Midland States Bancorp (MSBI)

Updated January 27th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$23	**5 Year CAGR Estimate:**	9.6%	**Market Cap:**	$487 M
Fair Value Price:	$27	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date[1]:**	2/13/26
% Fair Value:	86%	**5 Year Valuation Multiple Estimate:**	3.1%	**Dividend Payment Date:**	2/20/26
Dividend Yield:	5.6%	**5 Year Price Target**	$30	**Years Of Dividend Growth:**	9
Dividend Risk Score:	F	**Sector:** Financials		**Rating:**	Hold

Overview & Current Events

Midland States Bancorp (MSBI) is the holding company of Midland States Bank, a community bank that was founded in 1881 and is headquartered in Effingham, Illinois. It operates 53 branches in Illinois and Missouri and provides a wide range of banking products and services to individuals, businesses, municipalities and other entities. Midland States Bancorp has total assets of $6.7 billion and a market capitalization of $487 million.

On April 9th, 2025, Midland States Bancorp received a deficiency notification letter from Nasdaq, as it did not file its annual report in time. The bank received a similar report on May 23rd, 2025. It had a deadline until June 2nd, 2025, to regain compliance with Nasdaq and it finally filed its annual report on July 1st, 2025. The bank received a similar report on August 22nd, 2025. This raises a red flag about management's quality and the health of the bank's business model.

In late January, Midland States Bancorp reported (1/23/26) results for Q4-2025. Its net interest margin contracted sequentially from 3.79% to 3.74% and its net interest income dipped -4%. Given also material losses from the sale of loan portfolios, the bank switched from a profit per share of $0.24 to a loss per share of -$0.24, missing the analysts' consensus by $0.24. While the losses from the sale of loan portfolios are non-recurring in nature, we remain concerned over the unreliable business performance of this small-cap bank.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.17	$0.87	$2.39	$2.54	$1.70	$3.65	$3.79	$3.42	-$1.05	$1.70	***$2.60***	***$2.87***
DPS	$0.36	$0.80	$0.88	$0.97	$1.07	$1.12	$1.16	$1.20	$1.24	$1.26	***$1.28***	***$1.44***
Shares[2]	14.4	18.3	23.5	24.5	23.3	22.4	22.7	22.0	21.8	21.2	***21.0***	***21.0***

Midland States Bancorp has acquired seven smaller banks since 2009. As a result, it has grown its asset base by 10% per year on average over the last nine years. It has also grown its earnings-per-share by 8.7% per year on average over the last 8 years but it incurred a material loss in 2024 due to massive loan charge-offs and high deposit costs, which resulted from high interest rates. While we are concerned over the quality of the loan portfolio of the bank, we do not expect excessive losses from loans to recur this year and thus we expect earnings-per-share of $2.60. In addition, given our expectations for lower interest rates in the upcoming years, we expect the bank to enjoy an expansion of its net interest margin. Nevertheless, given its volatile performance record and our concerns over the quality of its loan portfolio, we expect 2.0% average annual growth of earnings-per-share over the next five years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	12.7	36.8	13.4	9.8	9.1	6.8	7.1	7.0	---	10.6	***8.8***	***10.3***
Avg. Yld.	1.3%	2.5%	2.8%	3.9%	6.9%	4.5%	4.3%	5.0%	5.3%	7.0%	***5.6%***	***4.9%***

[1] Estimated date.

[2] In millions.

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Excluding the years of abnormally high or abnormally low price-to-earnings ratios, Midland States Bancorp has traded at an average price-to-earnings ratio of 10.3 over the last decade. We assume this valuation level as fair for this stock. The stock is currently trading at a price-to-earnings ratio of 8.8, which is lower than the historical average of the bank. If the stock trades at its average valuation level in five years, it will enjoy a 3.1% annualized valuation gain.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	17%	92%	37%	38%	63%	31%	31%	35%	---	74%	***49%***	***50%***

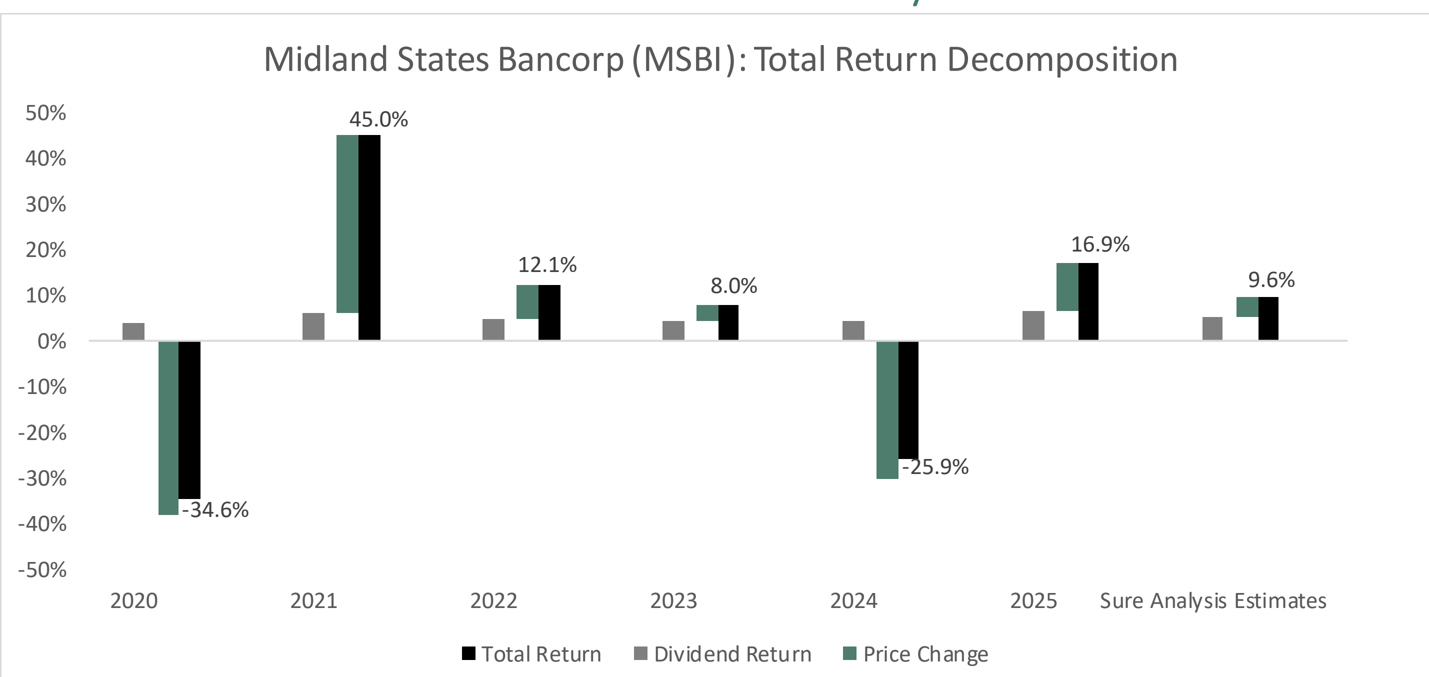
Midland States Bancorp raised its dividend by 3% last year and thus it has raised its dividend for 9 years in a row. It is now offering a dividend yield of 5.6%, which is much higher than the 2.9% median dividend yield of the financial sector. However, the stock incurred material losses in 2024. We also note that the company has grown its dividend by only 3% per year on average over the last four years. Overall, the stock is offering a high current yield but the dividend is not safe, particularly given the aforementioned issue related to the quality of the loan portfolio of the bank.

Moreover, Midland States Bancorp has exhibited a volatile performance record and has proved vulnerable to recessions and downturns of the financial sector. It incurred a -33% decrease in its earnings-per-share in 2020 due to the pandemic and posted excessive losses in 2024, primarily due to credit issues with two customers. Therefore, the stock is suitable only for investors who can tolerate stock price pressure during downturns and wait patiently for the subsequent recovery.

Final Thoughts & Recommendation

Midland States Bancorp has surged 50% in about two months thanks to optimism that the issues related to the quality of its loans belongs to the past. The stock could offer a 9.6% average annual return over the next five years thanks to 2.0% growth of earnings-per-share, its 5.6% dividend and a 3.1% valuation tailwind. However, due to the high risk related to the quality of the loan portfolio of the bank, we rate it as a hold only for risk-tolerant investors. We also reiterate that the stock is suitable only for patient investors, who can stomach choppy business performance and a volatile stock price.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	175	187	251	267	270	283	322	298	300	326
SG&A Exp.	84	101	133	121	89	93	97	101	99	---
D&A Exp.	13	13	16	19	20	16	14	13	13	---
Net Profit	32	16	39	56	23	81	99	75	(13)	(124)
Net Margin	18.0%	8.6%	15.7%	20.9%	8.3%	28.7%	30.7%	25.3%	-4.5%	-27.4%
Free Cash Flow	22	64	90	533	497	332	244	146	172	---
Income Tax	19	10	11	17	9	18	31	32	(9)	9

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	3,234	4,413	5,638	6,087	6,869	7,444	7,856	7,867	7,529	6,511
Cash & Equivalents	190	215	211	393	337	673	153	134	115	128
Goodwill & Int. Ass.	124	172	255	260	230	215	184	198	192	17
Total Liabilities	2,912	3,963	5,029	5,425	6,247	6,780	7,097	7,075	6,793	5,946
Long-Term Debt	292	590	735	670	949	449	602	604	423	372
Shareholder's Equity	322	447	606	662	621	664	648	681	736	565
LTD/E Ratio	0.91	1.31	1.21	1.01	1.53	0.68	0.79	0.76	0.58	0.76

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.0%	0.4%	0.8%	1.0%	0.3%	1.1%	1.3%	1.0%	-0.2%	-1.8%
Return on Equity	11.4%	4.2%	7.5%	8.8%	3.5%	12.7%	13.9%	9.7%	-1.8%	-19.5%
ROIC	6.6%	1.9%	3.3%	4.2%	1.6%	6.1%	8.0%	5.5%	-1.1%	-11.3%
Shares Out.	14.4	18.3	23.5	24.5	23.3	22.4	22.7	22.0	21.7	---
Revenue/Share	12.15	10.23	10.68	10.91	11.57	12.56	14.39	13.49	13.79	---
FCF/Share	1.52	3.52	3.82	21.77	21.27	14.71	10.88	6.59	7.92	---

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.