Midland States Bancorp, Inc.
NASDAQ: MSBI

Investor Presentation

Stephens Bank CEO Forum

September 23, 2020

Midland States Bancorp, Inc.

Forward-Looking Statements. This presentation may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements expressing management's current expectations, forecasts of future events or long-term goals may be based upon beliefs, expectations and assumptions of Midland's management, and are generally identifiable by the use of words such as "believe," "expect," "anticipate," "plan," "intend," "estimate," "may," "will," "would," "could," "should" or other similar expressions. All statements in this presentation speak only as of the date they are made, and Midland undertakes no obligation to update any statement. A number of factors, many of which are beyond the ability of Midland to control or predict, could cause actual results to differ materially from those in its forward-looking statements including the effects of the Coronavirus Disease 2019 (COVID-19) pandemic, including its potential effects on the economic environment, our customers and our operations, as well as any changes to federal, state or local government laws, regulations or orders in connection with the pandemic. These risks and uncertainties should be considered in evaluating forward-looking statements, and undue reliance should not be placed on such statements. Additional information concerning Midland and its businesses, including additional factors that could materially affect Midland's financial results, are included in Midland's filings with the Securities and Exchange Commission.

Use of Non-GAAP Financial Measures. This presentation may contain certain financial information determined by methods other than in accordance with accounting principles generally accepted in the United States ("GAAP"). These non-GAAP financial measures include "Adjusted Earnings," "Adjusted Diluted Earnings Per Share," "Adjusted Return on Average Assets," "Adjusted Return on Average Shareholders' Equity," "Adjusted Return on Average Tangible Common Equity," "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.

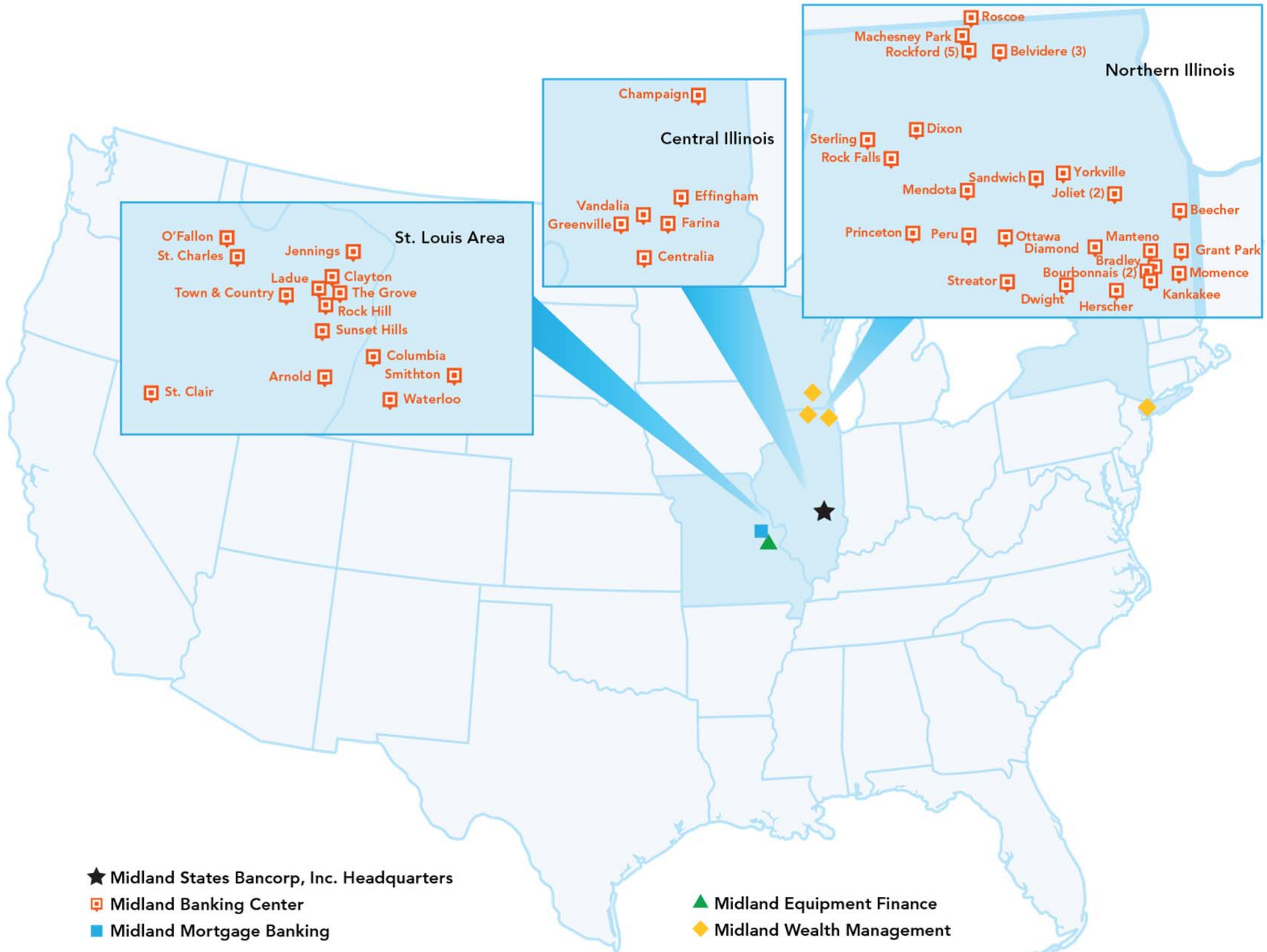
Company Snapshot

- **$6.64 billion asset community bank established in 1881 and headquartered in Effingham, Illinois**
  - **3rd largest Illinois-based community bank[1]**
- **$3.25 billion Wealth Management business**
- **Diversified lender with national equipment financing and consumer loan origination platforms complementing in-market commercial relationship banking**
- **52 branches in Illinois and Missouri (pro forma to represent branch closures scheduled by end of 2020)**
- **14 successful acquisitions since 2008**

Notes:
1) Community bank defined as banks with less than $10 billion in assets; Source: S&P Global Market Intelligence
2) All financial data as of June 30, 2020

Midland States Bancorp, Inc.

Financial Services & Banking Center Footprint*



Residential Mortgage and Wealth Management services are also available through all Midland Banking Centers.

*Pro forma to represent branch closures scheduled by the end of 2020

Midland
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Investment Summary

Experienced and deep management team

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

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

26%

Attractive, stable core deposit franchise with 26% non-interest bearing accounts[1]

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

Illinois and contiguous states provide ample opportunities for future acquisitions

Comprehensive risk management standards applied throughout the entire business

Notes:
1. As of June 30, 2020

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

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

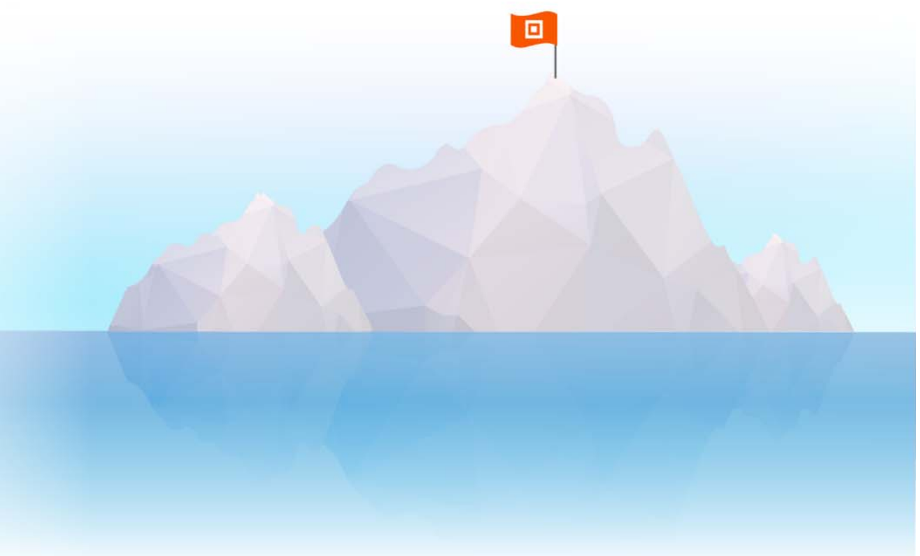
Maintain a program designed to integrate controls, monitoring and risk-assessment at all key levels and stages of our operations and growth; ensure that all employees are fully engaged

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 Leadership Team

John M. Schultz | Chairman of the Board

- Held the position since 2006
- Chief Executive Officer of Agracel, Inc.
- Author of *Boomtown USA: the 7 ½ Keys to*
- *Big Success in Small Towns*

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 States in November 2006; 16+ years in banking industry

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

- 25+ years in community banking
- Appointed Bank President in March 2018
- Oversees commercial, retail, mortgage and treasury sales

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

- 20+ years experience advising banks and bank holding co.
- Significant IPO, SEC reporting and M&A experience
- Served as lead outside counsel for all of Midland's acquisitions and capital raise transactions from 2007 prior to joining the Company

Eric T. Lemke | Chief Financial Officer

- Promoted to Chief Financial Officer in November 2019
- Joined Midland States 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

Successful Acquisition History

- **Midland States has completed 14 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**

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

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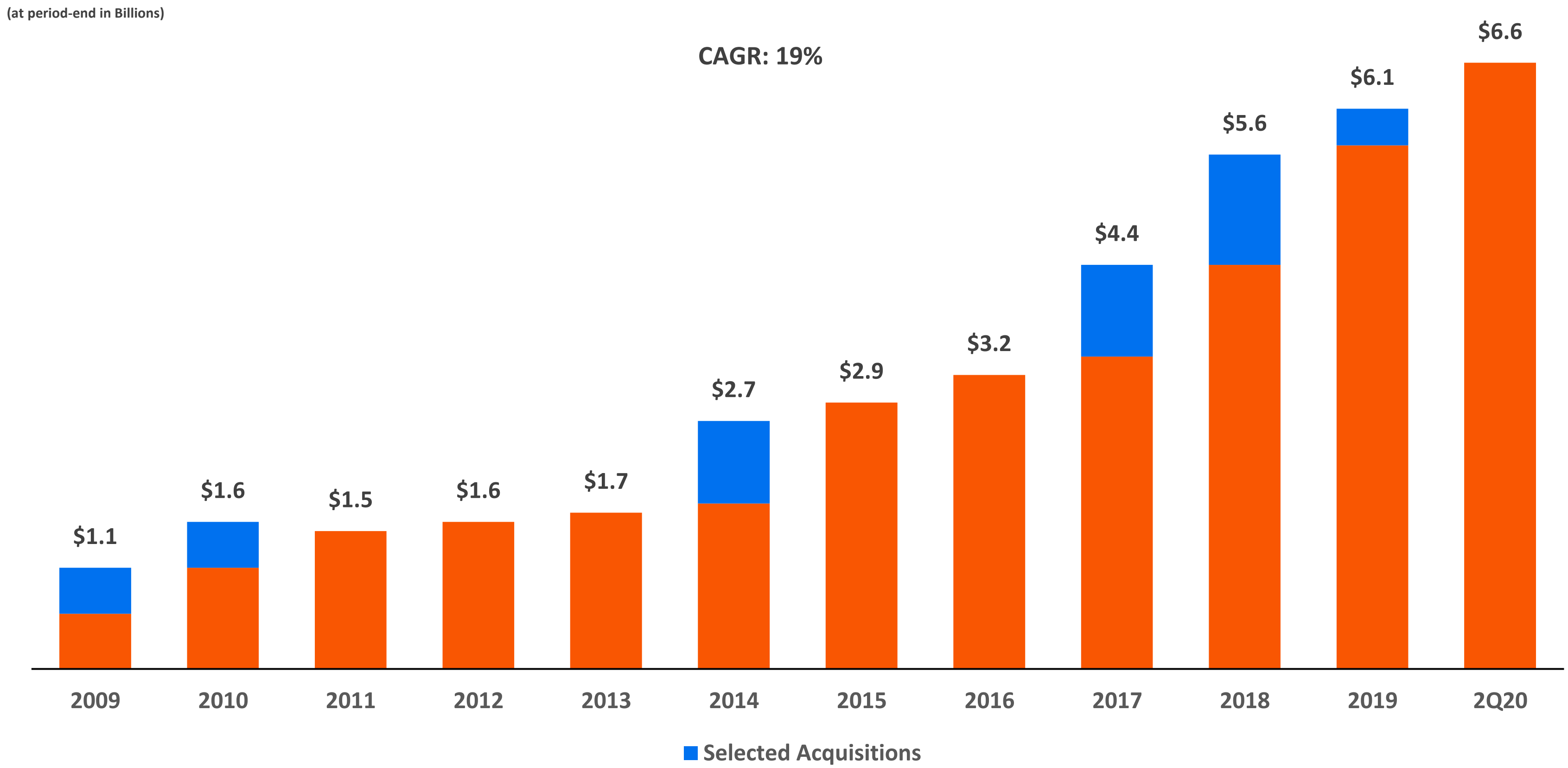
Successful Execution of Strategic Plan…

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)

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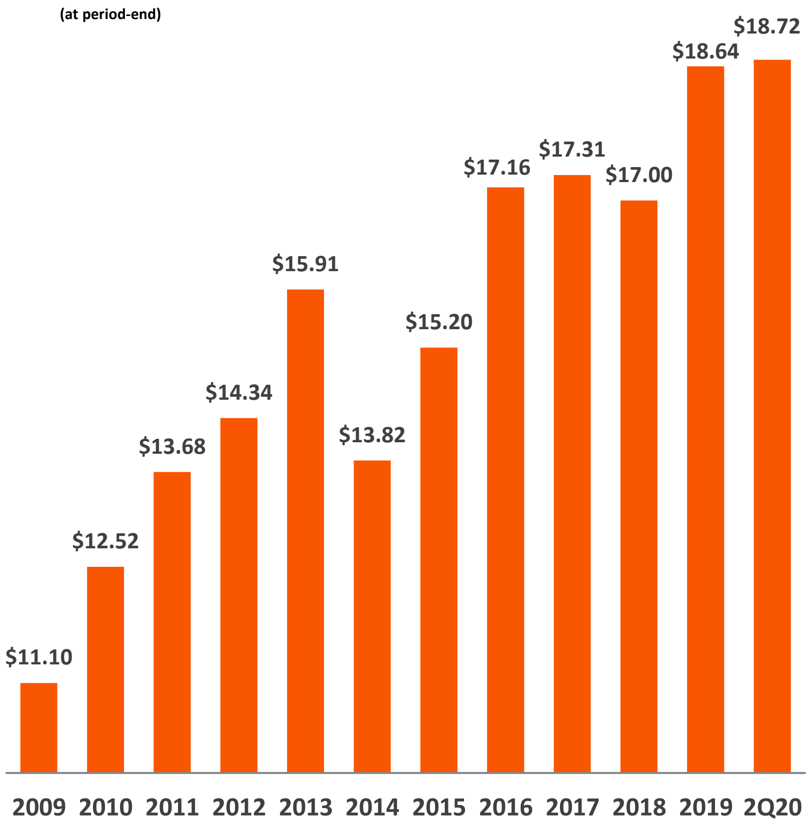
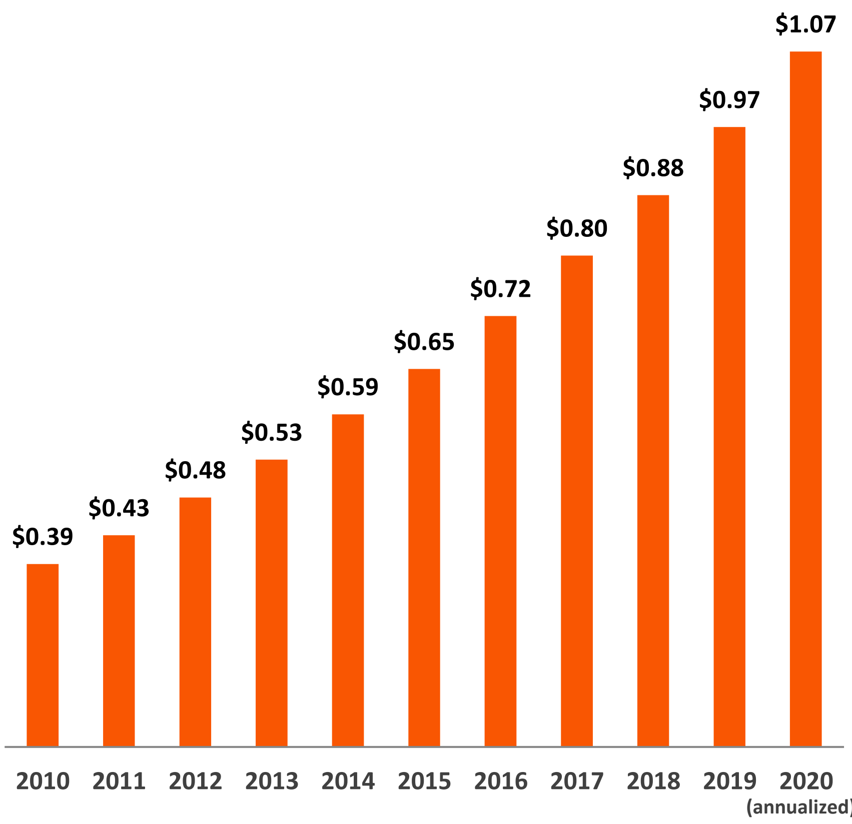
…Leads to Creation of Shareholder Value

10%+ annual dividend growth over the past 15 years

Tangible Book Value Per Share[1]



Dividends Declared Per Share



Note:
(1) Tangible book value per share is a non-GAAP financial measure; tangible book value per share is defined as tangible common equity divided by shares of common stock outstanding (in the case of the ''as converted'' measure, assuming the conversion of all preferred shares that were outstanding prior to December 31, 2014); please refer to the reconciliation in the Appendix

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Strategic Initiatives Strengthening Franchise

Significant Corporate Actions Since Coming Public in 2016

Action	Strategic Rationale	Financial Impact
Three whole bank acquisitions	• Added scale • Added low-cost deposits • Deepened presence in Illinois	Realized synergies from M&A have positively impacted earnings power and efficiency ratio
Three Wealth Management acquisitions	• Increased AUA • Added an RIA to expand asset-based fee model	Increased stream of predictable, recurring Wealth Management revenue
Expanded equipment finance group	• Increased production of credits with more attractive risk-adjusted yields	Positively impacted NIM and loan growth
Branch network and facility reductions	• Consolidate branches in key markets • Reflects increasing adoption of digital banking platform	Reduced operating expenses, increased branch productivity, and improved operating efficiencies
Sale of Commercial FHA Loan Origination platform	• Remove inconsistent revenue and profit contributor • Retain servicing component including low-cost deposits	Reduced operating expenses and improved consistency of earnings stream
Optimized residential mortgage team	• Rightsized staffing to improve profitability • Focus production on core Illinois markets	Reduced operating expenses and improved profitability of business line

2020 Optimization and Efficiency Initiatives

	Initiative Details	FY 2021 Expected Financial Impact
Sale of Commercial FHA Loan Origination Platform	• Sale of origination platform to Dwight Capital • No significant gain on sale (reduced goodwill by $10.8 million) • Retain servicing and low-cost deposits • Ongoing warehouse and servicing deposit relationship with Dwight Capital	• Ongoing commercial FHA revenue of $1.2 million for servicing • $8-$9 million expense reduction
Branch Network Optimization	• Pending consolidation of 13 branches (20% of network and ~30 FTEs) • Most affected branches located within 3 miles of another Midland branch • 4 of the branches have been closed since March due to pandemic • Expected to retain 70% to 80% of deposits from consolidated branches	• Expected restructuring charge in 3Q20 of $12-$15 million • Other branch renovation and upgrading projects beginning in 4Q20 and continuing in 2021 at a cost of $4 million • $6 million expense reduction in 2021

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Recent Financial Trends

Overview of 2Q20

2Q20 Earnings

- Net income of $12.6 million, or $0.53 diluted EPS
- 2Q20 results include a $0.4 million loss on residential MSRs held for sale and $54,000 in integration and acquisition expenses, impacting diluted EPS by $0.02

Strong Balance Sheet Growth

- Loan growth of 10.6% from the end of the prior quarter
- Deposit growth of 6.3% from the end of the prior quarter

Stable Asset Quality

- Slight increase in nonperforming loans
- Significant decline in new loan deferral requests with most existing modifications not expected to require a second deferral
- Allowance for credit losses strengthened to 0.97% of total loans

Positive Trends Across Multiple Business Lines

- Wealth management AUA increased due to improved market performance
- Equipment financing group had record quarter of loan closings
- Strong quarter of residential mortgage banking revenue driven by demand for refinancings
- Commercial FHA loan originations and revenue increased significantly from prior quarter

Continued Progress on Strategic Initiatives

- Further improvement in deposit mix with significant growth in lower-cost categories
- Efficiency ratio [1] improved to 58.5% from 63.8% in prior quarter

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

Loan Portfolio

- **Total loans increased $463.2 million, or 10.6% from prior quarter, to $4.84 billion**
- **Increase primarily attributable to growth in commercial and consumer portfolios; partially offset by declines in the commercial real estate and residential real estate portfolios**
- **PPP loans contributed $276.0 million to loan growth**
- **Equipment finance balances increased $78.2 million, or 11.6%, from March 31, 2020**
- **$104.8 million increase in warehouse credit line utilization by commercial FHA loan originator**

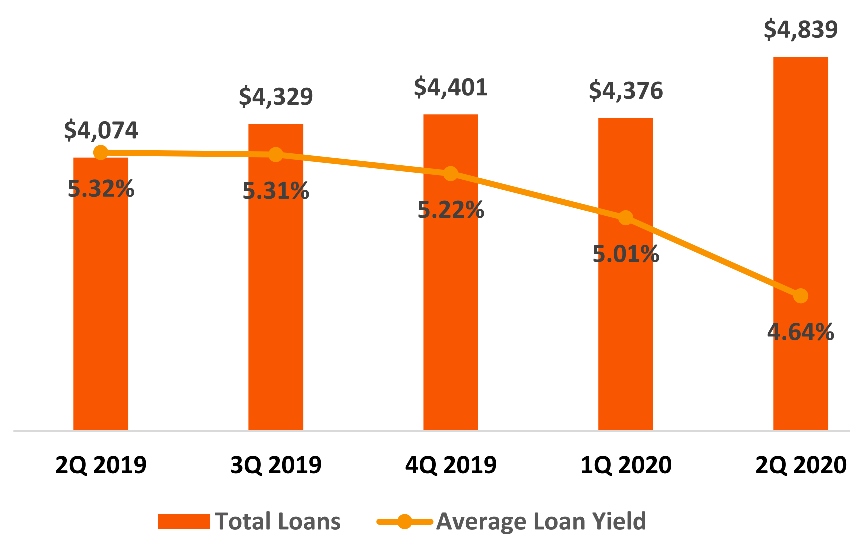
Loan Portfolio Mix

(in millions, as of quarter-end)

	2Q 2020	1Q 2020	2Q 2019
Commercial loans and leases	$ 1,856	$ 1,439	$ 1,149
Commercial real estate	1,495	1,508	1,524
Construction and land development	208	208	250
Residential real estate	509	548	552
Consumer	771	673	597
Total Loans	**$ 4,839**	**$ 4,376**	**$ 4,074**

Total Loans and Average Loan Yield

(in millions, as of quarter-end)



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Total Deposits

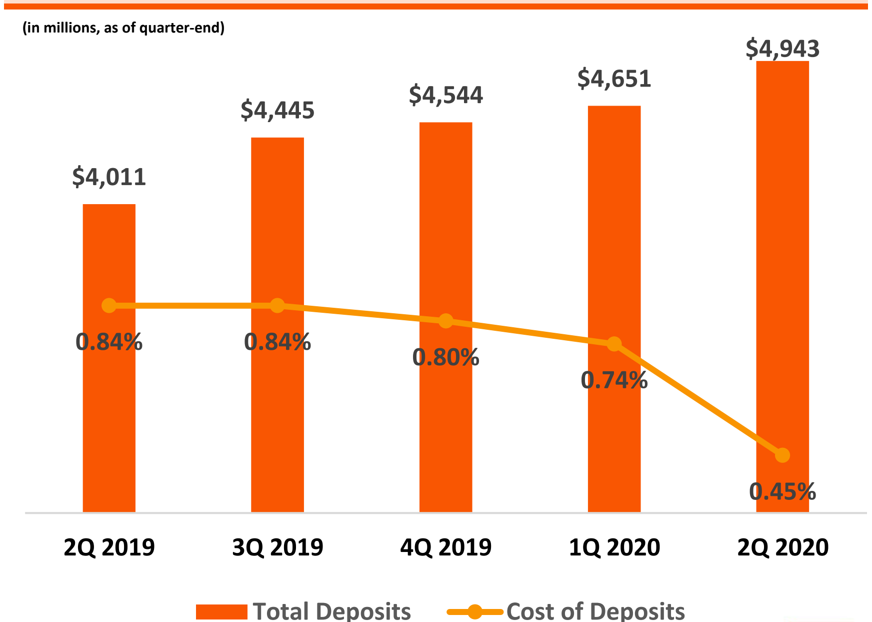
- Total deposits increased $292.5 million, or 6.3% from prior quarter, to $4.94 billion
- Growth in deposits attributable to increase in core deposits, primarily from commercial customers, partially driven by inflows of PPP-related funds
- Continued intentional run-off of higher-cost time deposits, replaced with lower-cost core deposits
- Time deposits decreased $76.0 million due to run-off of higher-cost CDs with promotional rates

Deposit Mix

(in millions, as of quarter-end)

	2Q 2020	1Q 2020	2Q 2019
Noninterest-bearing demand	$ 1,273	$ 1,053	$ 902
Interest-bearing:			
Checking	1,485	1,425	1,009
Money market	877	850	733
Savings	595	534	442
Time	690	766	785
Brokered time	23	23	140
Total Deposits	**$4,943**	**$4,651**	**$4,011**

Total Deposits and Cost of Deposits



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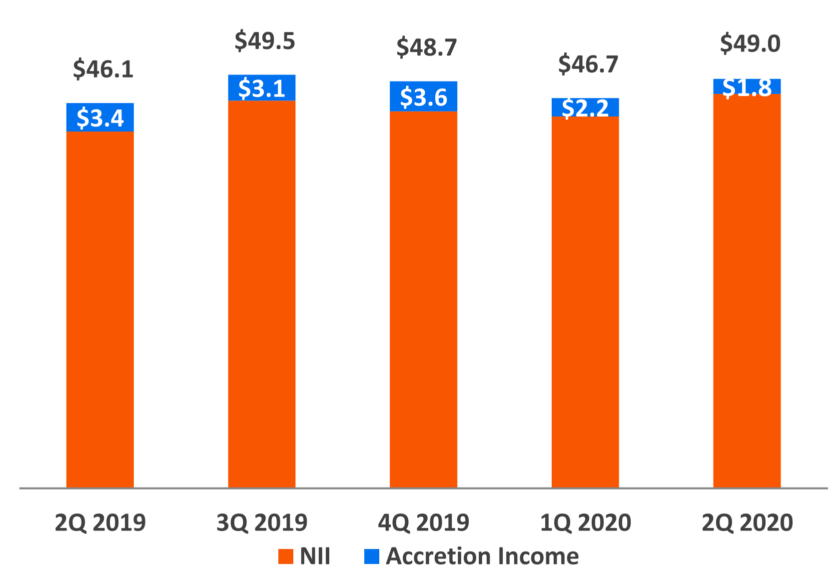
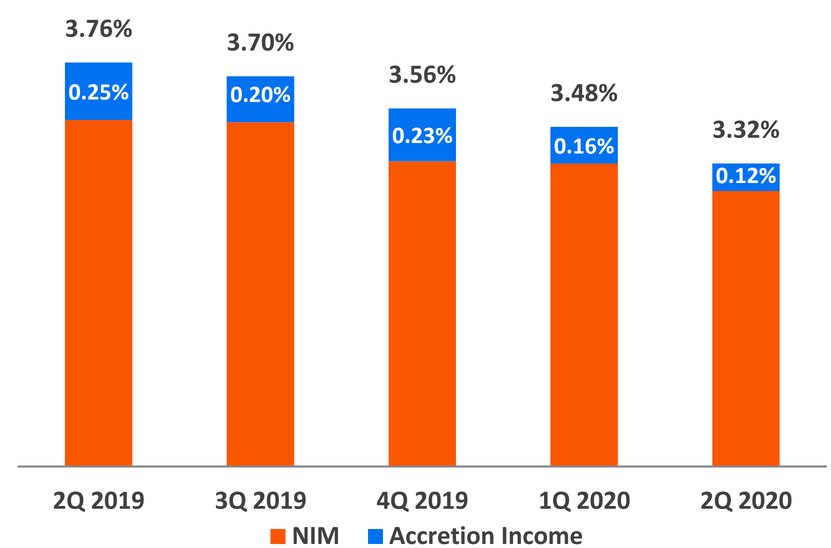
Net Interest Income/Margin

- Net interest income increased 5.0% from the prior quarter due to lower cost of funds and higher average loan balances
- Excluding the impact of accretion income, net interest margin declined 12 basis points
- Decline in net interest margin was primarily attributable to excess liquidity invested in lower-yielding earning assets and the addition of low-interest PPP loans, which collectively had an 18 bps impact on NIM in 2Q20
- 29 basis point decline in cost of deposits partially offset decline in earning asset yields
- PPP loan fees amortized over 24 month term of loans

Net Interest Income



Net Interest Margin



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Factors Impacting Net Interest Margin in 3Q20

- $107.1 million in time deposits scheduled to mature in 3Q20 with weighted average rate of 1.36%
- $183.3 million in money market accounts at teaser rates of 1.60% scheduled to reprice in 3Q20
- $31.1 million in subordinated debt moved to floating rate in June 2020, resulting in reduction of approximately 130 bps in 3Q20
- Building liquidity on balance sheet will continue to put pressure on NIM going forward
- PPP loans will positively impact NIM upon forgiveness

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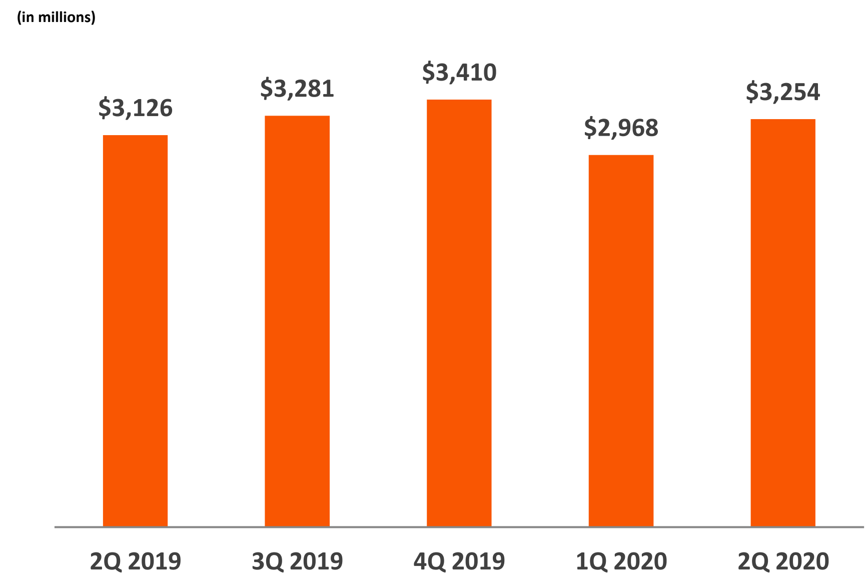
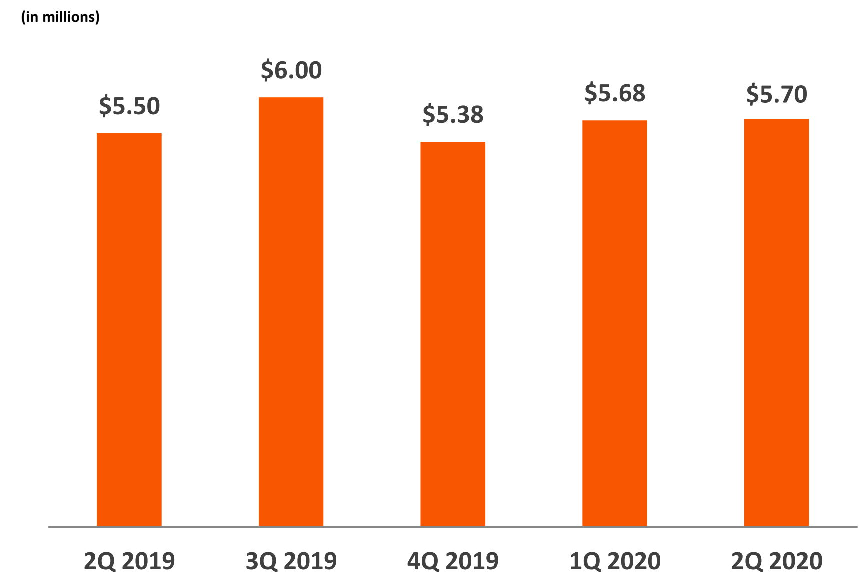
Wealth Management

- During 2Q20, assets under administration increased $286.2 million, primarily due to market performance
- Total Wealth Management revenue was up slightly from prior quarter
- Fees increased due to improved market performance, partially offset by reduction in trust fees related to tax preparation from prior quarter

Assets Under Administration



Wealth Management Revenue



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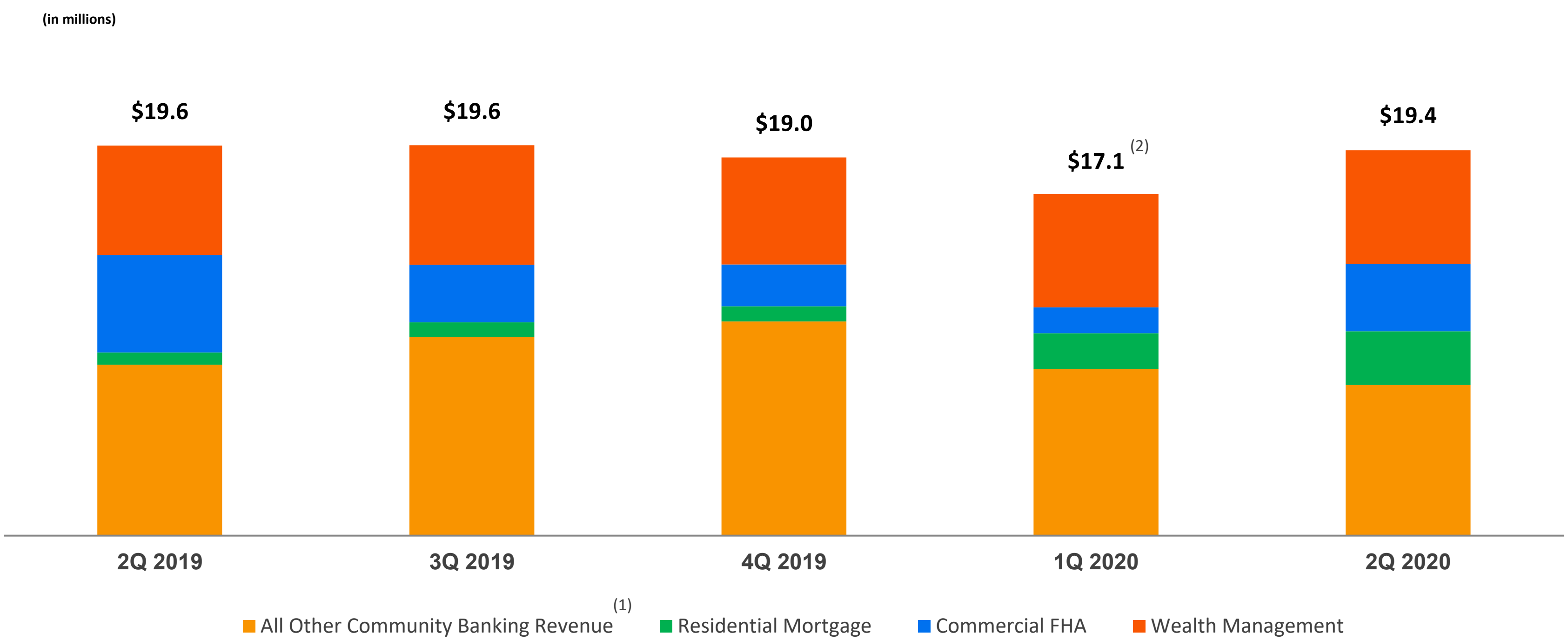
Noninterest Income

- Noninterest income increased 125.6% from prior quarter, which included an $8.5 million impairment of commercial mortgage servicing rights ("MSRs")
- Excluding the impact of the impairment of commercial MSRs, noninterest income increased 13.5% primarily due to higher commercial FHA and residential mortgage banking revenue
- Increase was offset by lower retail banking fees including service charges and overdraft fees due to the impact of COVID-19 pandemic

Noninterest Income



Notes:
(1) Represents service charges, interchange revenue, net gain (loss) on sale of investment securities, and other income
(2) Excludes $8.5 million impairment of commercial mortgage servicing rights

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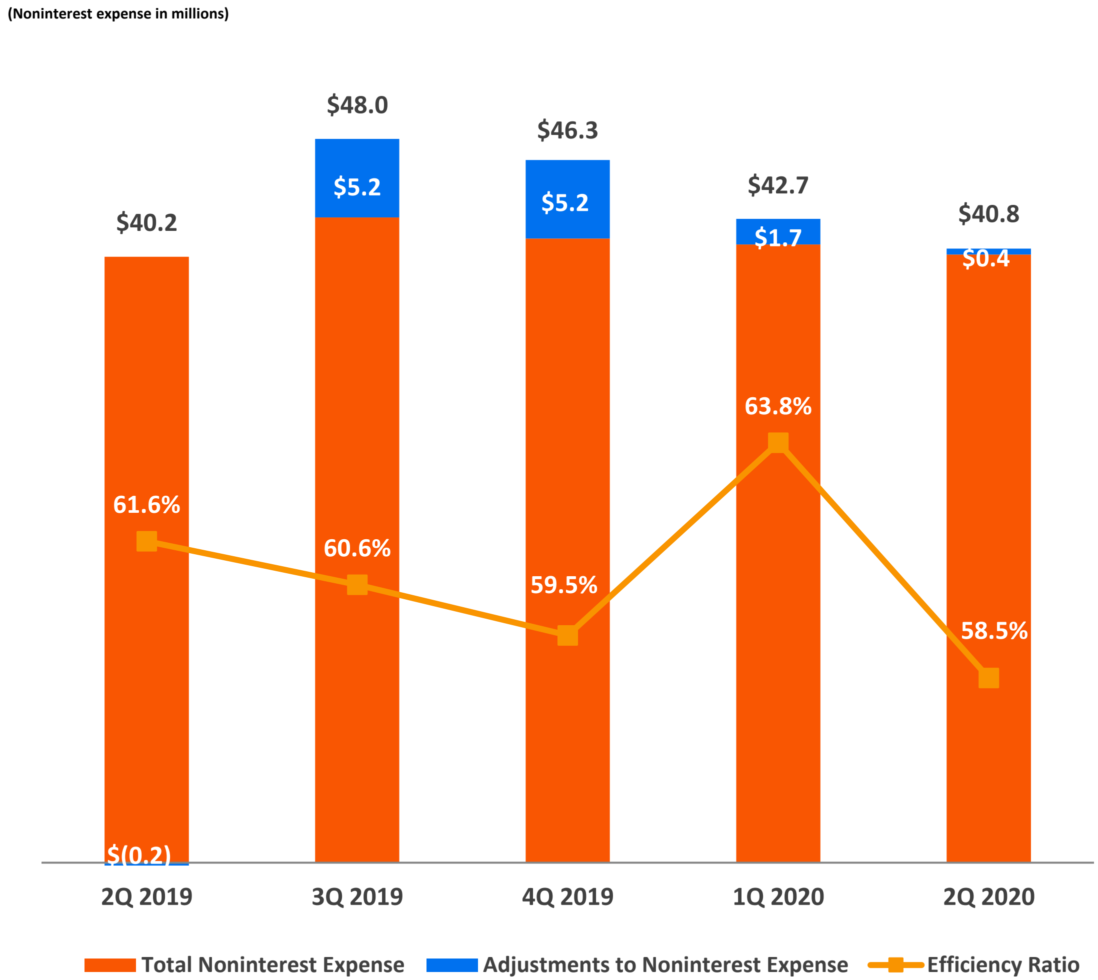
Noninterest Expense and Operating Efficiency

Noninterest Expense and Efficiency Ratio [1]



- **Efficiency Ratio [1] was 58.5% in 2Q20 vs. 63.8% in 1Q20**
- **Adjustments to non-interest expense:**

($ in millions)	2Q20	1Q20
Integration and acquisition related expenses	($0.05)	($1.0)
Loss on repurchase of subordinated debt	-	($0.2)
Loss on MSRs held for sale	$(0.4)	$(0.5)

- **Excluding these adjustments, noninterest expense declined $0.6 million on a linked-quarter basis**
- **Decrease in noninterest expense was primarily attributable to lower salaries and employee benefits expense resulting from staffing level adjustments made in 1Q20**

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

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COVID-19
Response and Impact

Paycheck Protection Program Overview

Paycheck Protection Program (as of 6/30/20)	
Total Loans Funded	$313.1 million
Number of Loans	2,311
Average Loan Size	$135,482
Loans Outstanding	$276.0 million
Average Fee	3.5%
Total Fees	$9.7 million

Impact on 2Q20 Financials

	At or for the Three Months Ended 6/30/20	Metrics Excluding PPP Impact
Total Loans	$4.84 billion	$4.56 billion
Average Loans	$4.70 billion	$4.46 billion
Net Interest Income FTE[1]	$49.4 million	$48.0 million
Net Interest Margin[1]	3.32%	3.35%
ACL/Total Loans	0.97%	1.02%

1. Loan fees and deferred loan origination costs being amortized over an estimated 24-month life of PPP loans

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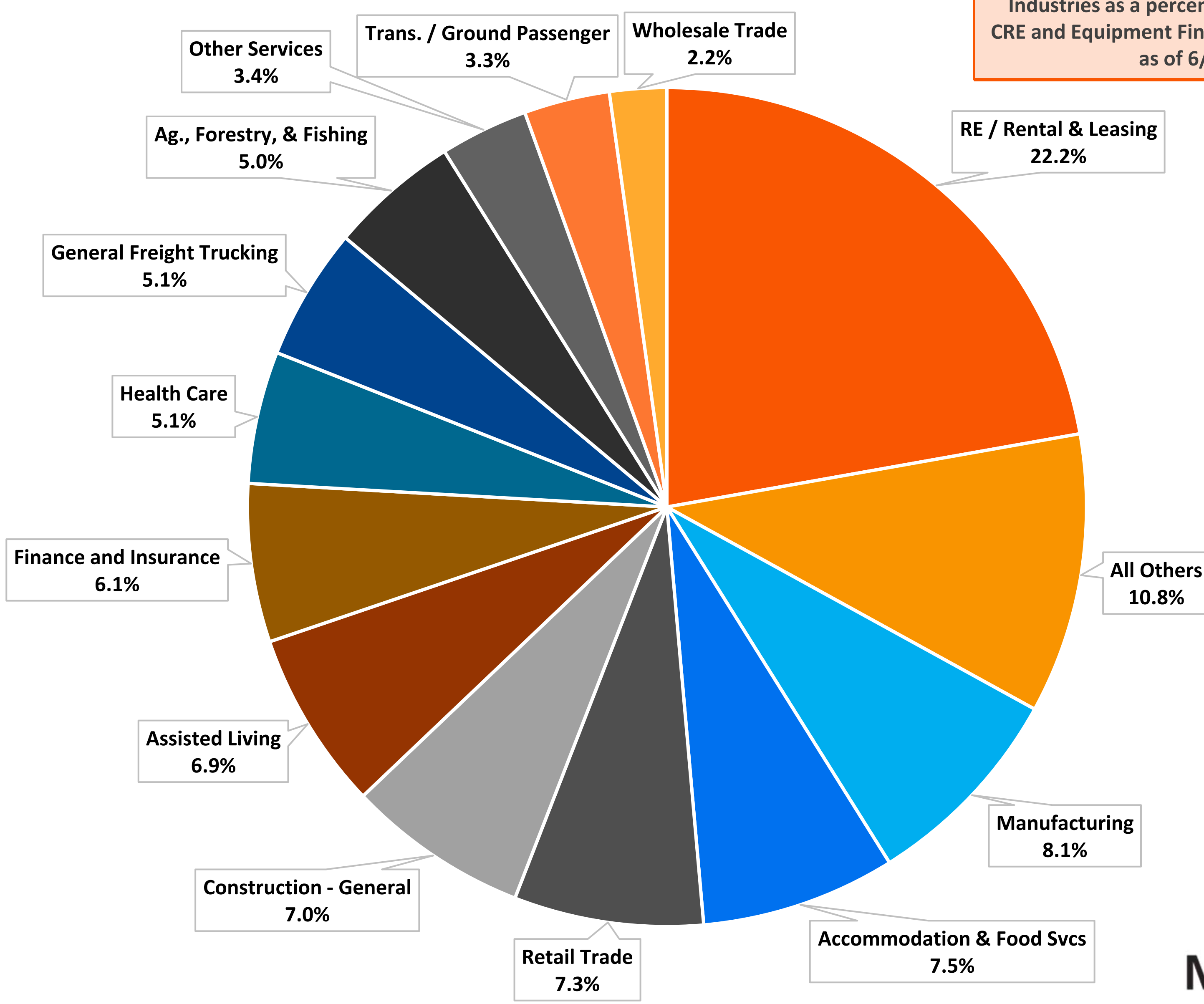
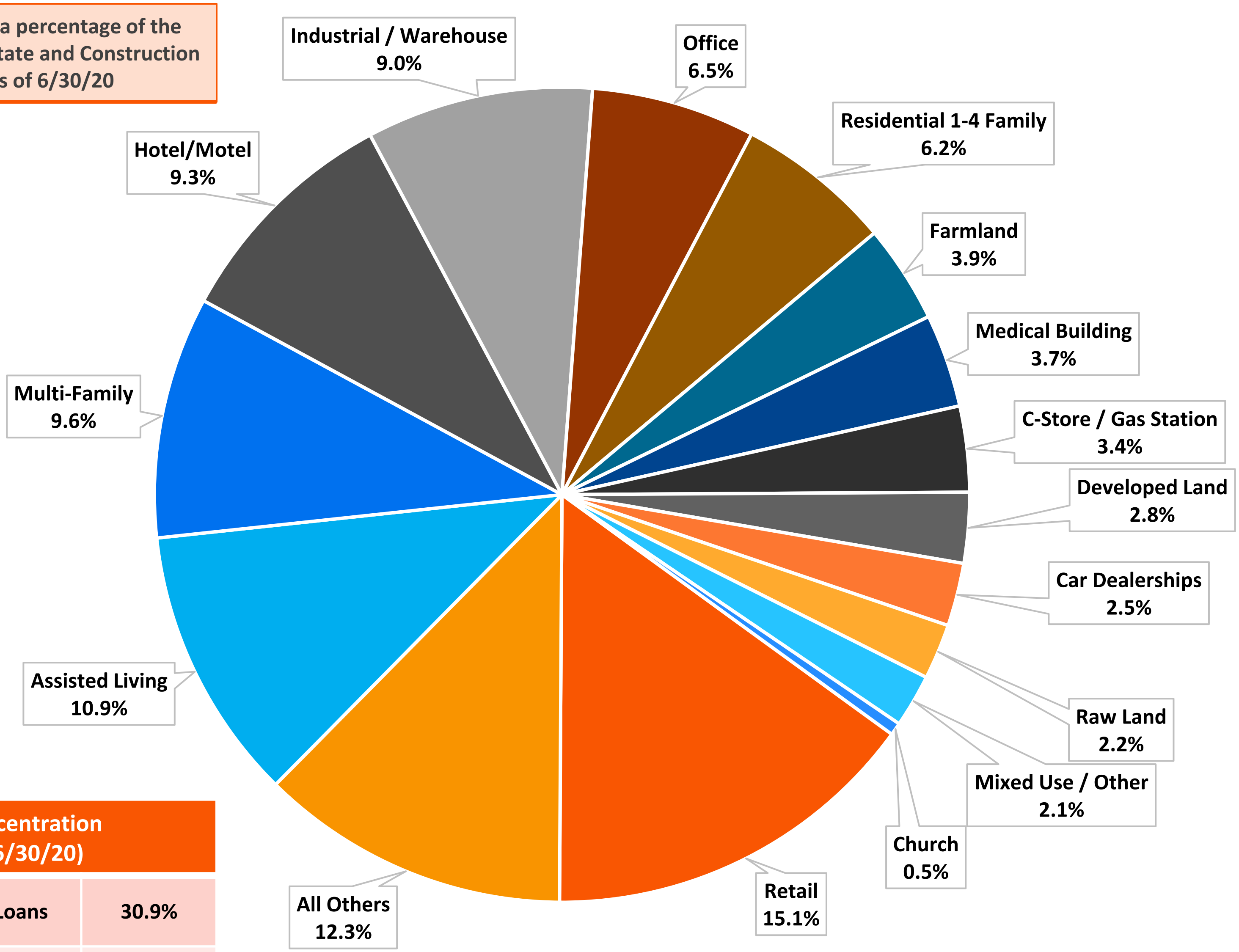
Commercial Loans and Leases by Industry

Industries as a percentage of Commercial, CRE and Equipment Finance Loans and Leases as of 6/30/20



Commercial Real Estate Portfolio by Collateral Type

Collateral type as a percentage of the Commercial Real Estate and Construction Portfolio as of 6/30/20



CRE Concentration (as of 6/30/20)	
CRE as a % of Total Loans	30.9%
CRE as a % of Total Risk-Based Capital	178.4%

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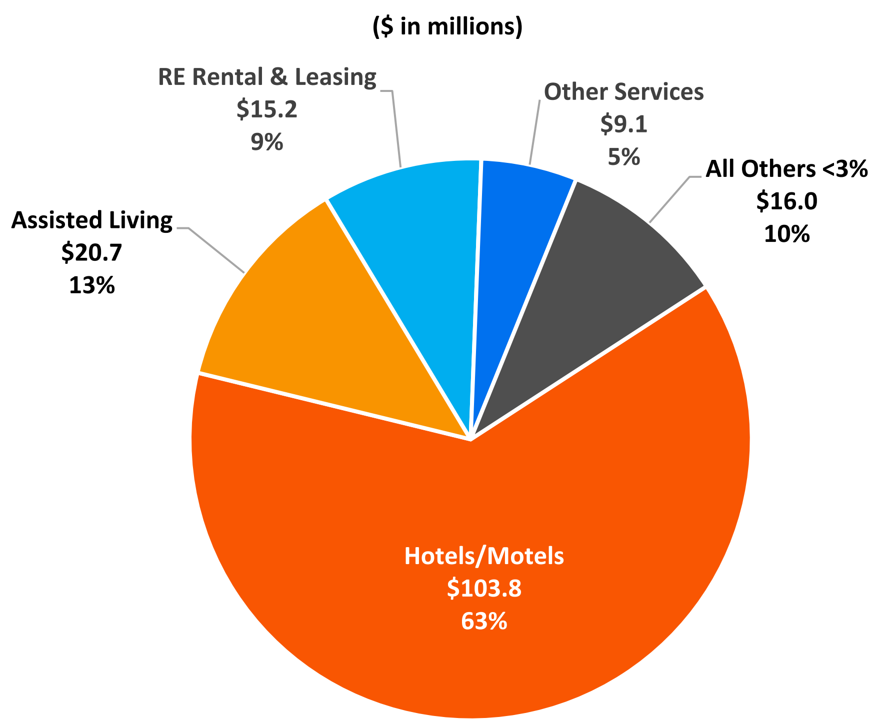
Loan Deferral Overview

Total Loan Deferrals				
	As of June 30, 2020	As of August 31, 2020	Percentage Change	2nd Deferrals In Process
Total Loans Deferred	$898.4 million	$267.8 million	(70.2%)	$58.7 million
% of Total Loans	18.8%	5.6%	(70.2%)	1.3%

C&I and CRE Deferrals by Industry*
(as of August 31, 2020)



*Excluding equipment finance; please see slide 27 for equipment finance deferrals by industry

Midland Equipment Finance Portfolio Overview

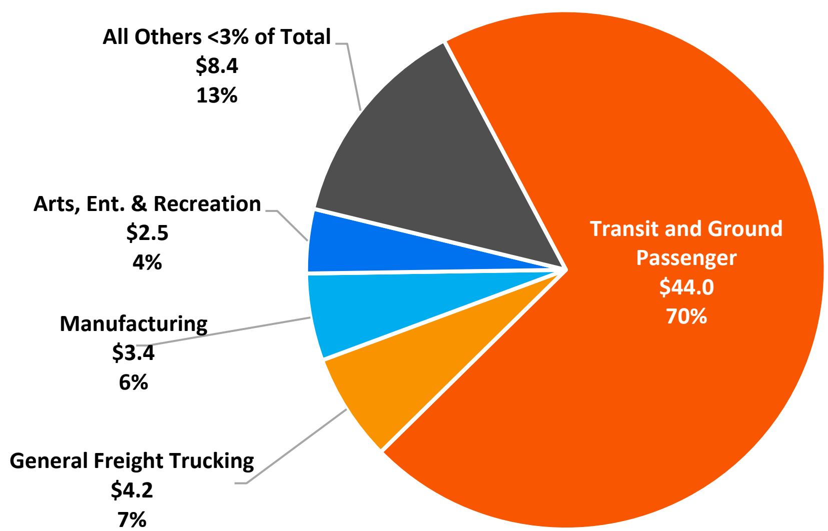
Portfolio Characteristics (as of 6/30/20)	
Nationwide portfolio providing financing solutions to equipment vendors and end-users	
Total Outstanding Loans and Leases	$750.6 million (15.5% of total loans)
Number of Loans and Leases	5,694
Average Loan/Lease Size	$129,896
Largest Loan/Lease	$1.6 million
Weighted Average Rate	4.84%

Total Deferred Loans and Leases

	As of June 30, 2020	As of August 31, 2020	Percentage Change	2nd Deferrals in Process
Total Deferrals	$233.0 million	$62.6 million	(73.1%)	$18.0 million
Percentage of portfolio	31.5%	8.3%	(73.7%)	2.4%

Equipment Finance Deferrals by Industry
(as of August 31, 2020)

($ in millions)



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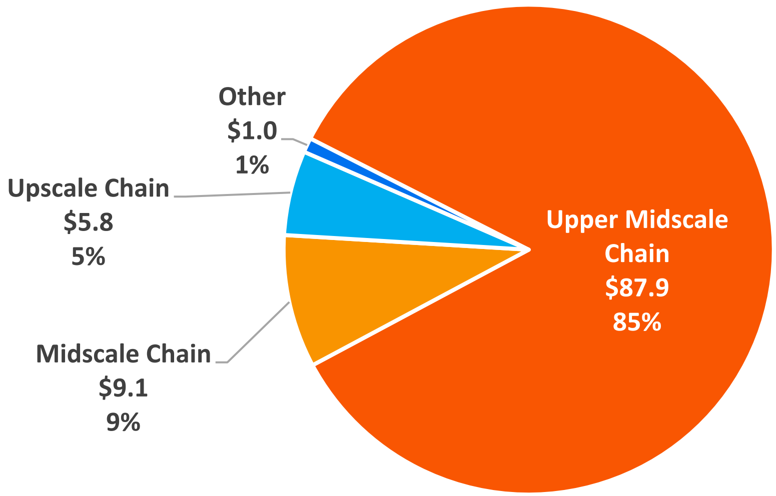
Hotel/Motel Portfolio Overview

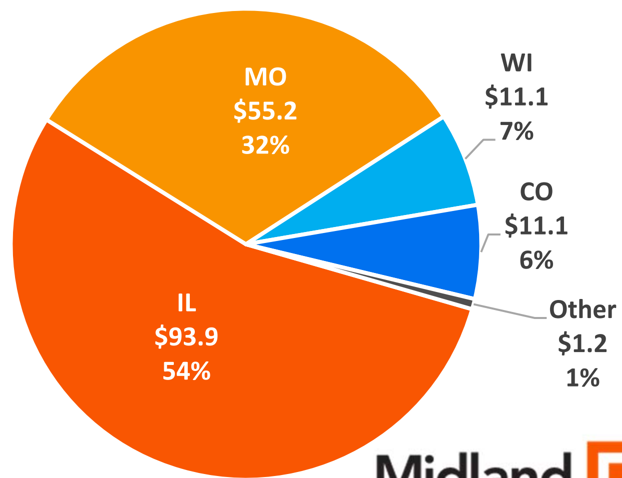
Portfolio Characteristics (CRE & C&I) (as of 6/30/20)	
Total Outstanding	$172.5 million (3.6% of total loans)
Number of Loans	57
Average Loan Size	$3.0 million
Largest Loan	$11.1 million
Average LTV	54%
Total Deferred Loans as of 6/30/20	$146.2 million (84.8% of portfolio)
Average LTV of Deferred Loans as of 6/30/20	52%
Total Deferred Loans as of 8/31/20	$103.8 million (60.2% of portfolio)

Deferrals by Chain Scale

($ in millions)



Portfolio by State



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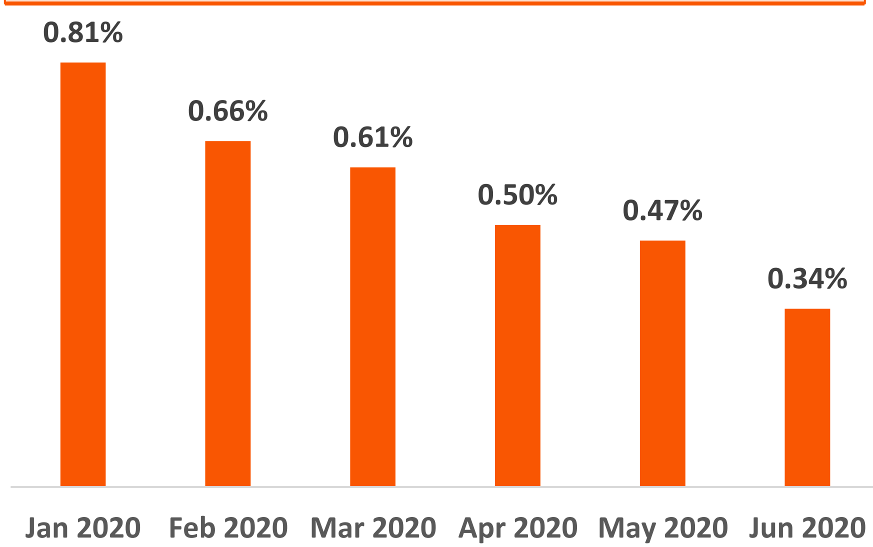
GreenSky Consumer Loan Portfolio Overview

Portfolio Characteristics (as of 6/30/20)	
Total Outstanding	$680.5 million (14.1% of total loans)
Number of Loans	297,241
Average Loan Size	$2,289
Average FICO Score	746
Total Deferred Loans (as of June 30, 2020)	$35.8 million (5.3% of portfolio)
Total Deferred Loans (as of August 31, 2020)	$11.1 million (1.6% of portfolio)

Delinquency Rate (greater than 60 days)



Prime Credit

- Average FICO score of 746
- No losses to MSBI in 9 year history of the portfolio
- Portfolio can be sold to provide liquidity; Loan sales were executed at par in May and June 2020

Credit Enhancement

- Cash flow waterfall structure
  - Cash flow from portfolio covers servicing fee, credit losses and our target margin
  - Excess cash flow is an incentive fee to GreenSky that could be used to cover additional losses
  - GreenSky received incentive fees in 17 of past 18 months including every month in 2020
- Escrow deposits
  - Escrow deposits absorb losses in excess of cash flow waterfall
  - Escrow account totaled $29.5 million at 6/30/20 or 4.3% of the portfolio

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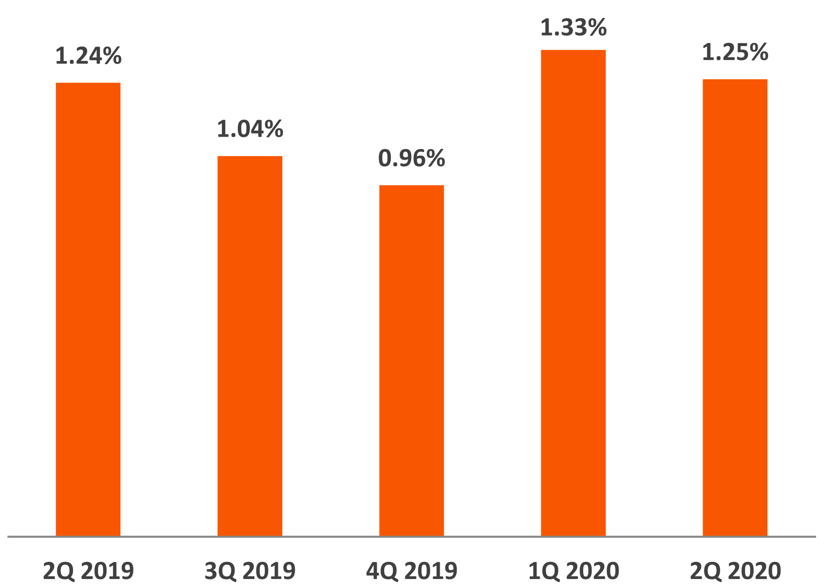
Asset Quality

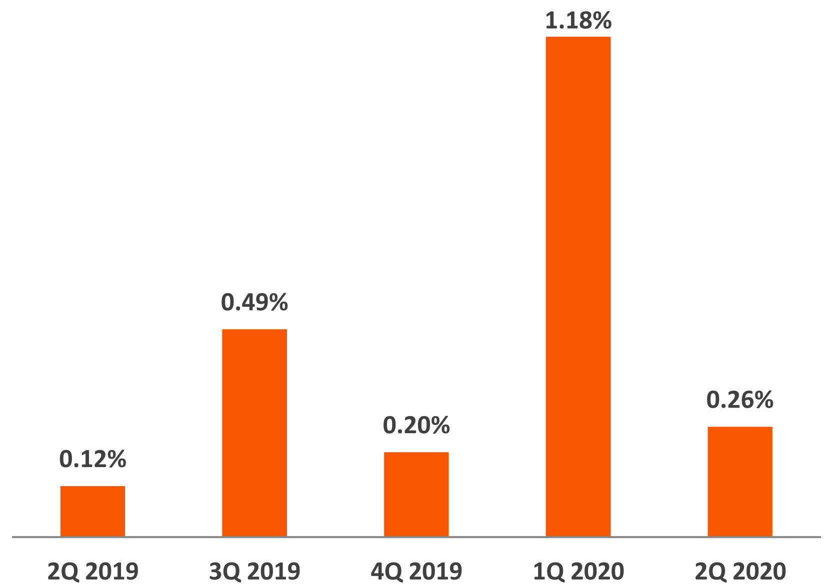
- **Nonperforming loans/total loans declined to 1.25% from 1.33% at the end of the prior quarter**
- **Net charge-offs of $3.1 million, or 0.26% of average loans**
- **Provision for loan losses of $11.6 million in 2Q20 primarily reflects changes in portfolio and a continued downgrade in economic forecast due to the impact of COVID-19 pandemic**
- **At 6/30/20, approximately 96% of ACL was allocated to general reserves**

Nonperforming Loans / Total Loans

(Total Loans as of quarter-end)

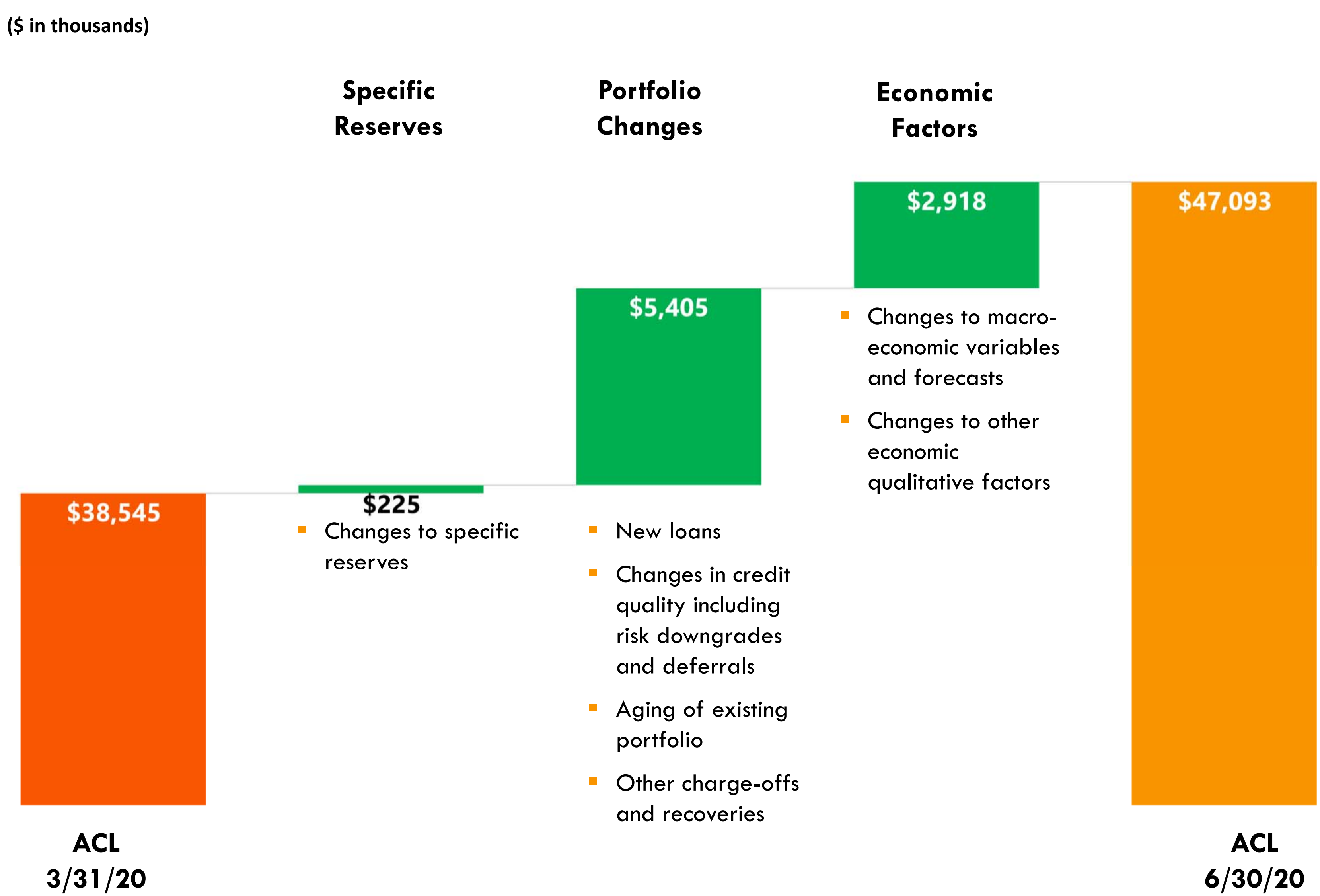


NCO / Average Loans



Midland States Bancorp, Inc.

Changes in Allowance for Credit Losses



Midland States Bancorp, Inc.

ACL by Portfolio

($ in thousands)

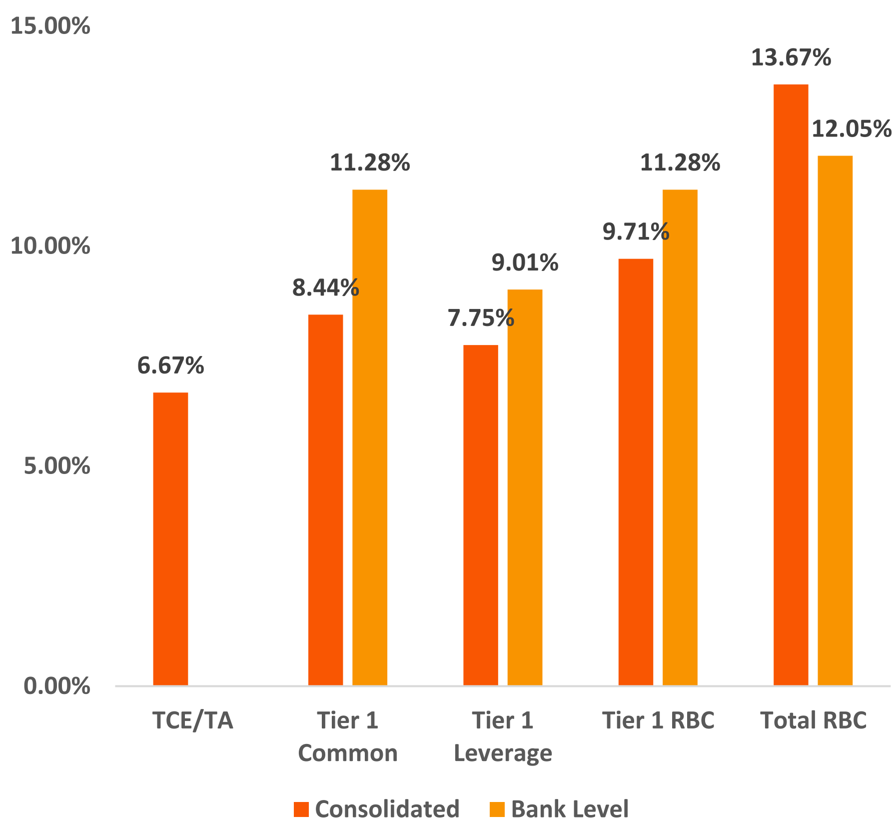
Portfolio	Total Loans at 6/30/20	ACL	% of Total Loans	Total Loans at 3/31/20	ACL	% of Total Loans
Commercial	$ 715,206	$ 4,916	0.69%	$ 649,403	$ 4,900	0.75%
Warehouse Lines	127,568	-	0.00%	22,772	-	0.00%
Commercial Other	767,175	7,297	0.95%	443,376	6,840	1.54%
Equipment Finance	376,499	6,553	1.74%	326,004	6,431	1.97%
Paycheck Protection Program	276,007	414	0.15%	-	-	-
Lease Financing	374,054	6,155	1.65%	346,366	5,309	1.53%
CRE non-owner occupied	804,147	10,247	1.27%	809,628	6,285	0.78%
CRE owner occupied	465,217	6,378	1.37%	471,360	4,330	0.92%
Multi-family	142,194	2,982	2.10%	142,770	2,486	1.74%
Farmland	83,625	689	0.82%	83,522	482	0.58%
Construction and Land Development	207,593	1,512	0.73%	208,361	1,321	0.63%
Residential RE First Lien	411,635	3,960	0.96%	441,495	3,825	0.87%
Other Residential	97,818	870	0.89%	106,519	813	0.76%
Consumer	81,447	354	0.43%	85,162	472	0.55%
Consumer Other(1)	689,312	1,733	0.25%	588,242	1,482	0.25%
Total Loans	**4,839,423**	**47,093**	**0.97%**	**4,376,204**	**38,545**	**0.88%**
Loans (excluding GreenSky, PPP and warehouse lines)	**3,698,092**	**44,835**	**1.21%**	**3,715,229**	**36,949**	**0.99%**

Notes:
(1) Primarily consists of loans originated through GreenSky relationship

Midland States Bancorp, Inc.

Capital and Liquidity Overview

Capital Ratios
(as of 6/30/20)



Liquidity Sources
(as of 6/30/20)

($ in millions)	
Cash and Cash Equivalents	$ 519.9
Unpledged Securities	435.0
FHLB Committed Liquidity	329.4
FRB Discount Window Availability	57.2
Primary Liquidity	**1,341.5**
FRB – PPP Liquidity Facility[1]	250.0
Secondary Liquidity	**250.0**
Total Estimated Liquidity	**$ 1,591.5**
Conditional Funding Based on Market Conditions	
Additional Credit Facility	$ 250.0
Brokered CDs (additional capacity)	$ 500.0

(1) Enrolled in PPP facility – loans available to submit

Other Liquidity
Holding Company Cash Position of $62.9 Million

Midland States Bancorp, Inc.

Outlook

Outlook and Near-Term Priorities

- **Maintain strong capital and liquidity positions to continue supporting clients and communities through the duration of the COVID-19 pandemic**
- **Continue executing on technology initiatives to improve customer experience, reduce expenses and increase operational efficiencies**
  - ➢ **New online residential mortgage application portal**
  - ➢ **Improvements to mobile banking app**
  - ➢ **Implementation of new customer experience tool to gather and evaluate customer survey data**
  - ➢ **New online account opening tool launching in 3Q20**
- **Implement branch network and corporate facilities reduction plan**

Midland States Bancorp, Inc.

Long-Term Formula for Enhancing Shareholder Value

Disciplined Balance Sheet Growth

+

Improving Operating Efficiencies

+

Growing Sources of Recurring Income

+

Accretive M&A Transactions

=

Earnings Growth, Improving Returns and Enhanced Franchise Value

Midland States Bancorp, Inc.

APPENDIX

Midland States Bancorp, Inc.

Appendix: Reconciliation of TBV Per Share

(dollars in thousands, except per share data)	2010	2011	2012	2013	As of December 31, 2014	2015	2016	2017	2018	2019	As of June 30, 2020
Shareholders' Equity to Tangible Common Equity—as converted:											
Total shareholders' equity—GAAP	$ 109,208	$ 126,953	$ 130,918	$ 149,440	$ 219,456	$ 232,880	$ 321,770	$ 449,545	$ 608,525	$ 661,911	$ 633,589
Adjustments:											
Preferred stock	(47,370)	(57,370)	(57,370)	(57,370)	-	-	-	(2,970)	(2,781)	-	-
Goodwill	(7,582)	(7,582)	(7,732)	(7,732)	(47,946)	(46,519)	(48,836)	(98,624)	(164,673)	(171,758)	(172,796)
Other intangibles	(13,234)	(10,740)	(8,485)	(8,189)	(9,464)	(7,004)	(7,187)	(16,932)	(37,376)	(34,886)	(31,495)
Tangible Common Equity	$ 41,022	$ 51,261	$ 57,331	$ 76,149	$ 162,046	$ 179,357	$ 265,747	$ 331,019	$ 403,695	$ 455,267	$ 429,298
Adjustments:											
Preferred stock	47,370	57,370	57,370	57,370	-	-	-	-	-	-	-
Warrants	11,300	-	-	-	-	-	-	-	-	-	-
Tangible Common Equity—as converted (1)	$ 99,692	$ 108,631	$ 114,701	$ 133,519	$ 162,046	$ 179,357	$ 265,747	$ 331,019	$ 403,695	$ 455,267	$ 429,298
Total Assets to Tangible Assets:											
Total assets—GAAP	$ 1,642,376	$ 1,520,762	$ 1,572,064	$ 1,739,548	$ 2,676,614	$ 2,884,824	$ 3,233,723	$ 4,412,701	$ 5,637,673	$ 6,087,017	$ 6,644,498
Adjustments:											
Goodwill	(7,582)	(7,582)	(7,732)	(7,732)	(47,946)	(46,519)	(48,836)	(98,624)	(164,673)	(171,758)	(172,796)
Other intangibles	(13,234)	(10,740)	(8,485)	(8,189)	(9,464)	(7,004)	(7,187)	(16,932)	(37,376)	(34,886)	(31,495)
Tangible Assets	$ 1,621,560	$ 1,502,440	$ 1,555,847	$ 1,723,627	$ 2,619,204	$ 2,831,301	$ 3,177,700	$ 4,297,145	$ 5,435,624	$ 5,880,373	$ 6,440,207
Common Shares Outstanding—as converted:											
Common shares outstanding	4,164,030	4,198,947	4,257,319	4,620,026	11,725,158	11,797,404	15,483,499	19,122,049	23,751,798	24,420,345	22,937,296
Adjustments:											
Upon conversion of preferred stock	3,795,549	3,739,028	3,739,028	3,772,664	-	-	-	-	-	-	-
Common Shares Outstanding—as converted (1)	7,959,579	7,937,975	7,996,347	8,392,690	11,725,158	11,797,404	15,483,499	19,122,049	23,751,798	24,420,345	22,937,296
Tangible Common Equity to Tangible Assets	2.53 %	3.41 %	3.68 %	4.42 %	6.19 %	6.33 %	8.36 %	7.70 %	7.43 %	7.74 %	6.67 %
Tangible Book Value Per Share—as converted (1)	$ 12.52	$ 13.68	$ 14.34	$ 15.91	$ 13.82	$ 15.20	$ 17.16	$ 17.31	$ 17.00	$ 18.64	$ 18.72

Notes:

(1) As converted represents amount per common share with all preferred shares that were outstanding prior to December 31, 2014 converted into common shares.

Midland States Bancorp, Inc.

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

Adjusted Earnings Reconciliation

	For the Quarter Ended				
(dollars in thousands, except per share data)	**June 30, 2020**	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**
Income before income taxes - GAAP	$ 15,993	$ 2,005	$ 16,071	$ 16,670	$ 21,394
Adjustments to noninterest income:					
Gain on sales of investment securities, net	-	-	635	25	14
Other	11	(13)	(6)	-	(23)
Total adjustments to noninterest income	11	(13)	629	25	(9)
Adjustments to noninterest expense:					
Loss (gain) on mortgage servicing rights held for sale	391	496	95	(70)	(515)
Loss on repurchase of subordinated debt	-	193	1,778	-	-
Integration and acquisition expenses	54	1,031	3,332	5,292	286
Total adjustments to noninterest expense	445	1,720	5,205	5,222	(229)
Adjusted earnings pre tax	16,427	3,738	20,647	21,867	21,174
Adjusted earnings tax	3,543	932	4,537	5,445	4,978
Adjusted earnings - non-GAAP	12,884	2,806	16,110	16,422	16,196
Preferred stock dividends, net	-	-	-	(22)	34
Adjusted earnings available to common shareholders - non-GAAP	$ 12,884	$ 2,806	$ 16,110	$ 16,444	$ 16,162
Adjusted diluted earnings per common share	$ 0.55	$ 0.11	$ 0.64	$ 0.66	$ 0.66
Adjusted return on average assets	0.78 %	0.19 %	1.04 %	1.09 %	1.16 %
Adjusted return on average shareholders' equity	8.20 %	1.73 %	9.71 %	10.01 %	10.33 %
Adjusted return on average tangible common equity	12.14 %	2.53 %	14.15 %	14.52 %	15.19 %

Midland
States Bancorp, Inc.

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

Efficiency Ratio Reconciliation

	For the Quarter Ended				
(dollars in thousands)	**June 30, 2020**	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**
Noninterest expense - GAAP	$ 40,782	$ 42,675	$ 46,325	$ 48,025	$ 40,194
(Loss) gain on mortgage servicing rights held for sale	(391)	(496)	(95)	70	515
Loss on repurchase of subordinated debt	-	(193)	(1,778)	-	-
Integration and acquisition expenses	(54)	(1,031)	(3,332)	(5,292)	(286)
Adjusted noninterest expense	$ 40,337	$ 40,955	$ 41,120	$ 42,803	$ 40,423
Net interest income - GAAP	$ 48,989	$ 46,651	$ 48,687	$ 49,450	$ 46,077
Effect of tax-exempt income	438	485	474	502	526
Adjusted net interest income	49,427	47,136	49,161	49,952	46,603
Noninterest income - GAAP	$ 19,396	$ 8,598	$ 19,014	$ 19,606	$ 19,587
Loan servicing rights impairment (recapture)	107	8,468	1,613	1,060	(559)
Gain on sales of investment securities, net	-	-	(635)	(25)	(14)
Other	(11)	13	6	-	23
Adjusted noninterest income	19,492	17,079	19,998	20,641	19,037
Adjusted total revenue	$ 68,919	$ 64,215	$ 69,159	$ 70,593	$ 65,640
Efficiency ratio	58.53 %	63.78 %	59.46 %	60.63 %	61.58 %

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				
(dollars in thousands, except per share data)	**June 30, 2020**	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**
Shareholders' Equity to Tangible Common Equity					
Total shareholders' equity—GAAP	$ 633,589	$ 631,160	$ 661,911	$ 655,522	$ 639,888
Adjustments:					
Preferred stock	-	-	-	-	(2,684)
Goodwill	(172,796)	(172,796)	(171,758)	(171,074)	(164,673)
Other intangibles, net	(31,495)	(33,124)	(34,886)	(36,690)	(33,893)
Tangible common equity	$ 429,298	$ 425,240	$ 455,267	$ 447,758	$ 438,638
Total Assets to Tangible Assets:					
Total assets—GAAP	$ 6,644,498	$ 6,208,230	$ 6,087,017	$ 6,113,904	$ 5,546,055
Adjustments:					
Goodwill	(172,796)	(172,796)	(171,758)	(171,074)	(164,673)
Other intangibles, net	(31,495)	(33,124)	(34,886)	(36,690)	(33,893)
Tangible assets	$ 6,440,207	$ 6,002,310	$ 5,880,373	$ 5,906,140	$ 5,347,489
Common Shares Outstanding	22,937,296	23,381,496	24,420,345	24,338,748	23,897,038
Tangible Common Equity to Tangible Assets	6.67 %	7.08 %	7.74 %	7.58 %	8.20 %
Tangible Book Value Per Share	$ 18.72	$ 18.19	$ 18.64	$ 18.40	$ 18.36

Return on Average Tangible Common Equity (ROATCE)

	For the Quarter Ended				
(dollars in thousands)	**June 30, 2020**	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**
Net income available to common shareholders	$ 12,569	$ 1,549	$ 12,792	$ 12,677	$ 16,321
Average total shareholders' equity—GAAP	$ 631,964	$ 652,701	$ 658,497	$ 651,162	$ 628,730
Adjustments:					
Preferred stock	-	-	-	(814)	(2,708)
Goodwill	(172,796)	(171,890)	(171,082)	(166,389)	(164,673)
Other intangibles, net	(32,275)	(33,951)	(35,745)	(34,519)	(34,689)
Average tangible common equity	$ 426,893	$ 446,860	$ 451,670	$ 449,440	$ 426,660
ROATCE	11.84 %	1.39 %	11.24 %	11.19 %	15.34 %

Midland
States Bancorp, Inc.