Midland States Bancorp, Inc.
NASDAQ: MSBI

Second Quarter 2023 Earnings Presentation

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

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

Company Snapshot

- Illinois state-chartered community bank founded in 1881
- $8.0 billion in assets
- $3.6 Wealth Management business
- Commercial bank focused on in-market relationships with national diversification in equipment finance
- 53 branches in Illinois and Missouri
- 16 successful acquisitions since 2008

AMERICA'S BEST BANKS 2023 Newsweek

TOP WORK PLACES 2022-2023 ST. LOUIS POST-DISPATCH

Midland States Bank is a 2023 Top Workplace!
2 Years Running

Financial Highlights as of 6/30/2023

$8.0 Billion
Total Assets

$6.4 Billion
Total Loans

$6.4 Billion
Total Deposits

$3.6 Billion
Assets Under Administration

YTD ROAA:	1.10 %
YTD Return on TCE[(1)]:	16.34 %
TCE/TA:	6.19 %
YTD PTPP[(1)] ROAA:	1.72 %
Dividend Yield:	6.03 %
Price/Tangible Book:	0.90x
Price/LTM EPS:	4.9x

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

Business and Corporate Strategy

Customer-Centric Culture

Drive organic growth by focusing on customer service and accountability to our clients and colleagues; seek to develop bankers who create dynamic relationships; pursue continual investment in people; maintain a core set of institutional values, and build a robust technology platform that provides customers with a superior banking experience

Operational Excellence

A corporate-wide focus on driving improvements in people, processes and technology in order to generate further improvement in Midland's operating efficiency and financial performance

Enterprise-Wide Risk Management

Maintain a program designed to integrate controls, monitoring and risk-assessment at all key levels and stages of our operations and growth; ensure that all employee are fully engaged

Accretive Acquisitions

Maintain experienced acquisition team capable of identifying and executing transactions that build shareholder value through a disciplined approach to pricing; take advantage of relative strength in periods of market disruption

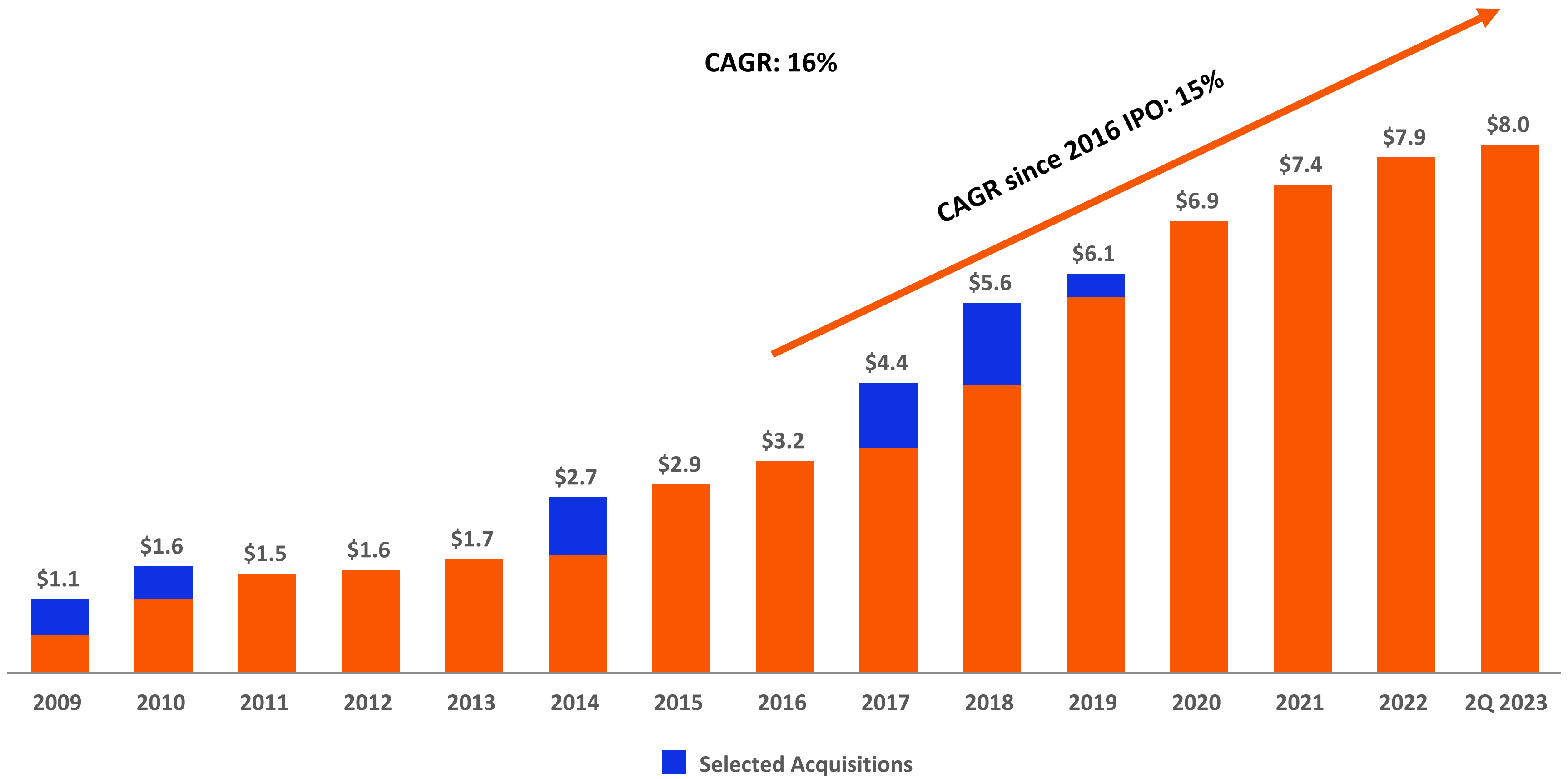
Revenue Diversification

Generate a diversified revenue mix and focus on growing businesses that generate strong recurring revenues such as wealth management

Successful Execution of Strategic Plan...

Total Assets

(at period-end in billions)



Selected Acquisitions: Total Assets at Time of Acquisition (in millions)

2009: Strategic Capital Bank ($540)
2010: AMCORE Bank ($500)
2014: Love Savings/Heartland Bank ($889)
2017: Centrue Financial ($990)
2018: Alpine Bancorp ($1,243)
2019: HomeStar Financial Group ($366)

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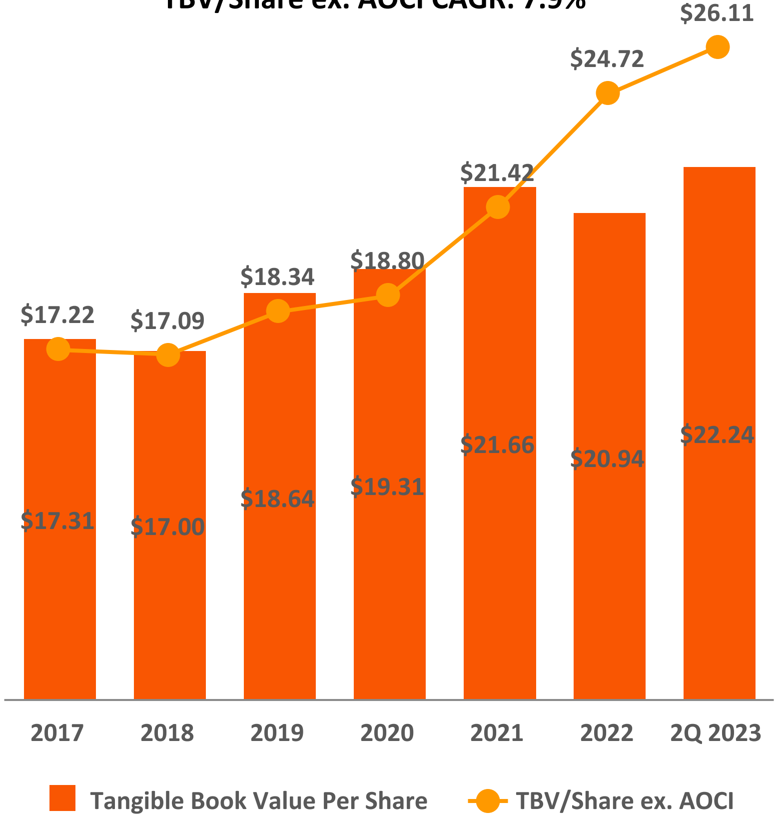
...Leads to Creation of Shareholder Value

22 Consecutive Years of Dividend Increases

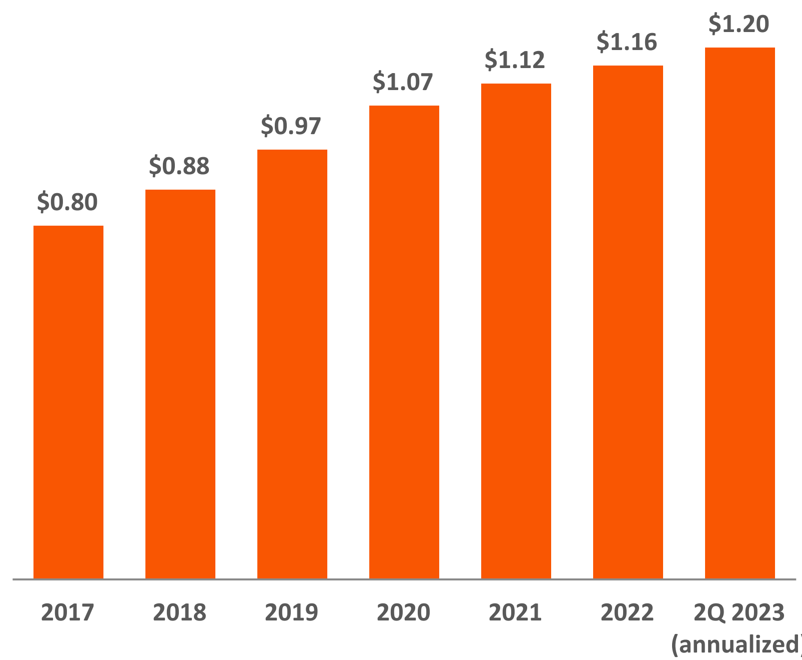
Tangible Book Value Per Share[1]

TBV/Share ex. AOCI CAGR: 7.9%



Dividends Declared Per Share

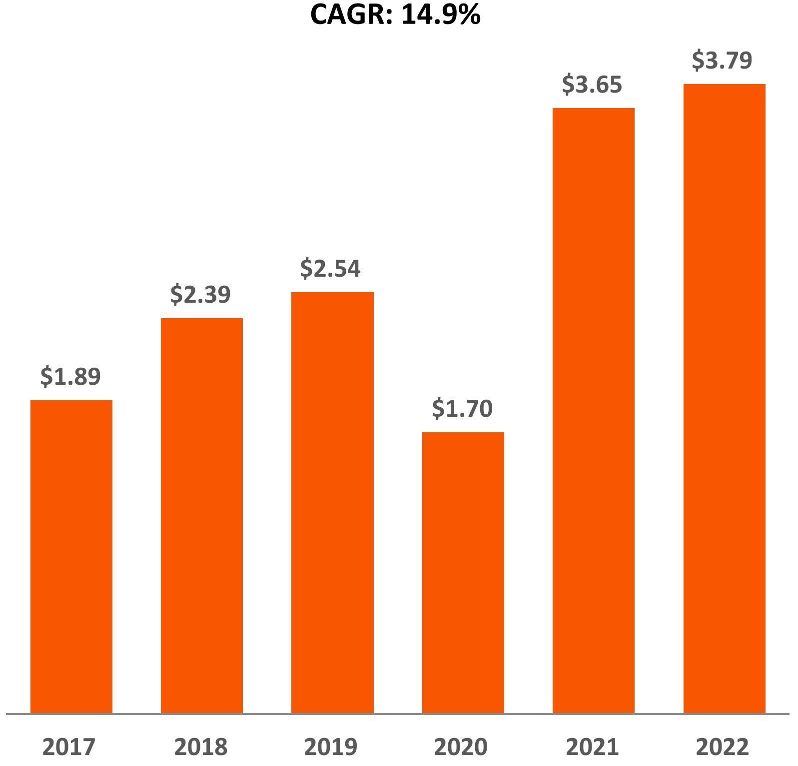
CAGR: 7.0%



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

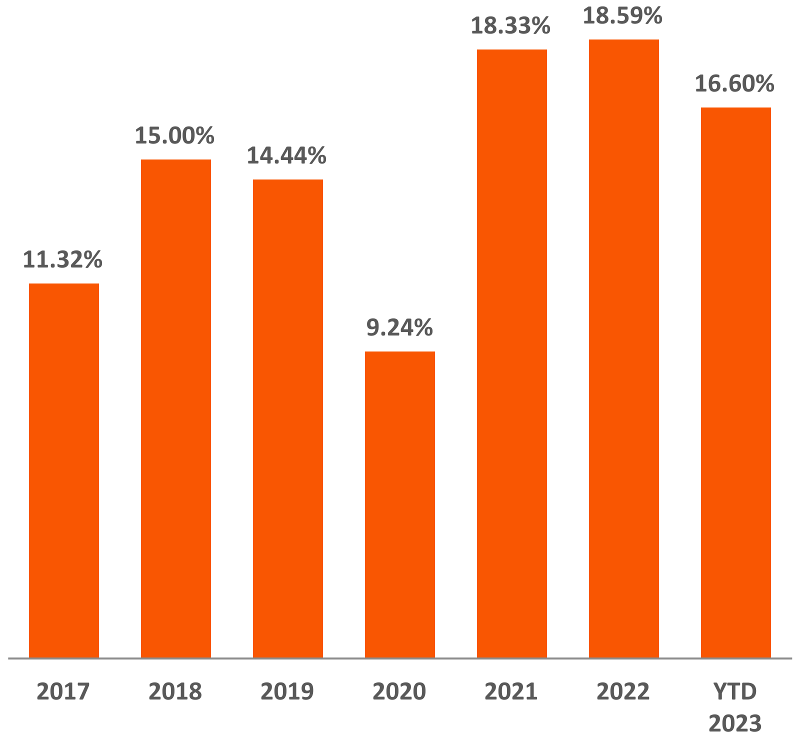
...And Increased Profitability

Adjusted Diluted EPS[1]



Adjusted Diluted EPS data and CAGR through 2022

Adjusted ROATCE[1]



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

Overview of 2Q23

Strong Financial Performance

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

Stable Deposit Base

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

Continued Shift of Portfolio Towards Commercial Loans

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

Increase in TBV and Capital Ratios

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

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

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Loan Portfolio

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

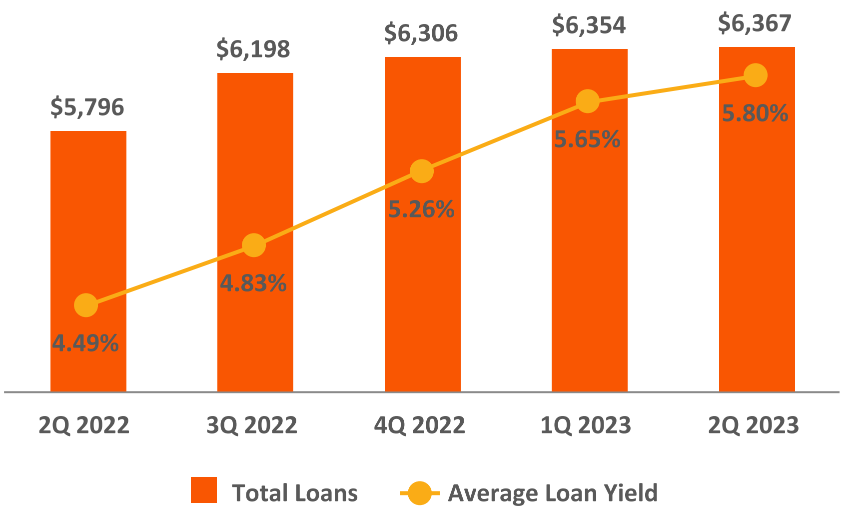
Loan Portfolio Mix

(in millions, as of quarter-end)

	2Q 2023	1Q 2023	2Q 2022
Commercial loans and leases	$ 2,108	$ 2,090	$ 1,830
Commercial real estate	2,444	2,448	2,336
Construction and land development	367	327	204
Residential real estate	371	370	340
Consumer	1,077	1,119	1,085
Total Loans	**$ 6,367**	**$ 6,354**	**$ 5,796**
Total Loans ex. Commercial FHA Lines and PPP	**$ 6,337**	**$ 6,344**	**$ 5,765**

Total Loans and Average Loan Yield

(in millions, as of quarter-end)



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Total Deposits

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

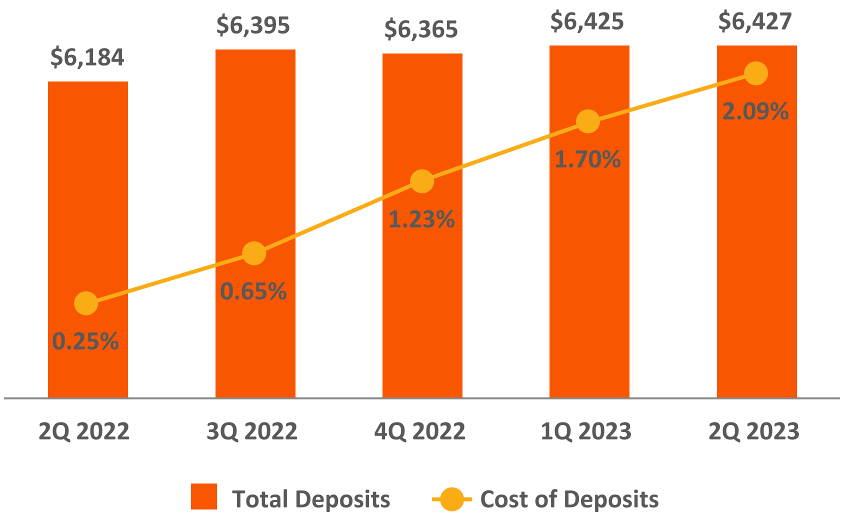
Deposit Mix

(in millions, as of quarter-end)

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

Total Deposits and Cost of Deposits

(in millions, as of quarter-end)



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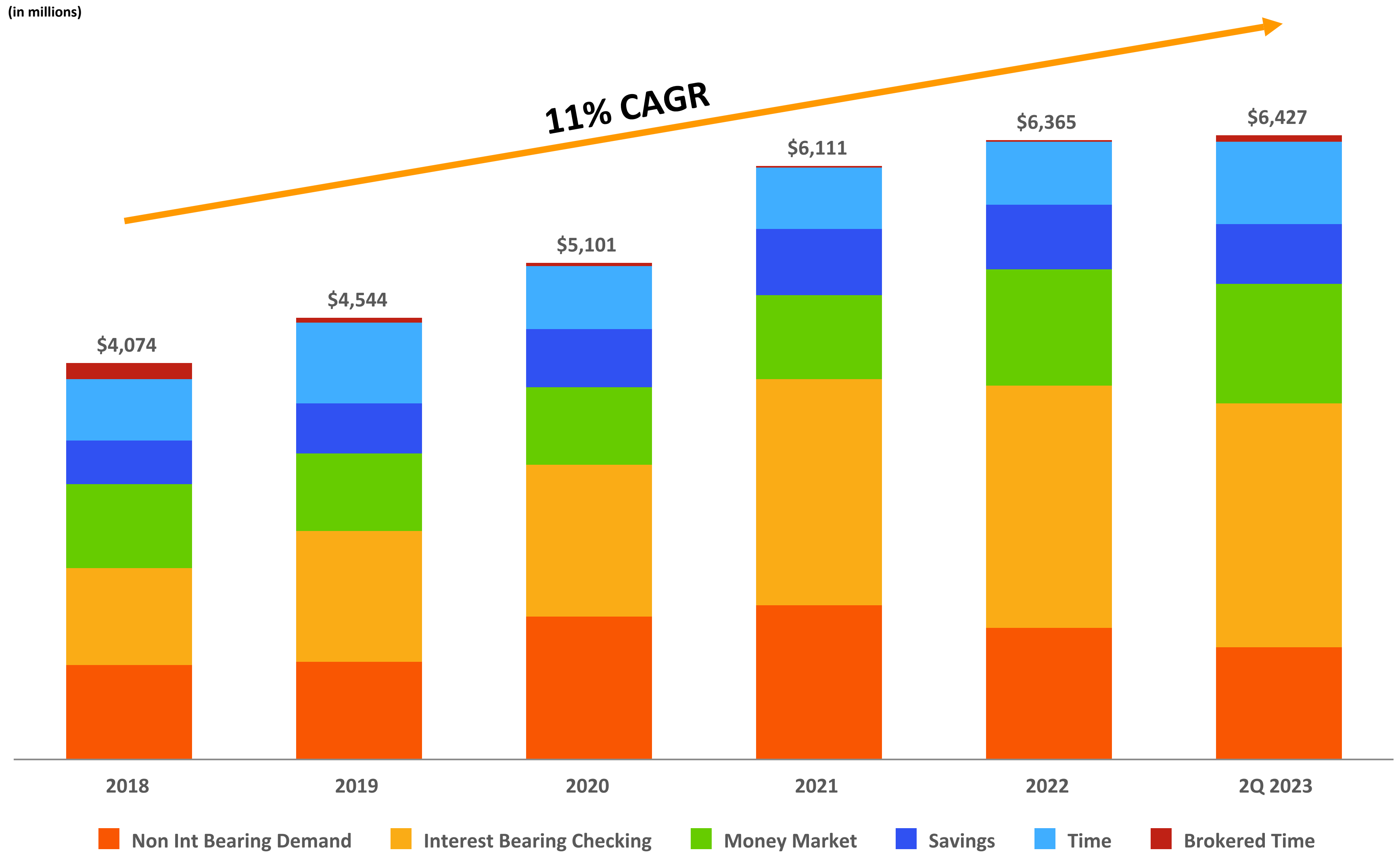
Deposit Type Trend

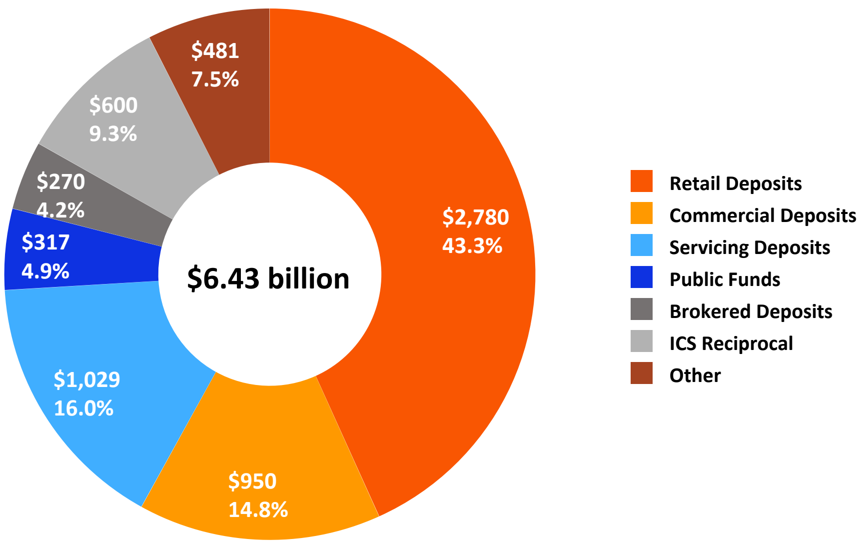
Deposits by Type Trend



Deposit Summary as of June 30, 2023

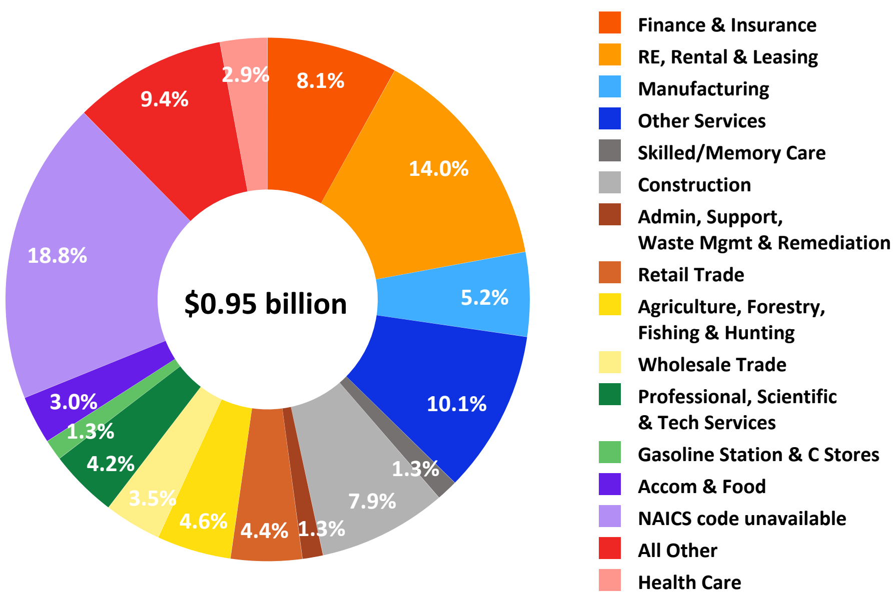
Deposits by Channel

(in millions)



Commercial Deposits by NAICS Code

(in millions)



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

Uninsured Deposits

Uninsured Deposits

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

Average Deposit Balance per Account = $33,000

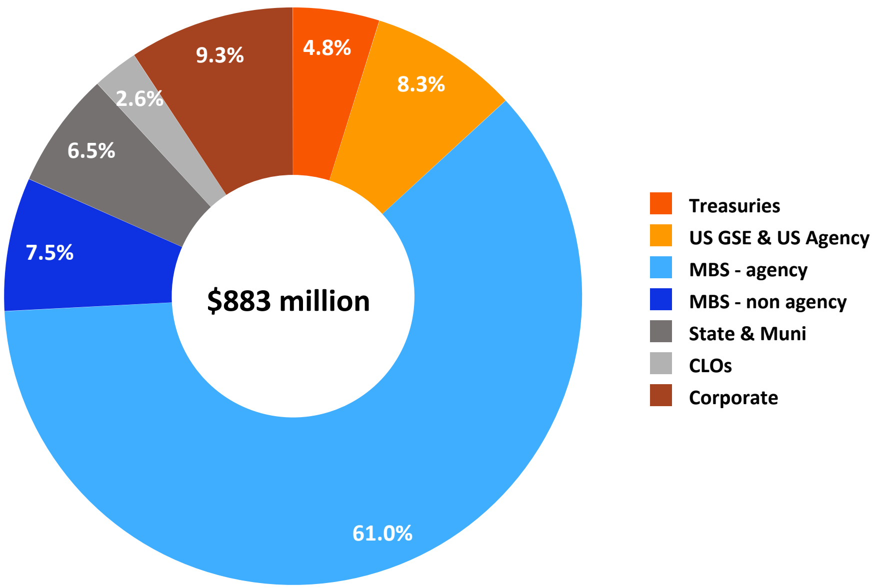
***Excludes $569 million and $645 million, respectively, of fully insured funds in Insured Cash Sweep (ICS) accounts**

Investment Portfolio

As of June 30, 2023

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

Fair Value of Investments by Type

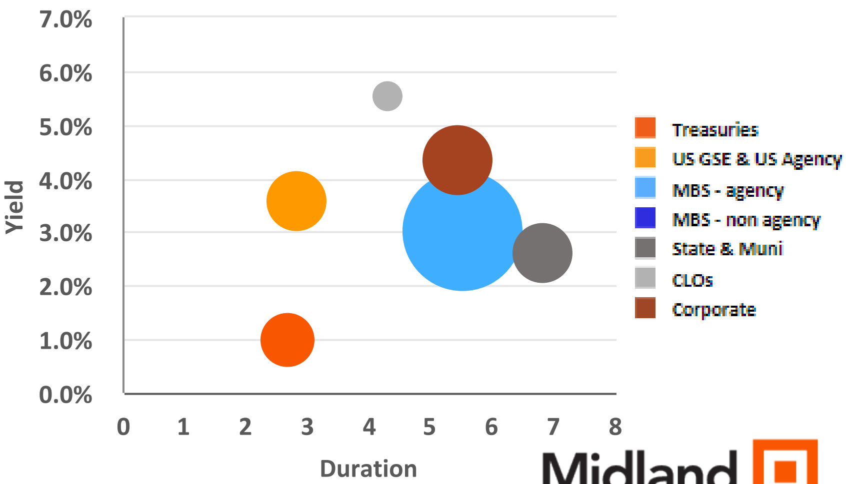


Investment Mix & Unrealized Gain (Loss)

(in millions)

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

Investments by Yield and Duration



Liquidity Overview

Liquidity Sources

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

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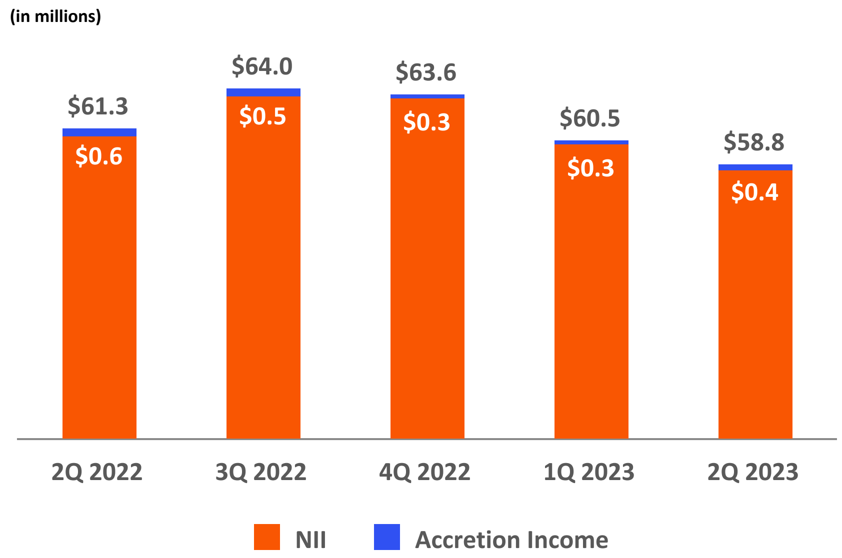
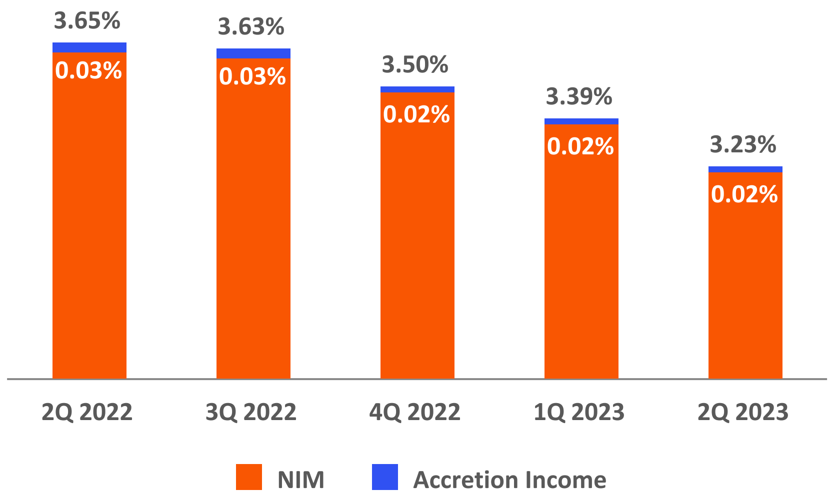
Net Interest Income/Margin

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

Net Interest Income



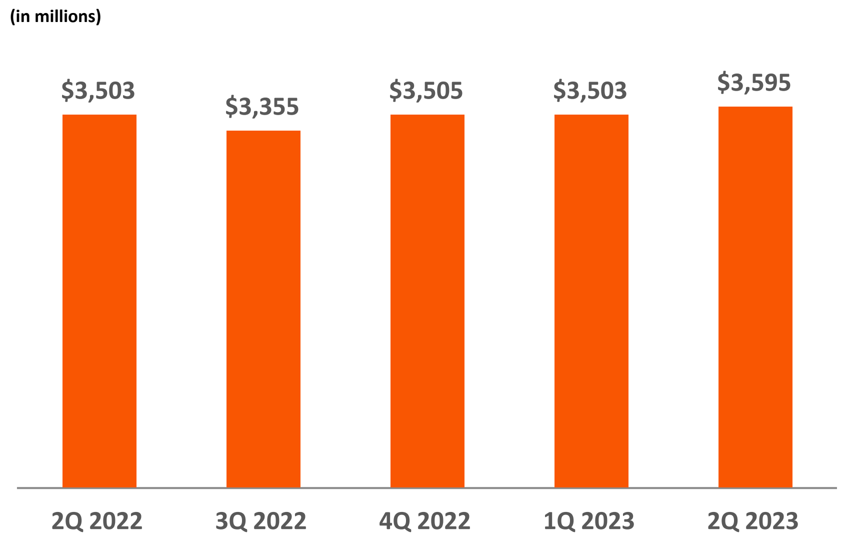
Net Interest Margin



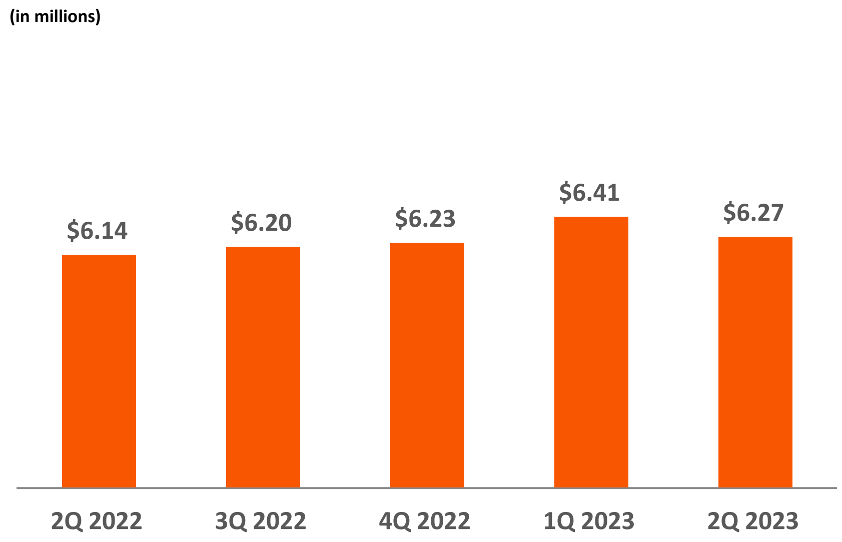
Wealth Management

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

Assets Under Administration



Wealth Management Revenue

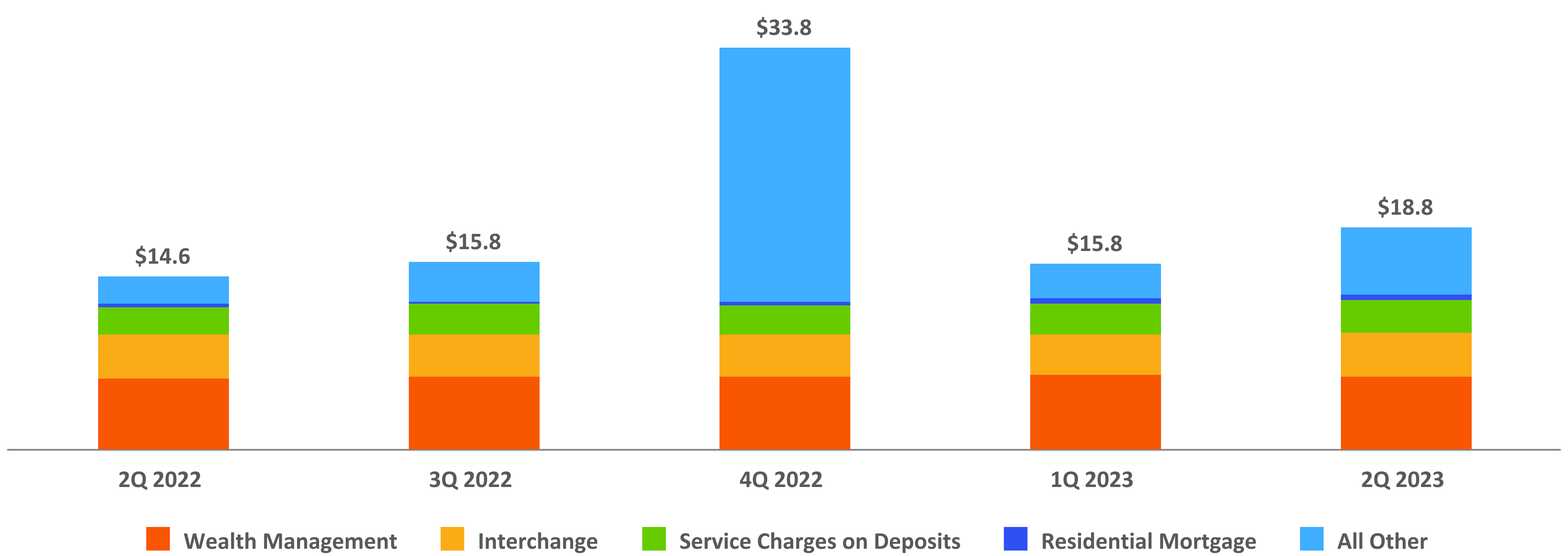


Noninterest Income

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

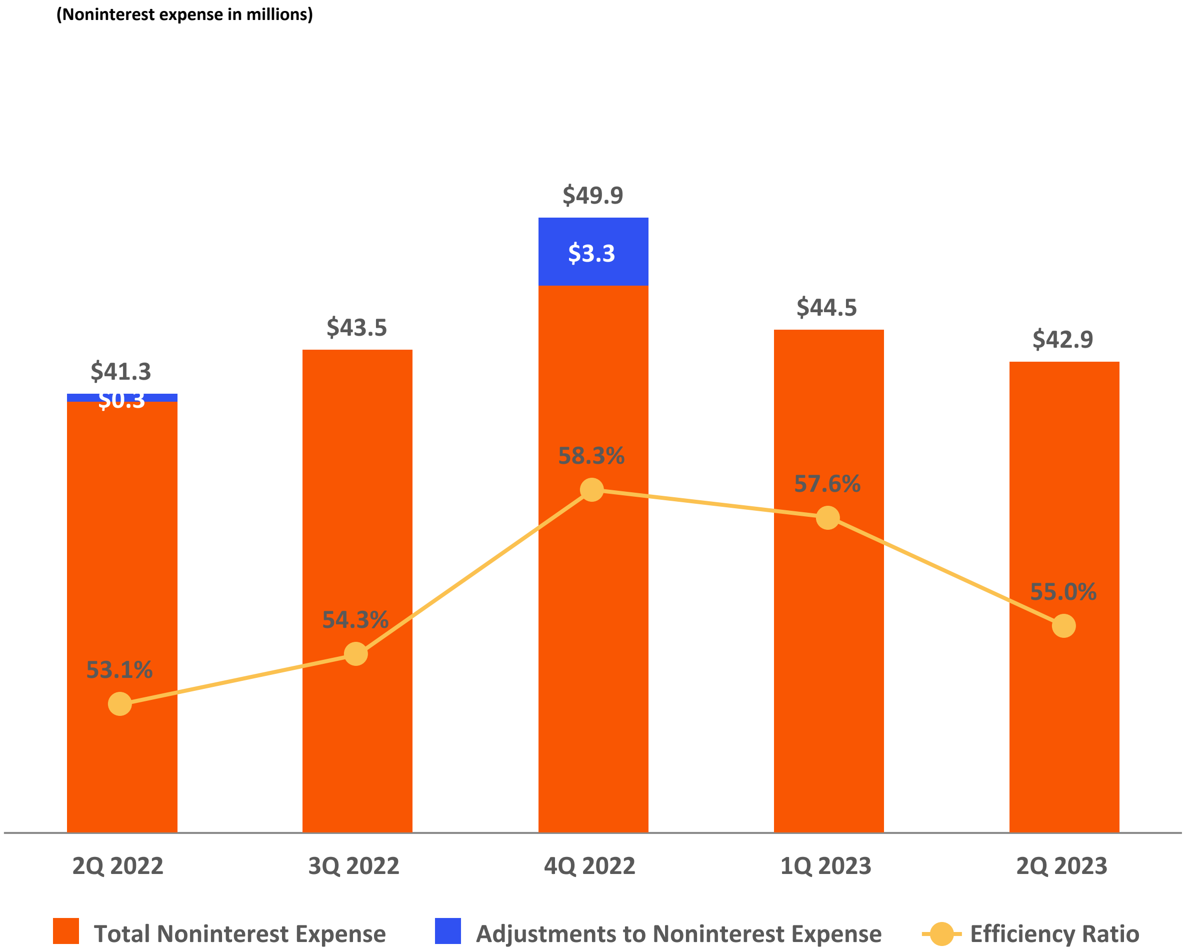
Noninterest Income

(in millions)



Noninterest Expense and Operating Efficiency

Noninterest Expense and Efficiency Ratio [1]



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

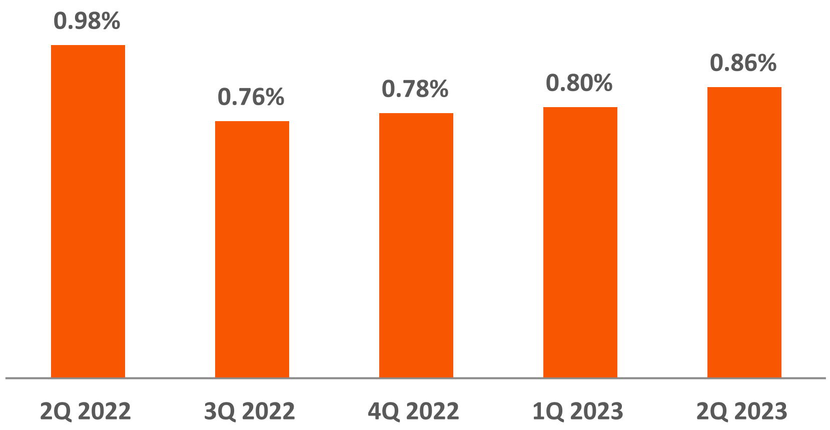
Notes:
(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.

Asset Quality

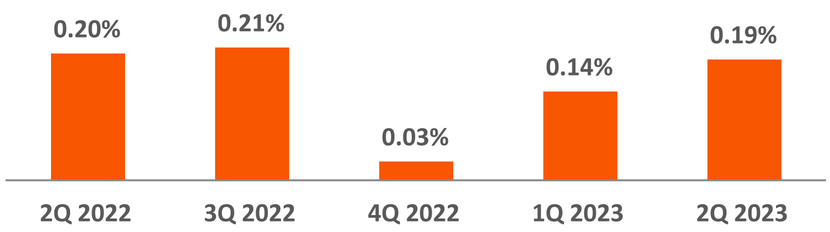
- Nonperforming loans increased $4.1 million primarily due to one commercial loan as well as increases in the equipment finance portfolio
- Delinquencies in consumer portfolio remain low
- Net charge-offs to average loans was 0.19%
- Provision for credit losses on loans of $5.9 million, primarily related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

Nonperforming Loans / Total Loans

(Total Loans as of quarter-end)

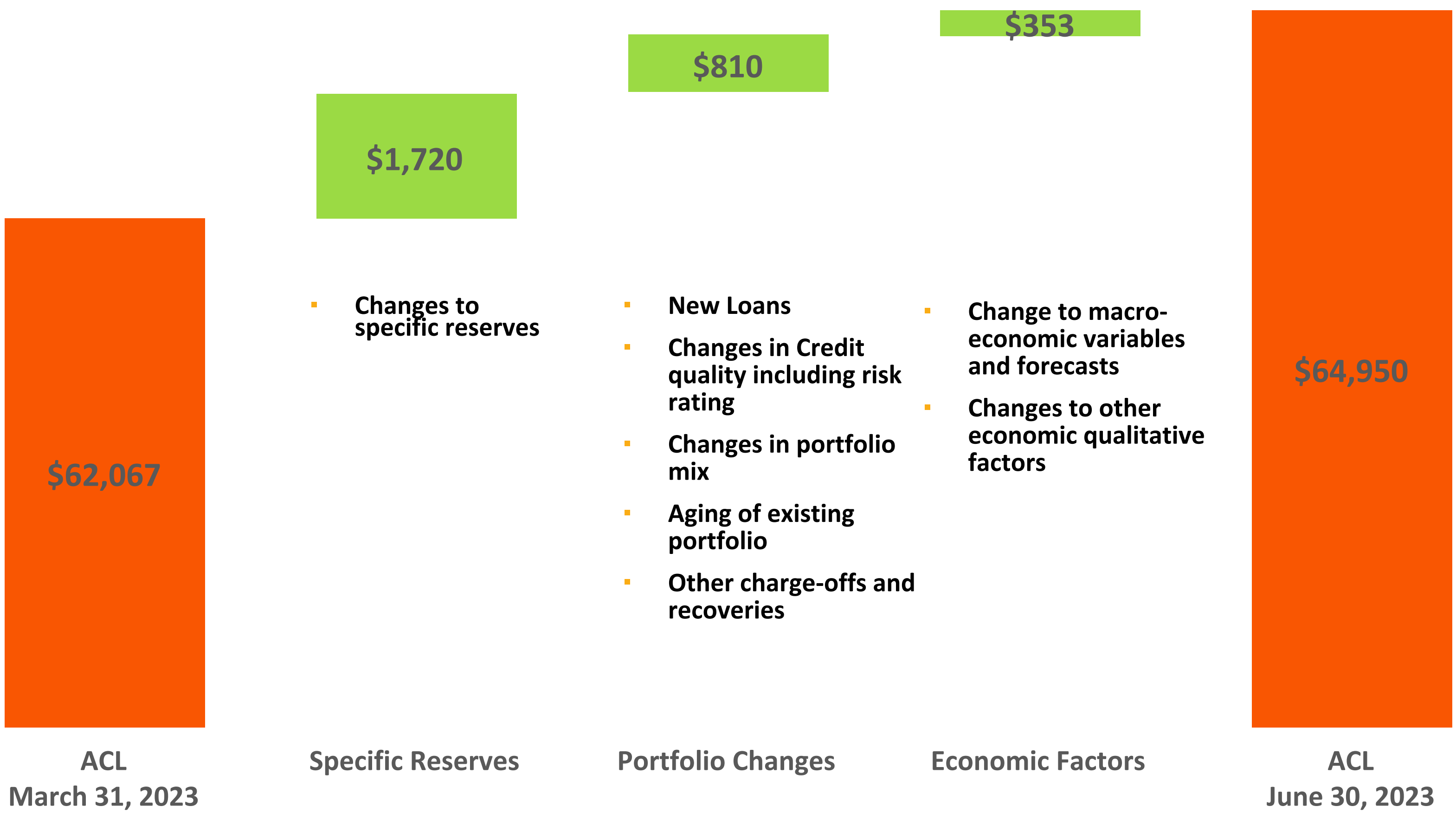


NCO / Average Loans



Changes in Allowance for Credit Losses

($ in thousands)



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ACL by Portfolio

($ in thousands)

Portfolio	June 30, 2023 Loans	June 30, 2023 ACL	June 30, 2023 % of Total Loans	March 31, 2023 Loans	March 31, 2023 ACL	March 31, 2023 % of Total Loans
Commercial	$ 875,295	$ 5,180	0.59 %	$ 823,847	$ 5,365	0.65 %
Warehouse Lines	30,522	—	— %	10,275	—	— %
Commercial Other	732,616	10,110	1.38 %	756,553	10,397	1.37 %
Equipment Finance Loans	614,633	9,743	1.59 %	632,205	9,997	1.58 %
Equipment Finance Leases	500,485	7,542	1.51 %	510,029	7,168	1.41 %
CRE non-owner occupied	1,647,680	20,544	1.25 %	1,636,316	18,049	1.10 %
CRE owner occupied	453,514	5,711	1.26 %	460,133	6,945	1.51 %
Multi-family	273,939	2,676	0.98 %	281,559	2,730	0.97 %
Farmland	68,862	494	0.72 %	70,150	492	0.70 %
Construction and Land Development	366,631	3,189	0.87 %	326,836	2,442	0.75 %
Residential RE First Lien	311,796	4,952	1.59 %	309,637	3,773	1.22 %
Other Residential	59,690	599	1.00 %	60,273	577	0.96 %
Consumer	108,619	804	0.74 %	112,882	1,074	0.95 %
Consumer Other[(1)]	968,217	3,149	0.33 %	1,006,056	3,055	0.30 %
Total Loans	**6,367,344**	**64,950**	**1.02 %**	**6,354,271**	**62,067**	**0.98 %**
Loans (excluding BaaS portfolio[(1)] and warehouse lines)	5,276,170	61,436	1.16 %	5,228,172	58,643	1.12 %

Notes:

(1) Primarily consists of loans originated through GreenSky relationship

Midland States Bancorp, Inc.

Outlook

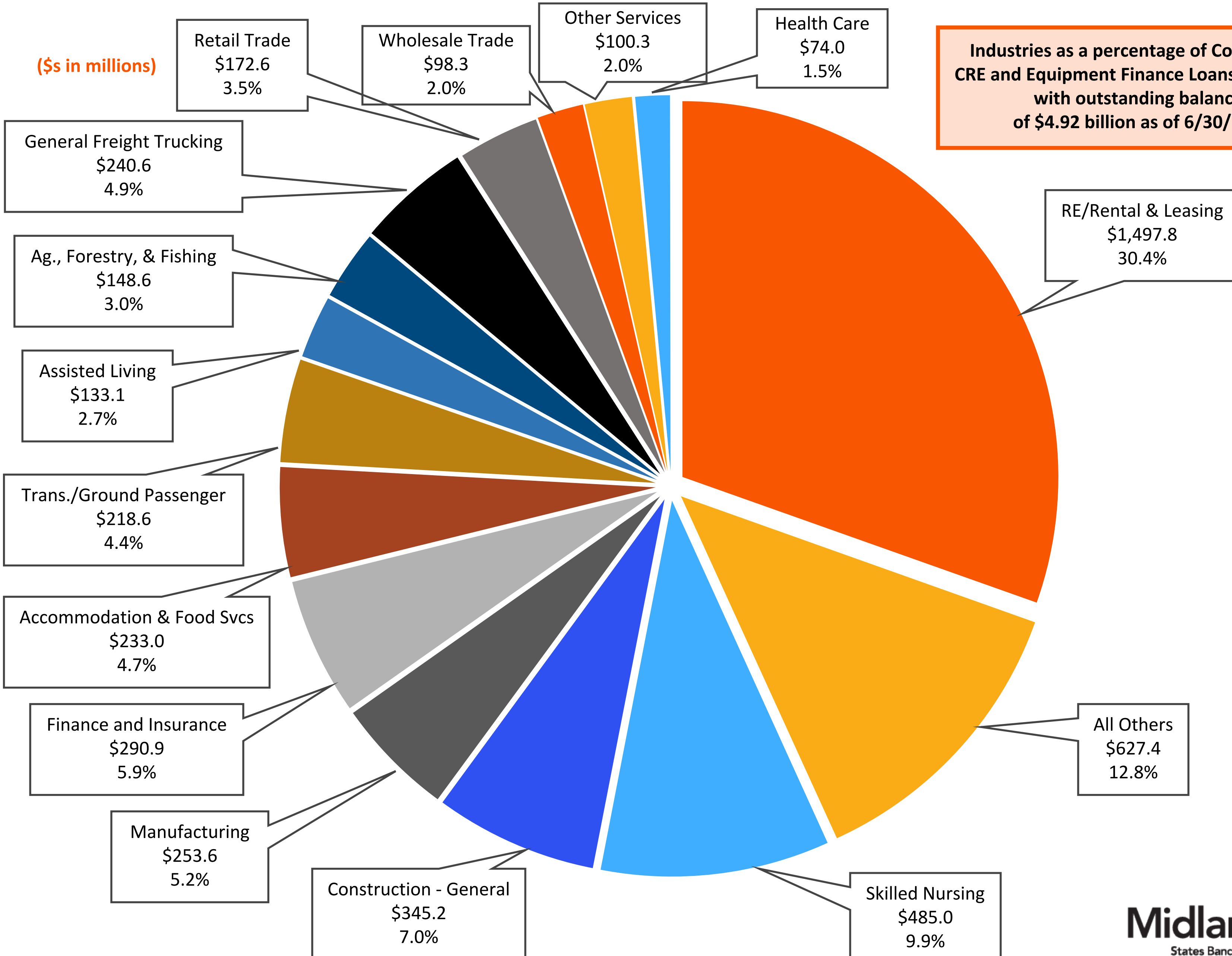
- **Prudent risk management will remain top priority while economic uncertainty remains**
- **Continue generating strong financial performance while maintaining conservative approach to new loan production to build capital and liquidity**
- **Planned reduction in the consumer portfolio will continue to be utilized to fund new commercial loan production, add to the securities portfolio and pay off higher cost funding sources with net impact likely being earnings neutral, but capital accretive**
- **Planned sale of commercial MSR portfolio has been terminated and this business will continue to provide a low-cost source of deposits**
- **Maintain disciplined expense management while getting further leverage from investments in talent and technology made over the past few years**
- **Business development efforts focused on adding new commercial and retail deposit relationships, supplemented with new Banking-as-a-Service partnerships focused on deposit generation that are expected to start making a contribution during the second half of 2023**
- **Strength of balance sheet expected to provide opportunities to capitalize on current environment to add new clients that will contribute to continued long-term profitable growth and increase in franchise value**

Midland States Bancorp, Inc.

APPENDIX

Commercial Loans and Leases by Industry

($s in millions)

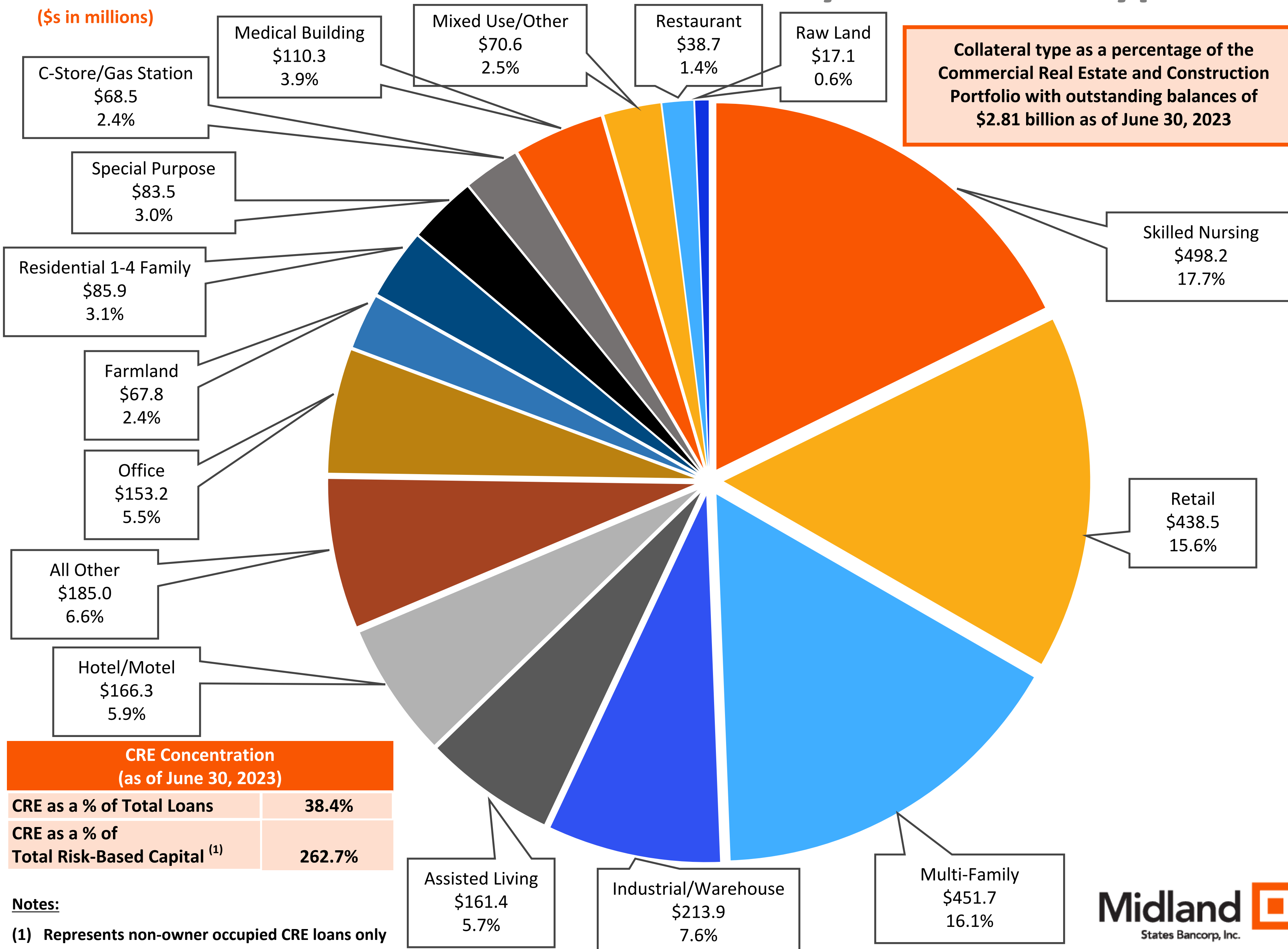


Industries as a percentage of Commercial, CRE and Equipment Finance Loans and Leases with outstanding balances of $4.92 billion as of 6/30/2023

Commercial Real Estate Portfolio by Collateral Type

($s in millions)

Collateral type as a percentage of the Commercial Real Estate and Construction Portfolio with outstanding balances of $2.81 billion as of June 30, 2023



CRE Concentration (as of June 30, 2023)	
CRE as a % of Total Loans	38.4%
CRE as a % of Total Risk-Based Capital [(1)]	262.7%

Notes:

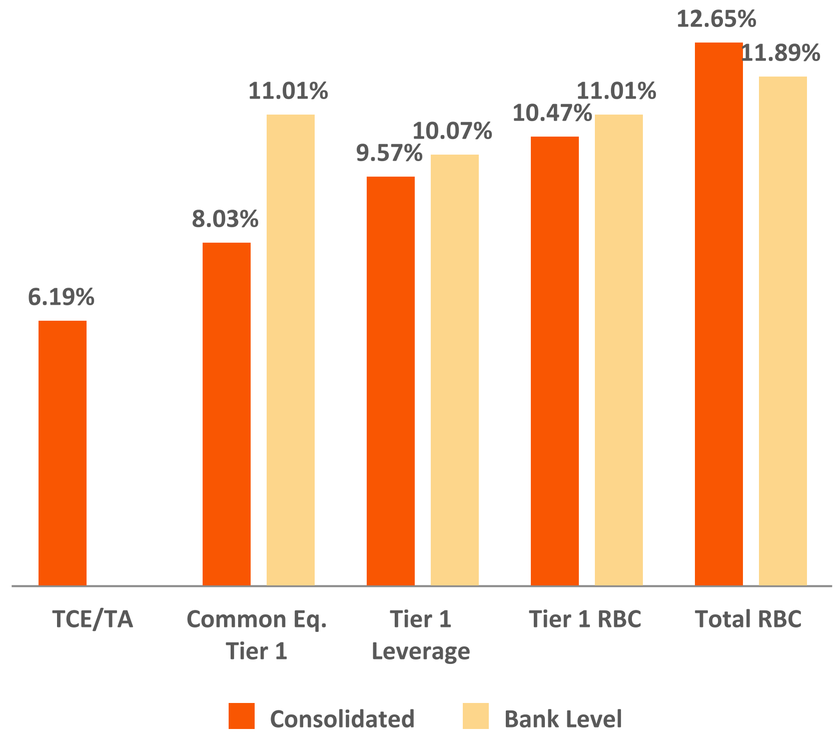
(1) Represents non-owner occupied CRE loans only

Capital Ratios and Strategy

Capital Strategy

- **Capital initiatives increased CET1 to 8.03% from 7.77% at 12/31/22 with limited buybacks below TBV**
- **Internal capital generated from strong profitability and slower balance sheet growth expected to raise TCE ratio to 7.00%-7.75% by the end of 2024**
- **Capital actions and strong profitability expected to enable MSBI to raise capital ratios while maintaining current dividend payout**

Capital Ratios
(as of June 30, 2023)



Tangible Book Value Per Share

(dollars in thousands, except per share data)	For the Year Ended 2017	2018	2019	2020	2021	2022
Shareholders' Equity to Tangible Common Equity						
Total shareholders' equity—GAAP	$ 449,545	$ 608,525	$ 661,911	$ 621,391	$ 663,837	$ 758,574
Adjustments:						
Preferred Stock	(2,970)	(2,781)	—	—	—	(110,548)
Goodwill	(98,624)	(164,673)	(171,758)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(16,932)	(37,376)	(34,886)	(28,382)	(24,374)	(20,866)
Tangible common equity	331,019	403,695	455,267	431,105	477,559	465,256
Less: Accumulated other comprehensive income (AOCI)	1,758	(2,108)	7,442	11,431	5,237	(83,797)
Tangible common equity excluding AOCI	$ 329,261	$ 405,803	$ 447,825	$ 419,674	$ 472,322	$ 549,053
Common Shares Outstanding	19,122,049	23,751,798	24,420,345	22,325,471	22,050,537	22,214,913
Tangible Book Value Per Share	$ 17.31	$ 17.00	$ 18.64	$ 19.31	$ 21.66	$ 20.94
Tangible Book Value Per Share excluding AOCI	$ 17.22	$ 17.09	$ 18.34	$ 18.80	$ 21.42	$ 24.72

Midland States Bancorp, Inc.

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

Adjusted Earnings Reconciliation

	For The Year Ended					
(dollars in thousands, except per share data)	2017	2018	2019	2020	2021	2022
Income before income taxes - GAAP	$ 26,471	$ 50,805	$ 72,471	$ 32,014	$ 99,112	$ 129,838
Adjustments to noninterest income:						
(Gain) on sales of investment securities, net	(222)	(464)	(674)	(1,721)	(537)	230
(Gain) on termination of hedged interest rate swaps	—	—	—	—	(2,159)	(17,531)
Other income	67	(89)	29	17	(48)	—
Total adjustments to noninterest income	(155)	(553)	(645)	(1,704)	(2,744)	(17,301)
Adjustments to noninterest expense:						
Impairment related to facilities optimization	(1,952)	—	(3,577)	(12,847)	—	—
(Loss) gain on mortgage servicing rights held for sale	(4,059)	(458)	490	(1,692)	(222)	(3,250)
FHLB advances prepayment fees	—	—	—	(4,872)	(8,536)	—
Loss on repurchase of subordinated debt	—	—	(1,778)	(193)	—	—
Integration and acquisition expenses	(17,738)	(24,015)	(5,493)	(2,309)	(4,356)	(347)
Total adjustments to noninterest expense	(23,749)	(24,473)	(10,358)	(21,913)	(13,114)	(3,597)
Adjusted earnings pre tax - non-GAAP	50,065	74,725	82,184	52,223	109,482	116,134
Adjusted earnings tax	15,170	17,962	19,358	12,040	26,261	27,113
Adjusted earnings - non-GAAP	34,895	56,763	62,826	40,183	83,221	89,021
Preferred stock dividends, net	83	141	46	—	—	3,169
Adjusted earnings available to common shareholders	$ 34,812	$ 56,622	$ 62,780	$ 40,183	$ 83,221	$ 85,852
Adjusted diluted earnings per common share	$ 1.89	$ 2.39	$ 2.54	$ 1.70	$ 3.65	$ 3.79
Adjusted return on average tangible common equity	11.32 %	15.00 %	14.44 %	9.24 %	18.33 %	18.59 %

Midland States Bancorp, Inc.

RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (unaudited)

Adjusted Earnings Reconciliation

	For The Quarter Ended				
(dollars in thousands, except per share data)	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**
Income before income taxes - GAAP	$ 28,820	$ 28,666	$ 43,902	$ 29,380	$ 29,167
Adjustments to noninterest income:					
Loss on sales of investment securities, net	869	648	—	129	101
(Gain) on termination of hedged interest rate swaps	—	—	(17,531)	—	—
(Gain) on repurchase of subordinated debt	(676)	—	—	—	—
Total adjustments to noninterest income	193	648	(17,531)	129	101
Adjustments to noninterest expense:					
(Loss) on mortgage servicing rights held for sale	—	—	(3,250)	—	—
Integration and acquisition expenses	—	—	—	68	(324)
Total adjustments to noninterest expense	—	—	(3,250)	68	(324)
Adjusted earnings pre tax - non-GAAP	29,013	29,314	29,621	29,441	29,592
Adjusted earnings tax	7,297	7,069	7,174	5,873	7,401
Adjusted earnings - non-GAAP	21,716	22,245	22,447	23,568	22,191
Preferred stock dividends	2,228	2,228	—	—	—
Adjusted earnings available to common shareholders	$ 19,487	$ 20,017	$ 22,447	$ 23,568	$ 22,191
Adjusted diluted earnings per common share	$ 0.87	$ 0.88	$ 0.85	$ 1.04	$ 0.98
Adjusted return on average assets	1.10 %	1.15 %	1.13 %	1.22 %	1.21 %
Adjusted return on average shareholders' equity	11.21 %	11.76 %	11.89 %	13.34 %	13.84 %
Adjusted return on average tangible common equity	16.10 %	17.11 %	16.80 %	20.24 %	19.41 %

Adjusted Pre-Tax, Pre-Provision Earnings Reconciliation

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

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

Efficiency Ratio Reconciliation

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

Midland States Bancorp, Inc.

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

Return on Average Tangible Common Equity (ROATCE)

	For the Quarter Ended				
(dollars in thousands)	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**
Net income available to common shareholders	$ 19,346	$ 19,544	$ 29,703	$ 23,521	$ 21,883
Average total shareholders' equity—GAAP	$ 776,791	$ 767,186	$ 749,183	$ 700,866	$ 643,004
Adjustments:					
Preferred Stock	(110,548)	(110,548)	(110,548)	(54,072)	—
Goodwill	(161,904)	(161,904)	(161,904)	(161,904)	(161,904)
Other intangible assets, net	(18,937)	(20,184)	(21,504)	(22,589)	(22,570)
Average tangible common equity	$ 485,402	$ 474,550	$ 455,227	$ 462,301	$ 458,530
ROATCE	15.99 %	16.70 %	25.89 %	20.20 %	19.14 %