**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, DC 20549**

# FORM 8-K

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

Date of report (Date of earliest event reported): **November 13, 2023**

# Midland States Bancorp, Inc.

(Exact Name of Registrant as Specified in Charter)

| **Illinois** | **001-35272** | **37-1233196** |
|---|---|---|
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

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

Registrant's telephone number, including area code: **(217) 342-7321**

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

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

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

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common stock, $0.01 par value | MSBI | The NASDAQ Market LLC |
| Depositary Shares (each representing a 1/40th interest in a share of 7.750% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series A, $2.00 par value) | MSBIP | The NASDAQ Market LLC |

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

Emerging growth company ☐

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

**Item 7.01. Regulation FD Disclosure.**

Midland States Bancorp, Inc. (the "Company") is filing an investor presentation (the "Presentation") that will be used by the Company in meetings with investors and analysts. A copy of the Presentation is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information in this Item 7.01 and the attached exhibits shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in any such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

| **Exhibit No.** | **Description** |
|---|---|
| 99.1 | Midland States Bancorp, Inc. Investor Presentation |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

## SIGNATURES

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.

| | | |
|---|---|---|
| Date: November 13, 2023 | Midland States Bancorp, Inc. | |
| | By: | /s/ Douglas J. Tucker |
| | Name: | Douglas J. Tucker |
| | Title: | Senior Vice President and Corporate Counsel |

# Midland States Bancorp, Inc.
# NASDAQ: MSBI

Investor Presentation

November 2023

**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 failures of Silicon Valley Bank and Signature Bank, 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.



Midland States Bancorp, Inc.

## Company Snapshot

- Illinois state-chartered community bank founded in 1881
- $8.0 billion in assets
- $3.5 billion Wealth Management business
- Commercial bank focused on in-market relationships with national diversification in equipment finance
- 53 branches in Illinois and Missouri
- 16 successful acquisitions since 2008

## Financial Highlights as of September 30, 2023

**$8.0 Billion**
*Total Assets*

**$6.3 Billion**
*Total Loans*

**$6.4 Billion**
*Total Deposits*

**$3.5 Billion**
*Assets Under Administration*

| | |
|---|---|
| YTD ROAA: | 1.04% |
| YTD Return on TCE[1]: | 15.22% |
| TCE/TA: | 6.09% |
| YTD PTPP[1] ROAA: | 1.70% |
| Dividend Yield: | 5.84 % |
| Price/Tangible Book: | 0.93x |
| Price/LTM EPS: | 5.5x |

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



Midland States Bancorp, Inc.

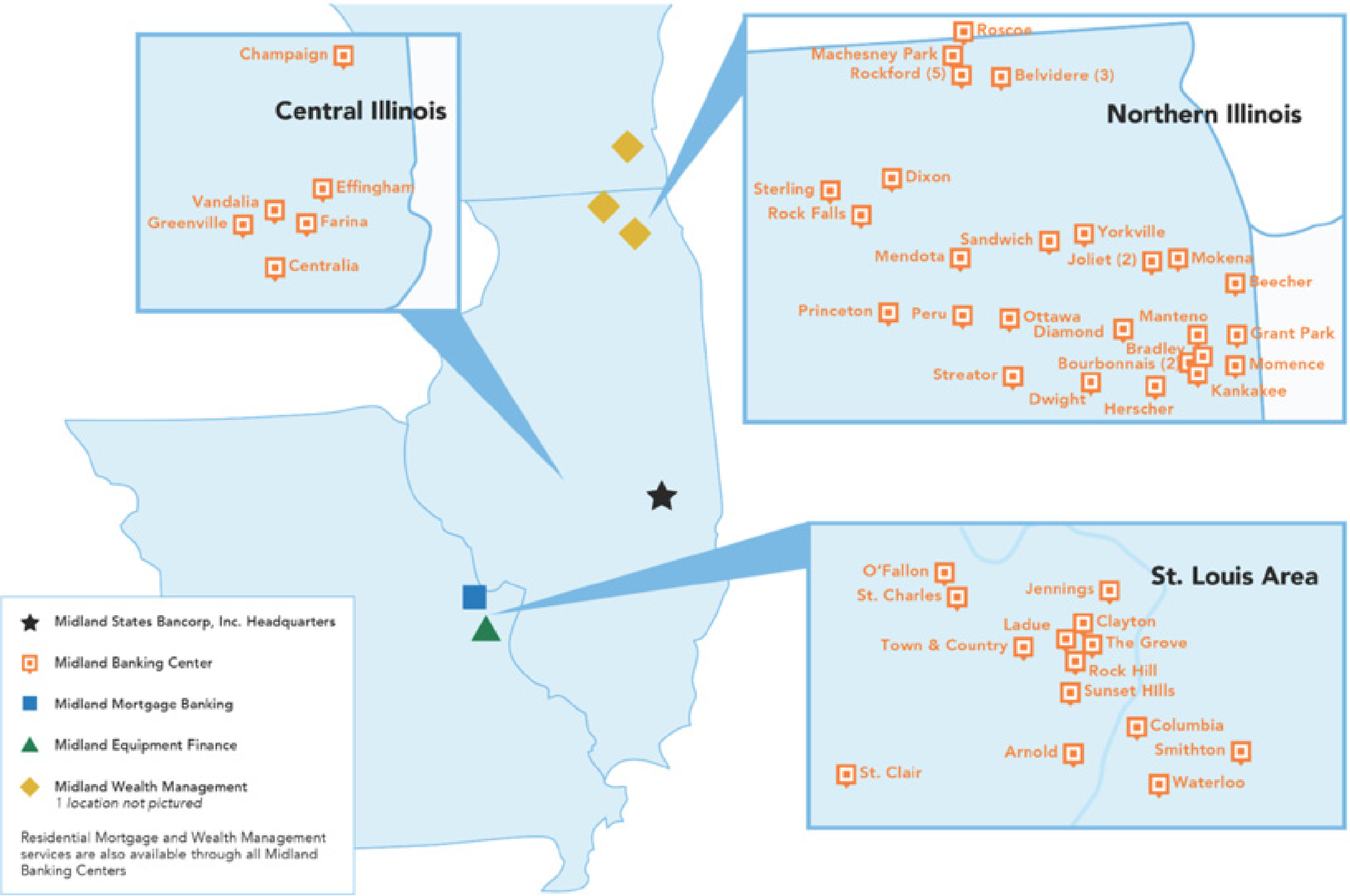
# Recent Trends and Operational Highlights

- Profitable growth and improved efficiencies resulting in higher EPS and increased returns over the past few years
- Strengthened commercial banking team and increased presence in faster growing markets driving significant organic loan growth and consistent inflows of new commercial deposits
- More diversified, lower-risk loan portfolio resulting in improved asset quality
- Banking-as-a-Service foundation being developed and expected to start making a contribution in 2024
- Wealth Management business focused on more effectively capitalizing on cross-selling opportunities and increasing organic growth rate
- More conservative approach to new loan production adopted in light of current environment until economic conditions improve
- Well positioned to capitalize on the current environment to add new commercial and retail deposit relationships



Midland States Bancorp, Inc.

# Financial Services & Banking Center Footprint



# Investment Summary

**Consistent** track record of driving compelling shareholder returns through disciplined strategic expansion and earnings growth

**Proven** track record of successful acquisitions with a focus on enhancing shareholder value while building a platform of scalability

**Organization-wide focus** on expense management driving improvement in operating efficiencies

**Illinois** and contiguous states provide ample opportunities for future acquisitions

>85%

**Attractive**, stable deposit franchise with core deposits consistently averaging more than 85% of total deposits

**Well diversified loan portfolio** across asset classes, industries and property types

**Leveraging technology** to drive revenue growth, increase market share, and enhance the customer experience



Midland States Bancorp, Inc.

# Business and Corporate Strategy

## Customer-Centric Culture

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

## Operational Excellence

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

## Enterprise-Wide Risk Management

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

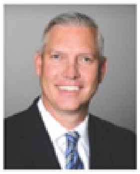
## Accretive Acquisitions

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

## Revenue Diversification

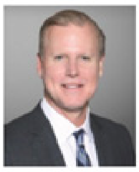
Generate a diversified revenue mix and focus on growing businesses that generate strong recurring revenues such as wealth management

# Experienced Senior Management Team



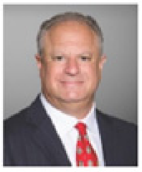
Jeffrey G. Ludwig | President and CEO of Midland States Bancorp

- Assumed Company CEO role in Jan. 2019 after serving as Bank CEO
- More than 10 years serving as CFO
- Joined Midland in 2006; 16+ years in banking industry



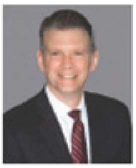
Jeffrey S. Mefford | President of Midland States Bank and EVP of Midland States Bancorp

- Joined Midland in 2003
- Appointed Bank President in March 2018
- Oversees all sales activities for commercial, retail, mortgage, wealth management, equipment finance, and treasury management



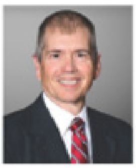
Douglas J. Tucker | SVP, Corporate Counsel and Director of IR

- 20+ years experience advising banks and bank holding companies
- Significant IPO, SEC reporting and M&A experience
- Joined Midland in 2010



Eric T. Lemke | Chief Financial Officer

- Promoted to Chief Financial Officer in November 2019
- Joined Midland in 2018 as Director of Assurance and Audit
- 25+ years of financial accounting and reporting experience in financial services



Jeffrey A. Brunoehler | Chief Credit Officer

- 30+ years in banking, lending and credit
- Leads the credit underwriting, approval and loan portfolio management functions
- Joined Midland in 2010



Midland States Bancorp, Inc.

# Successful Acquisition History

- Midland States has completed 16 transactions since 2008, including FDIC-assisted, branch, whole bank, asset purchase and business line acquisitions, and a New York trust asset acquisition
- Demonstrated history of earnings expansion
- Deliberate diversification of geographies and revenue channels
- Successful post-closing integration of systems and businesses
- Most recent acquisition: FNBC branch acquisition (closed in Q2 2022)

**Selected Acquisitions**

| | 2009 | 2010 | 2014 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|
| | **Strategic Capital Bank** | **AMCORE Bank, N.A.** | **Love Savings / Heartland Bank** | **Sterling Bancorp** | **Centrue Financial** | **Alpine Bancorp.** | **HomeStar Financial** |
| Acquisition Type | FDIC-Assisted | 12 Branches | Whole Bank | Trust Administration | Whole Bank | Whole Bank and Wealth Mgmt | Whole Bank |
| Assets Acquired ($mm) | $540.4 | $499.5 | $889.0 | — | $990.2 | $1,243.3 | $366.0 |
| Location | Champaign, IL | Northern Illinois | St. Louis, MO | Yonkers, NY | Northern Illinois | Rockford, IL | Kankakee, IL |
| | Financially Transformative | Operationally Transformative | Revenue Diversification | Expansion of Trust Business | Enhanced Scale and Market Presence | Expanded Core Bank and Wealth Management | Low-cost Deposit Franchise and Market Presence |

# Strategic Initiatives Strengthening Franchise

**Significant Corporate Actions Since Coming Public in 2016...**

**Scale**

| Action | Strategic Rationale | Financial Impact | 2016 | 2022 |
|---|---|---|---|---|
| Three whole bank acquisitions | ▪ Low-cost deposits | Total Assets | $3.2B | $7.9B |
| Four Wealth Management acquisitions | ▪ Recurring revenue | AUA | $1.7B | $3.5B |
| Expanded equipment finance group | ▪ Diversify revenue with attractive risk-adjusted yields | Equipment Finance | $191M | $1.1B |

**Efficiency**

| Action | Strategic Rationale | Financial Impact | 2016 | 2022 |
|---|---|---|---|---|
| Branch network and facility reductions | ▪ Increasing adoption of digital | Efficiency Ratio(1) | 68.66% | 55.35% |
| Accelerate technology investments | ▪ Harness data to drive efficiencies for increased wallet share | Deposits/Branch | $53M | $120M |



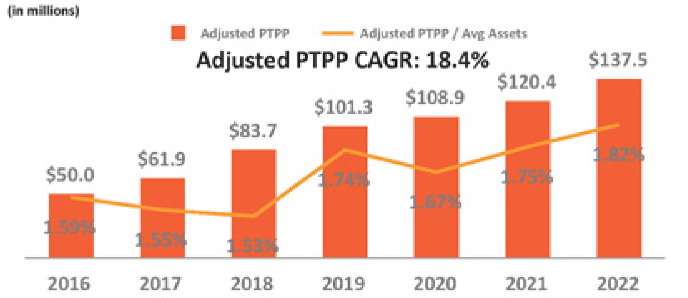
Notes:
(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.

Midland States Bancorp, Inc.

# Strategic Initiatives Strengthening Franchise

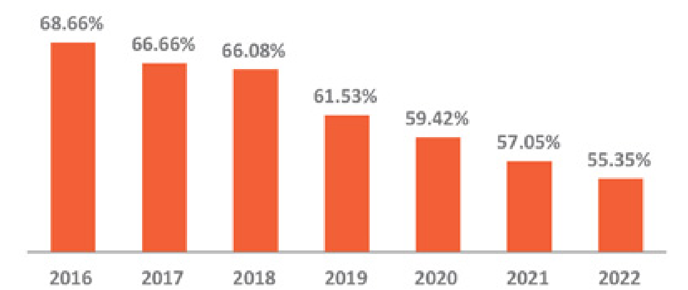
## ...Have Produced Improved Growth and Profitability

### Adjusted Pre-Tax Pre-Provision Earnings[1]




### Total Loans


### Efficiency Ratio[1]



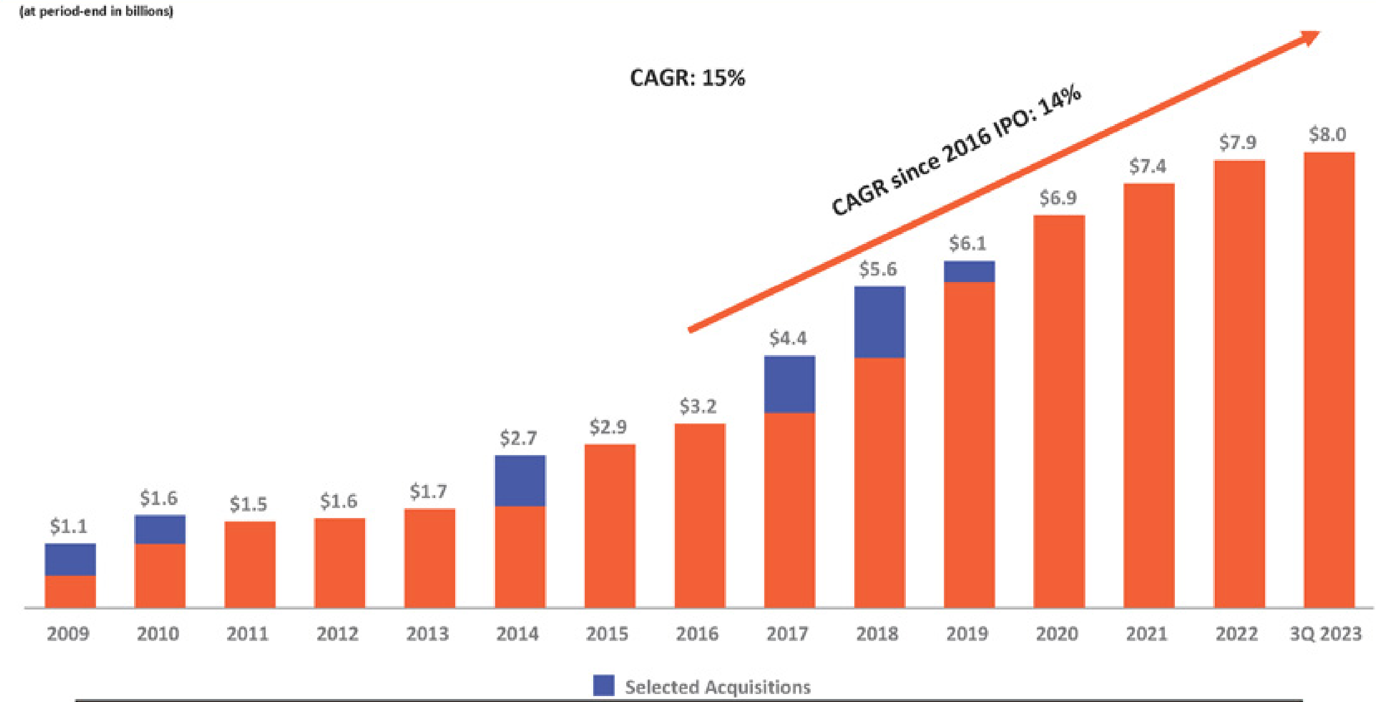

### Wealth Management Revenue


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

Midland States Bancorp, Inc.

# Successful Execution of Strategic Plan...

## Total Assets




**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) |



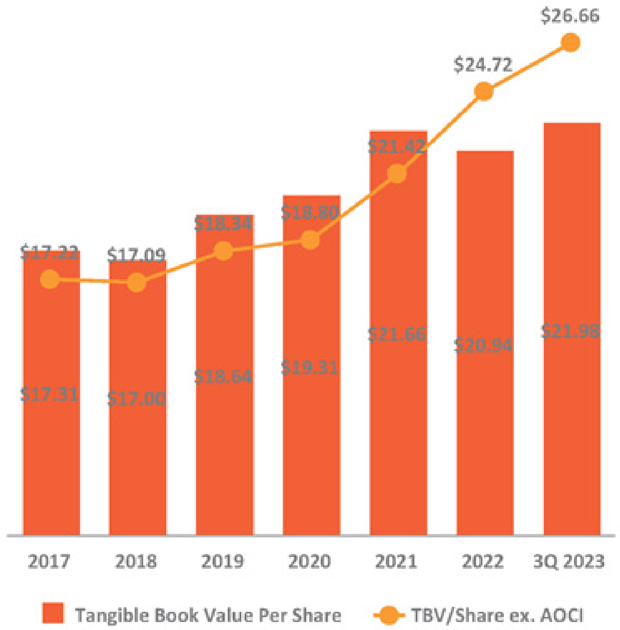
Midland States Bancorp, Inc.

# ...Leads to Creation of Shareholder Value

## 22 Consecutive Years of Dividend Increases

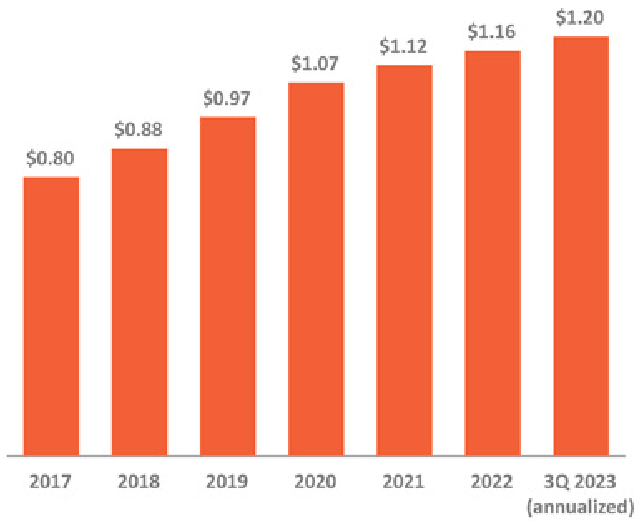
### Tangible Book Value Per Share[1]

TBV/Share ex. AOCI CAGR: 7.9%




### Dividends Declared Per Share

CAGR: 7.0%





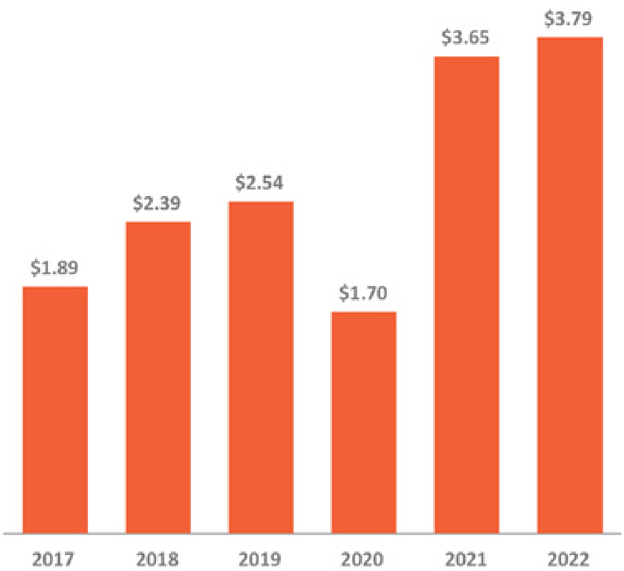

Notes:
(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.

Midland States Bancorp, Inc.

# ...And Increased Profitability

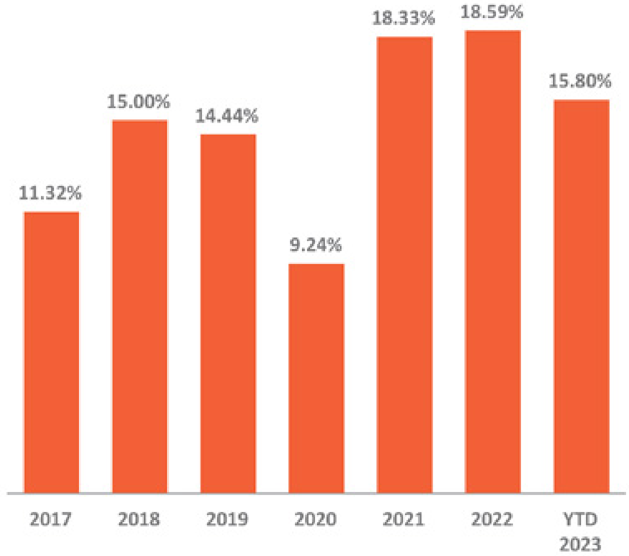
## Adjusted Diluted EPS[1]

CAGR: 14.9%




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.

Midland States Bancorp, Inc.

# Technology Roadmap

**Midland's technology investments are enhancing efficiencies, improving client experience, and positively impacting retail deposit gathering and commercial/consumer loan production**

**Consumer | Small Business | Commercial | Wealth**

## Customer Facing

- **Flexible Overdrafts** (Q1 2022)
- **Commercial Online Account Opening** (Q4 2021)
- **Near real time payments** (Q1 2021)
- **Integrated Payables - Payments** (Q4 2021)
- **Online loan Origination** (Q1 2021)
- **Commercial Relationship pricing optimization engine** (Q1 2022)
- **Online Access and Portal** (Q3 2023)
- **Consumer online account opening** (2020)
- **SBA Loan Portal** ( 2021)
- **SBB Loan Portal** (Opening May 2023)
- **Automated analytics-based marketing platform deployed with access to all datasets and all businesses** (2020 and on-going)
- **CRM deployed to 700+ front office employees with rich view of the customer, automated leads, and single view of pipelines for executive team** (2020)
- **Retail Banking Needs Navigator & Customer Incentive Programs** (2020,
- **Self service loan portal and treasury on-boarding** (2021)
- **Trust Platform** (Q1 2024)
- **Five9 Customer Care** (March 2023)
- **RIA Platform** (Q3 2023)

## Foundational

**Fintech Partnerships Established**
Canapi Fund, Alloy, Blend, Plaid, GreenSky, JAM/FINTOP Fund, Informatica

**CX Platform Customer Feedback (2020, 2021)**

**Artificial Intelligence (2020, 2021)** 200+ RPA "bots" deployed in the last 18 months, AI based solutions applied in Risk Management, Mortgage Operations (Q2 2021), and Cyber Security (UEBA)

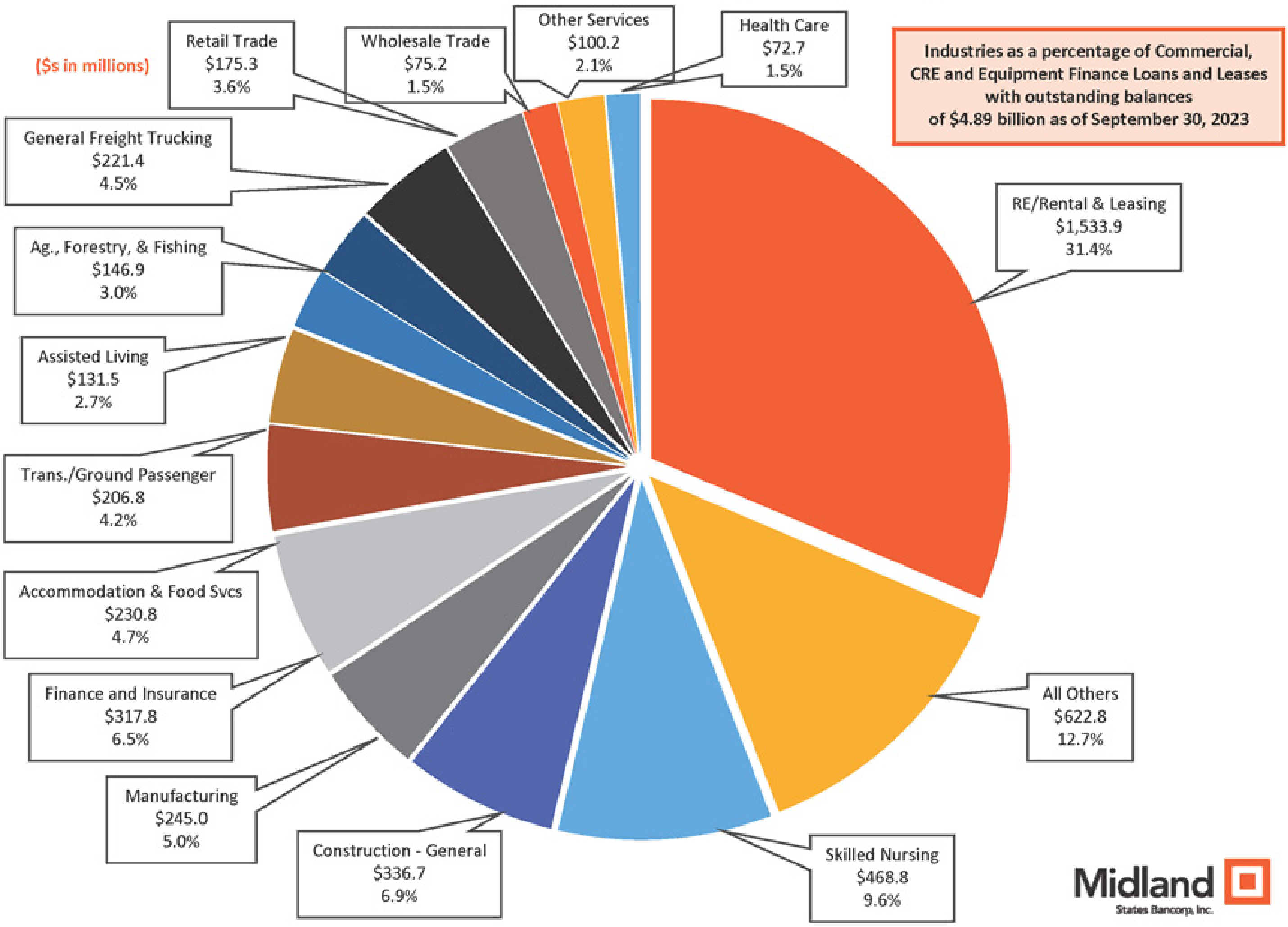
**Silo-elimination and 360 view of customer (2020)**
All sales teams on single sales platform using same 360 view of customer

**Centralized Data Analytics – Informatica, PowerBI, SAS Viya (2018, 2019, 2020)**
Oracle data warehouse with 98% of data accessible for analytics across all products, services and channels.

**Digital Talent (47 FTE)** Chief Digital Officer, Director – Strategic Transformation, Director – Strategic Engineering & Development, Director – Banking as a Service, , Lead Engineer API Development, Senior Manager – Digital Marketing, Manager – Customer Experience, Board Member – Digital Expertise, Web Development

# Loan Portfolio
# and Asset Quality

# Commercial Loans and Leases by Industry



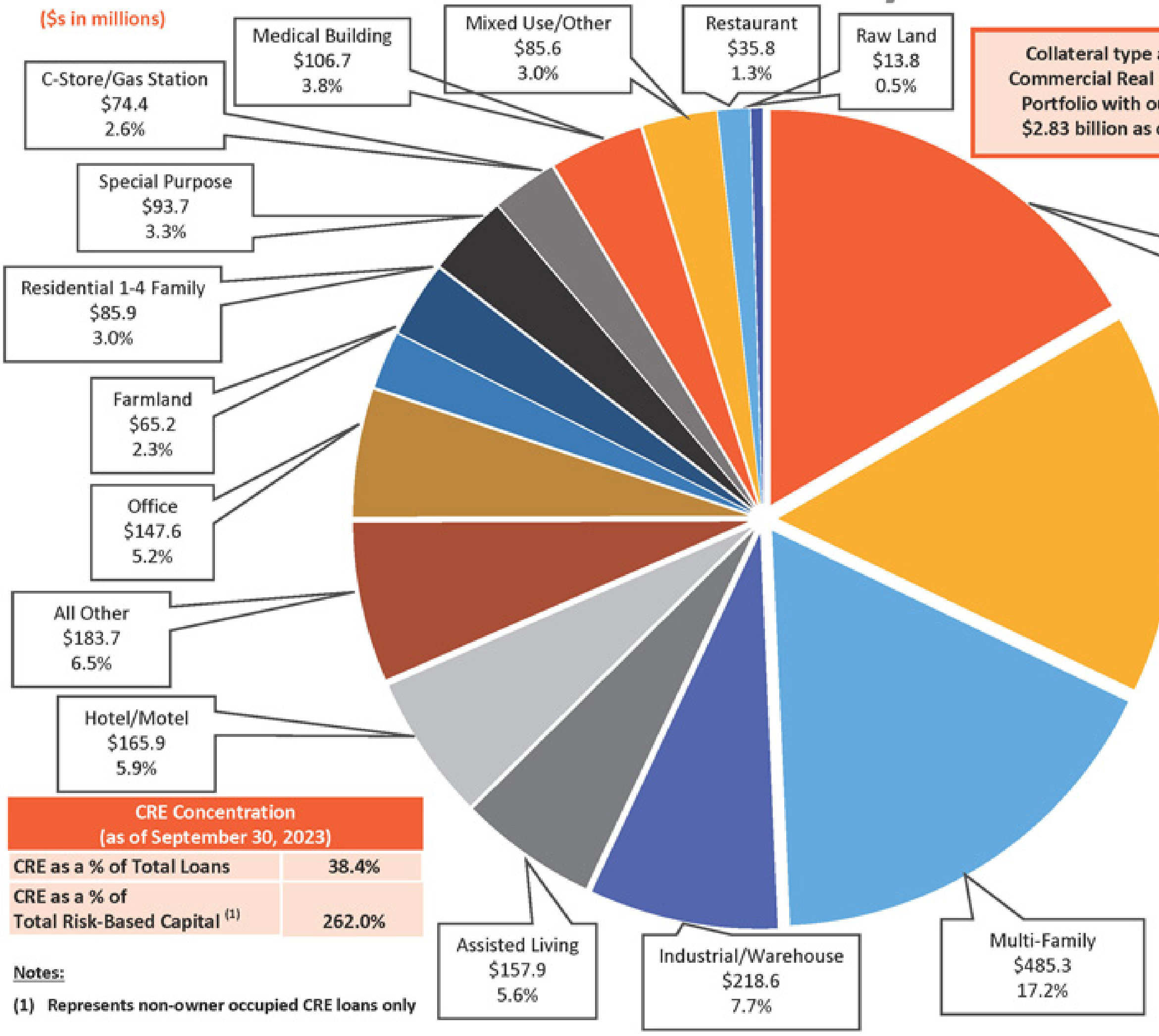



Midland States Bancorp, Inc.

# 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 $2.83 billion as of September 30, 2023




| CRE Concentration (as of September 30, 2023) | |
|---|---|
| CRE as a % of Total Loans | 38.4% |
| CRE as a % of Total Risk-Based Capital (1) | 262.0% |

**Notes:**

(1) Represents non-owner occupied CRE loans only

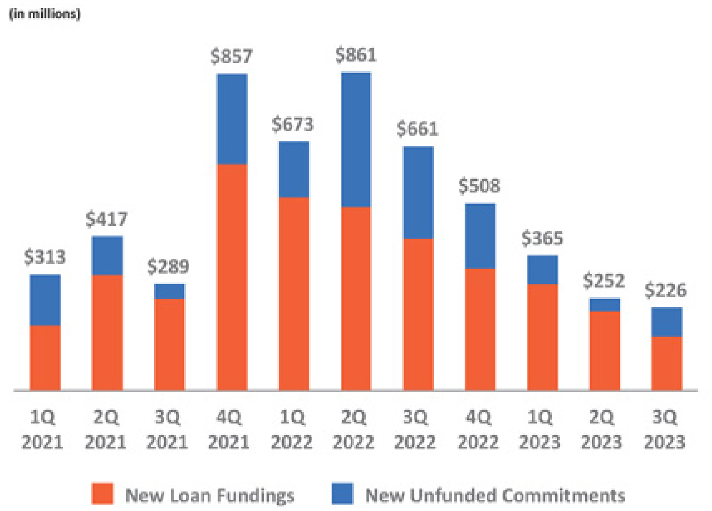
Midland States Bancorp, Inc.

# Commercial Loan Growth

***More conservative approach to new loan production in light of economic uncertainty has impacted production levels since mid-2022***

- New hires and an increase in productivity of the commercial banking group without increasing the size of the business development team
- Addition of expertise in specialty finance and SBA lending
- Increased exposure to higher growth markets in Northern Illinois and St. Louis
- Successfully moving up market and working with larger clients that have greater financing needs
- Effectively leveraging technology investments, including the Salesforce platform, to improve win rate and expand relationships with clients
- New commercial loan production to be funded by planned reduction in consumer portfolio

**Commercial and CRE Loan Production**

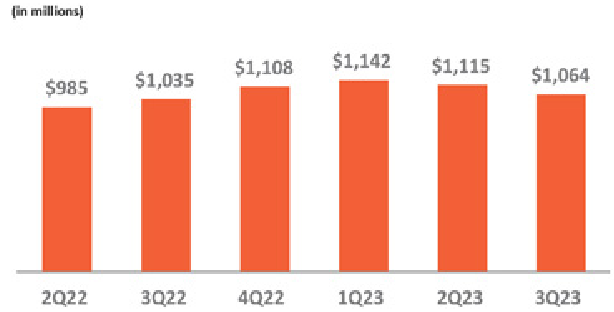



Midland States Bancorp, Inc.

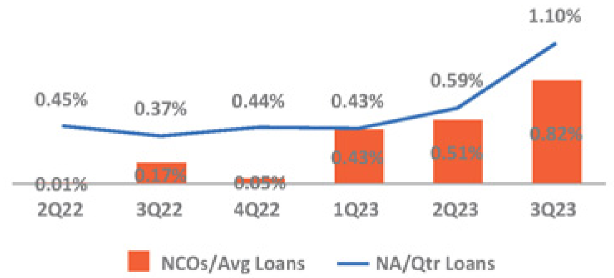
# Midland Equipment Finance Portfolio Overview

| Portfolio Characteristics (as of September 30, 2023) | |
|---|---|
| *Nationwide portfolio providing financing solutions to equipment vendors and end-users* | |
| Total Outstanding Loans and Leases | $1,064.4 million (16.9% of total loans) |
| Number of Loans and Leases | 9,099 |
| Average Loan/Lease Size | $116,980 |
| Largest Loan/Lease | $3.5 million |
| Weighted Average Rate | 5.95% |
| Representative Industries Served | Manufacturing, General Freight Trucking, Construction, Transit and Ground Passenger |

**Equipment Finance Outstanding Balances**




**NCOs/Avg Loans & Non Accruals/Qtr End Loans**





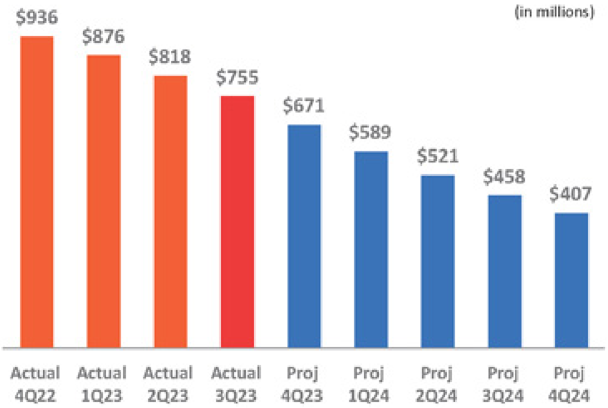

Note: New production being limited in order to reduce portfolio as a percentage of total loans

Midland States Bancorp, Inc.

# GreenSky Consumer Loan Portfolio Overview

| Portfolio Characteristics (as of September 30, 2023) | |
|---|---|
| Total Outstanding | $754.7 million (12.0% of total loans) |
| Weighted Average Rate | 5.58% |
| Number of Loans | 425,181 |
| Average Loan Size | $1,923 |
| Average FICO Score | 775 |

**Projected GreenSky Balances**




**Plan with GreenSky to Wind Down Portfolio**

- **Notice provided to officially terminate the GreenSky program in October 2023**
- **Reduced loan originations**
- **Projected portfolio reduction to $407 million by EOY 2024**
- **Decrease in portfolio to improve liquidity and capital**
- **Escrow deposits**
  - **Escrow deposits absorb losses in excess of cash flow waterfall**
  - **Escrow account totaled $33.8 million at 9/30/23 or 4.5% of the portfolio**



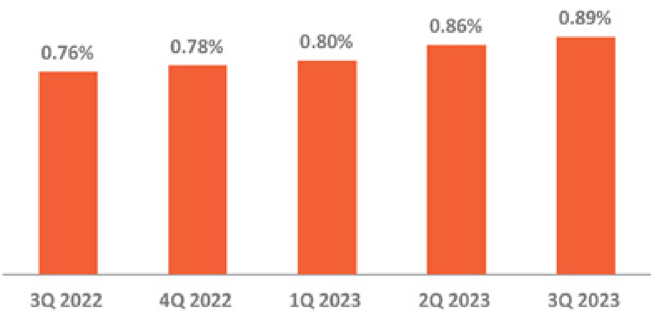
Midland States Bancorp, Inc.

# Asset Quality

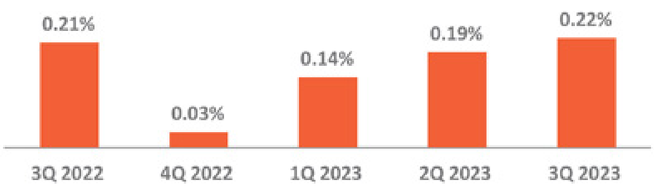
- Nonperforming loans increased $1.1 million primarily due to one commercial loan as well as increases in the equipment finance portfolio
- Net charge-offs to average loans was 0.22%
- Provision for credit losses on loans of $5.2 million, primarily related to increases in past dues for the equipment finance portfolio, other Q factors, and decreases to specific reserves

## Nonperforming Loans / Total Loans

(Total Loans as of quarter-end)




## NCO / Average Loans

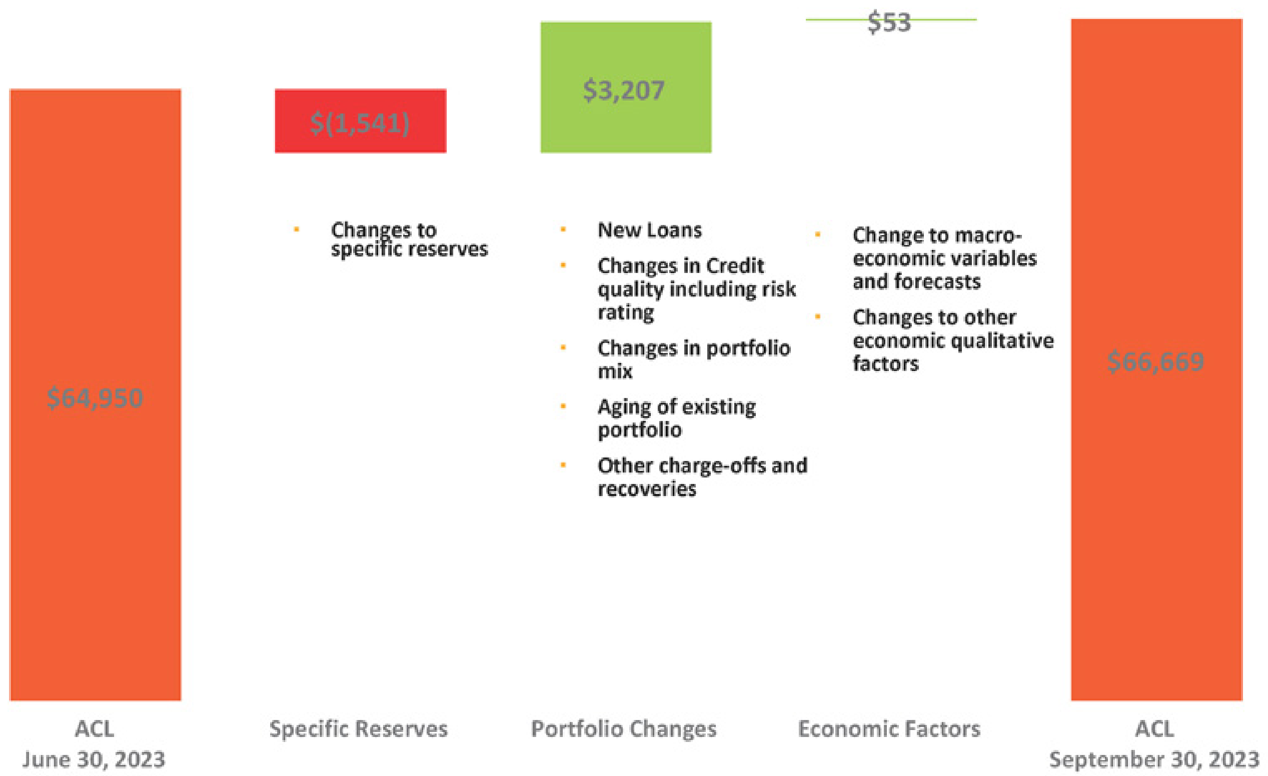





Midland States Bancorp, Inc.

# Changes in Allowance for Credit Losses

($ in thousands)



# ACL by Portfolio

($ in thousands)

| Portfolio | September 30, 2023 Loans | ACL | % of Total Loans | June 30, 2023 Loans | ACL | % of Total Loans |
|---|---|---|---|---|---|---|
| Commercial | $ 874,004 | $ 7,563 | 0.87 % | $ 875,295 | $ 5,180 | 0.59 % |
| Warehouse Lines | 48,547 | — | — % | 30,522 | — | — % |
| Commercial Other | 697,235 | 11,847 | 1.70 % | 732,616 | 10,110 | 1.38 % |
| Equipment Finance Loans | 578,931 | 11,361 | 1.96 % | 614,633 | 9,743 | 1.59 % |
| Equipment Finance Leases | 485,460 | 9,436 | 1.94 % | 500,485 | 7,542 | 1.51 % |
| CRE non-owner occupied | 1,636,168 | 16,253 | 0.99 % | 1,647,680 | 20,544 | 1.25 % |
| CRE owner occupied | 439,642 | 5,265 | 1.20 % | 453,514 | 5,711 | 1.26 % |
| Multi-family | 269,708 | 2,583 | 0.96 % | 273,939 | 2,676 | 0.98 % |
| Farmland | 66,646 | 510 | 0.77 % | 68,862 | 494 | 0.72 % |
| Construction and Land Development | 416,801 | 3,530 | 0.85 % | 366,631 | 3,189 | 0.87 % |
| Residential RE First Lien | 313,638 | 5,038 | 1.61 % | 311,796 | 4,952 | 1.59 % |
| Other Residential | 61,573 | 660 | 1.07 % | 59,690 | 599 | 1.00 % |
| Consumer | 111,432 | 847 | 0.76 % | 108,619 | 804 | 0.74 % |
| Consumer Other[1] | 908,576 | 3,137 | 0.35 % | 968,217 | 3,149 | 0.33 % |
| **Total Loans** | **6,280,883** | **66,669** | **1.06 %** | **6,367,344** | **64,950** | **1.02 %** |
| Loans (excluding BaaS portfolio[1] and warehouse lines) | 5,235,382 | 63,090 | 1.21 % | 5,276,170 | 61,436 | 1.16 % |

Notes:

(1) Primarily consists of loans originated through GreenSky relationship



Midland States Bancorp, Inc.

# Recent Financial Trends

# Overview of 3Q23

**Strong Financial Performance**

- Net income available to common shareholders of $15.8 million, or $0.71 diluted EPS
- 3Q23 results include net loss of $0.07 per share related to balance sheet repositioning that should increase EPS going forward
- Pre-tax, pre-provision earnings[1] of $33.1 million
- ROAA of 0.91% and ROTCE of 13.03%

**Stable Deposit Base**

- Total deposits essentially unchanged from end of prior quarter
- Loan-to-deposit ratio declined to 98% from 99% at end of prior quarter
- Increase in brokered time deposits to offset other high cost funding

**Conservative Underwriting and Pricing Criteria Results in Small Decline in Total Loans**

- Selective approach to new loan production in current environment with focus on clients that provide full banking relationships
- New loan production net of payoffs/paydowns in the quarter helped offset continued runoff in GreenSky portfolio and the planned reduction in equipment finance

**Stable Asset Quality and Increase in Capital Ratios**

- Asset quality metrics relatively consistent with prior quarter
- Strong financial performance and prudent balance sheet management resulted in increase in most capital ratios
- CET1 ratio increased 13bps to 8.16% at the end of the current quarter

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

# Loan Portfolio

- Total loans decreased $86.5 million from prior quarter to $6.28 billion
- Decrease primarily driven by decline in equipment finance portfolio of $50.7 million and continued runoff of GreenSky portfolio of $62.8 million
- Growth in construction portfolio driven by fundings on existing lines, primarily for multifamily
- We expect the equipment finance balances to continue to decrease in order to reduce our concentration within overall loan portfolio

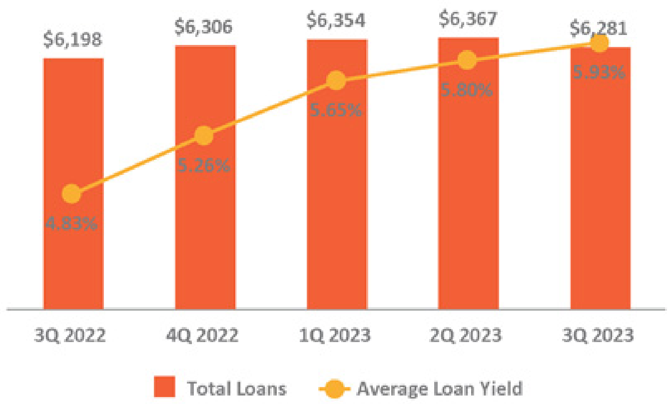
## Loan Portfolio Mix

(in millions, as of quarter-end)

| | 3Q 2023 | 2Q 2023 | 3Q 2022 |
|---|---|---|---|
| Commercial loans and leases | $ 2,057 | $ 2,108 | $ 1,994 |
| Commercial real estate | 2,412 | 2,444 | 2,466 |
| Construction and land development | 417 | 367 | 226 |
| Residential real estate | 375 | 371 | 356 |
| Consumer | 1,020 | 1,077 | 1,156 |
| **Total Loans** | **$ 6,281** | **$ 6,367** | **$ 6,198** |
| **Total Loans ex. Commercial FHA Lines and PPP** | **$ 6,232** | **$ 6,337** | **$ 6,144** |

## Total Loans and Average Loan Yield

(in millions, as of quarter-end)



# Total Deposits

- Total deposits decreased $21.5 million from end of prior quarter
- Noninterest-bearing deposits relatively stable as continued movement of funds into interest-bearing accounts was offset by new commercial and small business relationships
- 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 funding

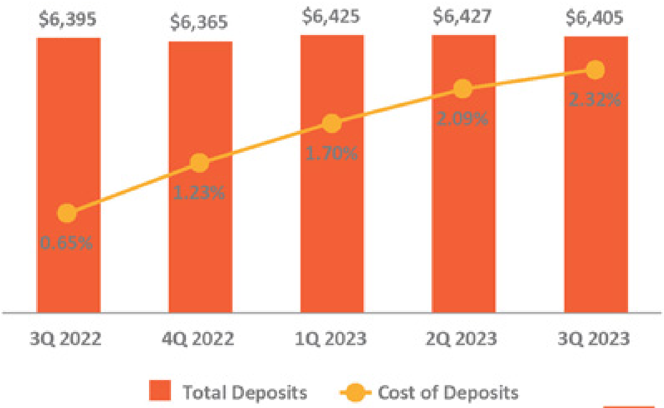
## Deposit Mix

(in millions, as of quarter-end)

| | 3Q 2023 | 2Q 2023 | 3Q 2022 |
|---|---|---|---|
| Noninterest-bearing demand | $ 1,155 | $ 1,163 | $ 1,362 |
| Interest-bearing: | | | |
| Checking | 2,572 | 2,500 | 2,568 |
| Money market | 1,091 | 1,226 | 1,125 |
| Savings | 582 | 624 | 704 |
| Time | 886 | 841 | 621 |
| Brokered time | 119 | 73 | 14 |
| **Total Deposits** | **$ 6,405** | **$ 6,427** | **$ 6,395** |

## Total Deposits and Cost of Deposits

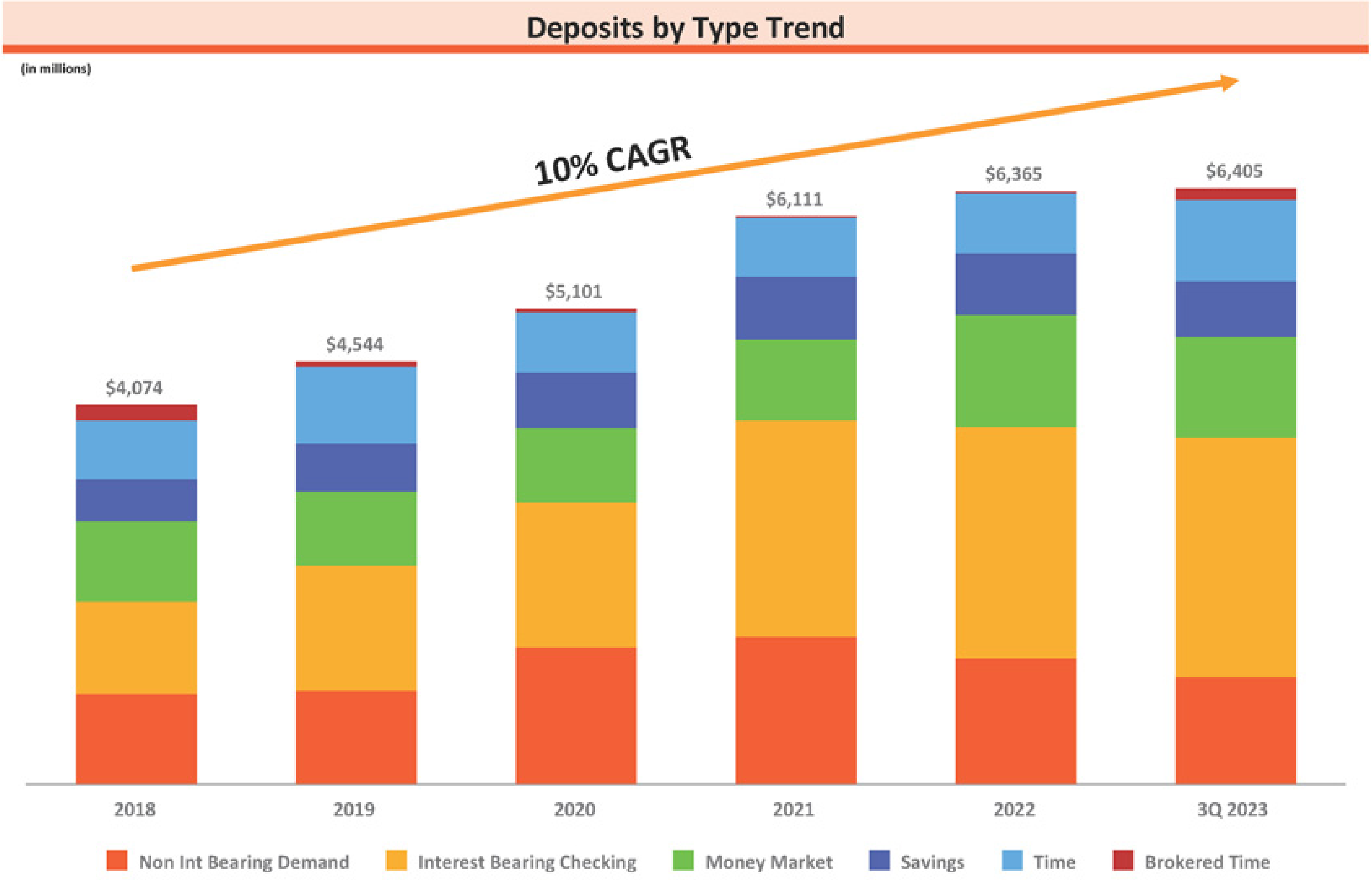
(in millions, as of quarter-end)






Midland States Bancorp, Inc.

# Deposit Type Trend



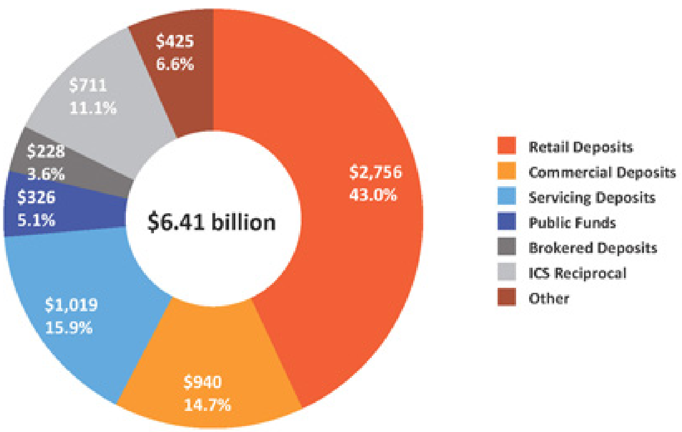



Midland States Bancorp, Inc.

# Deposit Summary as of September 30, 2023

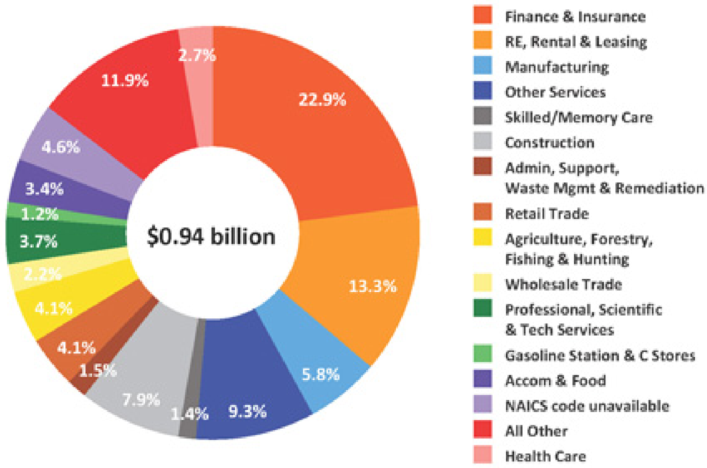
## Deposits by Channel

(in millions)




## Commercial Deposits by NAICS Code

(in millions)




All Other category made up of over 110 NAICS with Regulation of Agricultural Marketing and Commodities being the largest at $16 million



Midland States Bancorp, Inc.

# Uninsured Deposits

| Uninsured Deposits | | | | |
|---|---|---|---|---|
| (in millions) | September 30, 2023 | | June 30, 2023 | |
| Call Report Uninsured Estimate | $ | 1,737 | $ | 1,654 |
| *Call Report Estimated Uninsured Deposits to Total Deposits* | | *27 %* | | *26 %* |
| Less: Affiliate Deposits (MSB owned funds) | | (44) | | (30) |
| Less: Additional structured FDIC coverage | | (49) | | (50) |
| Less: Collateralized Deposits | | (367) | | (363) |
| **Estimated uninsured deposits excluding items above** | **$** | **1,277** | **$** | **1,211** |
| **Estimated Uninsured Deposits to Total Deposits** | | **20 %** | | **19 %** |
| Total Deposits | $ | 6,405 | $ | 6,427 |

**Average Deposit Balance per Account = $34,000**



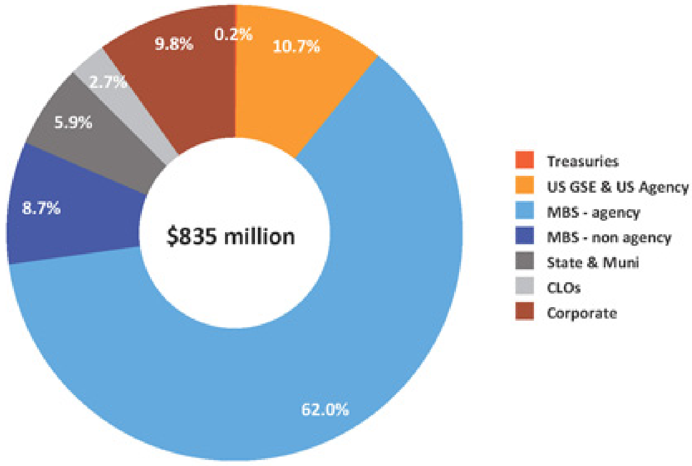
Midland States Bancorp, Inc.

# Investment Portfolio

**As of September 30, 2023**

- All Investments are classified as Available for Sale
- Average T/E Yield is 3.60%
- Average Duration is 5.19 years
- Purchased $59 million with T/E Yield of 6.07%, Sold $71 million with T/E Yield of 2.46% in 3Q23

## Fair Value of Investments by Type

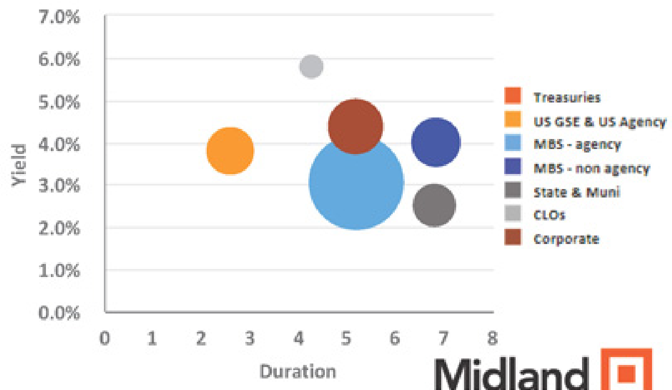



## Investment Mix & Unrealized Gain (Loss)

(in millions)

| | Fair Value | Book Value | Unrealized Gain (Loss) |
|---|---|---|---|
| Treasuries | $ 2 | $ 2 | $ — |
| US GSE & US Agency | 89 | 93 | (4) |
| MBS - agency | 517 | 613 | (96) |
| MBS - non agency | 73 | 78 | (5) |
| State & Municipal | 50 | 60 | (10) |
| CLOs | 22 | 23 | (1) |
| Corporate | 82 | 95 | (13) |
| Total Investments | $ 835 | $ 964 | $ (129) |

## Investments by Yield and Duration






Midland States Bancorp, Inc.

# Balance Sheet Repositioning 3Q23

## Financial Impact (after tax)

| (in millions) | 3Q2023 | On-going Annualized |
|---|---|---|
| **Company-Owned Life Insurance Optimization** | | |
| Surrendered policies - $51 million at 2.19%; tax penalty of $4.5 million | $ (4.5) | $ (1.1) |
| Purchased policies - $100 million at 4.56%; enhancement fee of $6.6 million | 6.6 | 4.6 |
| **Net income on company-owned life insurance transactions** | **$ 2.1** | **$ 3.5** |
| **Other Balance Sheet repositioning transactions** | | |
| Sold investment securities - $71 million at 2.46%; loss of $4.9 million | $ (3.6) | $ (1.2) |
| Retired FHLB advances - $17 million at 5.45%; retired at par | — | 0.7 |
| **Net loss on other transactions** | **$ (3.6)** | **$ (0.5)** |
| **After tax impact** | **$ (1.5)** | **$ 3.0** |
| **EPS** | **$ (0.07)** | **$ 0.13** |

***Approximate 6-month earn-back**



Midland States Bancorp, Inc.

# Liquidity Overview

## Liquidity Sources

| (in millions) | September 30, 2023 | | June 30, 2023 | |
|---|---|---|---|---|
| Cash and Cash Equivalents | $ | 132.1 | $ | 160.7 |
| Unpledged Securities | | 258.1 | | 343.5 |
| FHLB Committed Liquidity | | 883.9 | | 857.2 |
| FRB Discount Window Availability | | 759.8 | | 184.1 |
| **Total Estimated Liquidity** | **$** | **2,033.9** | **$** | **1,545.5** |
| | | | | |
| **Conditional Funding Based on Market Conditions** | | | | |
| Additional Credit Facility | $ | 364.0 | $ | 330.0 |
| Brokered CDs (additional capacity) | $ | 500.0 | $ | 400.0 |



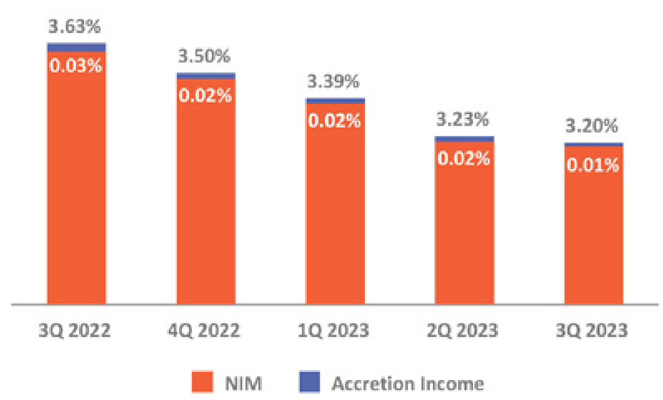
Midland States Bancorp, Inc.

# 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
- As expected, net interest margin stabilized with just a 3 bp decrease from prior quarter as the increase in cost of deposits slightly exceeded the increase in the average yield on earning assets
- Average rate on new and renewed loan originations decreased 15 bps to 7.86% in September 2023 from 8.01% in June 2023
- Net interest margin expected to continue to be relatively stable 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**






Midland States Bancorp, Inc.

# Loans & Securities - Repricing and Maturity

## Total Loans and Leases (net of unearned income)[1]

(in millions)

| As of September 30, 2023 | Repricing Term | | | | | | | | Rate Structure | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 3 mos or less | 3-12 mos | 1-3 years | 3-5 years | 5-10 years | 10-15 years | Over 15 years | Total | Adjustable Rate | Fixed Rate |
| Commercial loans and leases | $ 587 | $ 417 | $ 606 | $ 357 | $ 56 | $ 4 | $ 30 | $2,057 | $ 616 | $ 1,441 |
| Commercial real estate | 678 | 369 | 668 | 458 | 190 | 15 | 34 | 2,412 | 862 | 1,550 |
| Construction and land | 155 | 115 | 97 | 37 | 10 | — | 3 | 417 | 277 | 140 |
| Residential real estate | 63 | 37 | 44 | 52 | 113 | 49 | 17 | 375 | 176 | 199 |
| Consumer | 255 | 243 | 486 | 29 | 7 | — | — | 1,020 | 1 | 1,019 |
| Total | $1,738 | $1,181 | $1,901 | $ 933 | $ 376 | $ 68 | $ 84 | $6,281 | $ 1,932 | $ 4,349 |
| % of Total | 28 % | 19 % | 30 % | 15 % | 6 % | 1 % | 1 % | 100 % | 31 % | 69 % |
| Weighted Average Rate | 7.59 % | 6.02 % | 5.30 % | 5.17 % | 4.71 % | 4.24 % | 0.90 % [2] | 5.94 % | 7.57 % | 5.22 % |

## Investment Securities Available for Sale[3]

(in millions)

| As of September 30, 2023 | Maturity & Projected Cash Flow Distribution | | | | | |
|---|---|---|---|---|---|---|
| | 1 year or less | 1-3 years | 3-5 years | 5-10 years | Over 10 years | Total |
| Amortized Cost | $ 129 | $ 165 | $ 141 | $ 345 | $ 183 | $ 963 |
| % of Total | 13 % | 17 % | 15 % | 36 % | 19 % | 100 % |

Notes:

(1) Based on projected principal payments for all loans plus the next reset for floating and adjustable rate loans and the maturity date of fixed rate loans.

(2) Over 15 years category includes all nonaccrual loans and leases.

(3) Projected principal cash flows for securities. Differences between amortized cost and total principal are included in Over 10 years.



Midland States Bancorp, Inc.

# Wealth Management

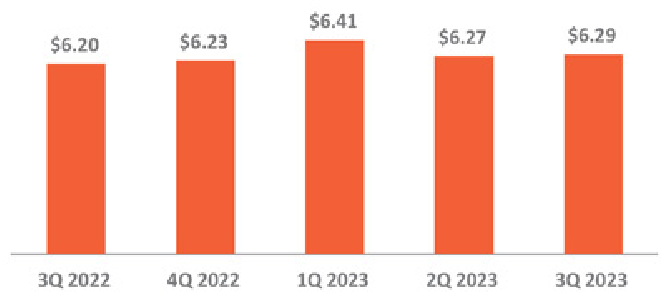
- Assets under administration and Wealth Management fees remained relatively stable from 2Q23 to 3Q23, as declines in market values were partially offset by addition of new client assets from new business development efforts
- Formed Midland Wealth Advisors, a registered investment advisor 2Q23
- Implementing additional technology, expected to go live 4Q23
- Adding to team, including investment officers and wealth advisors, one wealth advisor in 3Q23 with more expected in 4Q23

## Assets Under Administration

(in millions)


## Wealth Management Revenue

(in millions)



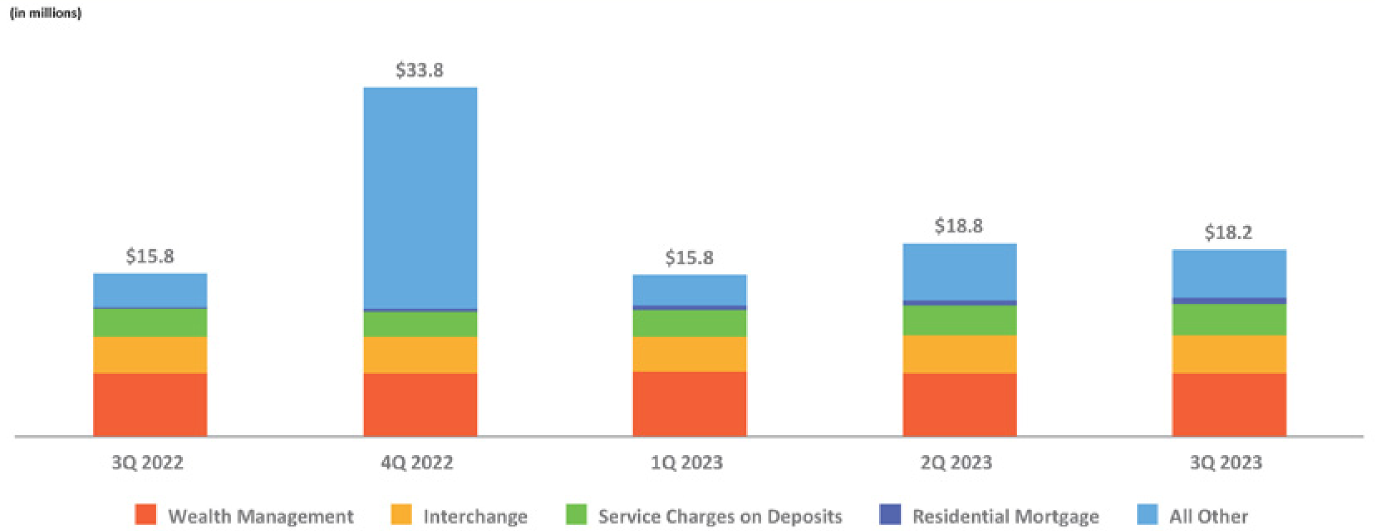



Midland States Bancorp, Inc.

# Noninterest Income

- Noninterest income decreased 3% from prior quarter
- 3Q23 noninterest income included $5.0 million loss on sale of investment securities and $6.6 million enhancement fee on company-owned life insurance resulting from balance sheet repositioning
- Excluding impact of balance sheet repositioning, most line items were relatively consistent with the prior quarter
- Noninterest income expected to be in the range of $17.2 - $17.5 million in 4Q23

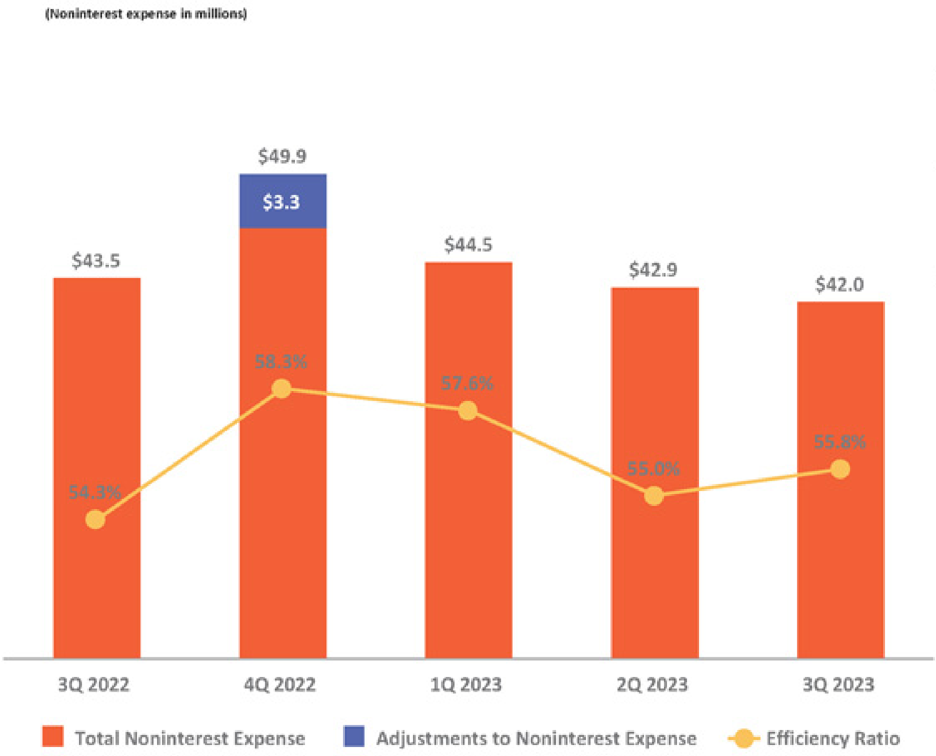
## Noninterest Income




Midland States Bancorp, Inc.

# Noninterest Expense and Operating Efficiency

## Noninterest Expense and Efficiency Ratio [1]




- Efficiency Ratio [1] was 55.8% in 3Q 2023 vs. 55.0% in 2Q 2023
- Disciplined expense control resulted in slight declines in most line items compared to the prior quarter
- Near-term operating expense run-rate expected to be approximately $43.5 - $44.5 million
  - Favorable heath care claims in 3Q not expected to continue
  - Staffing additions to support growth in BaaS, Wealth, and Community Banking



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

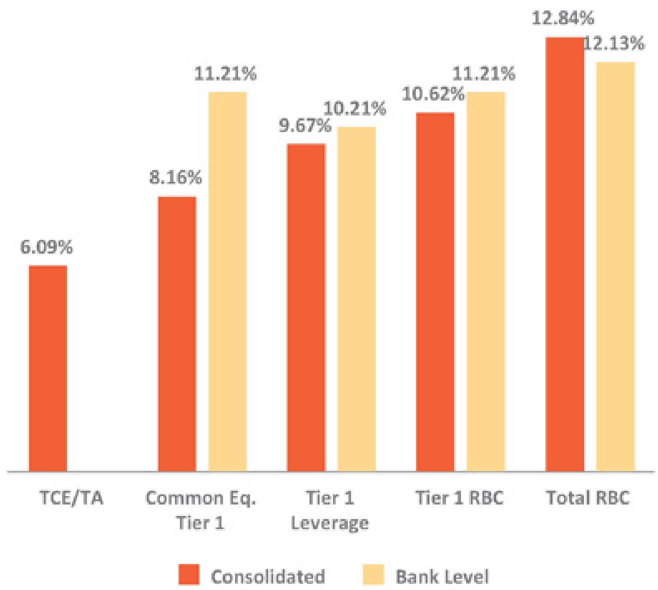
Midland States Bancorp, Inc.

# Capital Ratios and Strategy

## Capital Strategy

- Capital initiatives increased CET1 to 8.16% 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 September 30, 2023)






Midland States Bancorp, Inc.

# Outlook

# Outlook

- Prudent risk management will remain top priority while economic uncertainty remains with business development efforts focused on adding new commercial and retail deposit relationships
- 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
- Modest additional repositioning in the investment portfolio should continue to support increase in average yields and a stable net interest margin
- Maintain disciplined expense management while also making long-term investments to support growth in Wealth Management business and development of Banking-as-a-Service platform
- Two Banking-as-a-Service partnerships launching in 4Q23 focused on low-cost deposit generation and fee income with BaaS initiative expected to start making a meaningful contribution during 2024
- 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

# Long-Term Formula for Enhancing Shareholder Value

Disciplined Balance Sheet Growth

+

Improving Operating Efficiencies

+

Stable Sources of Recurring Income

+

Accretive M&A Transactions

=

**Earnings Growth, Improving Returns and Enhanced Franchise Value**

# APPENDIX

# ESG: A Framework for Sustainability

## Environmental

### Facilities

- Our Corporate HQ, built in 2011, is LEED (Silver) Certified.
- We have installed solar power in 10 Midland locations.
- We have made more than $50 million of credit available for residential solar projects since 2011.
- We have also completed more than $540 million of financing for 18 "green" (LEED, Energy Star, etc.) multi-family/health care facilities since 2017.

### Paper Reduction

- More than 50% of our customers use paperless statements and we have had a paper elimination program in place since 2010.

## Social

### Community Outreach

- We have been serving families and businesses since 1881, offering products and services based on the needs of our customers
- We work with more than 150 low-to-moderate income (LMI) and minority focused community groups to insure we address the needs of each of our markets.
- The Midland Institute CEO Program, a unique program designed to teach entrepreneurship to high school students, was created in 2010. In 2022, more than 60 programs, serving 288 high schools in 10 states, now utilize this powerful program for energizing tomorrow's business leaders.

### Culture and People

- Since 2008 Midland has provided all employees personal and professional development training.
- Midland's Advanced Study for Talent Enrichment and Resource Training (MASTERS) program serves to develop future leaders of the Company. To date 65% of participants have been women or minority employees.
- Midland launched its Diversity & Inclusion Council in April 2020 to focus on diversity in the workplace and workforce.
- We offer paid time off for all employees to contribute their time and talents to recognized charities, causes or not-for-profit organizations, making a positive difference in their communities.

### Philanthropy

- For the 2019-2021 Exam Period, we were credited for $132.5 million in community development loans.
- Since its creation in 2011, the Midland States Bank Foundation has contributed more than $1.6 million to non-profit organizations throughout Midland's footprint.

### Financial Education

- Since 2015 we have held more than 240 financial literacy seminars in LMI/ minority neighborhoods in our footprint.

### CRA, Community Development and Financial Inclusion

- We have provided $877 million in financing for 148 affordable and multi-family and health care projects since 2015.
- Through our Believable Banking® Residential Mortgage and Home Improvement Loan Programs we have made more than $97.3 million of loans to families underserved by traditional loan programs.
- Our banking products and services are offered through our personal bankers and online with materials designed to clearly describe the features, costs and alternatives available to our customers, including through dual-language materials and our ADA compliant website.

## Governance

### Reputation and Ethics

- Midland States Bank was one of the first in the nation to have a woman on its board (1903).
- Our board composition includes 45% women and minorities, and our criteria for identifying directors includes seeking diverse individuals.
- Our Code of Business Conduct and Ethics is available at investors.midlandsb.com.

### Oversight of Strategy and Risk

- The Company's Chair and CEO roles been separate since the Company's inception (1988).
- All directors continuing after our May 2020 Annual Meeting of Shareholders, except our CEO, are "independent" pursuant to applicable SEC/NASDAQ rules.
- Our Board of Directors has established a Risk and Compliance Committee to oversee all aspects of risk and compliance management across our enterprise
- Consistent with COSO's 2017 Enterprise-Wide Risk Management (ERM) Framework, our ERM program employs business process risk ownership and the "three lines of defense" model.

### Data Security

- We utilize data security programs and a privacy policy under which we do not sell or share customer information with nonaffiliated entities.

### Executive Compensation

- Our executive compensation, including all performance related compensation, is evaluated annually by Risk Management to ensure consistency with Federal Reserve Safety and Soundness requirements, and the Interagency Guidance on Sound Incentive Compensation Policies issued jointly by the federal regulatory agencies.
- All cash and equity incentive programs for executive officers include performance metrics and/or four-year vesting periods.

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

**Tangible Book Value Per Share**

| | For the Year Ended | | | | | |
|---|---|---|---|---|---|---|
| *(dollars in thousands, except per share data)* | 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.**
**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.

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

**Efficiency Ratio Reconciliation**

| | For the Year Ended | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| *(dollars in thousands)* | | | | | | | |
| Noninterest expense - GAAP | $ 121,289 | $ 152,997 | $ 191,643 | $ 175,641 | $ 184,010 | $ 175,069 | $ 175,662 |
| Adjustments to noninterest expense: | | | | | | | |
| Impairment related to facilities optimization | (2,099) | (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 | (511) | — | — | (1,778) | (193) | — | — |
| Net expense from FDIC loss share termination | (351) | — | — | — | — | — | — |
| Integration and acquisition expenses | (2,343) | (17,738) | (24,015) | (5,493) | (2,309) | (4,356) | (347) |
| Adjusted noninterest expense | $ 115,985 | $ 129,248 | $ 167,170 | $ 165,283 | $ 162,097 | $ 161,955 | $ 172,065 |
| Net interest income - GAAP | 105,254 | 129,662 | 180,087 | 189,815 | 199,136 | 207,675 | 245,735 |
| Effect of tax-exempt income | 2,579 | 2,691 | 2,095 | 2,045 | 1,766 | 1,543 | 1,283 |
| Adjusted net interest income | 107,833 | 132,353 | 182,182 | 191,860 | 200,902 | 209,218 | 247,018 |
| Noninterest income - GAAP | 72,057 | 59,362 | 71,791 | 75,282 | 61,249 | 69,899 | 79,891 |
| Adjustments to noninterest income: | | | | | | | |
| Impairment (recapture) on commercial mortgage | 3,135 | 2,324 | (450) | 2,139 | 12,337 | 7,532 | 1,263 |
| (Gain) on sales of investment securities, net | (14,702) | (222) | (464) | (674) | (1,721) | (537) | 230 |
| (Gain) on termination of hedged interest rate swaps | — | — | — | — | — | (2,159) | (17,531) |
| Other income | 608 | 67 | (89) | 29 | 17 | (48) | — |
| Adjusted noninterest income | 61,098 | 61,531 | 70,788 | 76,776 | 71,882 | 74,687 | 63,853 |
| Adjusted total revenue | $ 168,931 | $ 193,884 | $ 252,970 | $ 268,636 | $ 272,784 | $ 283,905 | $ 310,871 |
| Efficiency ratio | 68.66 % | 66.66 % | 66.08 % | 61.53 % | 59.42 % | 57.05 % | 55.35 % |

Midland
States Bancorp, Inc.

## 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)* | **September 30, 2023** | **June 30, 2023** | **March 31, 2023** | **December 31, 2022** | **September 30, 2022** |
| Income before income taxes - GAAP | $ 29,575 | $ 28,820 | $ 28,666 | $ 43,902 | $ 29,380 |
| Adjustments to noninterest income: | | | | | |
| Loss on sales of investment securities, net | 4,961 | 869 | 648 | — | 129 |
| (Gain) on termination of hedged interest rate swaps | — | — | — | (17,531) | — |
| (Gain) on repurchase of subordinated debt | — | (676) | — | — | — |
| Company-owned life insurance enhancement fee | (6,640) | — | — | — | — |
| Total adjustments to noninterest income | (1,679) | 193 | 648 | (17,531) | 129 |
| Adjustments to noninterest expense: | | | | | |
| (Loss) on mortgage servicing rights held for sale | — | — | — | (3,250) | — |
| Integration and acquisition expenses | — | — | — | — | 68 |
| Total adjustments to noninterest expense | — | — | — | (3,250) | 68 |
| Adjusted earnings pre tax - non-GAAP | 27,896 | 29,013 | 29,314 | 29,621 | 29,441 |
| Adjusted earnings tax | 8,389 | 7,297 | 7,069 | 7,174 | 5,873 |
| Adjusted earnings - non-GAAP | 19,507 | 21,716 | 22,245 | 22,447 | 23,568 |
| Preferred stock dividends | 2,229 | 2,228 | 2,228 | — | — |
| ***Adjusted earnings available to common shareholders*** | $ 17,278 | $ 19,488 | $ 20,017 | $ 22,447 | $ 23,568 |
| *Adjusted diluted earnings per common share* | $ 0.78 | $ 0.87 | $ 0.88 | $ 0.85 | $ 1.04 |
| Adjusted return on average assets | 0.98 % | 1.10 % | 1.15 % | 1.13 % | 1.22 % |
| Adjusted return on average shareholders' equity | 10.03 % | 11.21 % | 11.76 % | 11.89 % | 13.34 % |
| Adjusted return on average tangible common equity | 14.24 % | 16.10 % | 17.11 % | 16.80 % | 20.24 % |

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

| | For the Quarter Ended | | | | |
|---|---|---|---|---|---|
| *(dollars in thousands)* | **September 30, 2023** | **June 30, 2023** | **March 31, 2023** | **December 31, 2022** | **September 30, 2022** |
| Adjusted earnings pre tax - non-GAAP | $ 27,896 | $ 29,013 | $ 29,314 | $ 29,621 | $ 29,441 |
| Provision for credit losses | 5,168 | 5,879 | 3,135 | 3,544 | 6,974 |
| Impairment on commercial mortgage servicing rights | — | — | — | — | — |
| ***Adjusted pre-tax, pre-provision earnings - non-GAAP*** | $ 33,064 | $ 34,892 | $ 32,449 | $ 33,165 | $ 36,415 |
| Adjusted pre-tax, pre-provision return on average assets | 1.66 % | 1.76 % | 1.67 % | 1.68 % | 1.89 % |



Midland States Bancorp, Inc.

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

**Efficiency Ratio Reconciliation**

| | For the Quarter Ended | | | | |
|---|---|---|---|---|---|
| *(dollars in thousands)* | September 30, 2023 | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 |
| Noninterest expense - GAAP | $ 42,038 | $ 42,894 | $ 44,482 | $ 49,943 | $ 43,496 |
| Loss on mortgage servicing rights held for sale | — | — | — | (3,250) | — |
| Integration and acquisition expenses | — | — | — | — | 68 |
| Adjusted noninterest expense | $ 42,038 | $ 42,894 | $ 44,482 | $ 46,693 | $ 43,564 |
| Net interest income - GAAP | $ 58,596 | $ 58,840 | $ 60,504 | $ 63,550 | $ 64,024 |
| Effect of tax-exempt income | 205 | 195 | 244 | 286 | 307 |
| Adjusted net interest income | 58,801 | 59,035 | 60,748 | 63,836 | 64,331 |
| Noninterest income - GAAP | 18,185 | 18,753 | 15,779 | 33,839 | 15,826 |
| Impairment on commercial mortgage servicing rights | — | — | — | — | — |
| Loss on sales of investment securities, net | 4,961 | 869 | 648 | — | 129 |
| (Gain) on termination of hedged interest rate swaps | — | — | — | (17,531) | — |
| (Gain) on repurchase of subordinated debt | — | (676) | — | — | — |
| Company-owned life insurance enhancement fee | (6,640) | — | — | — | — |
| Adjusted noninterest income | 16,506 | 18,946 | 16,427 | 16,308 | 15,955 |
| Adjusted total revenue | $ 75,307 | $ 77,981 | $ 77,175 | $ 80,144 | $ 80,286 |
| ***Efficiency ratio*** | 55.82 % | 55.01 % | 57.64 % | 58.26 % | 54.26 % |



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)* | September 30, 2023 | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 |
| **Shareholders' Equity to Tangible Common Equity** | | | | | |
| Total shareholders' equity—GAAP | $ 764,250 | $ 776,821 | $ 775,643 | $ 758,574 | $ 739,279 |
| Adjustments: | | | | | |
| Preferred Stock | (110,548) | (110,548) | (110,548) | (110,548) | (110,548) |
| Goodwill | (161,904) | (161,904) | (161,904) | (161,904) | (161,904) |
| Other intangible assets, net | (17,238) | (18,367) | (19,575) | (20,866) | (22,198) |
| Tangible common equity | $ 474,560 | $ 486,002 | $ 483,616 | $ 465,256 | $ 444,629 |
| Less: Accumulated other comprehensive income (AOCI) | (101,181) | (84,719) | (77,797) | (83,797) | (78,383) |
| Tangible common equity excluding AOCI | $ 575,741 | $ 570,721 | $ 561,413 | $ 549,053 | $ 523,012 |
| **Total Assets to Tangible Assets:** | | | | | |
| Total assets—GAAP | $ 7,975,925 | $ 8,034,721 | $ 7,930,174 | $ 7,855,501 | $ 7,821,877 |
| Adjustments: | | | | | |
| Goodwill | (161,904) | (161,904) | (161,904) | (161,904) | (161,904) |
| Other intangible assets, net | (17,238) | (18,367) | (19,575) | (20,866) | (22,198) |
| Tangible assets | $ 7,796,783 | $ 7,854,450 | $ 7,748,695 | $ 7,672,731 | $ 7,637,775 |
| Common Shares Outstanding | 21,594,546 | 21,854,800 | 22,111,454 | 22,214,913 | 22,074,740 |
| ***Tangible Common Equity to Tangible Assets*** | 6.09 % | 6.19 % | 6.24 % | 6.06 % | 5.82 % |
| ***Tangible Book Value Per Share*** | $ 21.98 | $ 22.24 | $ 21.87 | $ 20.94 | $ 20.14 |
| ***Tangible Book Value Per Share excluding AOCI*** | $ 26.66 | $ 26.11 | $ 25.39 | $ 24.72 | $ 23.69 |

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

| | For the Quarter Ended | | | | |
|---|---|---|---|---|---|
| *(dollars in thousands)* | September 30, 2023 | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 |
| Net income available to common shareholders | $ 15,813 | $ 19,347 | $ 19,544 | $ 29,703 | $ 23,521 |
| Average total shareholders' equity—GAAP | $ 771,625 | $ 776,791 | $ 767,186 | $ 749,183 | $ 700,866 |
| Adjustments: | | | | | |
| Preferred Stock | (110,548) | (110,548) | (110,548) | (110,548) | (54,072) |
| Goodwill | (161,904) | (161,904) | (161,904) | (161,904) | (161,904) |
| Other intangible assets, net | (17,782) | (18,937) | (20,184) | (21,504) | (22,859) |
| Average tangible common equity | $ 481,391 | $ 485,402 | $ 474,550 | $ 455,227 | $ 462,031 |
| **ROATCE** | 13.03 % | 15.99 % | 16.70 % | 25.89 % | 20.20 % |



Midland States Bancorp, Inc.