0.72% | | \$ 796,498 | \$ 5,078 | 0.64% |
| Warehouse Lines | 23,872 | - | 0.00% | | 83,999 | - | 0.00% |
| Commercial Other | 643,477 | 7,336 | 1.14% | | 641,628 | 7,543 | 1.18% |
| Equipment Finance | 546,267 | 7,068 | 1.29% | | 528,572 | 7,288 | 1.38% |
| Paycheck Protection Program | 6,409 | 10 | 0.15% | | 22,862 | 34 | 0.15% |
| Lease Financing | 439,202 | 6,765 | 1.54% | | 429,000 | 7,264 | 1.69% |
| CRE non-owner occupied | 1,480,031 | 18,861 | 1.27% | | 1,291,239 | 18,132 | 1.40% |
| CRE owner occupied | 524,587 | 6,037 | 1.15% | | 499,871 | 5,646 | 1.13% |
| Multi-family | 265,749 | 2,610 | 0.98% | | 252,507 | 2,163 | 0.86% |
| Farmland | 65,288 | 366 | 0.56% | | 70,424 | 336 | 0.48% |
| Construction and Land Development | 203,955 | 1,101 | 0.54% | | 188,668 | 816 | 0.43% |
| Residential RE First Lien | 279,628 | 3,025 | 1.08% | | 268,787 | 2,924 | 1.09% |
| Other Residential | 60,474 | 391 | 0.65% | | 60,544 | 364 | 0.60% |
| Consumer | 98,558 | 379 | 0.38% | | 101,692 | 310 | 0.30% |
| Consumer Other ⁽¹⁾ | 986,813 | 2,615 | 0.26% | | 939,104 | 2,362 | 0.25% |
| Total Loans | 5,795,544 | 54,898 | 0.95% | | 5,539,961 | 52,938 | 0.96% |
| Loans (excluding GreenSky, PPP and warehouse lines) | 4,716,721 | 52,080 | 1.10% | | 4,452,413 | 50,401 | 1.13% |

Notes:

(1) Primarily consists of loans originated through GreenSky relationship





Outlook

- **Loan pipeline remains strong, but loan growth expected to moderate in second half of 2022 as higher rates and uncertain economic conditions are likely to have a greater impact on loan demand**
- **Continued loan growth, NIM expansion, and expense control should drive further increases in earnings and returns during second half of 2022**
- **Strong financial performance should lead to increase in capital ratios as balance sheet growth slows during second half of 2022, while additional options for further strengthening capital are evaluated**
- **New leadership in Wealth Management focused on increasing cross-selling across client base and improving business development efforts to generate higher rate of organic growth**
- **Well positioned with more diversified CRE loan portfolio and C&I portfolio focused on larger, stronger commercial enterprises**



APPENDIX



Paycheck Protection Program Overview

| Paycheck Protection Program (as of 6/30/22) | |
|--|----------------|
| Loans Outstanding | \$6.4 million |
| Total Fees Earned | \$15.1 million |
| Fees Recognized in 2Q22 | \$0.7 million |
| Remaining Fees to be Recognized | \$0.2 million |

| Paycheck Protection Program Loan Forgiveness | | |
|---|-----------------|-----------------|
| | As of 3/31/22 | As of 6/30/22 |
| Loans Submitted to SBA | \$362.7 million | \$378.2 million |
| Loans Forgiven by SBA | \$357.2 million | \$374.0 million |
| Percentage of PPP Loans Forgiven | 93.9% | 98.3% |

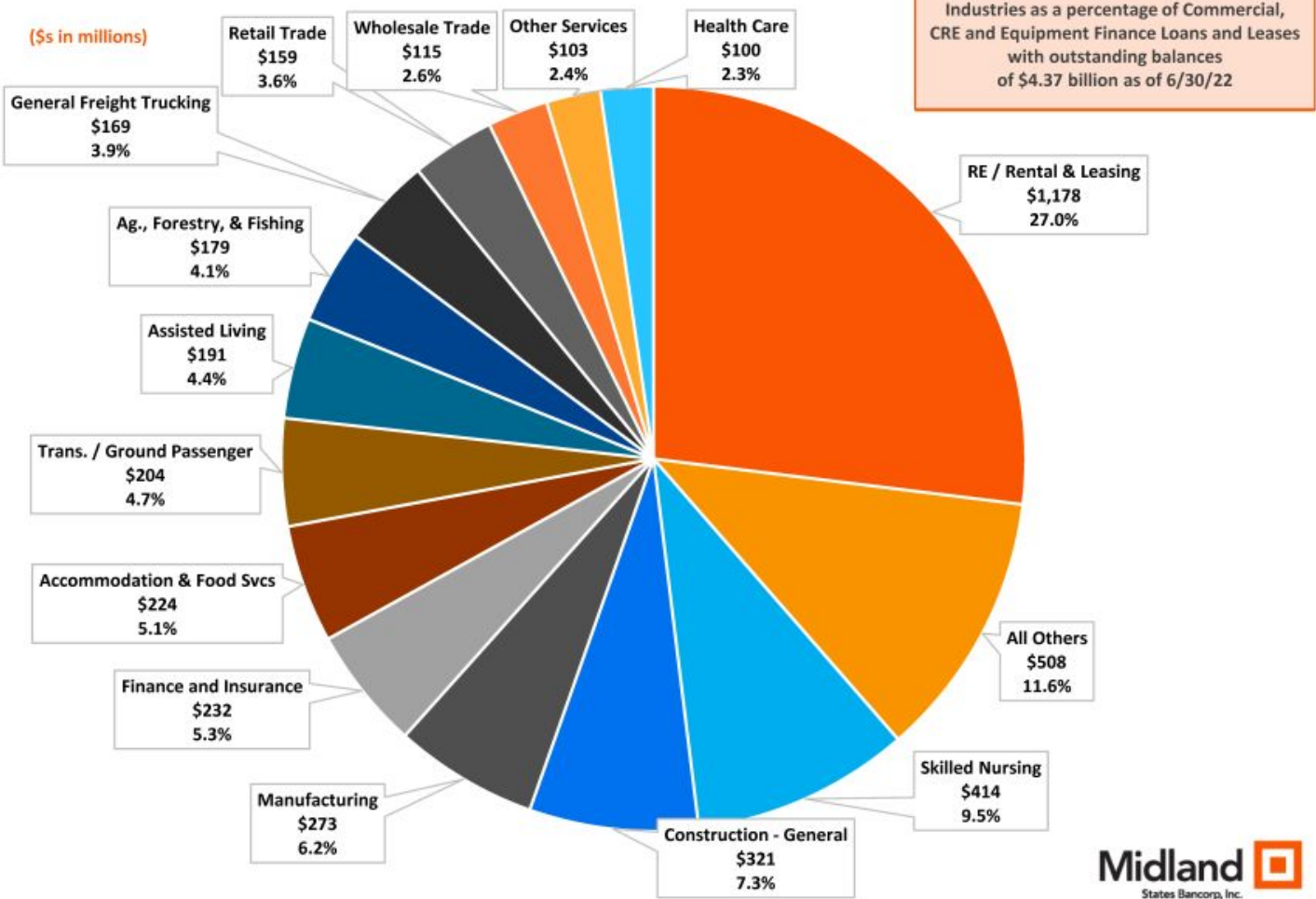
Impact on 2Q22 Financials

| | At or for the Three Months Ended 6/30/22 | Metrics Excluding PPP Impact |
|--|---|---------------------------------|
| Total Loans | \$5.80 billion | \$5.79 billion |
| Average Loans | \$5.68 billion | \$5.66 billion |
| Net Interest Income FTE ⁽¹⁾ | \$61.3 million | \$60.9 million |
| Net Interest Margin ⁽¹⁾ | 3.65% | 3.62% |
| 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

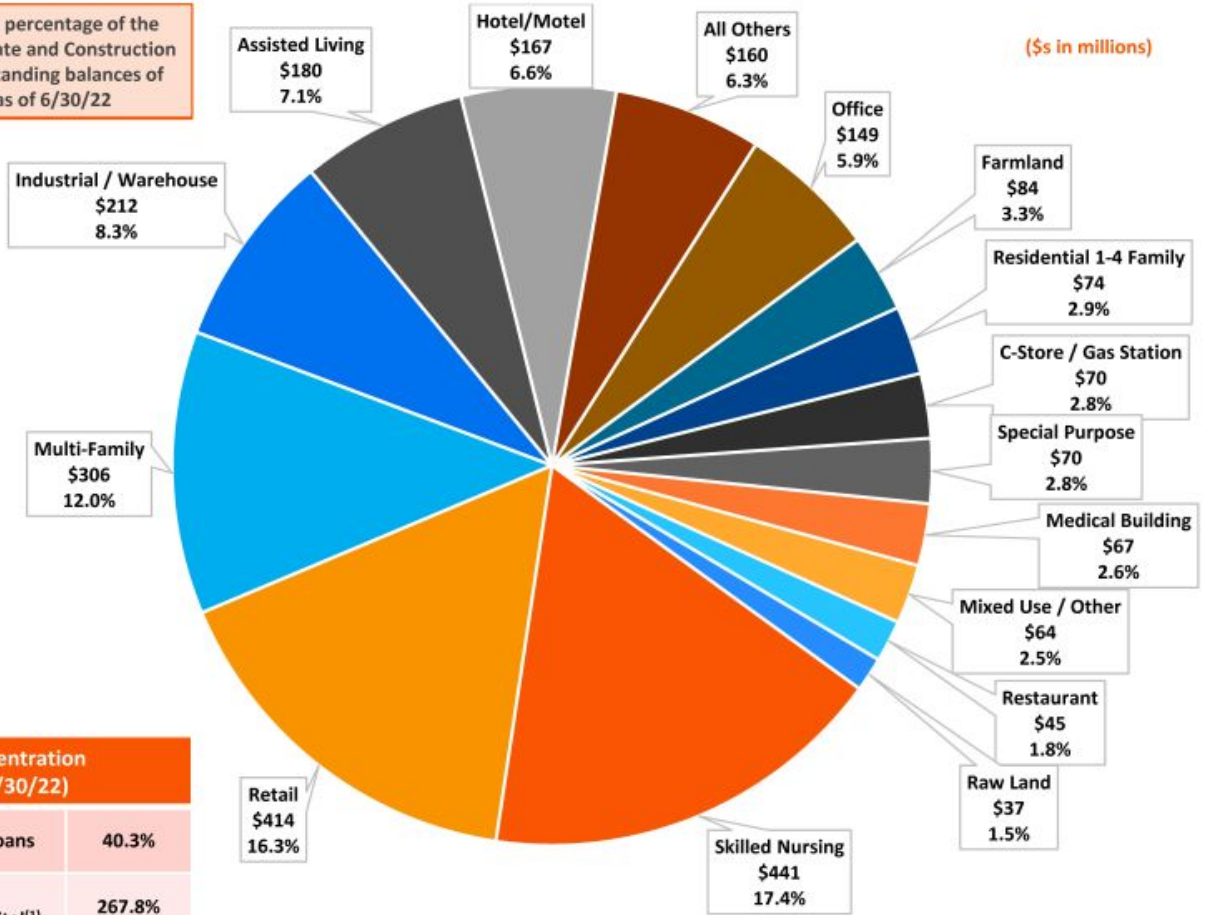




Commercial Real Estate Portfolio by Collateral Type

Collateral type as a percentage of the Commercial Real Estate and Construction Portfolio with outstanding balances of \$2.54 billion as of 6/30/22

(\$s in millions)



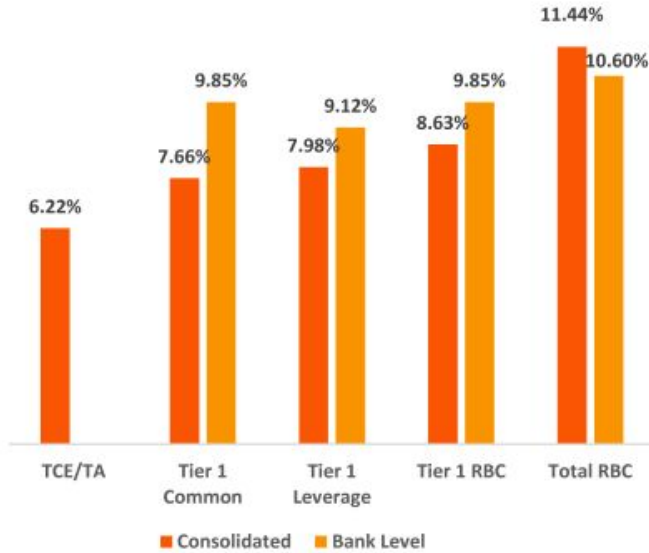
| CRE Concentration (as of 6/30/22) | |
|---|--------|
| CRE as a % of Total Loans | 40.3% |
| CRE as a % of Total Risk-Based Capital ⁽¹⁾ | 267.8% |

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



Capital and Liquidity Overview

Capital Ratios (as of 6/30/22)



Liquidity Sources (as of 6/30/22)

(\$ in millions)

| | |
|----------------------------------|-------------------|
| Cash and Cash Equivalents | \$ 270.1 |
| Unpledged Securities | 261.5 |
| FHLB Committed Liquidity | 1,159.5 |
| FRB Discount Window Availability | 22.7 |
| Total Estimated Liquidity | \$ 1,713.8 |

Conditional Funding Based on Market Conditions

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

Other Liquidity

Holding Company Cash Position of \$35.6 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 | | | | |
|--|-----------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| <i>(dollars in thousands, except per share data)</i> | | | | | |
| Income before income taxes - GAAP | \$ 29,167 | \$ 27,389 | \$ 30,600 | \$ 25,431 | \$ 19,041 |
| Adjustments to noninterest income: | | | | | |
| Loss (gain) on sales of investment securities, net | 101 | - | - | (160) | (377) |
| (Gain) on termination of hedged interest rate swap | - | - | (1,845) | - | - |
| Other income | - | - | - | - | 27 |
| Total adjustments to noninterest income | 101 | - | (1,845) | (160) | (350) |
| Adjustments to noninterest expense: | | | | | |
| (Loss) on mortgage servicing rights held for sale | - | - | - | (79) | (143) |
| FHLB advances prepayment fees | - | - | (4,859) | - | (3,669) |
| Integration and acquisition expenses | (324) | (91) | (171) | (176) | (3,771) |
| Total adjustments to noninterest expense | (324) | (91) | (5,030) | (255) | (7,583) |
| Adjusted earnings pre tax | 29,592 | 27,480 | 33,785 | 25,526 | 26,274 |
| Adjusted earnings tax | 7,401 | 6,665 | 8,369 | 5,910 | 6,519 |
| Adjusted earnings - non-GAAP | \$ 22,191 | \$ 20,815 | \$ 25,416 | \$ 19,616 | \$ 19,755 |
| Adjusted diluted earnings per common share | \$ 0.98 | \$ 0.92 | \$ 1.12 | \$ 0.86 | \$ 0.86 |
| Adjusted return on average assets | 1.21 % | 1.16 % | 1.39 % | 1.15 % | 1.17 % |
| Adjusted return on average shareholders' equity | 13.84 % | 12.84 % | 15.44 % | 11.94 % | 12.36 % |
| Adjusted return on average tangible common equity | 19.41 % | 17.89 % | 21.65 % | 16.82 % | 17.52 % |

Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation

| | For the Quarter Ended | | | | |
|--|-----------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| <i>(dollars in thousands)</i> | | | | | |
| Adjusted earnings pre tax - non-GAAP | \$ 29,592 | \$ 27,480 | \$ 33,785 | \$ 25,526 | \$ 26,274 |
| Provision for credit losses | 5,441 | 4,167 | 467 | (184) | (455) |
| Impairment on commercial mortgage servicing rights | 869 | 394 | 2,072 | 3,037 | 1,148 |
| Adjusted pre-tax, pre-provision earnings - non-GAAP | \$ 35,902 | \$ 32,041 | \$ 36,324 | \$ 28,379 | \$ 26,967 |
| Adjusted pre-tax, pre-provision return on average assets | 1.95 % | 1.79 % | 1.98 % | 1.67 % | 1.60 % |

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

Efficiency Ratio Reconciliation

| | For the Quarter Ended | | | | |
|--|-----------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| <i>(dollars in thousands)</i> | | | | | |
| Noninterest expense - GAAP | \$ 41,339 | \$ 40,884 | \$ 45,757 | \$ 41,292 | \$ 48,941 |
| (Loss) on mortgage servicing rights held for sale | - | - | - | (79) | (143) |
| FHLB advances prepayment fees | - | - | (4,859) | - | (3,669) |
| Integration and acquisition expenses | (324) | (91) | (171) | (176) | (3,771) |
| Adjusted noninterest expense | <u>\$ 41,015</u> | <u>\$ 40,793</u> | <u>\$ 40,727</u> | <u>\$ 41,037</u> | <u>\$ 41,358</u> |
| Net interest income - GAAP | \$ 61,334 | \$ 56,827 | \$ 54,301 | \$ 51,396 | \$ 50,110 |
| Effect of tax-exempt income | 321 | 369 | 372 | 402 | 383 |
| Adjusted net interest income | <u>61,655</u> | <u>57,196</u> | <u>54,673</u> | <u>51,798</u> | <u>50,493</u> |
| Noninterest income - GAAP | 14,613 | 15,613 | 22,523 | 15,143 | 17,417 |
| Impairment on commercial mortgage servicing rights | 869 | 394 | 2,072 | 3,037 | 1,148 |
| Loss (gain) on sales of investment securities, net | 101 | - | - | (160) | (377) |
| (Gain) on termination of hedged interest rate swap | - | - | (1,845) | - | - |
| Other | - | - | - | - | 27 |
| Adjusted noninterest income | <u>15,583</u> | <u>16,007</u> | <u>22,750</u> | <u>18,020</u> | <u>18,215</u> |
| Adjusted total revenue | <u>\$ 77,238</u> | <u>\$ 73,203</u> | <u>\$ 77,423</u> | <u>\$ 69,818</u> | <u>\$ 68,708</u> |
| <i>Efficiency ratio</i> | 53.10 % | 55.73 % | 52.61 % | 58.78 % | 60.19 % |

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, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| <i>(dollars in thousands, except per share data)</i> | | | | | |
| Shareholders' Equity to Tangible Common Equity | | | | | |
| Total shareholders' equity—GAAP | \$ 636,188 | \$ 644,986 | \$ 663,837 | \$ 657,844 | \$ 648,186 |
| Adjustments: | | | | | |
| Goodwill | (161,904) | (161,904) | (161,904) | (161,904) | (161,904) |
| Other intangible assets, net | (23,559) | (22,976) | (24,374) | (26,065) | (27,900) |
| Tangible common equity | <u>\$ 450,725</u> | <u>\$ 460,106</u> | <u>\$ 477,558</u> | <u>\$ 469,875</u> | <u>\$ 458,382</u> |
| Total Assets to Tangible Assets: | | | | | |
| Total assets—GAAP | \$ 7,435,812 | \$ 7,338,715 | \$ 7,443,805 | \$ 7,093,959 | \$ 6,630,010 |
| Adjustments: | | | | | |
| Goodwill | (161,904) | (161,904) | (161,904) | (161,904) | (161,904) |
| Other intangible assets, net | (23,559) | (22,976) | (24,374) | (26,065) | (27,900) |
| Tangible assets | <u>\$ 7,250,349</u> | <u>\$ 7,153,835</u> | <u>\$ 7,257,527</u> | <u>\$ 6,905,990</u> | <u>\$ 6,440,206</u> |
| Common Shares Outstanding | 22,060,255 | 22,044,626 | 22,050,537 | 22,193,141 | 22,380,492 |
| Tangible Common Equity to Tangible Assets | 6.22 % | 6.43 % | 6.58 % | 6.80 % | 7.12 % |
| Tangible Book Value Per Share | \$ 20.43 | \$ 20.87 | \$ 21.66 | \$ 21.17 | \$ 20.48 |

Return on Average Tangible Common Equity (ROATCE)

| | For the Quarter Ended | | | | |
|---|-----------------------|-------------------|----------------------|-----------------------|-------------------|
| | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
| <i>(dollars in thousands)</i> | | | | | |
| Net income | \$ 21,883 | \$ 20,749 | \$ 23,107 | \$ 19,548 | \$ 20,124 |
| Average total shareholders' equity—GAAP | \$ 643,004 | \$ 657,327 | \$ 652,892 | \$ 651,751 | \$ 641,079 |
| Adjustments: | | | | | |
| Goodwill | (161,904) | (161,904) | (161,904) | (161,904) | (161,904) |
| Other intangible assets, net | (22,570) | (23,638) | (25,311) | (27,132) | (26,931) |
| Average tangible common equity | <u>\$ 458,530</u> | <u>\$ 471,785</u> | <u>\$ 465,677</u> | <u>\$ 462,715</u> | <u>\$ 452,244</u> |
| ROATCE | 19.14 % | 17.84 % | 19.69 % | 16.76 % | 17.85 % |