

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 8-K**

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**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 24, 2019**

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**MIDLAND STATES BANCORP, INC.**

(Exact name of registrant as specified in its charter)

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**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)

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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

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))

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

Emerging growth company

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

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

On October 24, 2019, Midland States Bancorp, Inc. (the “Company”) issued a press release announcing its financial results for the third quarter of 2019. The press release is attached as Exhibit 99.1.

**Item 7.01. Regulation FD Disclosure.**

On October 24, 2019, the Company made available on its website a slide presentation regarding the Company's third quarter 2019 financial results, which will be used as part of a publicly accessible conference call on October 25, 2019. 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**

<a href="#">99.1</a>	<a href="#">Press Release of Midland States Bancorp, Inc., dated October 24, 2019</a>
<a href="#">99.2</a>	<a href="#">Slide Presentation of Midland States Bancorp, Inc. regarding third quarter 2019 financial results</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURE**

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

**Midland States Bancorp, Inc.**

Date: October 24, 2019

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

## Midland States Bancorp, Inc. Announces 2019 Third Quarter Results

- **Net income of \$12.7 million, or \$0.51 diluted earnings per share, which included \$5.3 million, or \$0.15 per diluted share, of integration and acquisition expenses**
- **Acquisition of HomeStar Financial Group, Inc. completed on July 17, 2019**
- **Total assets surpassed \$6 billion at September 30, 2019**
- **Efficiency ratio improved to 60.6% from 61.6% in prior quarter**

EFFINGHAM, Ill., Oct. 24, 2019 (GLOBE NEWSWIRE) -- Midland States Bancorp, Inc. (Nasdaq: MSBI) (the "Company") today reported net income of \$12.7 million, or \$0.51 diluted earnings per share, for the third quarter of 2019, which included \$5.3 million, or \$0.15 per diluted share, in integration and acquisition expenses. This compares to net income of \$16.4 million, or \$0.67 diluted earnings per share, for the second quarter of 2019, which included \$0.3 million in integration and acquisition expenses, and net income of \$8.5 million, or \$0.35 diluted earnings per share, for the third quarter of 2018, which included \$9.6 million in integration and acquisition expenses.

Jeffrey G. Ludwig, President and Chief Executive Officer of the Company, said, "Our third quarter results reflect the initial benefits of our acquisition of HomeStar Financial Group, Inc., which has provided us a leading position in the Kankakee, Illinois market and improved our deposit base. We continued to execute well on our strategic priorities in the quarter, which resulted in strong inflows of core deposits, further improvement in our operational efficiencies, and maintaining a relatively stable net interest margin, excluding accretion income. During the third quarter, we also issued \$100 million of subordinated notes that will put us in a position to reduce our cost of borrowings over the next year and authorized a \$25 million stock repurchase program. We believe these capital management actions, along with our history of increasing our quarterly dividend by at least 10% each year, will contribute in our efforts to efficiently manage our capital and deliver a strong total return for our shareholders."

### Factors Affecting Comparability

The Company acquired HomeStar Financial Group, Inc. ("HomeStar") in July 2019. The financial position and results of operations of HomeStar prior to its acquisition date are not included in the Company's financial results.

### Adjusted Earnings

Financial results for the third quarter of 2019 included \$5.3 million in integration and acquisition expenses. Excluding these and other expenses and certain income, adjusted earnings were \$16.4 million, or \$0.66 diluted earnings per share, for the third quarter of 2019.

Financial results for the third quarter of 2018 included \$9.6 million in integration and acquisition expenses. Excluding these and other expenses and certain income, adjusted earnings were \$15.6 million, or \$0.64 diluted earnings per share, for the third quarter of 2018.

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

### Net Interest Income

Net interest income for the third quarter of 2019 was \$49.5 million, an increase of 7.3% from \$46.1 million for the second quarter of 2019. Excluding accretion income, net interest income increased \$3.7 million from the prior quarter. Accretion income associated with purchased loan portfolios totaled \$3.1 million for the third quarter of 2019, compared with \$3.4 million for the second quarter of 2019. The increase in net interest income excluding accretion income was primarily attributable to the contribution from HomeStar.

Relative to the third quarter of 2018, net interest income increased \$4.4 million, or 9.7%. Accretion income for the third quarter of 2018 was \$1.7 million. Excluding the impact of accretion income, net interest income increased primarily due to the contribution of HomeStar.

### Net Interest Margin

Net interest margin for the third quarter of 2019 was 3.70%, compared to 3.76% for the second quarter of 2019. The Company's net interest margin benefits from accretion income on purchased loan portfolios, which contributed 20 and 25 basis points to net interest margin in the third quarter of 2019 and second quarter of 2019, respectively. Excluding the impact of accretion income, net interest margin decreased one basis point from the second quarter of 2019.

Relative to the third quarter of 2018, net interest margin increased from 3.59%. Accretion income on purchased loan portfolios contributed 10 basis points to net interest margin in the third quarter of 2018. Excluding the impact of accretion income, net interest margin increased one basis point compared to the third quarter of 2018.

### Noninterest Income

Noninterest income for the third quarter of 2019 was \$19.6 million, unchanged from \$19.6 million for the second quarter of 2019.

Relative to the third quarter of 2018, noninterest income increased 7.3% from \$18.3 million. The increase was attributable to higher wealth management revenue, interchange revenue and other income, partially offset by a decline in commercial FHA and residential mortgage banking revenue.

Wealth management revenue for the third quarter of 2019 was \$6.0 million, an increase of 9.0% from \$5.5 million in the second quarter of 2019, primarily due to an increase in estate fees. Compared to the third quarter of 2018, wealth management revenue increased 9.7%.

Commercial FHA revenue for the third quarter of 2019 was \$2.9 million, compared to \$4.9 million in the second quarter of 2019. Commercial FHA revenue in the third quarter of 2019 included a \$1.1 million mortgage servicing rights (“MSR”) impairment, while the second quarter of 2019 included a \$0.6 million recapture of MSR impairment. The Company originated \$112.8 million in rate lock commitments during the third quarter of 2019, compared to \$42.2 million in the prior quarter. Compared to the third quarter of 2018, commercial FHA revenue decreased \$0.2 million.

### Noninterest Expense

Noninterest expense for the third quarter of 2019 was \$48.0 million, which included \$5.3 million in integration and acquisition expenses and a \$0.1 million gain on MSR held for sale, compared with \$40.2 million for the second quarter of 2019, which included \$0.3 million in integration and acquisition expenses and a \$0.5 million gain on MSR held for sale. Excluding integration and acquisition expenses and gain on MSR held for sale, the increase in noninterest expense primarily reflects the addition of HomeStar’s operations.

Relative to the third quarter of 2018, noninterest expense decreased 4.6% from \$50.3 million, which included \$9.6 million in integration and acquisition expenses and a \$0.3 million loss on MSR held for sale. Excluding these items, noninterest expense increased 5.7% from \$40.5 million, primarily due to the addition of HomeStar’s operations.

### Loan Portfolio

Total loans outstanding were \$4.33 billion at September 30, 2019, compared with \$4.07 billion at June 30, 2019 and \$4.16 billion at September 30, 2018. The increase in total loans from June 30, 2019 was primarily due to the addition of HomeStar’s loan portfolio. Excluding the impact of HomeStar’s loan portfolio, total loans increased \$44.1 million, or 1.1%, from June 30, 2019, primarily due to growth in the commercial loan portfolio. Equipment finance balances increased \$57.1 million from June 30, 2019, which are booked within the commercial loans and leases portfolio, reflecting management’s efforts to grow the equipment finance business. The increase in total loans from September 30, 2018 was primarily attributable to the addition of HomeStar’s loan portfolio.

### Deposits

Total deposits were \$4.45 billion at September 30, 2019, compared with \$4.01 billion at June 30, 2019, and \$4.14 billion at September 30, 2018. The increases in total deposits from June 30, 2019 and September 30, 2018 were primarily attributable to the addition of HomeStar’s deposits. Excluding the impact of HomeStar’s deposits, total deposits increased \$112.2 million, or 2.8%, from June 30, 2019.

### Asset Quality

Nonperforming loans totaled \$45.2 million, or 1.04% of total loans, at September 30, 2019, compared with \$50.7 million, or 1.24% of total loans, at June 30, 2019, and \$38.6 million, or 0.93% of total loans, at September 30, 2018.

Net charge-offs for the third quarter of 2019 were \$5.4 million, or 0.49% of average loans on an annualized basis.

The Company recorded a provision for loan losses of \$4.4 million for the third quarter of 2019, which included an increase of \$2.3 million to the specific reserve established for an existing nonperforming loan. The Company’s allowance for loan losses was 0.58% of total loans and 55.3% of nonperforming loans at September 30, 2019, compared with 0.64% of total loans and 51.2% of nonperforming loans at June 30, 2019. Fair market value discounts recorded in connection with acquired loan portfolios represented 0.51% of total loans at September 30, 2019, compared with 0.39% of total loans at June 30, 2019.

### Capital

At September 30, 2019, the Company exceeded all regulatory capital requirements under Basel III and was considered to be a “well-capitalized” financial institution, as summarized in the following table:

	September 30, 2019	Well Capitalized Regulatory Requirements
Total capital to risk-weighted assets	14.82%	10.00%
Tier 1 capital to risk-weighted assets	10.35%	8.00%
Tier 1 leverage ratio	8.77%	5.00%
Common equity Tier 1 capital	9.02%	6.50%
Tangible common equity to tangible assets <sup>(1)</sup>	7.58%	NA

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

### Stock Repurchase Program

During the third quarter of 2019, the Company repurchased 71,603 shares of its common stock at a weighted average price of \$25.58 under its stock repurchase program, which authorized the repurchase of up to \$25 million of its common stock. As of September 30, 2019, the Company had \$23.2 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 25, 2019 to discuss its financial results. The call can be accessed via telephone at (877) 516-3531; conference ID: 3089402. A recorded replay can be accessed through November 2,

A slide presentation relating to the third quarter 2019 results will be accessible prior to the scheduled conference call. 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](http://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, 2019, the Company had total assets of approximately \$6.11 billion and its Wealth Management Group had assets under administration of approximately \$3.28 billion. Midland provides a full range of commercial and consumer banking products and services, business equipment financing, merchant credit card services, trust and investment management, and insurance and financial planning services. In addition, multi-family and healthcare facility FHA financing is provided through Love Funding, Midland's non-bank subsidiary. For additional information, visit <https://www.midlandsb.com/> or follow Midland on LinkedIn at <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," "Efficiency Ratio," "Tangible Common Equity to Tangible Assets," "Tangible Book Value Per Share" and "Return on Average Tangible Common Equity." The Company believes these non-GAAP financial measures provide both management and investors a more complete understanding of the Company's funding profile and profitability. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Not all companies use the same calculation of these measures; therefore, this presentation may not be comparable to other similarly titled measures as presented by other companies.

### Forward-Looking Statements

Readers should note that in addition to the historical information contained herein, this press release includes "forward-looking statements" within the meanings of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including but not limited to statements about the Company's plans, objectives, future performance, goals and future earnings levels. These statements are subject to many risks and uncertainties, including changes in interest rates and other general economic, business and political conditions, including changes in the financial markets; changes in business plans as circumstances warrant; risks relating to acquisitions; 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" or "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](mailto:jludwig@midlandsb.com) or (217) 342-7321  
Douglas J. Tucker, SVP and Corporate Counsel, at [dtucker@midlandsb.com](mailto:dtucker@midlandsb.com) or (217) 342-7321

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

	For the Quarter Ended				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<i>(dollars in thousands, except per share data)</i>					
<b>Earnings Summary</b>					
Net interest income	\$ 49,450	\$ 46,077	\$ 45,601	\$ 48,535	\$ 45,081
Provision for loan losses	4,361	4,076	3,243	3,467	2,103
Noninterest income	19,606	19,587	17,075	21,170	18,272
Noninterest expense	48,025	40,194	41,097	45,375	50,317
Income before income taxes	16,670	21,394	18,336	20,863	10,933
Income taxes	4,015	5,039	4,354	4,527	2,436
Net income	12,655	16,355	13,982	16,336	8,497
Preferred stock dividends, net	(22)	34	34	34	35
Net income available to common shareholders	<u>\$ 12,677</u>	<u>\$ 16,321</u>	<u>\$ 13,948</u>	<u>\$ 16,302</u>	<u>\$ 8,462</u>
Diluted earnings per common share	\$ 0.51	\$ 0.67	\$ 0.57	\$ 0.67	\$ 0.35
Weighted average shares outstanding - diluted	24,684,529	24,303,211	24,204,661	24,200,346	24,325,743
Return on average assets	0.84%	1.17%	1.01%	1.14%	0.59%
Return on average shareholders' equity	7.71%	10.43%	9.23%	10.81%	5.68%

Return on average tangible common equity <sup>(1)</sup>	11.19%	15.34%	13.79%	16.40%	8.69%
Net interest margin	3.70%	3.76%	3.73%	3.85%	3.59%
Efficiency ratio <sup>(1)</sup>	60.63%	61.58%	64.73%	65.50%	63.02%

### Adjusted Earnings Performance Summary

Adjusted earnings <sup>(1)</sup>	\$ 16,422	\$ 16,196	\$ 14,098	\$ 16,397	\$ 15,632
Adjusted diluted earnings per common share <sup>(1)</sup>	\$ 0.66	\$ 0.66	\$ 0.58	\$ 0.67	\$ 0.64
Adjusted return on average assets <sup>(1)</sup>	1.09%	1.16%	1.02%	1.14%	1.09%
Adjusted return on average shareholders' equity <sup>(1)</sup>	10.01%	10.33%	9.31%	10.85%	10.45%
Adjusted return on average tangible common equity <sup>(1)</sup>	14.52%	15.19%	13.90%	16.46%	16.02%

(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				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<i>(in thousands, except per share data)</i>					
Net interest income:					
Total interest income	\$ 65,006	\$ 60,636	\$ 59,432	\$ 61,592	\$ 56,987
Total interest expense	15,556	14,559	13,831	13,057	11,906
Net interest income	49,450	46,077	45,601	48,535	45,081
Provision for loan losses	4,361	4,076	3,243	3,467	2,103
Net interest income after provision for loan losses	45,089	42,001	42,358	45,068	42,978
Noninterest income:					
Wealth management revenue	5,998	5,504	4,953	5,651	5,467
Commercial FHA revenue	2,894	4,917	3,270	4,194	3,130
Residential mortgage banking revenue	720	611	834	1,041	1,154
Service charges on deposit accounts	3,008	2,639	2,520	2,976	2,804
Interchange revenue	3,249	3,010	2,680	2,941	2,759
Gain on sales of investment securities, net	25	14	-	469	-
Other income	3,712	2,892	2,818	3,898	2,958
Total noninterest income	19,606	19,587	17,075	21,170	18,272
Noninterest expense:					
Salaries and employee benefits	25,083	21,134	22,039	23,020	22,528
Occupancy and equipment	4,793	4,500	4,832	4,914	5,040
Data processing	5,443	4,987	4,891	5,660	10,817
Professional	2,348	2,410	2,073	2,752	3,087
Amortization of intangible assets	1,803	1,673	1,810	1,852	1,853
(Gain) loss on mortgage servicing rights held for sale	(70)	(515)	-	-	270
Other expense	8,625	6,005	5,452	7,177	6,722
Total noninterest expense	48,025	40,194	41,097	45,375	50,317
Income before income taxes	16,670	21,394	18,336	20,863	10,933
Income taxes	4,015	5,039	4,354	4,527	2,436
Net income	12,655	16,355	13,982	16,336	8,497
Preferred stock dividends, net	(22)	34	34	34	35
Net income available to common shareholders	\$ 12,677	\$ 16,321	\$ 13,948	\$ 16,302	\$ 8,462
Basic earnings per common share	\$ 0.51	\$ 0.67	\$ 0.58	\$ 0.68	\$ 0.35
Diluted earnings per common share	\$ 0.51	\$ 0.67	\$ 0.57	\$ 0.67	\$ 0.35

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

<i>(in thousands)</i>	As of				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<b>Assets</b>					
Cash and cash equivalents	\$ 409,346	\$ 245,415	\$ 276,480	\$ 213,700	\$ 242,433
Investment securities	668,630	613,026	656,152	660,785	685,753
Loans	4,328,835	4,073,527	4,092,106	4,137,551	4,156,282
Allowance for loan losses	(24,917)	(25,925)	(23,091)	(20,903)	(19,631)
Total loans, net	4,303,918	4,047,602	4,069,015	4,116,648	4,136,651
Loans held for sale, at fair value	88,322	22,143	16,851	30,401	35,246
Premises and equipment, net	93,896	94,824	94,514	94,840	95,062
Other real estate owned	4,890	3,797	2,020	3,483	3,684
Loan servicing rights, at lower of cost or fair value	54,124	54,191	52,957	53,447	51,626
Mortgage servicing rights held for sale	1,860	159	257	3,545	4,419
Intangible assets	36,690	33,893	35,566	37,376	39,228
Goodwill	171,074	164,673	164,673	164,673	164,044
Cash surrender value of life insurance policies	141,510	140,593	139,686	138,783	138,600
Other assets	139,644	125,739	133,609	119,992	127,866
Total assets	<u>\$ 6,113,904</u>	<u>\$ 5,546,055</u>	<u>\$ 5,641,780</u>	<u>\$ 5,637,673</u>	<u>\$ 5,724,612</u>
<b>Liabilities and Shareholders' Equity</b>					
Noninterest-bearing deposits	\$ 1,015,081	\$ 902,286	\$ 941,344	\$ 972,164	\$ 991,311
Interest-bearing deposits	3,430,090	3,108,921	3,094,944	3,102,006	3,151,895
Total deposits	4,445,171	4,011,207	4,036,288	4,074,170	4,143,206
Short-term borrowings	122,294	113,844	115,832	124,235	145,450
FHLB advances and other borrowings	559,932	582,387	669,009	640,631	652,253
Subordinated debt	192,689	94,215	94,174	94,134	94,093
Trust preferred debentures	48,165	48,041	47,918	47,794	47,676
Other liabilities	90,131	56,473	54,391	48,184	47,788
Total liabilities	5,458,382	4,906,167	5,017,612	5,029,148	5,130,466
Total shareholders' equity	655,522	639,888	624,168	608,525	594,146
Total liabilities and shareholders' equity	<u>\$ 6,113,904</u>	<u>\$ 5,546,055</u>	<u>\$ 5,641,780</u>	<u>\$ 5,637,673</u>	<u>\$ 5,724,612</u>

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

<i>(in thousands)</i>	As of				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<b>Loan Portfolio</b>					
Commercial loans and leases	\$ 1,292,511	\$ 1,149,370	\$ 1,122,621	\$ 1,074,935	\$ 1,034,546
Commercial real estate loans	1,622,363	1,524,369	1,560,427	1,639,155	1,711,926
Construction and land development loans	215,978	250,414	239,376	232,229	239,480
Residential real estate loans	587,984	552,406	569,051	578,048	586,134
Consumer loans	609,999	596,968	600,631	613,184	584,196
Total loans	<u>\$ 4,328,835</u>	<u>\$ 4,073,527</u>	<u>\$ 4,092,106</u>	<u>\$ 4,137,551</u>	<u>\$ 4,156,282</u>
<b>Deposit Portfolio</b>					
Noninterest-bearing demand deposits	\$ 1,015,081	\$ 902,286	\$ 941,344	\$ 972,164	\$ 991,311
Interest-bearing:					
Checking accounts	1,222,599	1,009,023	968,844	1,002,275	1,047,914
Money market accounts	753,869	732,573	802,036	862,171	836,151
Savings accounts	526,938	442,017	457,176	442,132	445,640
Time deposits	833,038	785,337	685,700	633,787	633,654
Brokered time deposits	93,646	139,971	181,188	161,641	188,536



Total deposits \$ 4,445,171    \$ 4,011,207    \$ 4,036,288    \$ 4,074,170    \$ 4,143,206

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

	For the Quarter Ended				
<i>(dollars in thousands)</i>	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<b>Average Balance Sheets</b>					
Cash and cash equivalents	\$ 259,427	\$ 162,110	\$ 152,078	\$ 155,280	\$ 154,526
Investment securities	666,157	636,946	654,764	676,483	700,018
Loans	4,352,635	4,086,720	4,128,893	4,139,831	4,106,367
Loans held for sale	31,664	40,177	30,793	51,981	48,715
Nonmarketable equity securities	44,010	44,217	44,279	42,708	42,770
Total interest-earning assets	5,353,893	4,970,170	5,010,807	5,066,283	5,052,396
Non-earning assets	636,028	618,023	618,996	624,378	639,323
Total assets	\$ 5,989,921	\$ 5,588,193	\$ 5,629,803	\$ 5,690,661	\$ 5,691,719
Interest-bearing deposits	\$ 3,429,063	\$ 3,107,660	\$ 3,093,979	\$ 3,123,134	\$ 3,172,422
Short-term borrowings	124,183	120,859	135,337	143,869	139,215
FHLB advances and other borrowings	591,516	607,288	673,250	645,642	608,153
Subordinated debt	106,090	94,196	94,156	94,115	94,075
Trust preferred debentures	48,105	47,982	47,848	47,737	47,601
Total interest-bearing liabilities	4,298,957	3,977,985	4,044,570	4,054,497	4,061,466
Noninterest-bearing deposits	967,192	921,115	919,185	989,954	989,142
Other noninterest-bearing liabilities	72,610	60,363	51,838	46,487	47,654
Shareholders' equity	651,162	628,730	614,210	599,723	593,457
Total liabilities and shareholders' equity	\$ 5,989,921	\$ 5,588,193	\$ 5,629,803	\$ 5,690,661	\$ 5,691,719
<b>Yields</b>					
Cash and cash equivalents	2.14%	2.43%	2.42%	2.24%	1.96%
Investment securities	3.00%	3.11%	3.07%	3.04%	3.01%
Loans	5.31%	5.32%	5.22%	5.28%	4.88%
Loans held for sale	3.02%	4.50%	3.94%	3.92%	4.17%
Nonmarketable equity securities	5.33%	5.42%	5.69%	5.20%	5.01%
Total interest-earning assets	4.85%	4.94%	4.85%	4.87%	4.52%
Interest-bearing deposits	1.08%	1.09%	0.97%	0.86%	0.77%
Short-term borrowings	0.68%	0.70%	0.71%	0.67%	0.61%
FHLB advances and other borrowings	2.36%	2.34%	2.32%	2.26%	2.09%
Subordinated debt	6.30%	6.43%	6.43%	6.43%	6.44%
Trust preferred debentures	6.83%	7.17%	7.38%	6.93%	6.81%
Total interest-bearing liabilities	1.44%	1.47%	1.39%	1.28%	1.16%
Net interest margin	3.70%	3.76%	3.73%	3.85%	3.59%

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

	As of and for the Quarter Ended				
<i>(dollars in thousands, except per share data)</i>	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<b>Asset Quality</b>					
Loans 30-89 days past due	\$ 23,118	\$ 21,554	\$ 23,999	\$ 25,213	\$ 22,678
Nonperforming loans	45,168	50,676	49,262	42,899	38,561
Nonperforming assets	50,058	54,473	51,282	45,899	41,638

Net charge-offs	5,369	1,242	1,055	2,195	718
Loans 30-89 days past due to total loans	0.53%	0.53%	0.59%	0.61%	0.55%
Nonperforming loans to total loans	1.04%	1.24%	1.20%	1.04%	0.93%
Nonperforming assets to total assets	0.82%	0.98%	0.91%	0.81%	0.73%
Allowance for loan losses to total loans	0.58%	0.64%	0.56%	0.51%	0.47%
Allowance for loan losses to nonperforming loans	55.29%	51.16%	46.87%	48.73%	50.91%
Net charge-offs to average loans	0.49%	0.12%	0.10%	0.21%	0.07%

### Wealth Management

Trust assets under administration	\$ 3,281,260	\$ 3,125,869	\$ 3,097,091	\$ 2,945,084	\$ 3,218,013
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### Market Data

Book value per share at period end	\$ 26.93	\$ 26.66	\$ 26.08	\$ 25.50	\$ 24.96
Tangible book value per share at period end <sup>(1)</sup>	\$ 18.40	\$ 18.36	\$ 17.68	\$ 17.00	\$ 16.38
Market price at period end	\$ 26.05	\$ 26.72	\$ 24.06	\$ 22.34	\$ 32.10
Shares outstanding at period end	24,338,748	23,897,038	23,827,438	23,751,798	23,694,637

### Capital

Total capital to risk-weighted assets	14.82%	13.49%	13.25%	12.79%	12.35%
Tier 1 capital to risk-weighted assets	10.35%	10.85%	10.65%	10.25%	9.85%
Tier 1 leverage ratio	8.77%	9.27%	8.92%	8.53%	8.24%
Tier 1 common capital to risk-weighted assets	9.02%	9.38%	9.16%	8.76%	8.37%
Tangible common equity to tangible assets <sup>(1)</sup>	7.58%	8.20%	7.74%	7.43%	7.03%

(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

### Adjusted Earnings Reconciliation

	For the Quarter Ended				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<i>(dollars in thousands, except per share data)</i>					
Income before income taxes - GAAP	\$ 16,670	\$ 21,394	\$ 18,336	\$ 20,863	\$ 10,933
Adjustments to noninterest income:					
Gain on sales of investment securities, net	25	14	-	469	-
Other	-	(23)	-	(1)	(12)
Total adjustments to noninterest income	25	(9)	-	468	(12)
Adjustments to noninterest expense:					
(Gain) loss on mortgage servicing rights held for sale	(70)	(515)	-	-	270
Integration and acquisition expenses	5,292	286	160	553	9,559
Total adjustments to noninterest expense	5,222	(229)	160	553	9,829
Adjusted earnings pre tax	21,867	21,174	18,496	20,948	20,774
Adjusted earnings tax	5,445	4,978	4,398	4,551	5,142
<b>Adjusted earnings - non-GAAP</b>	<b>16,422</b>	<b>16,196</b>	<b>14,098</b>	<b>16,397</b>	<b>15,632</b>
Preferred stock dividends, net	(22)	34	34	34	35
<b>Adjusted earnings available to common shareholders - non-GAAP</b>	<b>\$ 16,444</b>	<b>\$ 16,162</b>	<b>\$ 14,064</b>	<b>\$ 16,363</b>	<b>\$ 15,597</b>

Adjusted diluted earnings per common share	\$	0.66	\$	0.66	\$	0.58	\$	0.67	\$	0.64
Adjusted return on average assets		1.09 %		1.16 %		1.02 %		1.14 %		1.09 %
Adjusted return on average shareholders' equity		10.01 %		10.33 %		9.31 %		10.85 %		10.45 %
Adjusted return on average tangible common equity		14.52 %		15.19 %		13.90 %		16.46 %		16.02 %

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

**Efficiency Ratio  
Reconciliation**

	For the Quarter Ended				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<i>(dollars in thousands)</i>					
Noninterest expense - GAAP	\$ 48,025	\$ 40,194	\$ 41,097	\$ 45,375	\$ 50,317
Gain (loss) on mortgage servicing rights held for sale	70	515	-	-	(270)
Integration and acquisition expenses	(5,292)	(286)	(160)	(553)	(9,559)
Adjusted noninterest expense	<u>\$ 42,803</u>	<u>\$ 40,423</u>	<u>\$ 40,937</u>	<u>\$ 44,822</u>	<u>\$ 40,488</u>
Net interest income - GAAP	\$ 49,450	\$ 46,077	\$ 45,601	\$ 48,535	\$ 45,081
Effect of tax-exempt income	502	526	543	574	585
Adjusted net interest income	<u>49,952</u>	<u>46,603</u>	<u>46,144</u>	<u>49,109</u>	<u>45,666</u>
Noninterest income - GAAP	\$ 19,606	\$ 19,587	\$ 17,075	\$ 21,170	\$ 18,272
Loan servicing rights impairment (recapture)	1,060	(559)	25	(1,380)	297
Gain on sales of investment securities, net	(25)	(14)	-	(469)	-
Other	-	23	-	1	12
Adjusted noninterest income	<u>20,641</u>	<u>19,037</u>	<u>17,100</u>	<u>19,322</u>	<u>18,581</u>
Adjusted total revenue	<u>\$ 70,593</u>	<u>\$ 65,640</u>	<u>\$ 63,244</u>	<u>\$ 68,431</u>	<u>\$ 64,247</u>
<b>Efficiency ratio</b>	60.63 %	61.58 %	64.73 %	65.50 %	63.02 %

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

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

	As of				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<i>(dollars in thousands, except per share data)</i>					
<b>Shareholders' Equity to Tangible Common Equity</b>					
Total shareholders' equity—GAAP	\$ 655,522	\$ 639,888	\$ 624,168	\$ 608,525	\$ 594,146
Adjustments:					
Preferred stock	-	(2,684)	(2,733)	(2,781)	(2,829)
Goodwill	(171,074)	(164,673)	(164,673)	(164,673)	(164,044)

Other intangibles	(36,690)	(33,893)	(35,566)	(37,376)	(39,228)
Tangible common equity	<u>\$ 447,758</u>	<u>\$ 438,638</u>	<u>\$ 421,196</u>	<u>\$ 403,695</u>	<u>\$ 388,045</u>
<b>Total Assets to Tangible Assets:</b>					
Total assets—GAAP	\$ 6,113,904	\$ 5,546,055	\$ 5,641,780	\$ 5,637,673	\$ 5,724,612
Adjustments:					
Goodwill	(171,074)	(164,673)	(164,673)	(164,673)	(164,044)
Other intangibles	(36,690)	(33,893)	(35,566)	(37,376)	(39,228)
Tangible assets	<u>\$ 5,906,140</u>	<u>\$ 5,347,489</u>	<u>\$ 5,441,541</u>	<u>\$ 5,435,624</u>	<u>\$ 5,521,340</u>
Common Shares Outstanding	24,338,748	23,897,038	23,827,438	23,751,798	23,694,637
<b>Tangible Common Equity to Tangible Assets</b>					
	7.58 %	8.20 %	7.74 %	7.43 %	7.03 %
<b>Tangible Book Value Per Share</b>	\$ 18.40	\$ 18.36	\$ 17.68	\$ 17.00	\$ 16.38
<b>Return on Average Tangible Common Equity (ROATCE)</b>					

	For the Quarter Ended				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<i>(dollars in thousands)</i>					
Net income available to common shareholders	<u>\$ 12,677</u>	<u>\$ 16,321</u>	<u>\$ 13,948</u>	<u>\$ 16,302</u>	<u>\$ 8,462</u>
Average total shareholders' equity—GAAP	\$ 651,162	\$ 628,730	\$ 614,210	\$ 599,723	\$ 593,457
Adjustments:					
Preferred stock	(814)	(2,708)	(2,759)	(2,812)	(2,859)
Goodwill	(166,389)	(164,673)	(164,673)	(164,051)	(164,044)
Other intangibles	(34,519)	(34,689)	(36,438)	(38,394)	(40,228)
Average tangible common equity	<u>\$ 449,440</u>	<u>\$ 426,660</u>	<u>\$ 410,340</u>	<u>\$ 394,466</u>	<u>\$ 386,326</u>
<b>ROATCE</b>	11.19 %	15.34 %	13.79 %	16.40 %	8.69 %



# Midland States Bancorp, Inc. NASDAQ: MSBI

Third Quarter 2019 Earnings Call





**Forward-Looking Statements.** This presentation may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements express management's current expectations, forecasts of future events or long-term goals, including with respect to pending acquisitions, and may be based upon beliefs, expectations and assumptions of Midland's management, 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. 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 respective 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," "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 3Q19

## 3Q19 Earnings

- Net income of \$12.7 million, or \$0.51 diluted EPS
- Integration and acquisition expenses of \$5.3 million impacted net income by \$0.15 per diluted share
- Adjusted earnings<sup>(1)</sup> of \$0.66 per diluted share

## HomeStar Acquisition

- Closed on July 17, 2019
- System conversion completed in mid-October
- Provides low-cost deposit base and leading position in Kankakee, Illinois market

## Solid Execution on Strategic Priorities

- Strong inflows of core deposits – growth of \$153.2 million
- Efficiency ratio<sup>(1)</sup> improved to 60.6% from 61.6% in prior quarter
- Relatively stable net interest margin (excluding accretion income)

## Capital Management

- Issuance of \$100 million in subordinated notes provides flexibility to reduce borrowing costs
- Authorization of \$25 million stock repurchase program
- Long track record of increasing dividend by at least 10% annually

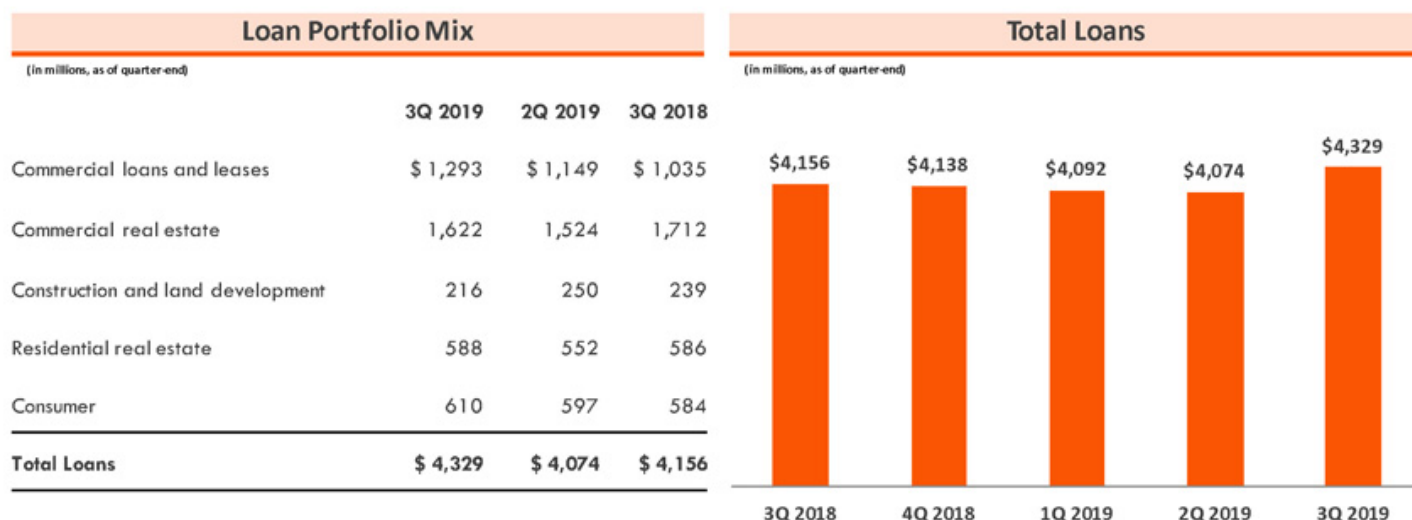
**Notes:**

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



# Loan Portfolio

- Total loans increased \$255.3 million, or 6.3%, to \$4.33 billion
- Increase primarily attributable to addition of HomeStar loan portfolio
- Organic loan growth of \$44.1 million, or 1.1%, during 3Q19, primarily due to growth in commercial portfolio
- Equipment finance balances increased \$57.1 million, or 11.2%, from June 30, 2019







# Total Deposits

- Total deposits increased \$434.0 million, or 10.8%, to \$4.45 billion
- Increase in deposits primarily attributable to addition of HomeStar deposits
- Organic deposit growth of \$112.2 million, or 2.8%, during 3Q19, driven by \$153.2 million increase in core deposits
- Continued intentional run-off of brokered time deposits

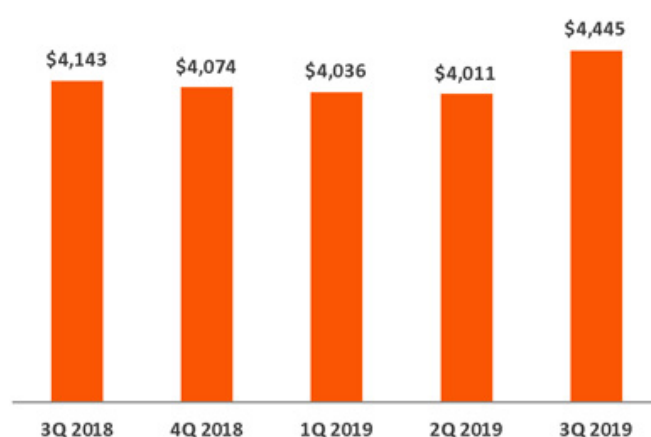
## Deposit Mix

(in millions, as of quarter-end)

	3Q 2019	2Q 2019	3Q 2018
Noninterest-bearing demand	\$ 1,015	\$ 902	\$ 991
Interest-bearing:			
Checking	1,223	1,009	1,047
Money market	754	733	836
Savings	527	442	446
Time	833	785	634
Brokered time	94	140	189
<b>Total Deposits</b>	<b>\$ 4,445</b>	<b>\$ 4,011</b>	<b>\$ 4,143</b>

## Total Deposits

(in millions, as of quarter-end)



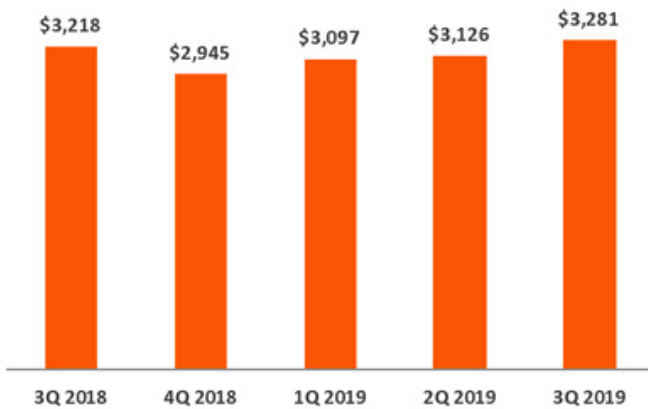


# Wealth Management

- During 3Q19, assets under administration increased \$155.4 million, primarily due to the addition of HomeStar's assets under administration
- Total Wealth Management revenue increased 9.0% from the prior quarter
- Increase attributable to an increase in estate fees and the contribution from HomeStar

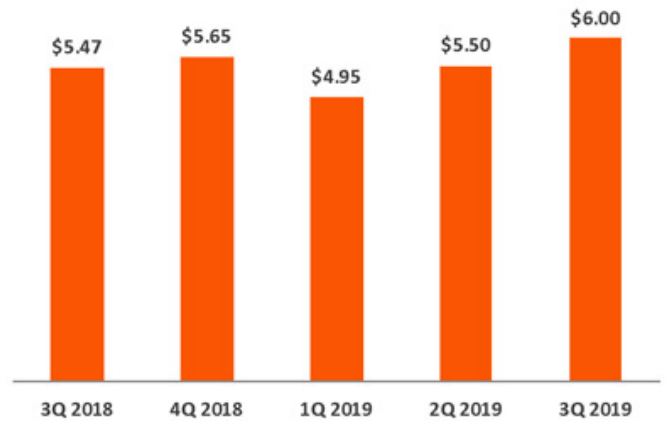
Assets Under Administration

(in millions)



Wealth Management Revenue

(in millions)



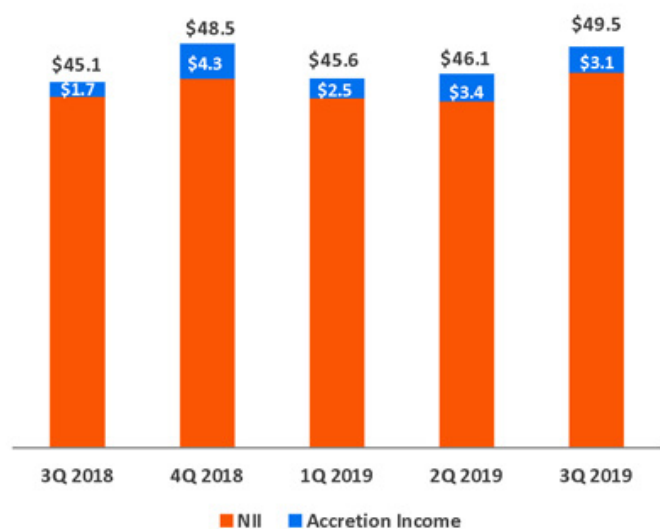


## Net Interest Income/Margin

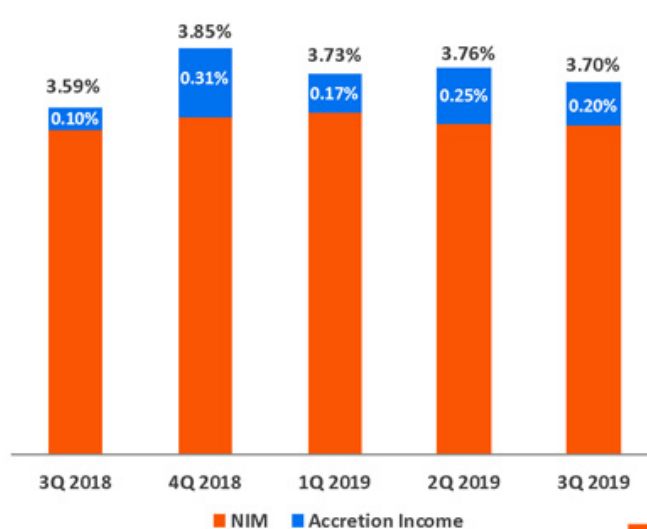
- Net interest income increased 7.3%, primarily due to contribution from HomeStar
- Excluding the impact of accretion income, net interest margin was relatively unchanged
- Average rate on new and renewed loans was 5.39%
- Expected scheduled accretion income: \$2.4 million in 4Q19

### Net Interest Income

(in millions)



### Net Interest Margin



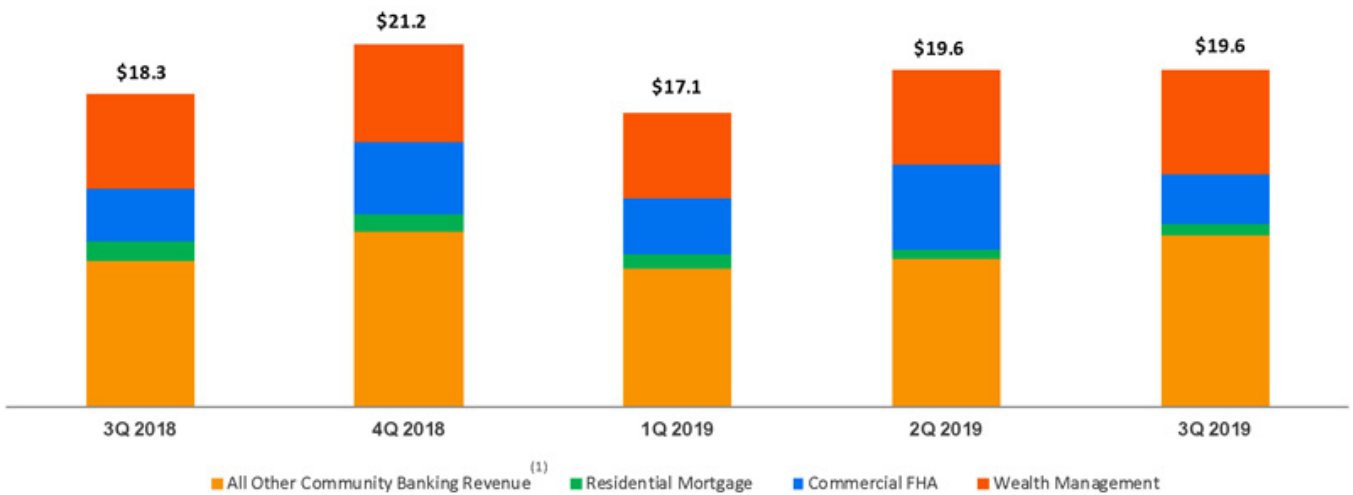


# Noninterest Income

- Noninterest income unchanged from prior quarter
- Wealth management remains largest single contributor to noninterest income
- Commercial FHA revenue negatively impacted by \$1.1 million MSR impairment

## Noninterest Income

(In millions)



**Notes:**

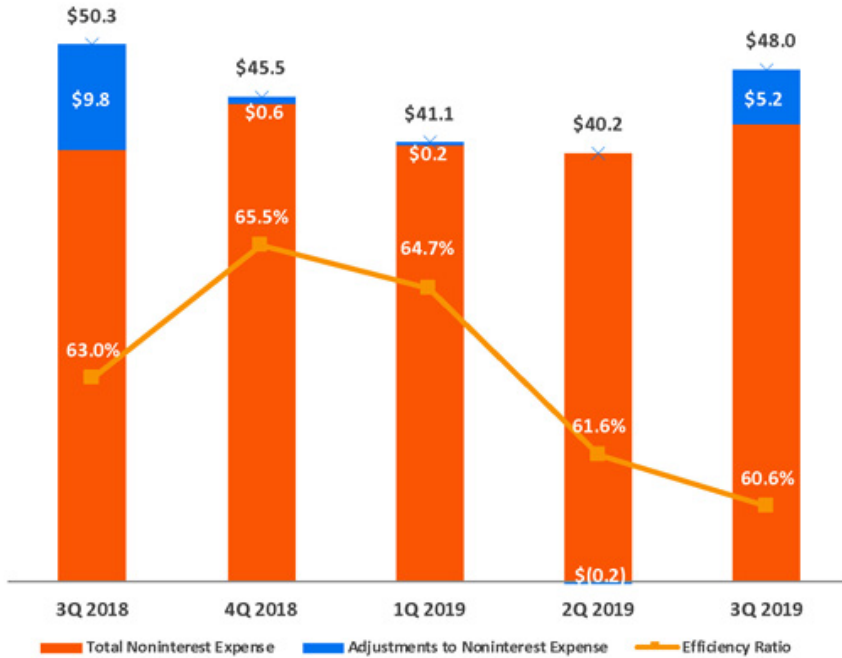
(1) Represents service charges, interchange revenue, net gain (loss) on sale of investment securities, and other income



# Noninterest Expense and Operating Efficiency

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

(Noninterest expense in millions)



- Efficiency Ratio <sup>(1)</sup> was 60.6% in 3Q19 vs. 61.6% in 2Q19
- Adjustments to non-interest expense:

(\$ in millions)	3Q19	2Q19
Integration and acquisition related expenses	(\$5.3)	(\$0.3)
Gain on MSRs held for sale	\$0.1	\$0.5

- Excluding these adjustments, noninterest expense increased 5.9% on a linked-quarter basis
- Increase in noninterest expense primarily attributable to addition of HomeStar's operations
- Branch network to be reduced by six locations, which includes three related to the HomeStar acquisition, by the end of the first quarter of 2020

**Notes:**

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

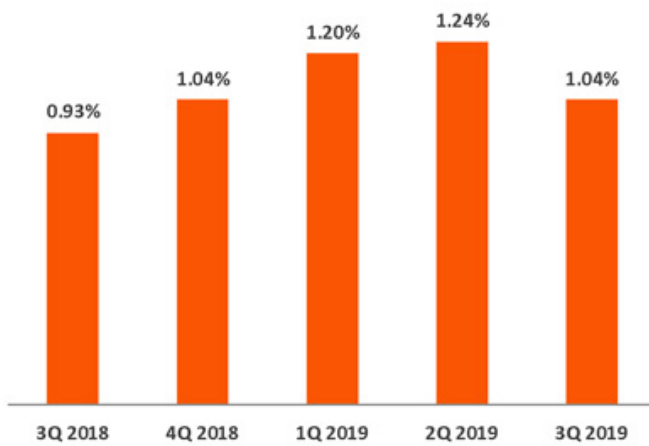


# Asset Quality

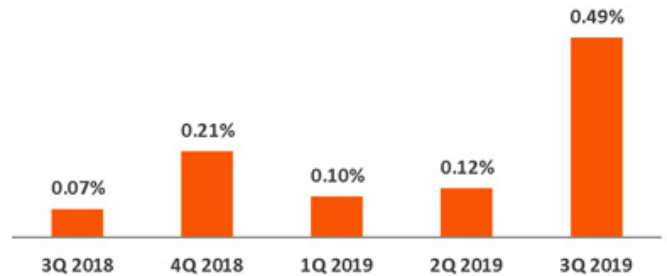
- Net charge-offs for 3Q19 was 0.49% of average loans on an annualized basis, driven by the resolution of nonperforming loans
- Provision for loan losses of \$4.4 million in 3Q19 includes an additional \$2.3 million specific reserve allocated to an existing nonperforming loan
- ALLL/total loans of 0.58% and credit marks/total loans of 0.51% at September 30, 2019

## Nonperforming Loans / Total Loans

(Total Loans as of quarter-end)



## NCO / Average Loans





## Outlook

- **Focus on integrating HomeStar acquisition and fully capitalizing on synergies**
- **All cost savings from HomeStar acquisition expected to be phased in by start of 2020**
- **Additional branch consolidation efforts will further enhance efficiencies**
- **Continue to generate low-single-digit organic loan growth**
- **Earnings accretion from HomeStar acquisition and continued efficiency improvements expected to drive earnings growth in 2020**



# APPENDIX





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

**Adjusted Earnings Reconciliation**

	For the Quarter Ended				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<i>(dollars in thousands, except per share data)</i>					
Income before income taxes - GAAP	\$ 16,670	\$ 21,394	\$ 18,336	\$ 20,863	\$ 10,933
Adjustments to noninterest income:					
Gain on sales of investment securities, net	25	14	-	469	-
Other	-	(23)	-	(1)	(12)
Total adjustments to noninterest income	25	(9)	-	468	(12)
Adjustments to noninterest expense:					
(Gain) loss on mortgage servicing rights held for sale	(70)	(515)	-	-	270
Integration and acquisition expenses	5,292	286	160	553	9,559
Total adjustments to noninterest expense	5,222	(229)	160	553	9,829
Adjusted earnings pre tax	21,867	21,174	18,496	20,948	20,774
Adjusted earnings tax	5,445	4,978	4,398	4,551	5,142
<b>Adjusted earnings - non-GAAP</b>	<b>16,422</b>	<b>16,196</b>	<b>14,098</b>	<b>16,397</b>	<b>15,632</b>
Preferred stock dividends, net	(22)	34	34	34	35
<b>Adjusted earnings available to common shareholders - non-GAAP</b>	<b>\$ 16,444</b>	<b>\$ 16,162</b>	<b>\$ 14,064</b>	<b>\$ 16,363</b>	<b>\$ 15,597</b>
Adjusted diluted earnings per common share	\$ 0.66	\$ 0.66	\$ 0.58	\$ 0.67	\$ 0.64
Adjusted return on average assets	1.09 %	1.16 %	1.02 %	1.14 %	1.09 %
Adjusted return on average shareholders' equity	10.01 %	10.33 %	9.31 %	10.85 %	10.45 %
Adjusted return on average tangible common equity	14.52 %	15.19 %	13.90 %	16.46 %	16.02 %



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

**Efficiency Ratio Reconciliation**

	For the Quarter Ended				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<i>(dollars in thousands)</i>					
Noninterest expense - GAAP	\$ 48,025	\$ 40,194	\$ 41,097	\$ 45,375	\$ 50,317
Gain (loss) on mortgage servicing rights held for sale	70	515	-	-	(270)
Integration and acquisition expenses	(5,292)	(286)	(160)	(553)	(9,559)
Adjusted noninterest expense	<u>\$ 42,803</u>	<u>\$ 40,423</u>	<u>\$ 40,937</u>	<u>\$ 44,822</u>	<u>\$ 40,488</u>
Net interest income - GAAP	\$ 49,450	\$ 46,077	\$ 45,601	\$ 48,535	\$ 45,081
Effect of tax-exempt income	502	526	543	574	585
Adjusted net interest income	<u>49,952</u>	<u>46,603</u>	<u>46,144</u>	<u>49,109</u>	<u>45,666</u>
Noninterest income - GAAP	\$ 19,606	\$ 19,587	\$ 17,075	\$ 21,170	\$ 18,272
Loan servicing rights impairment (recapture)	1,060	(559)	25	(1,380)	297
Gain on sales of investment securities, net	(25)	(14)	-	(469)	-
Other	-	23	-	1	12
Adjusted noninterest income	<u>20,641</u>	<u>19,037</u>	<u>17,100</u>	<u>19,322</u>	<u>18,581</u>
Adjusted total revenue	<u>\$ 70,593</u>	<u>\$ 65,640</u>	<u>\$ 63,244</u>	<u>\$ 68,431</u>	<u>\$ 64,247</u>
<i>Efficiency ratio</i>	60.63 %	61.58 %	64.73 %	65.50 %	63.02 %

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

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

	As of				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<i>(dollars in thousands, except per share data)</i>					
<b>Shareholders' Equity to Tangible Common Equity</b>					
Total shareholders' equity—GAAP	\$ 655,522	\$ 639,888	\$ 624,168	\$ 608,525	\$ 594,146
Adjustments:					
Preferred stock	-	(2,684)	(2,733)	(2,781)	(2,829)
Goodwill	(171,074)	(164,673)	(164,673)	(164,673)	(164,044)
Other intangibles	(36,690)	(33,893)	(35,566)	(37,376)	(39,228)
Tangible common equity	<u>\$ 447,758</u>	<u>\$ 438,638</u>	<u>\$ 421,196</u>	<u>\$ 403,695</u>	<u>\$ 388,045</u>
<b>Total Assets to Tangible Assets:</b>					
Total assets—GAAP	\$ 6,113,904	\$ 5,546,055	\$ 5,641,780	\$ 5,637,673	\$ 5,724,612
Adjustments:					
Goodwill	(171,074)	(164,673)	(164,673)	(164,673)	(164,044)
Other intangibles	(36,690)	(33,893)	(35,566)	(37,376)	(39,228)
Tangible assets	<u>\$ 5,906,140</u>	<u>\$ 5,347,489</u>	<u>\$ 5,441,541</u>	<u>\$ 5,435,624</u>	<u>\$ 5,521,340</u>
Common Shares Outstanding	24,338,748	23,897,038	23,827,438	23,751,798	23,694,637
<b>Tangible Common Equity to Tangible Assets</b>	7.58 %	8.20 %	7.74 %	7.43 %	7.03 %
<b>Tangible Book Value Per Share</b>	\$ 18.40	\$ 18.36	\$ 17.68	\$ 17.00	\$ 16.38

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

	For the Quarter Ended				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<i>(dollars in thousands)</i>					
Net income available to common shareholders	\$ 12,677	\$ 16,321	\$ 13,948	\$ 16,302	\$ 8,462
Average total shareholders' equity—GAAP	\$ 651,162	\$ 628,730	\$ 614,210	\$ 599,723	\$ 593,457
Adjustments:					
Preferred stock	(814)	(2,708)	(2,759)	(2,812)	(2,859)
Goodwill	(166,389)	(164,673)	(164,673)	(164,051)	(164,044)
Other intangibles	(34,519)	(34,689)	(36,438)	(38,394)	(40,228)
Average tangible common equity	<u>\$ 449,440</u>	<u>\$ 426,660</u>	<u>\$ 410,340</u>	<u>\$ 394,466</u>	<u>\$ 386,326</u>
<b>ROATCE</b>	11.19 %	15.34 %	13.79 %	16.40 %	8.69 %