

**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): October 20, 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 October 20, 2022, Midland States Bancorp, Inc. (the “Company”) issued a press release announcing its financial results for the third quarter of 2022. The press release is attached as Exhibit 99.1.

Item 7.01. Regulation FD Disclosure.

On October 20, 2022, the Company made available on its website a slide presentation regarding the Company's third quarter 2022 financial results, which will be used as part of a publicly accessible conference call on October 21, 2022. The slide presentation is attached as Exhibit 99.2.

The information in this Form 8-K and the attached exhibits shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in any such filing.

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

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Midland States Bancorp, Inc., dated October 20, 2022
99.2	Slide Presentation of Midland States Bancorp, Inc. regarding third 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: October 20, 2022

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

Midland States Bancorp, Inc. Announces 2022 Third Quarter Results

Summary

- **Net income of \$23.5 million, or \$1.04 diluted earnings per share**
- **ROAA of 1.22%, ROAE of 13.34% and ROATCE of 20.24%**
- **Total loans increased 27.8% annualized from prior quarter**
- **Continued growth in noninterest-bearing and total deposits**
- **Nonperforming assets declined 14.2% from end of prior quarter**
- **Total capital ratio strengthened with the recent preferred stock offering**

EFFINGHAM, Ill., Oct. 20, 2022 (GLOBE NEWSWIRE) -- Midland States Bancorp, Inc. (Nasdaq: MSBI) (the "Company") today reported net income of \$23.5 million, or \$1.04 diluted earnings per share, for the third quarter of 2022. This compares to net income of \$21.9 million, or \$0.97 diluted earnings per share, for the second quarter of 2022. This also compares to net income of \$19.5 million, or \$0.86 diluted earnings per share, for the third quarter of 2021.

Jeffrey G. Ludwig, President and Chief Executive Officer of the Company, said, "We continue to see healthy economic conditions throughout our markets and strong loan demand. Our commercial banking teams are effectively capitalizing on the loan demand across all areas of our lending, resulting in well balanced loan production and 28% annualized growth in total loans during the third quarter. The strong loan growth helped us to generate further improvement in earnings and our level of returns.

"Following the capital raised through our preferred stock offering in the third quarter, we are well positioned to support continued balance sheet growth, although we expect our level of loan growth to moderate as higher interest rates and economic uncertainty have a greater impact on loan demand. Even with a lower level of loan growth, given our higher net interest margin and increased efficiencies, we believe we can continue to generate strong financial results for our shareholders, which will help us to further increase our capital ratios and support the continued growth of our franchise," said Mr. Ludwig.

Net Interest Margin

Net interest margin for the third quarter of 2022 was 3.63%, a slight decline from 3.65% for the second quarter of 2022 as an increase in the cost of deposits more than offset the 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 second and third quarters of 2022.

Relative to the third quarter of 2021, net interest margin increased 29 basis points from 3.34%, primarily due to an increase in the average yield on earning assets. Accretion income on purchased loan portfolios contributed 7 basis points to net interest margin in the third quarter of 2021. Excluding the impact of accretion income, net interest margin increased 33 basis points from the third quarter of 2021.

Net Interest Income

Net interest income for the third quarter of 2022 was \$64.0 million, an increase of 4.4% from \$61.3 million for the second quarter of 2022, which was primarily due to higher average loan balances. Accretion income associated with purchased loan portfolios totaled \$0.5 million for the third quarter of 2022, compared with \$0.6 million for the second quarter of 2022.

Relative to the third quarter of 2021, net interest income increased \$12.6 million, or 24.6%, due to higher average earning assets and an increase in net interest margin. Accretion income for the third quarter of 2021 was \$1.0 million.

Noninterest Income

Noninterest income for the third quarter of 2022 was \$15.8 million, an increase of 8.3% from \$14.6 million for the second quarter of 2022. The increase in noninterest income was primarily attributable to impairment on commercial mortgage servicing rights of approximately \$0.9 million that negatively impacted noninterest income in the second quarter of 2022.

Relative to the third quarter of 2021, noninterest income increased 4.5% from \$15.1 million. The increase was primarily attributable to impairment on commercial mortgage servicing rights that negatively impacted noninterest income in the third quarter of 2021.

Wealth management revenue for the third quarter of 2022 was \$6.2 million, an increase of 0.9% from \$6.1 million in the second quarter of 2022. Compared to the third quarter of 2021, wealth management revenue decreased 13.6%, primarily due to a decline in assets under administration resulting from market performance.

Noninterest Expense

Noninterest expense for the third quarter of 2022 was \$43.5 million, an increase of 5.2% from \$41.3 million in the second quarter of 2022. The increase was attributable to small increases across most expense items consistent with the growth of the Company including the full quarter impact of the branch purchase completed in June 2022.

Relative to the third quarter of 2021, noninterest expense increased 5.3% from \$41.3 million, primarily due to higher marketing, loan, and other expense.

Loan Portfolio

Total loans outstanding were \$6.20 billion at September 30, 2022, compared with \$5.80 billion at June 30, 2022, and \$4.92 billion at September 30, 2021. The increase in total loans from June 30, 2022 was attributable to growth in all portfolios with the exception of the SBA PPP loan portfolio, which continues to decline as loans are forgiven.

Equipment finance balances increased \$49.4 million from June 30, 2022 to \$1.03 billion at September 30, 2022.

Compared to loan balances at September 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 and PPP loans.

Deposits

Total deposits were \$6.40 billion at September 30, 2022, compared with \$6.18 billion at June 30, 2022, and \$5.60 billion at September 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 \$46.9 million, or 0.76% of total loans, at September 30, 2022, compared with \$56.9 million, or 0.98% of total loans, at June 30, 2022. The decrease in nonperforming loans was attributable to a combination of paydowns, note sale, and a charge off of a previously resolved loan relationship. At September 30, 2021, nonperforming loans totaled \$54.6 million, or 1.11% of total loans.

Net charge-offs for the third quarter of 2022 were \$3.2 million, or 0.21% of average loans on an annualized basis, compared to net charge-offs of \$2.8 million, or 0.20% of average loans on an annualized basis, for the second quarter of 2022, and \$3.0 million, or 0.25% of average loans on an annualized basis, for the third quarter of 2021.

The Company recorded a provision for credit losses on loans of \$7.0 million for the third quarter of 2022, which was primarily related to the growth in total loans and negative economic forecasts.

The Company's allowance for credit losses on loans was 0.95% of total loans and 125.1% of nonperforming loans at September 30, 2022, compared with 0.95% of total loans and 96.5% of nonperforming loans at June 30, 2022.

Capital

During the third quarter of 2022, the Company raised \$115 million of capital through a preferred stock offering, which increased its total capital, tier 1 capital, and tier 1 leverage ratios. At September 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 Sept. 30, 2022	Consolidated Ratios as of Sept. 30, 2022	Minimum Regulatory Requirements ⁽²⁾
Total capital to risk-weighted assets	11.19%	12.79%	10.50%
Tier 1 capital to risk-weighted assets	10.43%	10.05%	8.50%
Tier 1 leverage ratio	9.75%	9.40%	4.00%
Common equity Tier 1 capital	10.43%	7.56%	7.00%
Tangible common equity to tangible assets ⁽¹⁾	NA	5.82%	NA

(1) A non-GAAP financial measure. Refer to page 14 for a reconciliation to the comparable GAAP financial measure.

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

Since the beginning of 2022, the impact of rising interest rates on the Company's investment portfolio has resulted in a \$83.6 million decline in accumulated other comprehensive income (AOCI), which has negatively impacted tangible book value per share by \$3.55, and the tangible common equity to tangible assets ratio by 103 basis points.

Stock Repurchase Program

During the third quarter of 2022, the Company did not repurchase any shares under its stock repurchase program. As of September 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, October 21, 2022, to discuss its financial results.

Telephone Access: <https://register.vevent.com/register/BIe092c94fe0b7469db1a7031df0e48485>

A slide presentation relating to the third 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 September 30, 2022, the Company had total assets of approximately \$7.81 billion, and its Wealth Management Group had assets under administration of approximately \$3.45 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				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
<i>(dollars in thousands, except per share data)</i>					
Earnings Summary					
Net interest income	\$ 64,024	\$ 61,334	\$ 56,827	\$ 54,301	\$ 51,396
Provision for credit losses	6,974	5,441	4,167	467	(184)
Noninterest income	15,826	14,613	15,613	22,523	15,143
Noninterest expense	43,496	41,339	40,884	45,757	41,292
Income before income taxes	29,380	29,167	27,389	30,600	25,431
Income taxes	5,859	7,284	6,640	7,493	5,883
Net income	<u>\$ 23,521</u>	<u>\$ 21,883</u>	<u>\$ 20,749</u>	<u>\$ 23,107</u>	<u>\$ 19,548</u>
Diluted earnings per common share	\$ 1.04	\$ 0.97	\$ 0.92	\$ 1.02	\$ 0.86
Weighted average shares outstanding - diluted	22,390,438	22,360,819	22,350,307	22,350,771	22,577,880
Return on average assets	1.22%	1.19%	1.16%	1.26%	1.15%
Return on average shareholders' equity	13.31%	13.65%	12.80%	14.04%	11.90%
Return on average tangible common equity ⁽¹⁾	20.20%	19.14%	17.84%	19.69%	16.76%
Net interest margin	3.63%	3.65%	3.50%	3.25%	3.34%
Efficiency ratio ⁽¹⁾	54.26%	53.10%	55.73%	52.61%	58.78%
Adjusted Earnings Performance Summary ⁽¹⁾					
Adjusted earnings	\$ 23,568	\$ 22,191	\$ 20,815	\$ 25,416	\$ 19,616
Adjusted diluted earnings per common share	\$ 1.04	\$ 0.98	\$ 0.92	\$ 1.12	\$ 0.86
Adjusted return on average assets	1.22%	1.21%	1.16%	1.39%	1.15%

Adjusted return on average shareholders' equity	13.34%	13.84%	12.84%	15.44%	11.94%
Adjusted return on average tangible common equity	20.24%	19.41%	17.89%	21.65%	16.82%
Adjusted pre-tax, pre-provision earnings	\$ 36,415	\$ 35,902	\$ 32,041	\$ 36,324	\$ 28,379
Adjusted pre-tax, pre-provision return on average assets	1.89%	1.95%	1.79%	1.98%	1.67%

(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)

<i>(in thousands, except per share data)</i>	For the Quarter Ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Net interest income:					
Interest income	\$ 79,556	\$ 69,236	\$ 62,748	\$ 60,427	\$ 58,490
Interest expense	15,532	7,902	5,921	6,126	7,094
Net interest income	64,024	61,334	56,827	54,301	51,396
Provision for credit losses:					
Provision for credit losses on loans	6,974	4,741	4,132	—	—
Provision for credit losses on unfunded commitments	—	700	256	388	—
Provision for other credit losses	—	—	(221)	79	(184)
Total provision for credit losses	6,974	5,441	4,167	467	(184)
Net interest income after provision for credit losses	57,050	55,893	52,660	53,834	51,580
Noninterest income:					
Wealth management revenue	6,199	6,143	7,139	7,176	7,175
Residential mortgage banking revenue	210	384	599	1,103	1,287
Service charges on deposit accounts	2,597	2,304	2,068	2,338	2,268
Interchange revenue	3,531	3,590	3,280	3,677	3,651
(Loss) gain on sales of investment securities, net	(129)	(101)	—	—	160
Gain on termination of hedged interest swap	—	—	—	1,845	—
Impairment on commercial mortgage servicing rights	—	(869)	(394)	(2,072)	(3,037)
Company-owned life insurance	929	840	1,019	1,904	869
Other income	2,489	2,322	1,902	6,552	2,770
Total noninterest income	15,826	14,613	15,613	22,523	15,143
Noninterest expense:					
Salaries and employee benefits	22,889	22,645	21,870	22,109	22,175
Occupancy and equipment	3,850	3,489	3,755	3,429	3,701
Data processing	6,093	6,082	5,873	5,819	6,495
Professional	1,693	1,516	1,972	1,499	1,738
Amortization of intangible assets	1,361	1,318	1,398	1,425	1,445
Loss on mortgage servicing rights held for sale	—	—	—	—	79
FHLB advances prepayment fees	—	—	—	4,859	—
Other expense	7,610	6,289	6,016	6,617	5,659
Total noninterest expense	43,496	41,339	40,884	45,757	41,292
Income before income taxes	29,380	29,167	27,389	30,600	25,431
Income taxes	5,859	7,284	6,640	7,493	5,883
Net income	<u>\$ 23,521</u>	<u>\$ 21,883</u>	<u>\$ 20,749</u>	<u>\$ 23,107</u>	<u>\$ 19,548</u>
Basic earnings per common share	\$ 1.04	\$ 0.97	\$ 0.92	\$ 1.03	\$ 0.86
Diluted earnings per common share	\$ 1.04	\$ 0.97	\$ 0.92	\$ 1.02	\$ 0.86

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

As of

<i>(in thousands)</i>	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Assets					
Cash and cash equivalents	\$ 313,188	\$ 270,117	\$ 332,264	\$ 680,371	\$ 662,643
Investment securities	690,504	769,278	858,246	916,132	900,319
Loans	6,198,451	5,795,544	5,539,961	5,224,801	4,915,554
Allowance for credit losses on loans	<u>(58,639)</u>	<u>(54,898)</u>	<u>(52,938)</u>	<u>(51,062)</u>	<u>(55,675)</u>
Total loans, net	6,139,812	5,740,646	5,487,023	5,173,739	4,859,879
Loans held for sale	4,338	5,298	8,931	32,045	26,621
Premises and equipment, net	77,519	77,668	77,857	79,220	79,701
Other real estate owned	11,141	11,131	11,537	12,059	11,931
Loan servicing rights, at lower of cost or fair value	1,297	25,879	27,484	28,865	30,916
Commercial FHA mortgage loan servicing rights held for sale	23,995	—	—	—	—
Goodwill	161,904	161,904	161,904	161,904	161,904
Other intangible assets, net	22,198	23,559	22,976	24,374	26,065
Company-owned life insurance	149,648	148,900	148,060	148,378	149,146
Other assets	226,333	201,432	202,433	186,718	184,834
Total assets	<u>\$ 7,821,877</u>	<u>\$ 7,435,812</u>	<u>\$ 7,338,715</u>	<u>\$ 7,443,805</u>	<u>\$ 7,093,959</u>
Liabilities and Shareholders' Equity					
Noninterest-bearing demand deposits	\$ 2,025,237	\$ 1,972,261	\$ 1,965,032	\$ 2,245,701	\$ 1,672,901
Interest-bearing deposits	<u>4,370,015</u>	<u>4,212,177</u>	<u>4,092,507</u>	<u>3,864,947</u>	<u>3,928,475</u>
Total deposits	6,395,252	6,184,438	6,057,539	6,110,648	5,601,376
Short-term borrowings	58,518	67,689	60,352	76,803	66,666
FHLB advances and other borrowings	360,000	285,000	310,171	310,171	440,171
Subordinated debt	139,370	139,277	139,184	139,091	138,998
Trust preferred debentures	49,824	49,674	49,524	49,374	49,235
Other liabilities	<u>79,634</u>	<u>73,546</u>	<u>76,959</u>	<u>93,881</u>	<u>139,669</u>
Total liabilities	7,082,598	6,799,624	6,693,729	6,779,968	6,436,115
Total shareholders' equity	739,279	636,188	644,986	663,837	657,844
Total liabilities and shareholders' equity	<u>\$ 7,821,877</u>	<u>\$ 7,435,812</u>	<u>\$ 7,338,715</u>	<u>\$ 7,443,805</u>	<u>\$ 7,093,959</u>

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

<i>(in thousands)</i>	As of				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Loan Portfolio					
Equipment finance loans	\$ 577,323	\$ 546,267	\$ 528,572	\$ 521,973	\$ 486,623
Equipment finance leases	457,611	439,202	429,000	423,280	412,430
Commercial FHA warehouse lines	51,309	23,872	83,999	91,927	180,248
SBA PPP loans	2,810	6,409	22,862	52,477	82,410
Other commercial loans	<u>904,840</u>	<u>814,710</u>	<u>802,692</u>	<u>783,811</u>	<u>718,054</u>
Total commercial loans and leases	1,993,893	1,830,460	1,867,125	1,873,468	1,879,765
Commercial real estate	2,466,303	2,335,655	2,114,041	1,816,828	1,562,013
Construction and land development	225,550	203,955	188,668	193,749	200,792
Residential real estate	356,225	340,103	329,331	338,151	344,414
Consumer	<u>1,156,480</u>	<u>1,085,371</u>	<u>1,040,796</u>	<u>1,002,605</u>	<u>928,570</u>
Total loans	<u>\$ 6,198,451</u>	<u>\$ 5,795,544</u>	<u>\$ 5,539,961</u>	<u>\$ 5,224,801</u>	<u>\$ 4,915,554</u>
Deposit Portfolio					
Noninterest-bearing demand	\$ 2,025,237	\$ 1,972,261	\$ 1,965,032	\$ 2,245,701	\$ 1,672,901
Interest-bearing:					
Checking	1,905,439	1,808,885	1,779,018	1,663,021	1,697,326
Money market	1,125,333	1,027,547	964,352	869,067	852,836
Savings	704,245	740,364	710,955	679,115	665,710
Time	620,960	620,363	619,386	630,583	688,693
Brokered time	<u>14,038</u>	<u>15,018</u>	<u>18,796</u>	<u>23,161</u>	<u>23,910</u>
Total deposits	<u>\$ 6,395,252</u>	<u>\$ 6,184,438</u>	<u>\$ 6,057,539</u>	<u>\$ 6,110,648</u>	<u>\$ 5,601,376</u>

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

<i>(dollars in thousands)</i>	For the Quarter Ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Average Balance Sheets					
Cash and cash equivalents	\$ 195,657	\$ 226,517	\$ 384,231	\$ 685,655	\$ 525,848
Investment securities	749,022	818,927	894,634	915,707	773,372
Loans	6,040,358	5,677,791	5,274,051	4,995,794	4,800,063
Loans held for sale	6,044	9,865	31,256	34,272	15,204
Nonmarketable equity securities	37,765	36,338	36,378	39,203	43,873
Total interest-earning assets	<u>7,028,846</u>	<u>6,769,438</u>	<u>6,620,550</u>	<u>6,670,631</u>	<u>6,158,360</u>
Non-earning assets	618,138	615,348	631,187	605,060	597,153
Total assets	<u>\$ 7,646,984</u>	<u>\$ 7,384,786</u>	<u>\$ 7,251,737</u>	<u>\$ 7,275,691</u>	<u>\$ 6,755,513</u>
Interest-bearing deposits	\$ 4,325,098	\$ 4,152,764	\$ 3,953,249	\$ 3,913,475	\$ 3,895,970
Short-term borrowings	58,271	59,301	70,044	66,677	68,103
FHLB advances and other borrowings	340,163	307,611	311,282	319,954	440,171
Subordinated debt	139,324	139,232	139,139	139,046	138,954
Trust preferred debentures	49,751	49,602	49,451	49,307	49,167
Total interest-bearing liabilities	<u>4,912,607</u>	<u>4,708,510</u>	<u>4,523,165</u>	<u>4,488,459</u>	<u>4,592,365</u>
Noninterest-bearing deposits	1,969,873	1,967,263	1,989,413	2,049,802	1,434,193
Other noninterest-bearing liabilities	63,638	66,009	81,832	84,538	77,204
Shareholders' equity	700,866	643,004	657,327	652,892	651,751
Total liabilities and shareholders' equity	<u>\$ 7,646,984</u>	<u>\$ 7,384,786</u>	<u>\$ 7,251,737</u>	<u>\$ 7,275,691</u>	<u>\$ 6,755,513</u>
Yields					
<i>Earning Assets</i>					
Cash and cash equivalents	2.28%	0.83%	0.18%	0.16%	0.16%
Investment securities	2.44%	2.41%	2.22%	2.12%	2.34%
Loans	4.83%	4.49%	4.40%	4.36%	4.42%
Loans held for sale	3.87%	3.15%	2.86%	3.53%	2.79%
Nonmarketable equity securities	5.78%	5.38%	5.40%	5.07%	5.05%
Total interest-earning assets	4.51%	4.12%	3.87%	3.62%	3.79%
<i>Interest-Bearing Liabilities</i>					
Interest-bearing deposits	0.94%	0.37%	0.22%	0.22%	0.26%
Short-term borrowings	0.19%	0.15%	0.14%	0.12%	0.12%
FHLB advances and other borrowings	2.83%	1.87%	1.58%	1.75%	1.80%
Subordinated debt	5.77%	5.78%	5.78%	5.78%	5.79%
Trust preferred debentures	6.54%	5.05%	4.21%	3.90%	3.92%
Total interest-bearing liabilities	1.25%	0.67%	0.53%	0.54%	0.61%
<i>Cost of Deposits</i>	0.65%	0.25%	0.15%	0.15%	0.19%
<i>Net Interest Margin</i>	3.63%	3.65%	3.50%	3.25%	3.34%

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				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Asset Quality					
Loans 30-89 days past due	\$ 28,275	\$ 16,212	\$ 29,044	\$ 17,514	\$ 16,772
Nonperforming loans	46,882	56,883	52,900	42,580	54,620

Nonperforming assets	59,524	69,344	66,164	57,068	69,261
Net charge-offs	3,233	2,781	2,256	4,613	2,989
Loans 30-89 days past due to total loans	0.46%	0.28%	0.52%	0.34%	0.34%
Nonperforming loans to total loans	0.76%	0.98%	0.95%	0.81%	1.11%
Nonperforming assets to total assets	0.76%	0.93%	0.90%	0.77%	0.98%
Allowance for credit losses to total loans	0.95%	0.95%	0.96%	0.98%	1.13%
Allowance for credit losses to nonperforming loans	125.08%	96.51%	100.07%	119.92%	101.93%
Net charge-offs to average loans	0.21%	0.20%	0.17%	0.37%	0.25%

Wealth Management

Trust assets under administration	\$ 3,445,244	\$ 3,597,944	\$ 4,044,138	\$ 4,217,412	\$ 4,058,168
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Market Data

Book value per share at period end	\$ 28.48	\$ 28.84	\$ 29.26	\$ 30.11	\$ 29.64
Tangible book value per share at period end ⁽¹⁾	\$ 20.14	\$ 20.43	\$ 20.87	\$ 21.66	\$ 21.17
Market price at period end	\$ 23.57	\$ 24.04	\$ 28.86	\$ 24.79	\$ 24.73
Common shares outstanding at period end	22,074,740	22,060,255	22,044,626	22,050,537	22,193,141

Capital

Total capital to risk-weighted assets	12.79%	11.44%	11.74%	12.19%	13.10%
Tier 1 capital to risk-weighted assets	10.05%	8.63%	8.82%	9.16%	9.73%
Tier 1 common capital to risk-weighted assets	7.56%	7.66%	7.80%	8.08%	8.55%
Tier 1 leverage ratio	9.40%	7.98%	7.96%	7.75%	8.16%
Tangible common equity to tangible assets ⁽¹⁾	5.82%	6.22%	6.43%	6.58%	6.80%

(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				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
<i>(dollars in thousands, except per share data)</i>					
Income before income taxes - GAAP	\$ 29,380	\$ 29,167	\$ 27,389	\$ 30,600	\$ 25,431
Adjustments to noninterest income:					
Loss (gain) on sales of investment securities, net	129	101	—	—	(160)
(Gain) on termination of hedged interest rate swap	—	—	—	(1,845)	—
Total adjustments to noninterest income	129	101	—	(1,845)	(160)
Adjustments to noninterest expense:					
(Loss) on mortgage servicing rights held for sale	—	—	—	—	(79)
FHLB advances prepayment fees	—	—	—	(4,859)	—
Integration and acquisition expenses	68	(324)	(91)	(171)	(176)
Total adjustments to noninterest expense	68	(324)	(91)	(5,030)	(255)
Adjusted earnings pre tax	29,441	29,592	27,480	33,785	25,526
Adjusted earnings tax	5,873	7,401	6,665	8,369	5,910
Adjusted earnings - non-GAAP	\$ 23,568	\$ 22,191	\$ 20,815	\$ 25,416	\$ 19,616
Adjusted diluted earnings per common share	\$ 1.04	\$ 0.98	\$ 0.92	\$ 1.12	\$ 0.86
Adjusted return on average assets	1.22%	1.21%	1.16%	1.39%	1.15%
Adjusted return on average shareholders' equity	13.34%	13.84%	12.84%	15.44%	11.94%
Adjusted return on average tangible common equity	20.24%	19.41%	17.89%	21.65%	16.82%

Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation

	For the Quarter Ended				
	September 30,	June 30,	March 31,	December 31,	September 30,

<i>(dollars in thousands)</i>	2022	2022	2022	2021	2021
Adjusted earnings pre tax - non-GAAP	\$ 29,441	\$ 29,592	\$ 27,480	\$ 33,785	\$ 25,526
Provision for credit losses	6,974	5,441	4,167	467	(184)
Impairment on commercial mortgage servicing rights	—	869	394	2,072	3,037
Adjusted pre-tax, pre-provision earnings - non-GAAP	\$ 36,415	\$ 35,902	\$ 32,041	\$ 36,324	\$ 28,379
Adjusted pre-tax, pre-provision return on average assets	1.89%	1.95%	1.79%	1.98%	1.67%

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

Efficiency Ratio Reconciliation

<i>(dollars in thousands)</i>	For the Quarter Ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Noninterest expense - GAAP	\$ 43,496	\$ 41,339	\$ 40,884	\$ 45,757	\$ 41,292
Loss on mortgage servicing rights held for sale	—	—	—	—	(79)
FHLB advances prepayment fees	—	—	—	(4,859)	—
Integration and acquisition expenses	68	(324)	(91)	(171)	(176)
Adjusted noninterest expense	<u>\$ 43,564</u>	<u>\$ 41,015</u>	<u>\$ 40,793</u>	<u>\$ 40,727</u>	<u>\$ 41,037</u>
Net interest income - GAAP	\$ 64,024	\$ 61,334	\$ 56,827	\$ 54,301	\$ 51,396
Effect of tax-exempt income	307	321	369	372	402
Adjusted net interest income	<u>64,331</u>	<u>61,655</u>	<u>57,196</u>	<u>54,673</u>	<u>51,798</u>
Noninterest income - GAAP	15,826	14,613	15,613	22,523	15,143
Impairment on commercial mortgage servicing rights	—	869	394	2,072	3,037
Loss (gain) on sales of investment securities, net	129	101	—	—	(160)
(Gain) on termination of hedged interest rate swap	—	—	—	(1,845)	—
Adjusted noninterest income	<u>15,955</u>	<u>15,583</u>	<u>16,007</u>	<u>22,750</u>	<u>18,020</u>
Adjusted total revenue	<u>\$ 80,286</u>	<u>\$ 77,238</u>	<u>\$ 73,203</u>	<u>\$ 77,423</u>	<u>\$ 69,818</u>
Efficiency ratio	54.26%	53.10%	55.73%	52.61%	58.78%

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

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

<i>(dollars in thousands, except per share data)</i>	As of				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Shareholders' Equity to Tangible Common Equity					
Total shareholders' equity—GAAP	\$ 739,279	\$ 636,188	\$ 644,986	\$ 663,837	\$ 657,844
Adjustments:					
Preferred Stock	(110,548)	—	—	—	—
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(22,198)	(23,559)	(22,976)	(24,374)	(26,065)
Tangible common equity	<u>\$ 444,629</u>	<u>\$ 450,725</u>	<u>\$ 460,106</u>	<u>\$ 477,558</u>	<u>\$ 469,875</u>
Total Assets to Tangible Assets:					
Total assets—GAAP	\$ 7,821,877	\$ 7,435,812	\$ 7,338,715	\$ 7,443,805	\$ 7,093,959

Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(22,198)	(23,559)	(22,976)	(24,374)	(26,065)
Tangible assets	<u>\$ 7,637,775</u>	<u>\$ 7,250,349</u>	<u>\$ 7,153,835</u>	<u>\$ 7,257,527</u>	<u>\$ 6,905,990</u>
Common Shares Outstanding	22,074,740	22,060,255	22,044,626	22,050,537	22,193,141
Tangible Common Equity to Tangible Assets	5.82%	6.22%	6.43%	6.58%	6.80%
Tangible Book Value Per Share	\$ 20.14	\$ 20.43	\$ 20.87	\$ 21.66	\$ 21.17

Return on Average Tangible Common Equity (ROATCE)

<i>(dollars in thousands)</i>	For the Quarter Ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Net income	<u>\$ 23,521</u>	<u>\$ 21,883</u>	<u>\$ 20,749</u>	<u>\$ 23,107</u>	<u>\$ 19,548</u>
Average total shareholders' equity—GAAP	\$ 700,866	\$ 643,004	\$ 657,327	\$ 652,892	\$ 651,751
Adjustments:					
Preferred Stock	(54,072)	—	—	—	—
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(22,859)	(22,570)	(23,638)	(25,311)	(27,132)
Average tangible common equity	<u>\$ 462,031</u>	<u>\$ 458,530</u>	<u>\$ 471,785</u>	<u>\$ 465,677</u>	<u>\$ 462,715</u>
ROATCE	20.20%	19.14%	17.84%	19.69%	16.76%



Midland States Bancorp, Inc. NASDAQ: MSBI

Third 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 3Q22

Higher Earnings and Improved Returns

- Net income of \$23.5 million, or \$1.04 diluted EPS, up from \$0.97 in prior quarter
- Pre-tax, pre-provision earnings⁽¹⁾ of \$36.4 million, up from \$35.9 million in prior quarter
- ROAA of 1.22% and ROATCE⁽¹⁾ of 20.20%, both increased from prior quarter

Strong, Well Balanced Loan Growth

- Total loans increased 27.8% annualized
- Growth in all portfolios with largest increases in commercial and CRE loans
- Equipment financing portfolio surpasses \$1.0 billion

Positive Trends Across Key Metrics

- Average loan yields increased 34 bps from prior quarter
- Continued growth in noninterest-bearing and interest-bearing deposits
- Nonperforming assets declined 14% from end of prior quarter

Strengthened Capital Ratios

- \$115 million preferred stock offering completed in August
- Combination of preferred stock offering and strong financial performance positively impacted capital ratios
- Total capital ratio and Tier 1 leverage ratio both increased from prior quarter

Notes:

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



Loan Portfolio

- Total loans increased \$402.9 million from prior quarter to \$6.20 billion
- Growth in all portfolios with the exception of SBA PPP loans
- Largest increases came in commercial and CRE loans, which increased at 36% annualized and 22% annualized, respectively
- Equipment finance balances increased \$49.5 million, or 5.0% from end of prior quarter

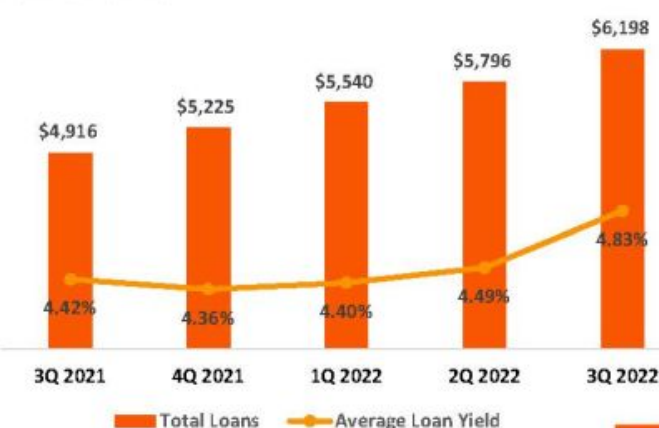
Loan Portfolio Mix

(in millions, as of quarter-end)

	3Q 2022	2Q 2022	3Q 2021
Commercial loans and leases	\$ 1,994	\$ 1,830	\$ 1,880
Commercial real estate	2,466	2,336	1,562
Construction and land development	226	204	201
Residential real estate	356	340	344
Consumer	1,156	1,085	929
Total Loans	\$6,198	\$5,796	\$4,916
Total Loans ex. Commercial FHA Lines and PPP	\$6,144	\$5,765	\$4,653

Total Loans and Average Loan Yield

(in millions, as of quarter-end)



Midland
States Bancorp, Inc.



Total Deposits

- Total deposits increased \$210.8 million from prior quarter to \$6.40 billion
- Increase driven by higher balances of noninterest-bearing and lower-cost interest-bearing deposits
- Continued improvement in deposit mix with noninterest-bearing deposits increasing to 31.7% of total deposits from 29.9% of total deposits in 3Q21
- Strengthened commercial banking and treasury management teams consistently generating new relationships that provide steady inflow of commercial deposits

Deposit Mix

(in millions, as of quarter-end)

	3Q 2022	2Q 2022	3Q 2021
Noninterest-bearing demand	\$ 2,025	\$ 1,972	\$ 1,673
Interest-bearing:			
Checking	1,905	1,809	1,697
Money market	1,125	1,028	853
Savings	704	740	666
Time	621	620	689
Brokered time	14	15	24
Total Deposits	\$6,395	\$6,184	\$5,601

Total Deposits and Cost of Deposits

(in millions, as of quarter-end)



Midland
States Bancorp, Inc.



Net Interest Income/Margin

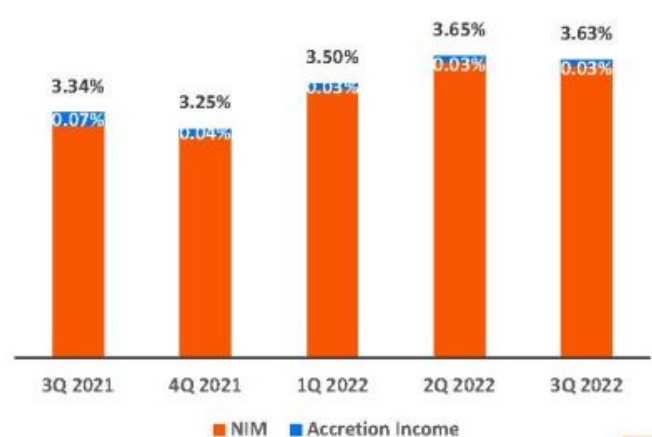
- Net interest income increased 4.4% from the prior quarter due primarily to higher average loan balances
- Net interest margin decreased 2 bps from prior quarter as increase in cost of deposits exceeded the increase in the average yield on earning assets
- Planned redemption of \$40 million of sub debt in October will eliminate higher cost source of funds
- Average rate on new and renewed loan originations increased 74 bps to 5.53% in September 2022 from 4.79% in June 2022
 - Midland Equipment Finance yields increased 46 bps; other commercial loan yields increased 55 bps

Net Interest Income

(in millions)



Net Interest Margin





Wealth Management

- During 3Q22, assets under administration decreased \$152.7 million, primarily due to market performance
- Wealth Management revenue relatively consistent with prior quarter



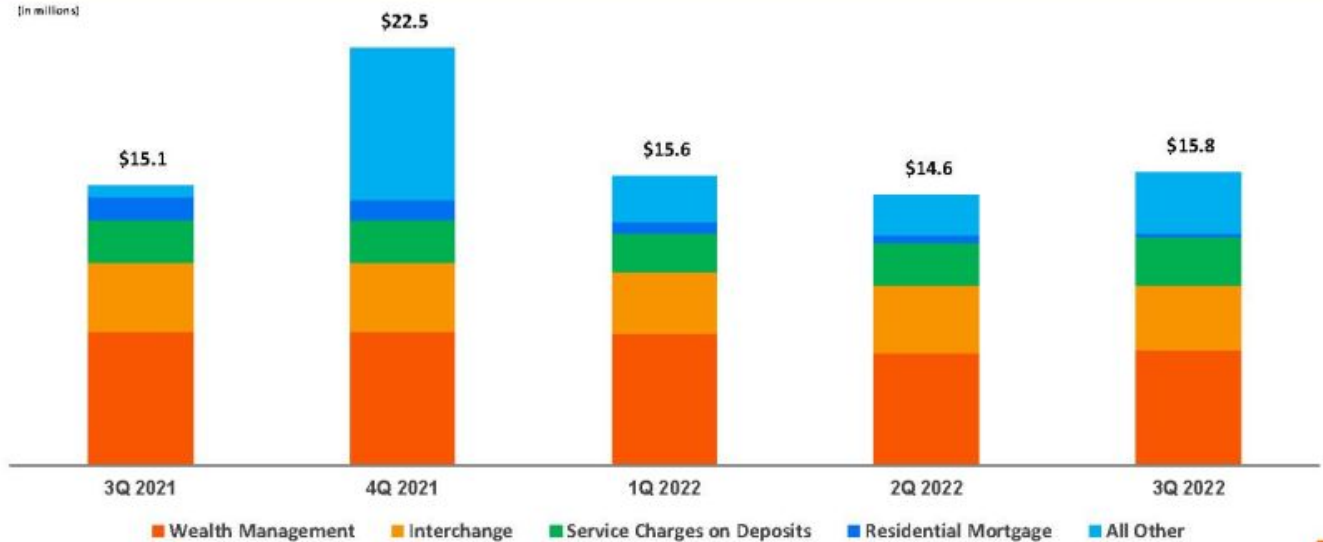


Noninterest Income

- **Noninterest income increased 8.3% from prior quarter, primarily due to impairment on commercial MSR that negatively impacted noninterest income in 2Q22**
- **Most fee generating areas were relatively consistent with prior quarter**
- **Commercial MSR portfolio in the process of being sold, which will eliminate a source of earnings volatility and provide a small benefit to capital ratios**

Noninterest Income

(in millions)





Noninterest Expense and Operating Efficiency

Noninterest Expense and Efficiency Ratio ⁽¹⁾

(Noninterest expense in millions)



• Efficiency Ratio ⁽¹⁾ was 54.3% in 3Q22 vs. 53.1% in 2Q22

• Adjustments to non-interest expense:

(\$ in millions)	3Q22	2Q22
Integration and acquisition related expenses	--	(\$0.3)

• Excluding these adjustments, noninterest expense was up from the prior quarter primarily due to:

- Increase in compensation including incentive compensation and commissions
- General increase in expenses due to greater loan and deposit activity
- Full quarter impact of branch acquisition in June 2022

• Near-term operating expense run-rate expected to be \$42.5 - \$43.5 million

Notes:

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

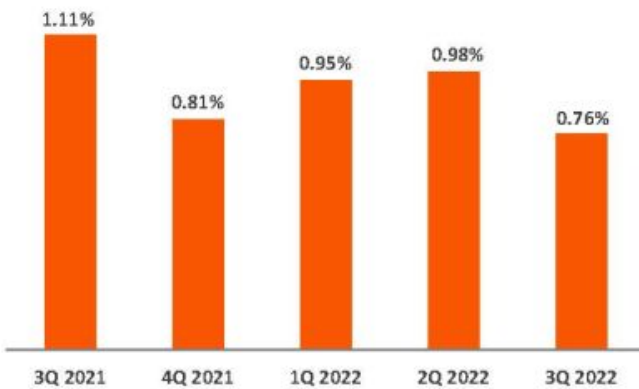


Asset Quality

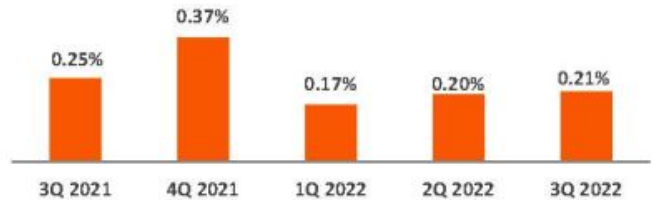
- **Nonperforming loans decreased \$10.0 million due to a combination of payoffs, note sale, and a charge-off on a previously reserved loan relationship**
- **Generally positive trends in the loan portfolio with continued upgrades of watch list loans**
- **Delinquencies in consumer portfolio remain low**
- **Provision for credit losses on loans of \$7.0 million primarily related to the growth in total loans and impact of negative economic forecasts**

Nonperforming Loans / Total Loans

[Total Loans as of quarter-end]



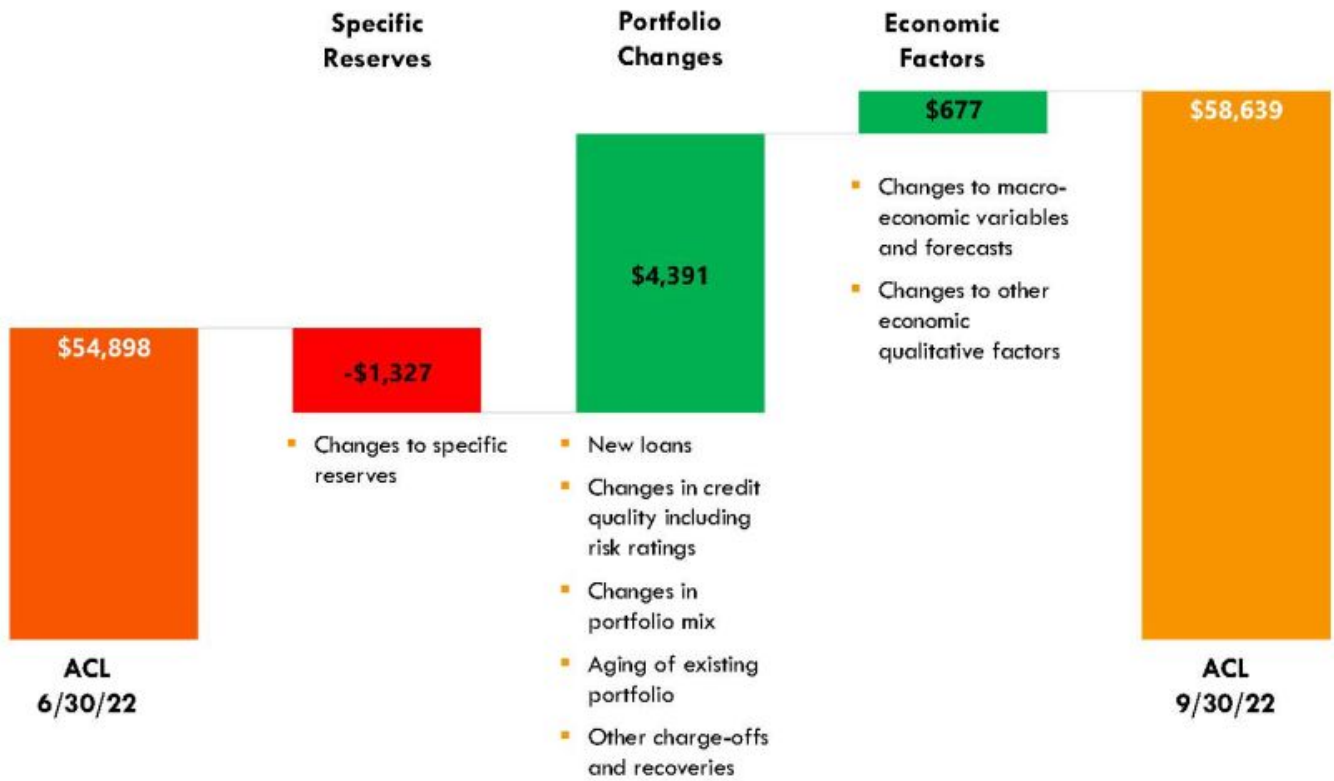
NCO / Average Loans





Changes in Allowance for Credit Losses

(\$ in thousands)





ACL by Portfolio

(\$ in thousands)

September 30, 2022

June 30, 2022

Portfolio	Loans	ACL	% of Total Loans		Loans	ACL	% of Total Loans
Commercial	\$ 852,930	\$ 5,745	0.67%		\$ 747,782	\$ 5,412	0.72%
Warehouse Lines	51,309	-	0.00%		23,872	-	0.00%
Commercial Other	683,353	8,620	1.26%		643,477	7,336	1.14%
Equipment Finance Loans	577,323	8,307	1.44%		546,267	7,068	1.29%
Paycheck Protection Program	2,810	4	0.14%		6,409	10	0.15%
Equipment Finance Leases	457,611	6,678	1.46%		439,202	6,765	1.54%
CRE non-owner occupied	1,567,308	19,141	1.22%		1,480,031	18,861	1.27%
CRE owner occupied	505,174	5,818	1.15%		524,587	6,037	1.15%
Multi-family	328,473	3,105	0.95%		265,749	2,610	0.98%
Farmland	65,348	366	0.56%		65,288	366	0.56%
Construction and Land Development	225,550	1,591	0.71%		203,955	1,101	0.54%
Residential RE First Lien	294,432	3,686	1.25%		279,628	3,025	1.08%
Other Residential	61,793	485	0.78%		60,474	391	0.65%
Consumer	110,226	594	0.54%		98,558	379	0.38%
Consumer Other ⁽¹⁾	1,046,254	2,810	0.27%		986,813	2,615	0.26%
Total Loans	6,198,451	58,639	0.95%		5,795,544	54,898	0.95%
Loans (excluding GreenSky, PPP and warehouse lines)	5,036,227	55,636	1.10%		4,716,721	52,080	1.10%

Notes:

(1) Primarily consists of loans originated through GreenSky relationship





Outlook

- **Strengthened capital ratios will support continued balance sheet growth**
- **Loan pipeline remains strong, but loan growth expected to moderate as higher rates and uncertain economic conditions have a greater impact on loan demand**
- **Continued loan growth, higher net interest margin, and improved efficiencies expected to result in consistently strong financial performance**
- **Continued progress on Banking-as-a-Service initiative building foundation for positive impact on loan production, deposit gathering and fee income generation in 2023**

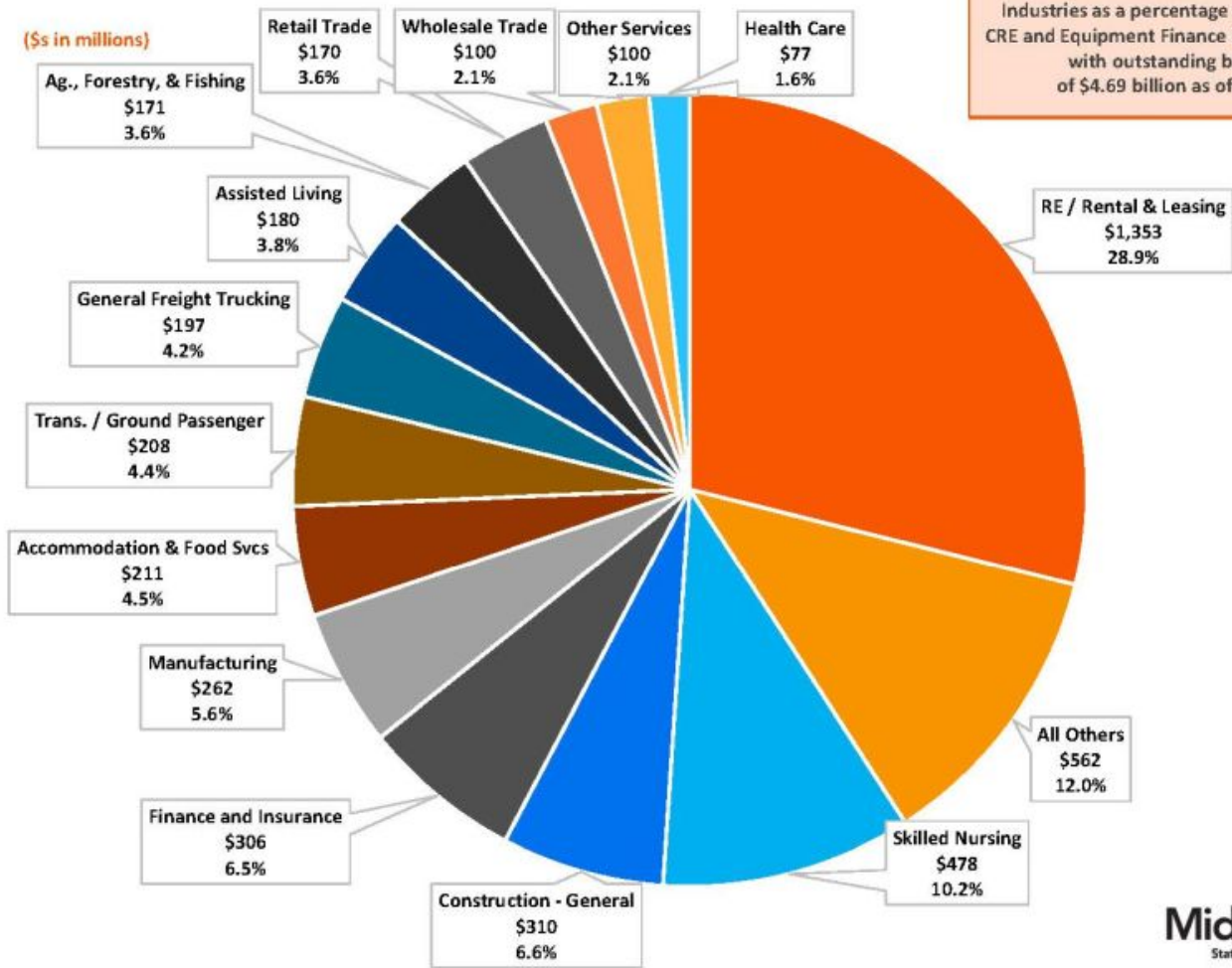


APPENDIX



Commercial Loans and Leases by Industry

Industries as a percentage of Commercial, CRE and Equipment Finance Loans and Leases with outstanding balances of \$4.69 billion as of 9/30/22

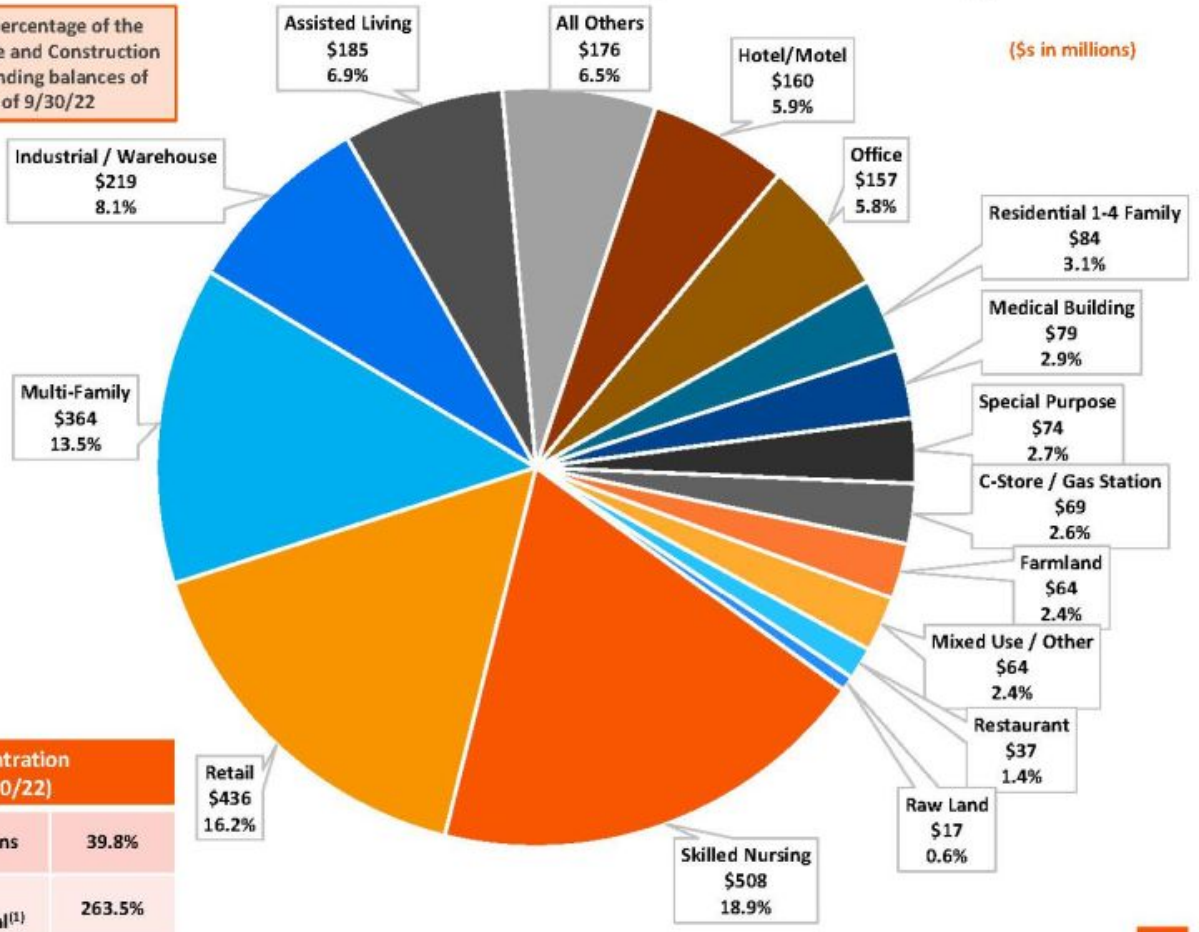




Commercial Real Estate Portfolio by Collateral Type

Collateral type as a percentage of the Commercial Real Estate and Construction Portfolio with outstanding balances of \$2.69 billion as of 9/30/22

(\$s in millions)



CRE Concentration (as of 9/30/22)	
CRE as a % of Total Loans	39.8%
CRE as a % of Total Risk-Based Capital ⁽¹⁾	263.5%

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



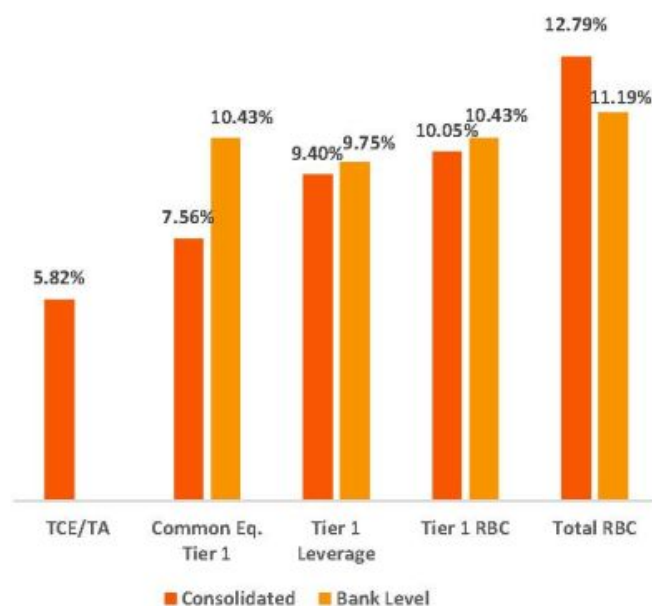
Capital Ratios and Strategy

Capital Strategy

- **Strengthened capital ratios with issuance of \$115 million of non-cumulative preferred stock in August 2022**
 - **Included as Tier 1 Regulatory Capital**
 - **7.75% with reset at 5 years**
- **Reduce cost of funds by redeeming \$40 million of sub-debt with rate of 6.25% in October**
- **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 2023**
- **Capital actions and strong profitability expected to enable MSBI to raise capital ratios while maintaining current dividend payout**

Capital Ratios

(as of 9/30/22)





Liquidity Overview

Liquidity Sources (as of 9/30/22)

(\$ in millions)

Cash and Cash Equivalents	\$ 313.2
Unpledged Securities	153.5
FHLB Committed Liquidity	1,148.9
FRB Discount Window Availability	<u>13.5</u>
Total Estimated Liquidity	<u>\$ 1,629.1</u>

Conditional Funding Based on Market Conditions

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

Other Liquidity

Holding Company Cash Position of \$93.5 Million

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

Adjusted Earnings Reconciliation

	For the Quarter Ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
<i>(dollars in thousands, except per share data)</i>					
Income before income taxes - GAAP	\$ 29,380	\$ 29,167	\$ 27,389	\$ 30,600	\$ 25,431
Adjustments to noninterest income:					
Loss (gain) on sales of investment securities, net	129	101	—	—	(160)
(Gain) on termination of hedged interest rate swap	—	—	—	(1,845)	—
Total adjustments to noninterest income	<u>129</u>	<u>101</u>	<u>—</u>	<u>(1,845)</u>	<u>(160)</u>
Adjustments to noninterest expense:					
(Loss) on mortgage servicing rights held for sale	—	—	—	—	(79)
FHLB advances prepayment fees	—	—	—	(4,859)	—
Integration and acquisition expenses	68	(324)	(91)	(171)	(176)
Total adjustments to noninterest expense	<u>68</u>	<u>(324)</u>	<u>(91)</u>	<u>(5,030)</u>	<u>(255)</u>
Adjusted earnings pre tax	29,441	29,592	27,480	33,785	25,526
Adjusted earnings tax	5,873	7,401	6,665	8,369	5,910
Adjusted earnings - non-GAAP	<u>\$ 23,568</u>	<u>\$ 22,191</u>	<u>\$ 20,815</u>	<u>\$ 25,416</u>	<u>\$ 19,616</u>
Adjusted diluted earnings per common share	\$ 1.04	\$ 0.98	\$ 0.92	\$ 1.12	\$ 0.86
Adjusted return on average assets	1.22 %	1.21 %	1.16 %	1.39 %	1.15 %
Adjusted return on average shareholders' equity	13.34 %	13.84 %	12.84 %	15.44 %	11.94 %
Adjusted return on average tangible common equity	20.24 %	19.41 %	17.89 %	21.65 %	16.82 %

Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation

	For the Quarter Ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
<i>(dollars in thousands)</i>					
Adjusted earnings pre tax - non-GAAP	\$ 29,441	\$ 29,592	\$ 27,480	\$ 33,785	\$ 25,526
Provision for credit losses	6,974	5,441	4,167	467	(184)
Impairment on commercial mortgage servicing rights	—	869	394	2,072	3,037
Adjusted pre-tax, pre-provision earnings - non-GAAP	<u>\$ 36,415</u>	<u>\$ 35,902</u>	<u>\$ 32,041</u>	<u>\$ 36,324</u>	<u>\$ 28,379</u>
Adjusted pre-tax, pre-provision return on average assets	1.89 %	1.95 %	1.79 %	1.98 %	1.67 %

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

Efficiency Ratio Reconciliation

	For the Quarter Ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
<i>(dollars in thousands)</i>					
Noninterest expense - GAAP	\$ 43,496	\$ 41,339	\$ 40,884	\$ 45,757	\$ 41,292
Loss on mortgage servicing rights held for sale	—	—	—	—	(79)
FHLB advances prepayment fees	—	—	—	(4,859)	—
Integration and acquisition expenses	68	(324)	(91)	(171)	(176)
Adjusted noninterest expense	<u>\$ 43,564</u>	<u>\$ 41,015</u>	<u>\$ 40,793</u>	<u>\$ 40,727</u>	<u>\$ 41,037</u>
Net interest income - GAAP	\$ 64,024	\$ 61,334	\$ 56,827	\$ 54,301	\$ 51,396
Effect of tax-exempt income	307	321	369	372	402
Adjusted net interest income	<u>64,331</u>	<u>61,655</u>	<u>57,196</u>	<u>54,673</u>	<u>51,798</u>
Noninterest income - GAAP	15,826	14,613	15,613	22,523	15,143
Impairment on commercial mortgage servicing rights	—	869	394	2,072	3,037
Loss (gain) on sales of investment securities, net	129	101	—	—	(160)
(Gain) on termination of hedged interest rate swap	—	—	—	(1,845)	—
Adjusted noninterest income	<u>15,955</u>	<u>15,583</u>	<u>16,007</u>	<u>22,750</u>	<u>18,020</u>
Adjusted total revenue	<u>\$ 80,286</u>	<u>\$ 77,238</u>	<u>\$ 73,203</u>	<u>\$ 77,423</u>	<u>\$ 69,818</u>
Efficiency ratio	54.26 %	53.10 %	55.73 %	52.61 %	58.78 %

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

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

	As of				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
<i>(dollars in thousands, except per share data)</i>					
Shareholders' Equity to Tangible Common Equity					
Total shareholders' equity—GAAP	\$ 739,279	\$ 636,188	\$ 644,986	\$ 663,837	\$ 657,844
Adjustments:					
Preferred Stock	(110,548)	—	—	—	—
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(22,198)	(23,559)	(22,976)	(24,374)	(26,065)
Tangible common equity	<u>\$ 444,629</u>	<u>\$ 450,725</u>	<u>\$ 460,106</u>	<u>\$ 477,558</u>	<u>\$ 469,875</u>
Total Assets to Tangible Assets:					
Total assets—GAAP	\$ 7,821,877	\$ 7,435,812	\$ 7,338,715	\$ 7,443,805	\$ 7,093,959
Adjustments:					
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(22,198)	(23,559)	(22,976)	(24,374)	(26,065)
Tangible assets	<u>\$ 7,637,775</u>	<u>\$ 7,250,349</u>	<u>\$ 7,153,835</u>	<u>\$ 7,257,527</u>	<u>\$ 6,905,990</u>
Common Shares Outstanding	22,074,740	22,060,255	22,044,626	22,050,537	22,193,141
Tangible Common Equity to Tangible Assets	5.82 %	6.22 %	6.43 %	6.58 %	6.80 %
Tangible Book Value Per Share	\$ 20.14	\$ 20.43	\$ 20.87	\$ 21.66	\$ 21.17

Return on Average Tangible Common Equity (ROATCE)

	For the Quarter Ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
<i>(dollars in thousands)</i>					
Net income	<u>\$ 23,521</u>	<u>\$ 21,883</u>	<u>\$ 20,749</u>	<u>\$ 23,107</u>	<u>\$ 19,548</u>
Average total shareholders' equity—GAAP	\$ 700,866	\$ 643,004	\$ 657,327	\$ 652,892	\$ 651,751
Adjustments:					
Preferred Stock	(54,072)	—	—	—	—
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(22,859)	(22,570)	(23,638)	(25,311)	(27,132)
Average tangible common equity	<u>\$ 462,031</u>	<u>\$ 458,530</u>	<u>\$ 471,785</u>	<u>\$ 465,677</u>	<u>\$ 462,715</u>
ROATCE	20.20 %	19.14 %	17.84 %	19.69 %	16.76 %

