Midland States Bancorp, Inc.

NASDAQ: MSBI

Stephens, Inc.
6th Annual Bank CEO Forum

September 2016

Midland
States Bancorp, Inc.

Forward-Looking Statements. This presentation contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements express management's current expectations, forecasts of future events or long-term goals and, by their nature, are subject to assumptions, risks and uncertainties, many of which are beyond the control of Midland States Bancorp, Inc. (the "Company", "Midland States" or "MSBI"). Actual results could differ materially from those indicated. Forward-looking statements speak only as of the date they are made and are inherently subject to uncertainties and changes in circumstances, including those described under the heading "Risk Factors" in the Company's registration statement on Form S-1, filed with the Securities and Exchange Commission ("SEC"). Forward-looking statements are not guarantees of future performance and should not be relied upon as representing management's views as of any subsequent date. The Company undertakes no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

Use of Non-GAAP Financial Measures. This presentation contains 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 "Core Deposits," "Adjusted Return on Average Assets," "Adjusted Return on Average Tangible Common Equity," "Adjusted Diluted Earnings Per Share," "Core Loan Growth," "Adjusted Earnings," "Adjusted Earnings Available to Common Shareholders," "Yield on Loans Excluding Accretion Income" "Net Interest Margin Excluding Accretion Income," and "Tangible Book Value Per Share." 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. Because not all companies use the same calculation of these measures, this presentation may not be comparable to other similarly titled measures as calculated by other companies. Reconciliations of these non-GAAP measures are provided in the Appendix section of this presentation.

Company Snapshot

Overview

- **$3.0 billion asset community bank headquartered in Effingham, Illinois and established in 1881**
- **Five principal business lines:**
  - Traditional community banking
  - Residential mortgage origination
  - Wealth management
  - Commercial FHA origination & servicing
  - Commercial equipment leasing
- **46 traditional branches primarily in Illinois and Missouri; 35 additional offices servicing other business lines**
- **10 successful acquisitions announced since 2008**

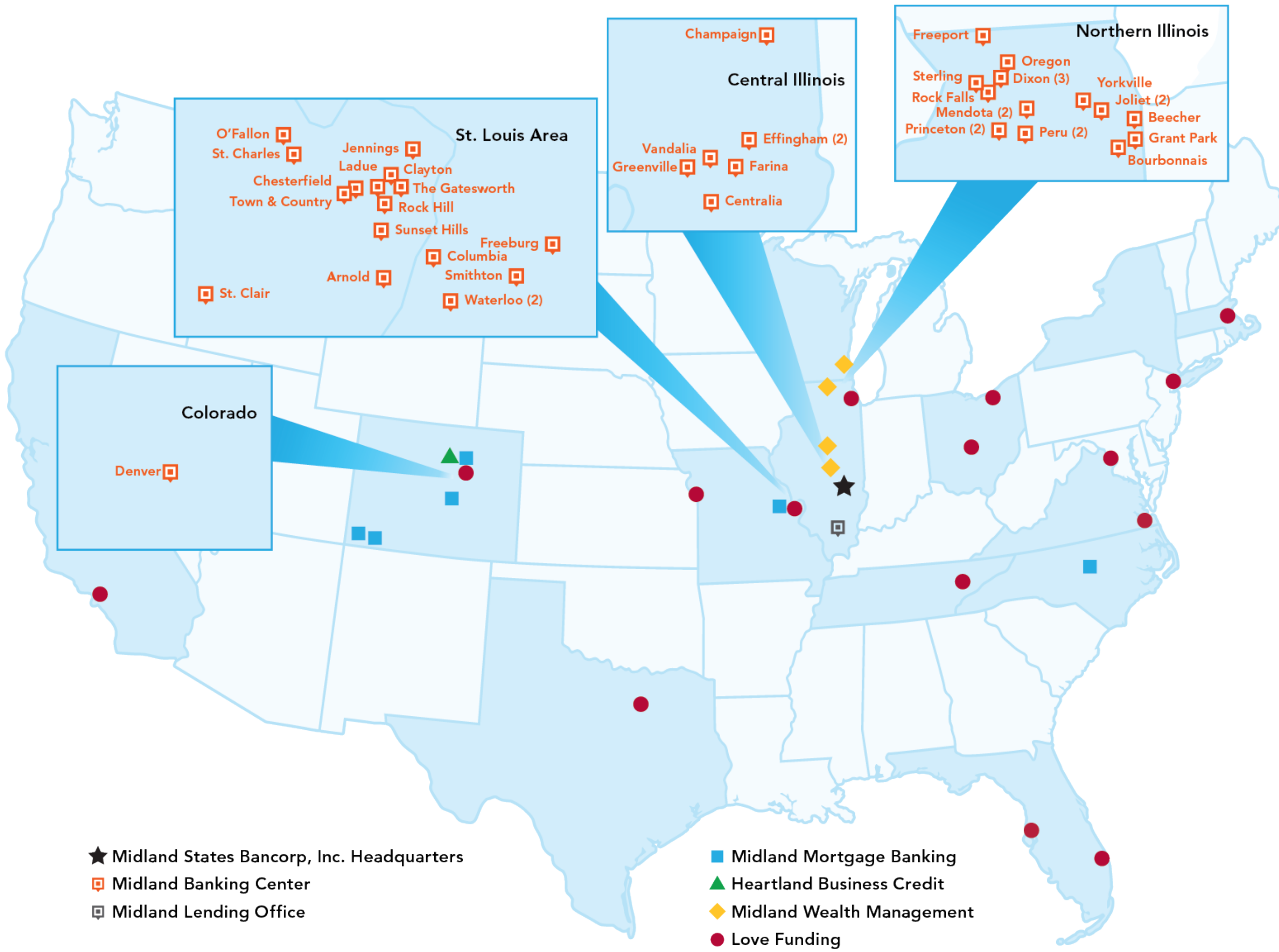
Financial Highlights [1]

Total Assets	$3,022
Total Deposits	$2,355
Tangible Common Equity	$264
NPAs / Assets	0.71%
Adjusted Return on Average Assets [2]	0.86%
Adjusted Return on Average Tangible Common Equity [2]	12.98%
Net Interest Margin	4.01%
Noninterest Income / Total Revenue	33.9%

Dynamic and diversified business model pairing organic and acquisitive growth

Notes:
(1) As of or for the six months ended June 30, 2016; dollars in millions
(2) Adjusted return on average assets and adjusted return on average tangible common equity are non-GAAP financial measures; please see page 31 for a reconciliation

Financial Services & Banking Center Footprint



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

Investment Summary

- Diversified financial holding company with community banking presence across Illinois, and in Missouri and Colorado
- Multiple complementary business lines provide continued organic growth opportunities and diversified revenue streams, with non-interest income accounting for 33.9% of total revenue
- Experienced and deep management team led by Board of Directors with considerable ownership
- Following management transition completed in 2007, consistent track record of driving compelling shareholder returns through disciplined strategic expansion and earnings growth
- Solid asset quality with low charge-off history driven by a diversified loan portfolio, conservative credit culture and disciplined underwriting process
- Attractive, stable and expandable core deposit franchise with 22% non-interest bearing accounts
- 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

Business and Corporate Strategy

- **In conjunction with a new leadership team, MSBI's corporate initiative-driven strategic plan was adopted in late 2007 to build a diversified financial services company anchored by a strong community bank**

- **Five core strategic initiatives:**

Revenue Diversification	Generate a diversified revenue mix and build customer loyalty; driven originally by a wealth management focus, this core initiative has expanded to include residential mortgage origination and servicing, commercial FHA origination and servicing, and commercial equipment leasing
Customer-Centric Culture	Drive our 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
De Novo Growth	Attract experienced teams with proven track records both in new target markets and in strategically positioned communities within our existing markets
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
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

Management Structure

- **Highly experienced senior management in place:**

John M. Schultz: Chairman of the Board
- Held the position since 2006
- Chief Executive Officer of Agracel, Inc.
- Author of *BoomtownUSA: the 7 ½ Keys to Big Success in Small Towns*

Leon J. Holschbach: President & Chief Executive Officer
- Joined Midland States in August 2007
- 35+ years in community banking; 25+ years as bank president
- Held various executive and senior roles at community banks

Jeffrey G. Ludwig: Chief Financial Officer
- Recently promoted to President of Bank from EVP
- Joined Midland States in November 2006; 16+ years in banking industry
- Significant public company / SEC reporting experience

Douglas J. Tucker: SVP, Corporate Counsel and Director of IR
- 19+ years experience advising banks and bank holding companies
- 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

Jeffrey S. Mefford: EVP, Banking
- 25+ years in community banking
- Recently promoted from SVP position
- Oversees commercial, retail, and treasury sales

Jeffrey A. Brunoehler: SVP, Chief Credit Officer
- 20+ years experience working with Midland States' CEO
- 17+ years as bank credit executive
- 28+ years in community banking

Sharon A. Schaubert: SVP, Banking Services
- 36+ years in community banking
- Oversees HR and all corporate-wide training
- Spearheads MSBI's Customer-Centric Culture initiative

James R. Stewart: Chief Risk Officer
- Joined Midland States in 2012
- 30+ years of risk management experience
- Previously served as a principal with JHC Risk Strategies, a risk management consulting firm

- **Risk-focused corporate culture, promoting responsibility and accountability**
- **MSBI common shares are 14.6%[(1)] owned by the Board of Directors and executive officers**

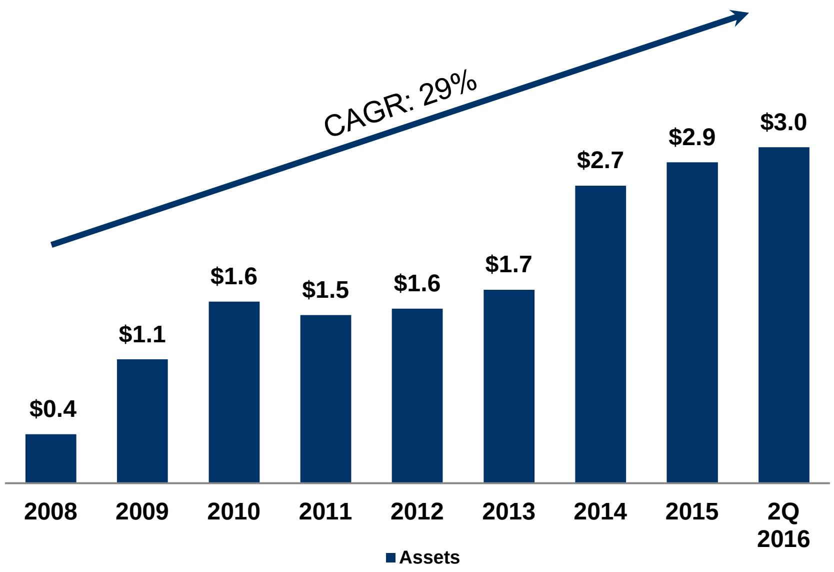
Note:

(1) As of June 30, 2016; beneficial ownership includes shares of unvested restricted stock that officers are entitled to vote, but does not include common stock equivalent units owned by directors or officers under the Deferred Compensation Plan

Strategic Growth History

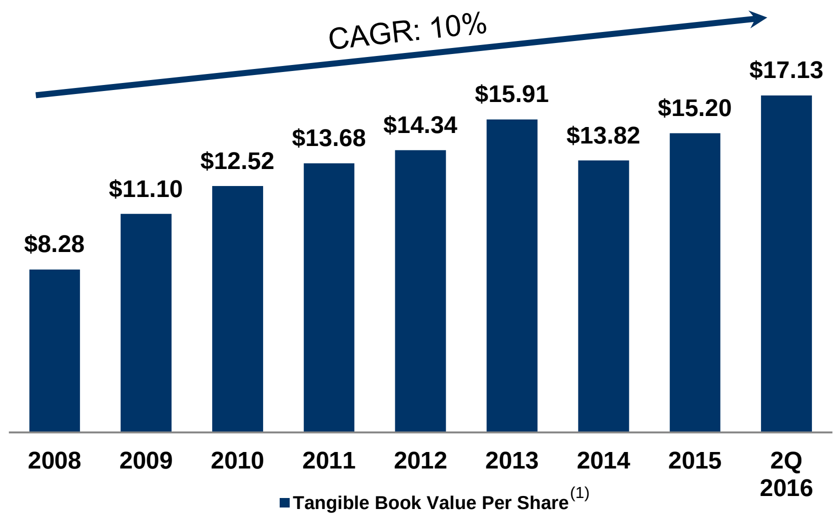
Successful Execution of Strategic Plan…

(at period-end in Billions)



…Driving Consistent TBV Growth

(at period-end)



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)

Successful Acquisition History

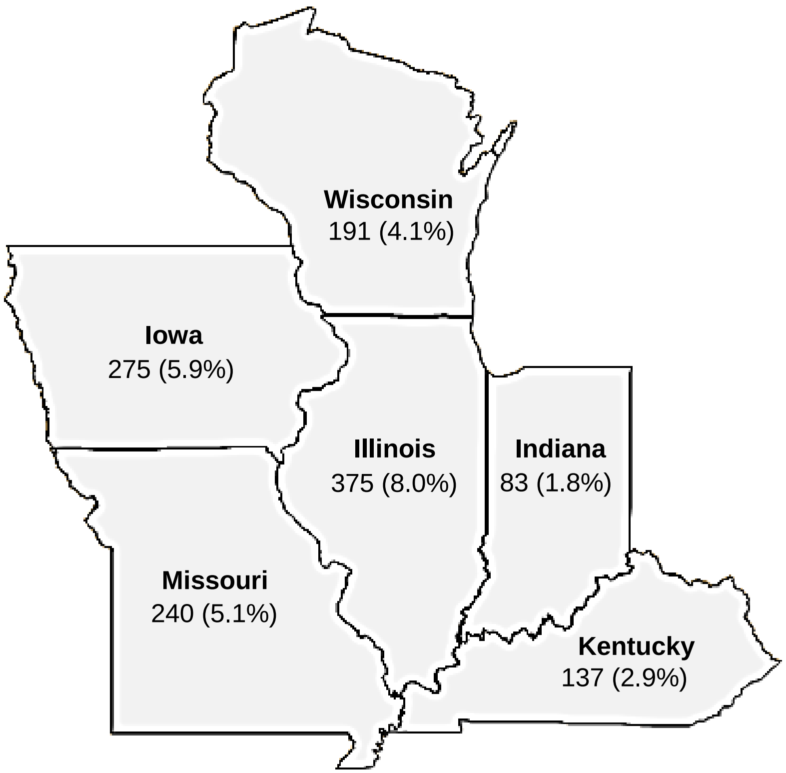
- **Midland States has announced ten transactions since 2008, including FDIC-assisted, branch, whole bank, asset purchase, business line, and a pending New York trust asset acquisition**
- **Demonstrated history of earnings expansion**
- **Deliberate diversification of geographies and revenue channels**
- **Successful post-closing integration of systems and businesses**

	2008	2009	2009	2010	2010	2012	2013	2013	2014	2016
	People's Natl. Bank	**Waterloo Bancshares**	**Strategic Capital Bank**	**AMCORE Bank, N.A.**	**Westbridge Bank & Trust**	**EnablePay Direct, Inc.**	**Settlement Trust Group**	**Grant Park Bancshares**	**Love Savings / Heartland Bank**	**Sterling Bancorp (pending)**
Acquisition Type	Branch	Whole Bank	FDIC-Assisted	Branch	FDIC-Assisted	Asset Purchase	Trust Administration	Whole Bank	Whole Bank	Trust Administration
Assets Acquired ($mm)	$29.6	$116.1	$540.4	$499.5	$84.7	-	-	$108.7	$889.0	-
City, State	Mt. Vernon, IL	Waterloo, IL	Champaign, IL	Rockford, IL	Chesterfield, MO	Albertson, NY	Milwaukee, WI	Grant Park, IL	St. Louis, MO	Yonkers, NY
			Financially Transformative	**Operationally Transformative**					**Revenue Diversification**	

Market Opportunities & Acquisition Strategy

- **MSBI believes there will be numerous small to midsized banking organizations available for acquisition within Illinois and contiguous states**
  - ~50% of nationwide community bank M&A in 2016 YTD has occurred in the Midwest (1)
- **There are 1,301 institutions in the six-state region with less than $1.0 billion in assets (representing ~92% of all banks in this region) (2)**
  - Illinois and Missouri combine for a total of 615 of those institutions
- **MSBI targets institutions with demographics similar to current markets that are strategically compelling and financially accretive**
- **Remain a community bank focused on customer service**

Number of Banks & Thrifts With less than $1.0 Billion in Assets (2)



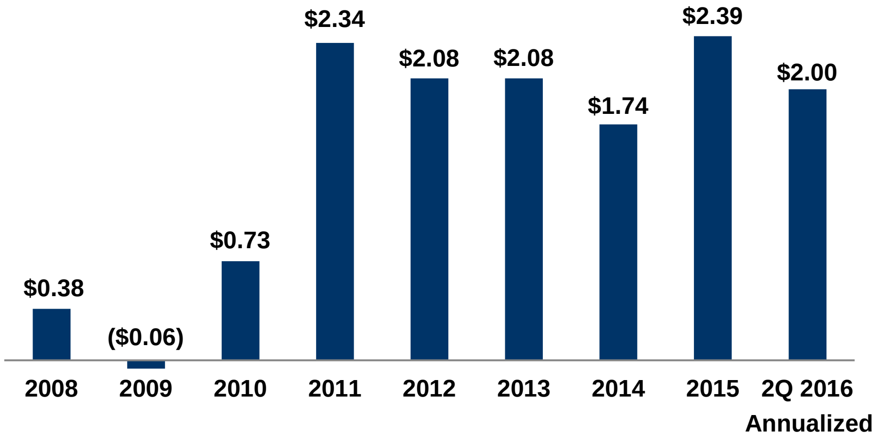
Be a "partner of choice" for community banks with scale and/or succession challenges

Note:
(1) Acquisitions with targets with less than $25 billion in assets
(2) Based on June 30, 2016 financial data; number of institutions outstanding as of August 30, 2016; excludes mutual savings institutions
Source: SNL Financial

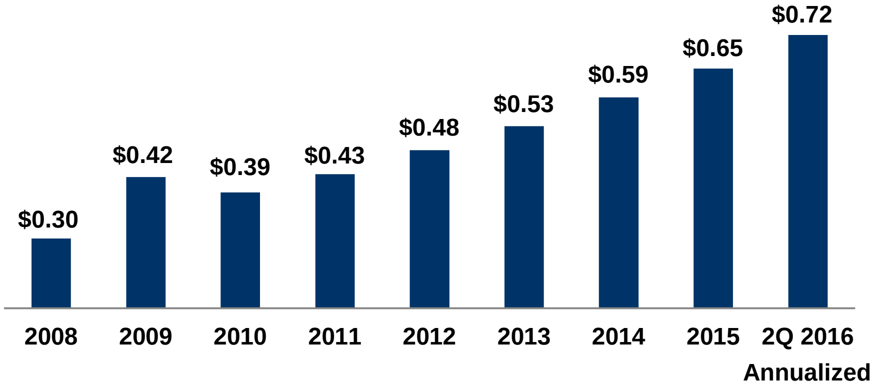
Compelling Earnings and Dividend History

- Profitability and Earnings Per Share is driven by MSBI's attractive asset base, core funding structure and growing fee generating businesses
- Low cost deposits (0.39% cost of deposits) and robust loan yields (4.96%) drive net interest margin of 4.01%
- 10%+ annual dividend growth over the past 15 years

Adjusted Diluted Earnings Per Share (1)



Dividends Declared Per Share

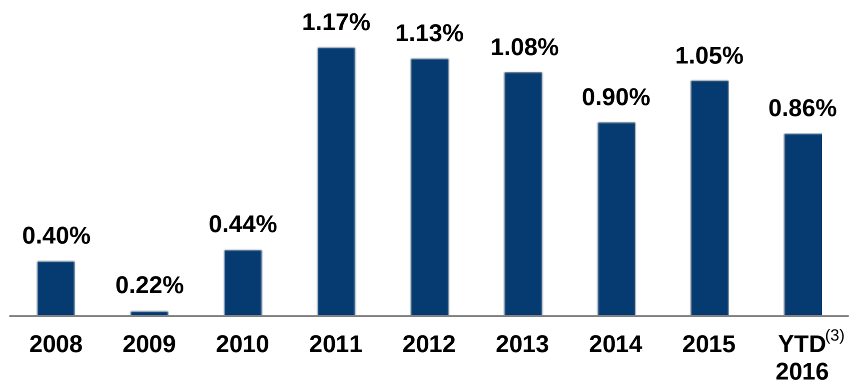


MSR Impairment Impact (2):	2015	2Q 2016
Pre-tax aggregate	$0.4mm	$5.0mm
After-tax per share	$0.02	$0.25
Annualized after-tax per share	--	$0.51

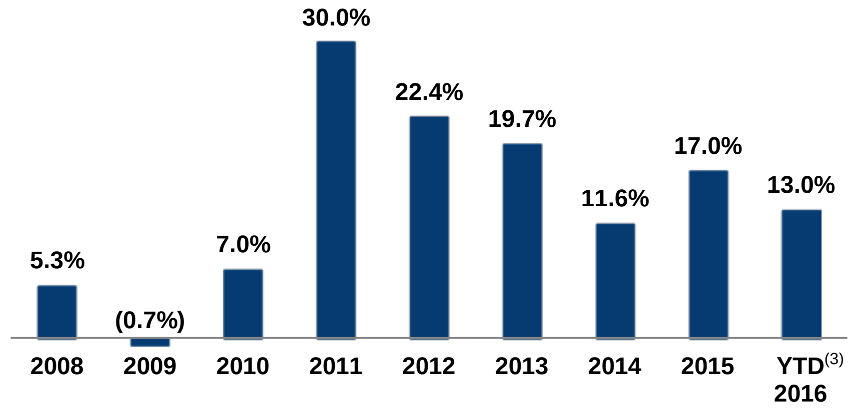
Notes:
(1) Adjusted diluted earnings per share is a non-GAAP financial measure; please see page 31 for a reconciliation
(2) 2Q 2016 results include $5.0 million pre-tax impairment on mortgage servicing rights; for 2Q 2016, the after-tax MSR impairment impact per diluted share is $0.25 based on 12,936,995 weighted average diluted common shares outstanding and the Company's 35% effective tax rate; 2Q 2016 annualized impact is $0.51 per diluted share; 2015 results include $0.4 million pre-tax impairment on mortgage servicing rights; for 2015, the after-tax MSR impairment impact per diluted share is $0.02 based on 12,112,403 weighted average diluted common shares outstanding and the Company's 35% effective tax rate

Performance Metrics

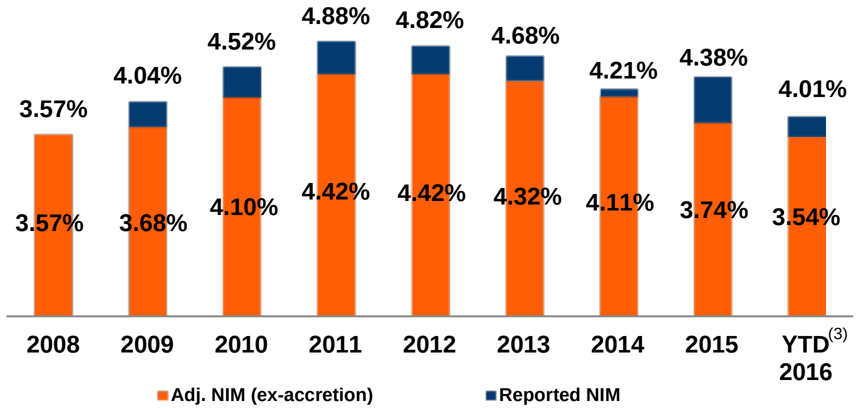
Adjusted Return on Average Assets [(1)]



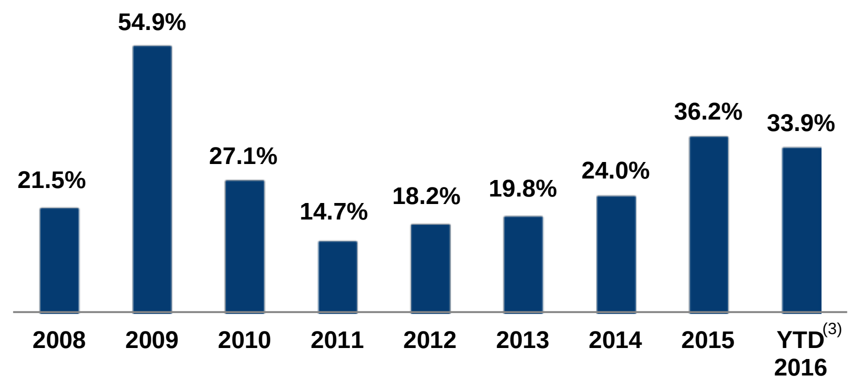
Adjusted Return on Avg. Tangible Common Equity [(1)]



Net Interest Margin [(2)]



Noninterest Income / Total Revenue



Notes:

(1) Adjusted return on average assets and adjusted return on average tangible common equity are non-GAAP financial measures; please see page 31 for a reconciliation

(2) Net interest margin excluding accretion income is a non-GAAP financial measure management uses to assess the impact of purchase accounting on the yield on loans and net interest margin, excluding loan accretion from acquired loans; please see page 30 for a reconciliation

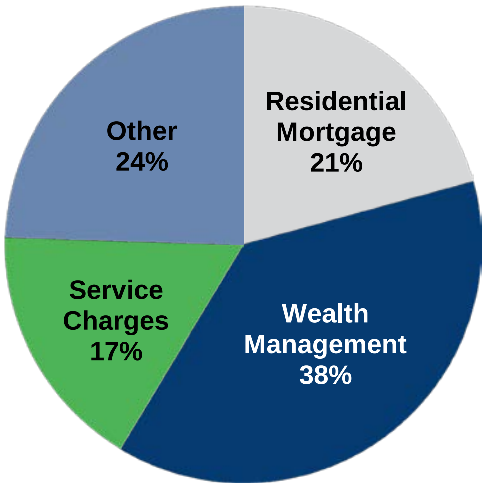
(3) For the six months ended June 30, 2016

Diversified Revenue Streams

- **Significant base of four non-interest income sources diversify earnings across various operating environments while reducing sensitivity to changes in the yield curve**
  - Love Savings/Heartland Bank acquisition augmented mortgage banking revenue and provided further noninterest income diversification
  - FHA financing subsidiary, Love Funding, generates income from GNMA securitization fees, origination fees and retained servicing rights

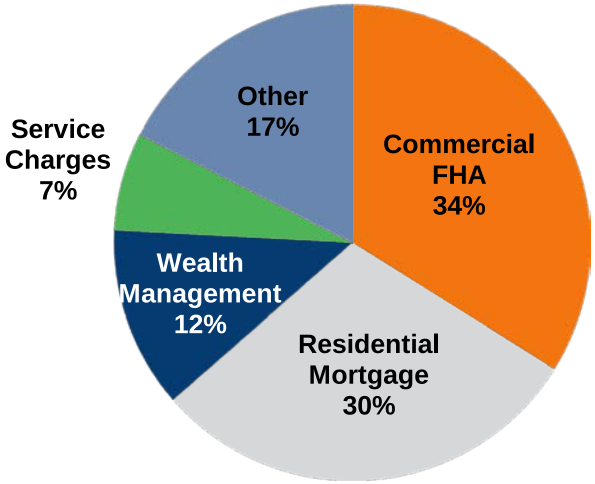
Full Year Ended December 31, 2013

$16.2mm



Full Year Ended December 31, 2015

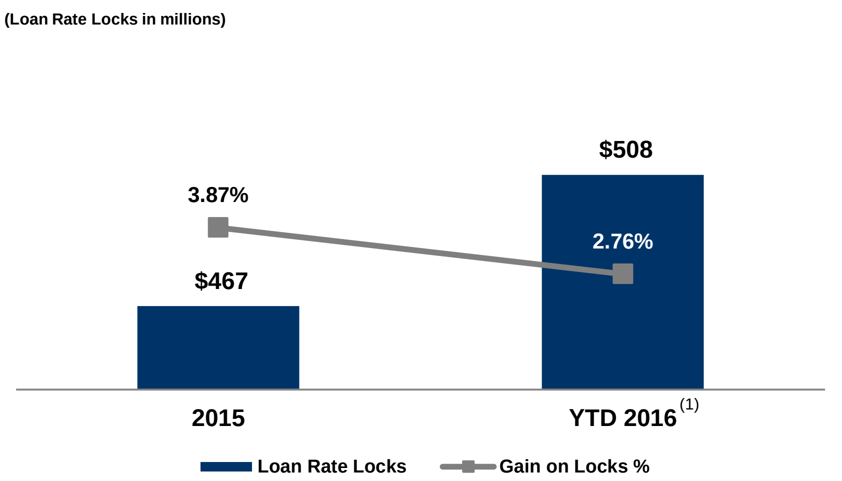
$59.5mm



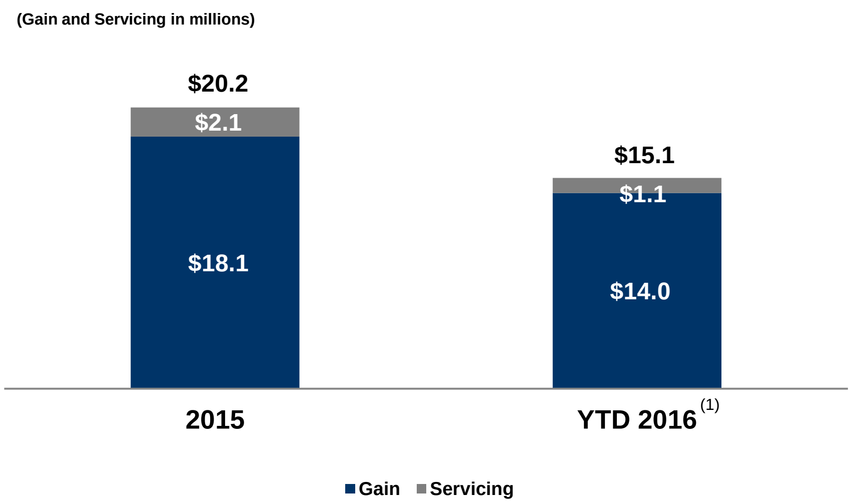
Business Unit Review - Love Funding

- Commercial FHA origination and servicing business
- One of the top originators of government sponsored mortgages for multifamily and healthcare facilities in the U.S.
- CEO with 14 years tenure and previously with HUD for 12 years
- Long-term replacement reserve deposits for maintenance/capex of properties and escrow deposits are low-cost sources of funds
- $3.7 billion servicing portfolio with average deposits of $261 million at 2Q16

Loan Rate Locks and Gain on Locks



Commercial FHA Revenue Mix



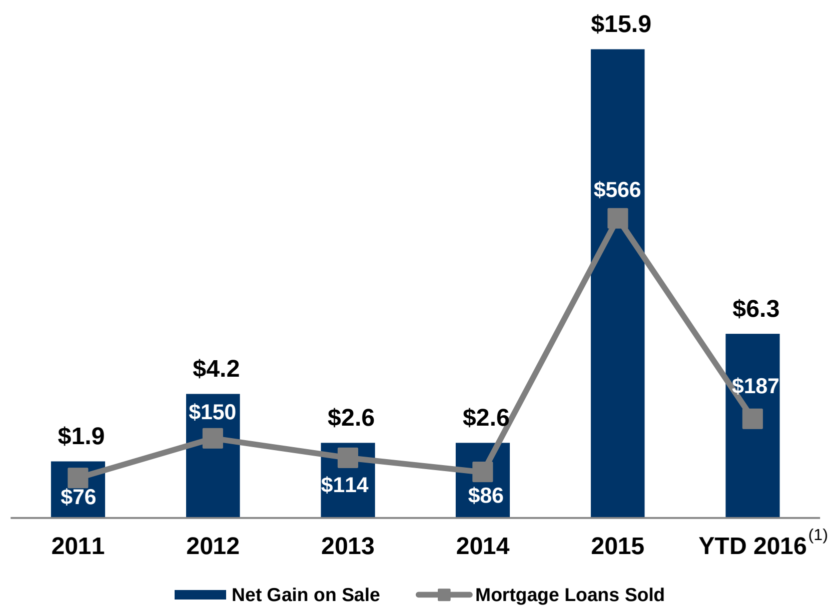
Notes:
(1) For the six months ended June 30, 2016

Business Unit Review - Residential Mortgage

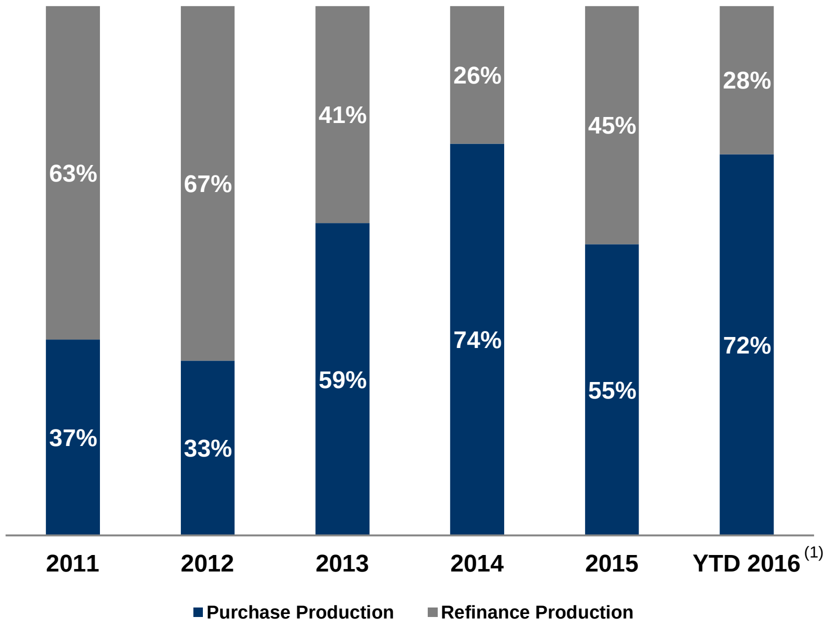
- **Residential mortgage loan origination and servicing**
- **Cornerstone product – contributes substantial fee income for the Bank**
- **15 fold increase in mortgage originations from eight years ago**

Net Gain on Sale and Loans Sold

(in millions)



Purchase / Refinance Mix



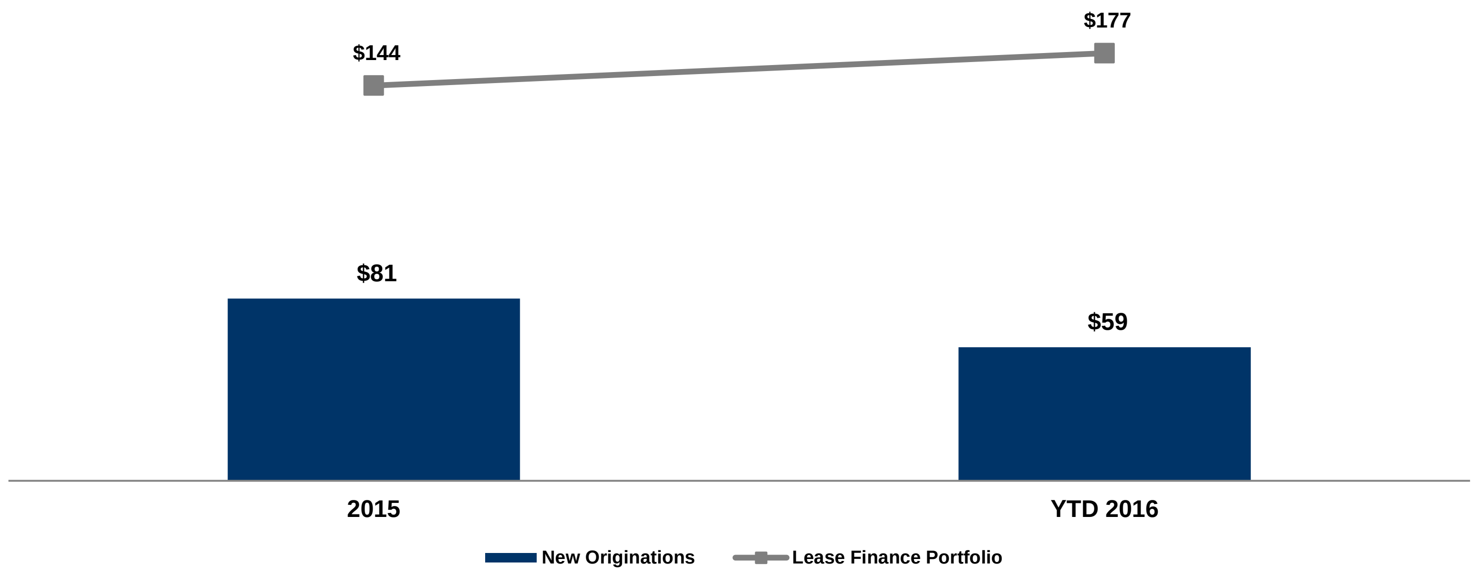
Notes:
(1) For the six months ended June 30, 2016

Business Unit Review - Heartland Business Credit

- Equipment leasing sourced from a network of equipment manufacturers and brokers
- Target industries include: Healthcare, Petroleum, Telecommunications and Lighting
- Attractive yields – average rate on new loan originations was 5.56% in 2Q16
- CEO with 17 years tenure and 30+ years in the industry

New Originations and Lease Finance Portfolio

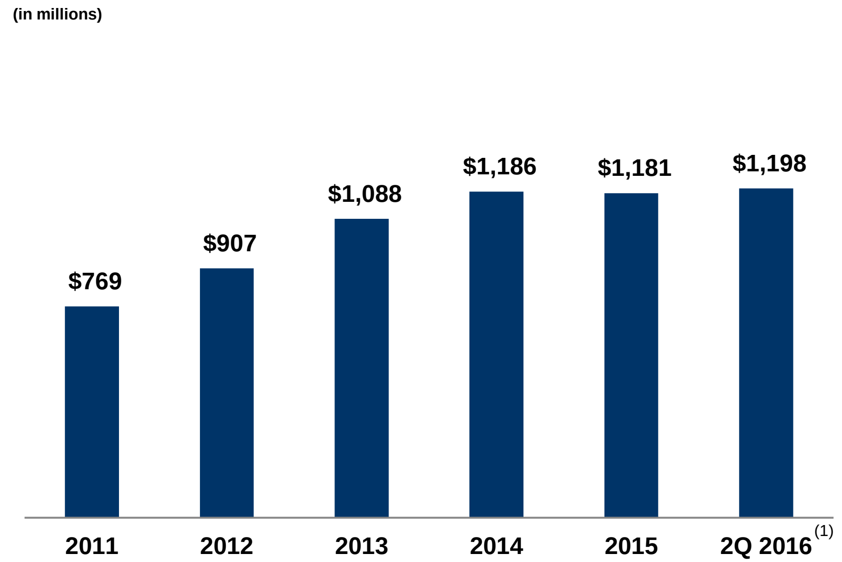
(in millions, Lease Finance Portfolio as of quarter-end)



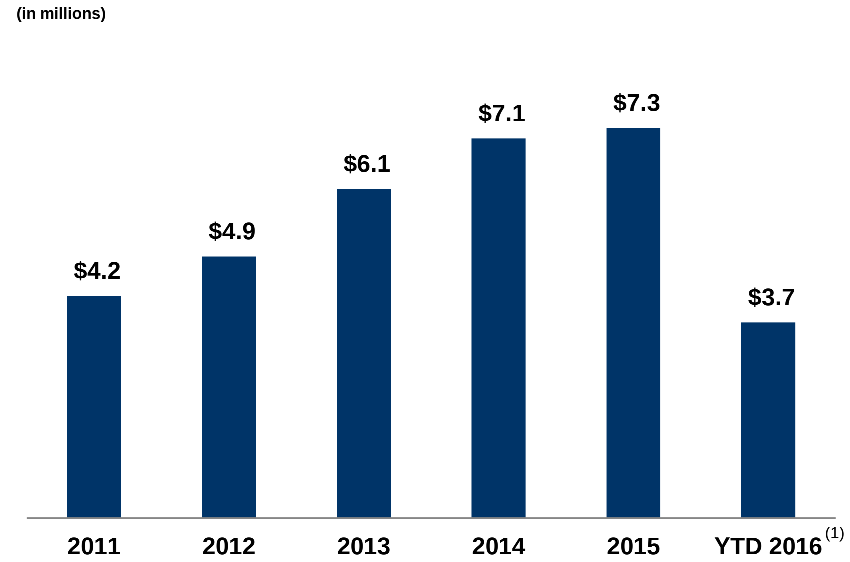
Business Unit Review – Wealth Management

- Offers comprehensive suite of Trust and Wealth Management products
- Named one of the fastest growing Trust departments in 2014 (Bank Director Magazine)
- Expect to close Sterling Trust company acquisition by year end [(2)] which is expected to grow Assets Under Administration to $1.6 billion
- Skilled team of financial advisors averaging more than 20 years of experience

Assets Under Administration



Wealth Management Revenue

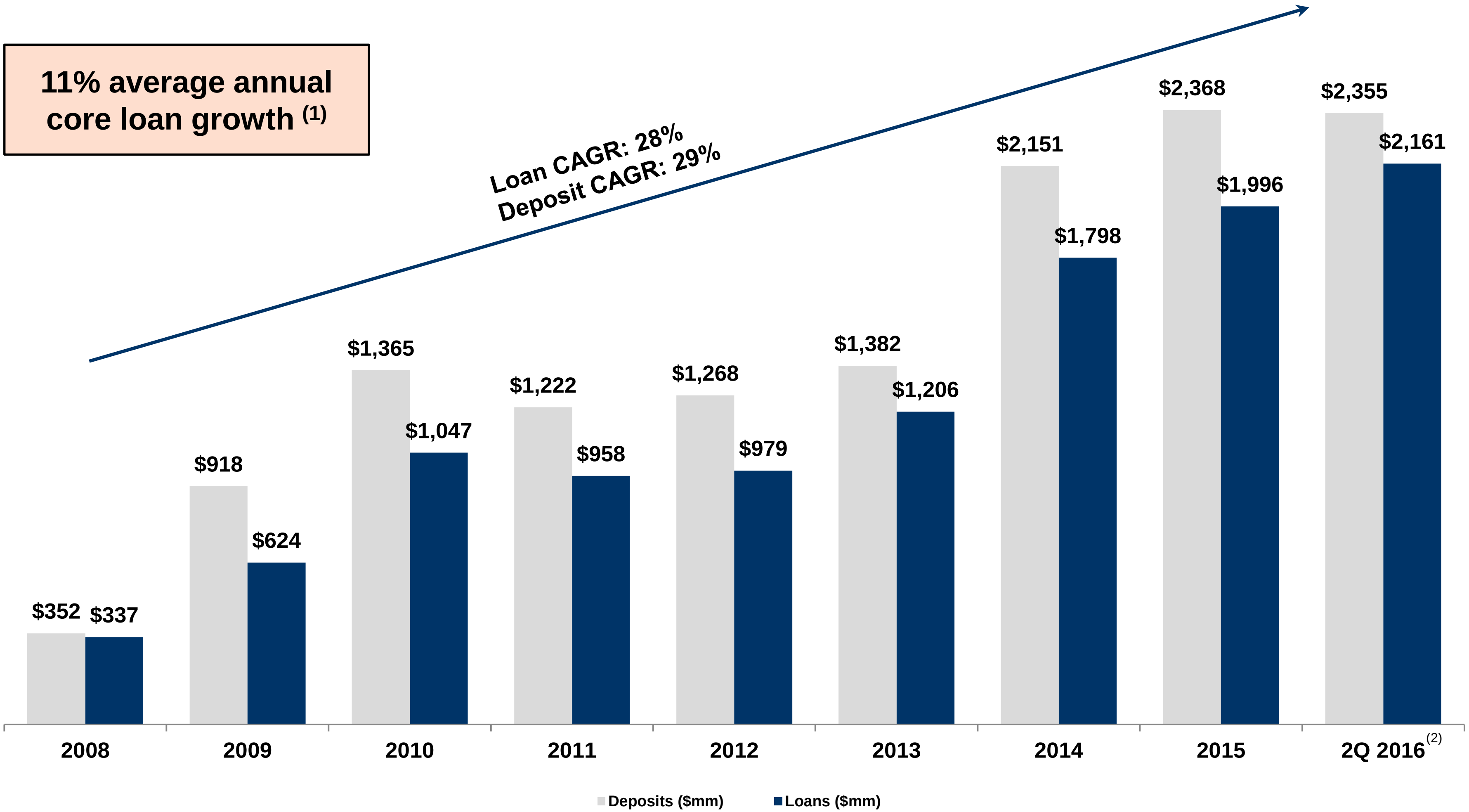


Notes:
(1) As of or for the six months ended June 30, 2016
(2) Timing of closing subject to regulatory approval

Delivering Organic Loan Growth

Total Loans and Deposits

11% average annual core loan growth (1)



Note:

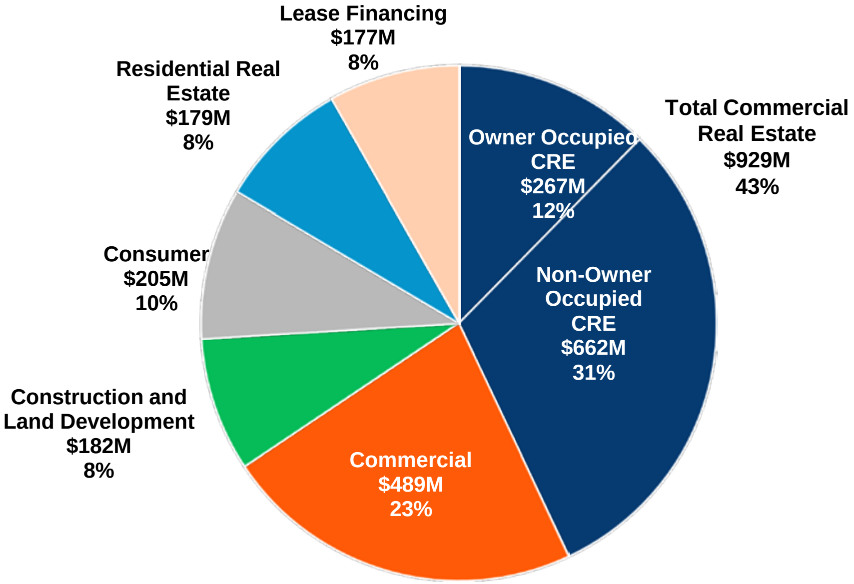
(1) Average annual core loan growth represents average percentage change in the Company's core loans from December 31, 2007 to June 30, 2016; core loans represent non-PCI loans, less non-PCI loans acquired, plus non-PCI loans sold as of the date the loans were acquired or sold, and exclude certain short-term loans that the Company does not consider to be core loans; acquired non-PCI loans become core loans subsequent to the acquisition date and will negatively affect core loan growth in future periods as these loans are repaid or prepaid

(2) As of June 30, 2016

Loan Portfolio Overview[1]

- Broadly diversified loan portfolio by type of customer and loan type
- Current loan origination efforts focus on high quality commercial loan segments
- 61% of portfolio is fixed; 39% is floating
- In addition to growth via acquisition, MSBI has demonstrated organic loan growth of 7.8% in 2014, 11.6% in 2015, and 18.0% annualized during the six months ended June 30, 2016

Loan Portfolio Mix

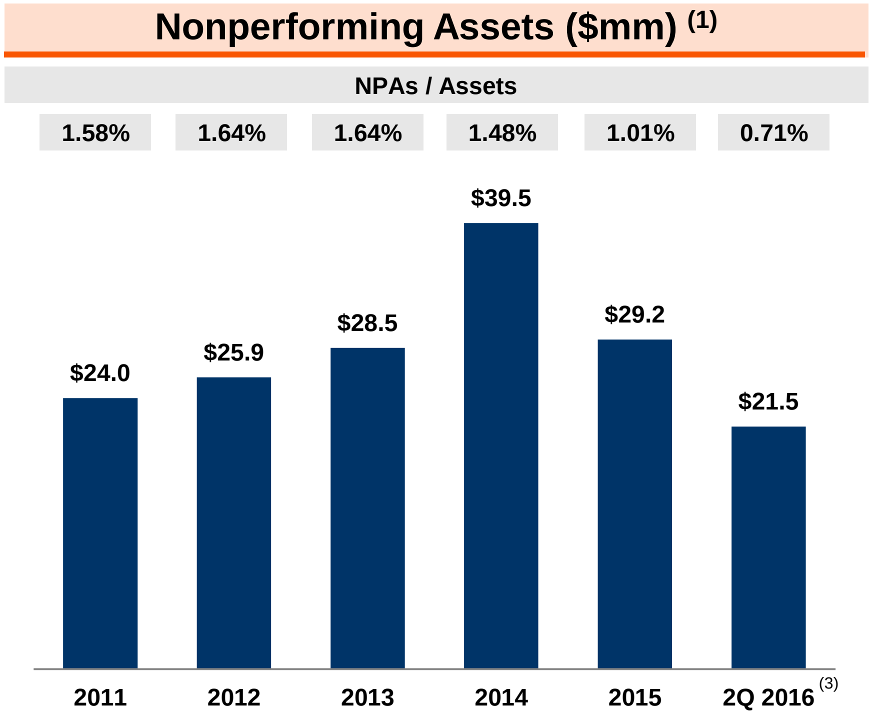


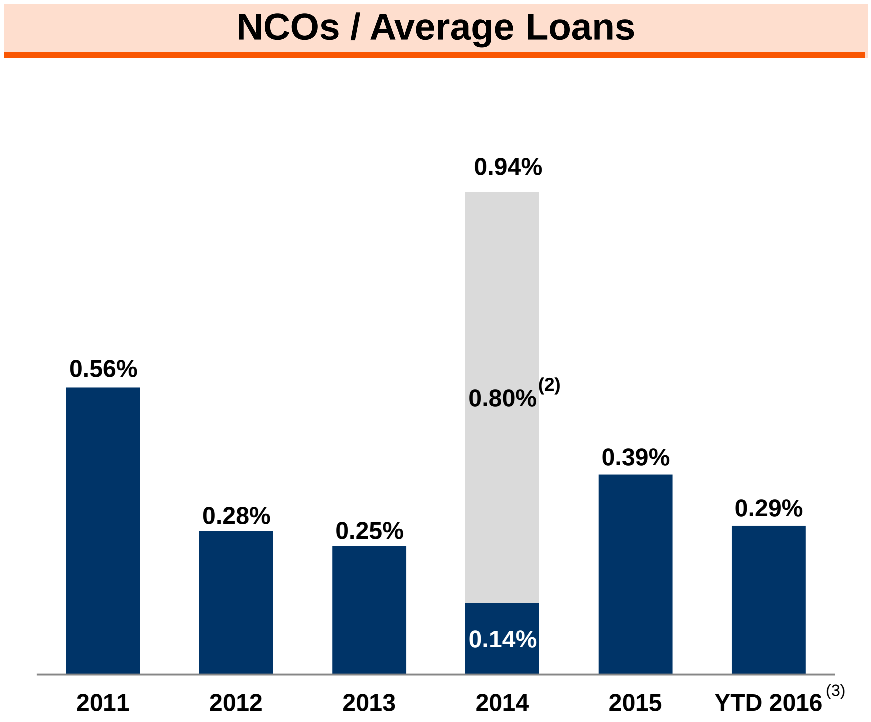
$2.2 Billion Gross Loans
4.96% Yield

Note:
(1) Includes purchased credit-impaired loans of $28.6 million and loans held for sale of $101.8 million; as of or for the six months ended June 30, 2016

Strong Credit Quality with Positive Momentum

- Managed by experienced personnel, MSBI maintains a disciplined approval process and conservative credit culture
- Demonstrated reduction in nonperforming assets resulting in improved credit quality metrics



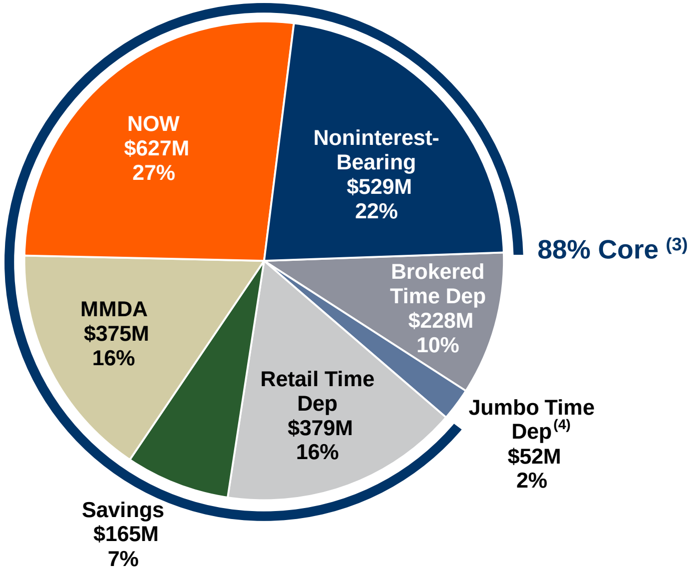


Notes:
(1) Nonperforming assets include nonperforming loans, other real estate owned and other repossessed assets; nonperforming assets exclude covered other real estate owned related to our two FDIC-assisted transactions; nonperforming loans include nonaccrual loans, loans past due 90 days or more and still accruing interest and loans modified under troubled debt restructurings; nonperforming loans exclude purchased credit-impaired loans, or PCI loans, acquired in our prior acquisitions; PCI loans had carrying values of $58.2 million, $43.0 million, $30.4 million, $44.2 million, $38.5 million, and $28.6 million as of December 31, 2011, 2012, 2013, 2014, 2015, and June 30, 2016, respectively; this ratio may therefore not be comparable to a similar ratio of our peers
(2) NCOs for 2014 include a $9.8 million charge-off of a PCI loan related to a pool of commercial real estate loans from a previous FDIC acquisition being closed out in 2014 due to no more active loans remaining in the pool; excluding this charge-off, NCOs / Average Loans for the period would be 0.14%
(3) As of or for the six months ended June 30, 2016

Attractive and Growing Core Deposit Base (1)

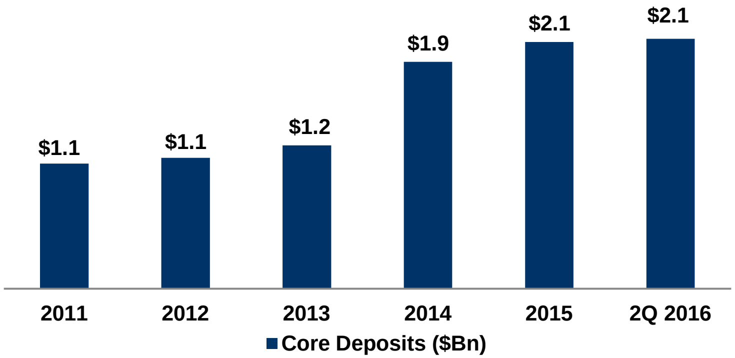
- 88% core deposits
- 22% non-interest bearing deposits
- Low cost of deposits at 39 basis points
- Recent acquisitions have improved overall funding mix
- Net non-core funding dependence ratio is down from 27.7% at December 31, 2007 to 13.2% at June 30, 2016 (2)

Deposit Mix



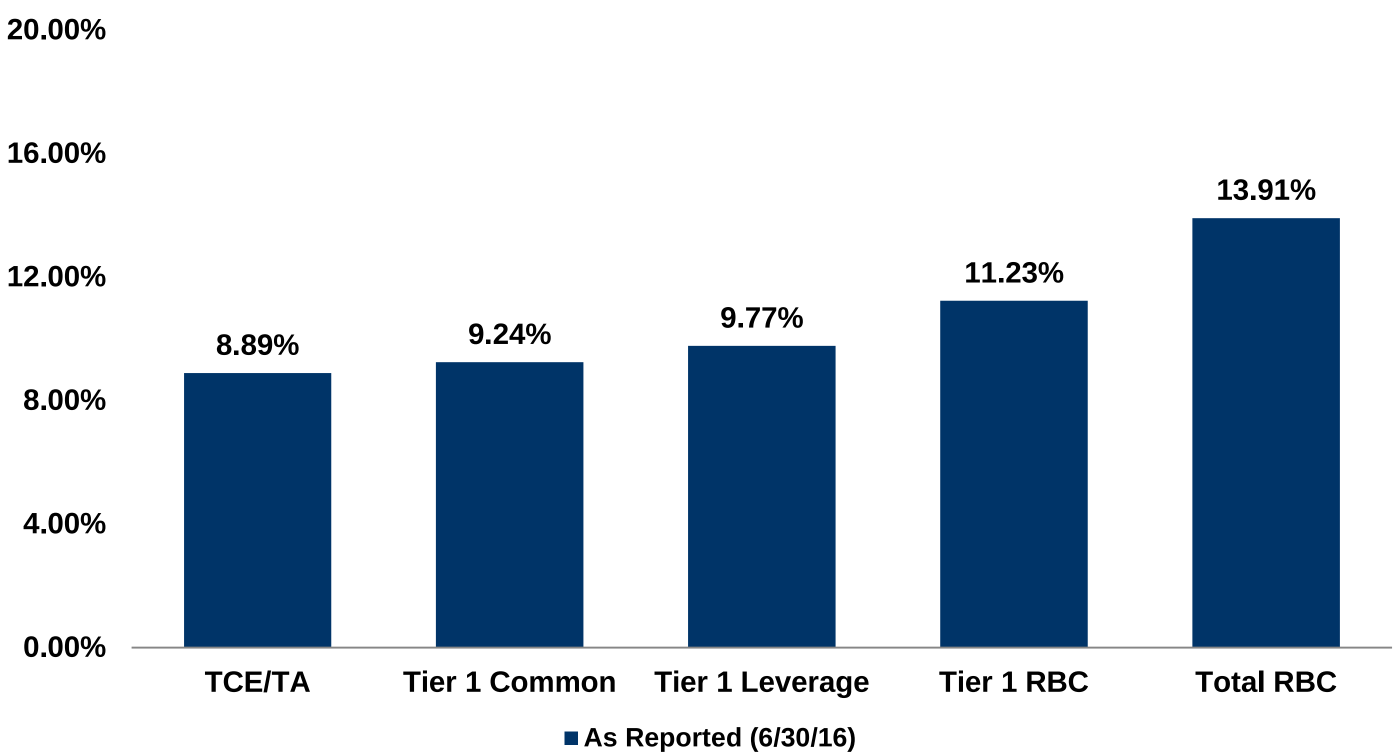
$2.4 Billion Total Deposits
0.39% Cost

Core Deposits (3)



Notes:
(1) As of or for the six months ended June 30, 2016
(2) Net non-core funding dependence ratio represents the degree to which the Bank is funding longer term assets with non-core funds; this ratio is calculated as non-core liabilities, less short term investments, divided by long term assets
(3) Core deposits defined as total deposits less brokered deposits and certificates of deposit greater than $250,000
(4) Jumbo time deposits classified as time certificates of $250,000 or more

Capital Position



Second Quarter 2016 Summary

Successful IPO	Successful initial public offering raises net proceeds of $71.7 million
Strong Earnings	Net income of $6.8 million or $0.50 per diluted share
MSR Impairment	$3.0 million impairment charge to residential mortgage servicing rights negatively impacted earnings by $0.14 per diluted share
Loan Growth	Annualized loan growth of 28.8% in the quarter
Strong Growth Across All Portfolios	Strong growth in consumer, equipment leasing, construction, residential real estate and commercial real estate portfolios
Balanced Geographic Markets	Balanced contributions across all markets with strong growth in our Illinois markets

Outlook

- Economic conditions in our markets remain healthy
- Loan pipeline is robust as borrowers want to take advantage of historically low interest rates
- Expecting low- to mid-teen loan growth
- Business mix creates fluctuations in sequential quarter trends
- Favorable environment for M&A
- Strategic initiative of revenue diversification positions us well for success in any rate environment

Summary

- **Diversified financial holding company**
- **Multiple complementary business lines, diversified revenue streams**
- **Experienced management team, considerable inside ownership**
- **Long term strategic and earnings growth**
- **Solid asset quality, conservative credit culture and disciplined underwriting process**
- **Attractive, stable core deposit franchise**
- **Proven track record of successful acquisitions and a platform for scalability**
- **Illinois and contiguous states provide ample opportunities for future acquisitions**
- **Comprehensive risk management standards**

APPENDIX

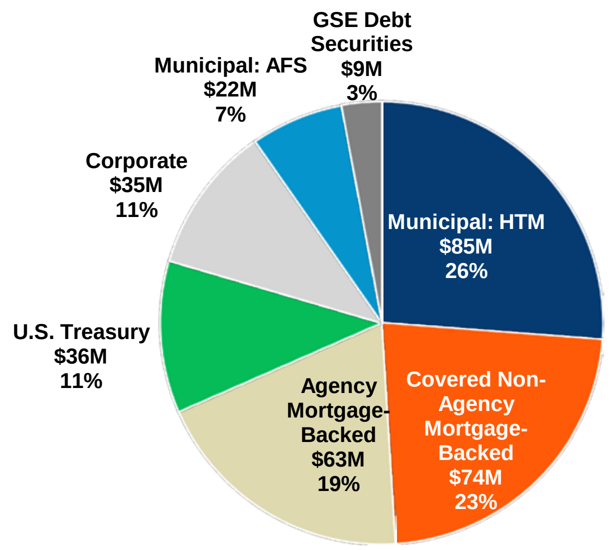
Appendix: Board of Director Profiles

Name:	Background:
John M. Schultz *Chairman of the Board*	• Mr. Schultz serves as CEO of Agracel Inc, an industrial developer of facilities for manufacturing and high tech entities in small to midsized communities, and is the author of BoomtownUSA: The Keys to Big Success in Small Towns. He serves on the Board of Trustees of Monmouth College and the Board of Directors of Altorfer Inc.
Leon J. Holschbach *Vice Chairman of the Board* *President & CEO*	• Mr. Holschbach is Vice Chairman, President & CEO of the Company and Vice Chairman and CEO of the Bank. Prior to joining MSBI, he held positions of Region Market President, Community Bank Group at AMCORE Bank, N.A., from 2000 to 2007; President and CEO of AMCORE Bank North Central N.A. from 1997 to 2000; and President of Citizen's State Bank in Wisconsin, from 1979 to 1997.
Deborah A. Golden	• Ms. Golden is Executive Vice President, General Counsel and Secretary of GATX Corporation, a global leader in railcar leasing. She previously held positions with Midwest Generation LLC, Office of the Governor of the State of Illinois, and various executive positions at Ameritech Corporation.
Jerry L. McDaniel	• Mr. McDaniel is President of Superior Fuels, a wholesale supplier of petroleum products. He is also a principal in other businesses including real estate development and carwash operations. Mr. McDaniel also serves on the Southeastern Illinois Community Foundation.
Jeffery M. McDonnell	• Mr. McDonnell is CEO of J&J Management Services, Inc., a private management company, and also serves on the boards of St. Louis public television station KETC, The Center for Emerging Technologies, and previously Love Savings Holding Company and Heartland Bank. He also serves on the investment advisory committees for the venture capital firms Oakwood Medical and Rivervest.
Dwight A. Miller	• Mr. Miller is CEO and owner of Dash Management, a 12 unit McDonald's franchisee in Illinois, and he has served in a number of management positions with McDonald's Corp. He serves as President of the Greater Chicago Region-Regional Leadership Council, representing McDonald's franchisees, and currently serves on McDonald's National Leadership Committee. He is the past Chairman for the Champaign County Chamber of Commerce.
Richard T. Ramos *Audit Committee Chair*	• Mr. Ramos is CFO and Board member for Maritz Holdings, based in St. Louis, which specializes in design and development of corporate incentive, reward and loyalty programs. Previously he served as CFO for Purcell Tire & Rubber, practiced corporate law in St. Louis and was a senior manager at KPMG. He is a CPA and member of the Missouri Bar.
Laurence A. Schiffer	• Mr. Schiffer was Co-CEO and a principal owner of Love Savings Holding Company, and Chairman of Heartland Bank, prior to Midland's acquisition. He is also President and Co-CEO of Hallmark Investment and Chairman and CEO of Allegro Senior Living. Over the past four decades, Mr. Schiffer has directed the development, ownership, acquisition, and management of commercial real estate properties.
Robert F. Schultz *Compensation Committee Chair*	• Mr. Schultz serves as Managing Partner of J.M. Schultz Investment, a family investment firm. Since 1996, he has served as Chairman of AKRA Builders, a national construction, design build and management firm. Prior to joining the Midland board he served on the boards of directors of Prime Banc Corp. and First National Bank of Dieterich.
Thomas D. Shaw	• Mr. Shaw is CEO of Shaw Media, a media business formed in 1851, which currently has more than 60 print, online, and mobile publications as well as commercial printing and video services. He is a former board member of several entities, including Dixon National Bank since 1976, and following its acquisition by a larger bank in 1993, on that bank's regional board until 2001.
Jeffrey C. Smith *Governance Committee Chair*	• Mr. Smith serves as Principal/Managing Partner of Walters Golf Management Group, a golf club management company headquartered in St. Louis, Missouri, which also offers turn key management, construction management, acquisition, consulting, agronomics and remodeling services.

Appendix: Solid Reserve Coverage

(dollars in thousands)	As of December 31, 2014 Non-Purchased Credit-Impaired Loans	As of December 31, 2014 Purchased Credit-Impaired Loans	As of December 31, 2014 Total	As of December 31, 2014 % of the Allowance to Total Loans in the Respective Category	As of December 31, 2015 Non-Purchased Credit-Impaired Loans	As of December 31, 2015 Purchased Credit-Impaired Loans	As of December 31, 2015 Total	As of December 31, 2015 % of the Allowance to Total Loans in the Respective Category	As of June 30, 2016 Non-Purchased Credit-Impaired Loans	As of June 30, 2016 Purchased Credit-Impaired Loans	As of June 30, 2016 Total	As of June 30, 2016 % of the Allowance to Total Loans in the Respective Category
Commercial	$ 1,933	$ 351	$ 2,284	0.49%	$ 6,542	$ 375	$ 6,917	1.38%	$ 5,797	$ 389	$ 6,186	1.26%
Commercial real estate	6,020	905	6,925	0.88%	4,176	1,003	5,179	0.59%	3,289	222	3,511	0.38%
Construction and land development	474	12	486	0.35%	419	16	435	0.29%	569	-	569	0.31%
Total commercial loans	$ 8,427	$ 1,268	$ 9,695	0.70%	$ 11,137	$ 1,394	$ 12,531	0.82%	$ 9,655	$ 611	$ 10,266	0.64%
Residential real estate	1,509	529	2,038	1.18%	1,626	494	2,120	1.30%	2,078	506	2,584	1.44%
Consumer	567	-	567	0.47%	742	7	749	0.46%	821	6	827	0.40%
Lease financing	-	-	-	0.00%	588	-	588	0.41%	1,075	-	1,075	0.61%
Total allowance for loan losses	$ 10,503	$ 1,797	$ 12,300	0.69%	$ 14,093	$ 1,895	$ 15,988	0.80%	$ 13,629	$ 1,123	$ 14,752	0.68%
Net charge-offs to average loans				0.94%				0.39%				0.29%

Appendix: Investment Portfolio Overview[(1)]

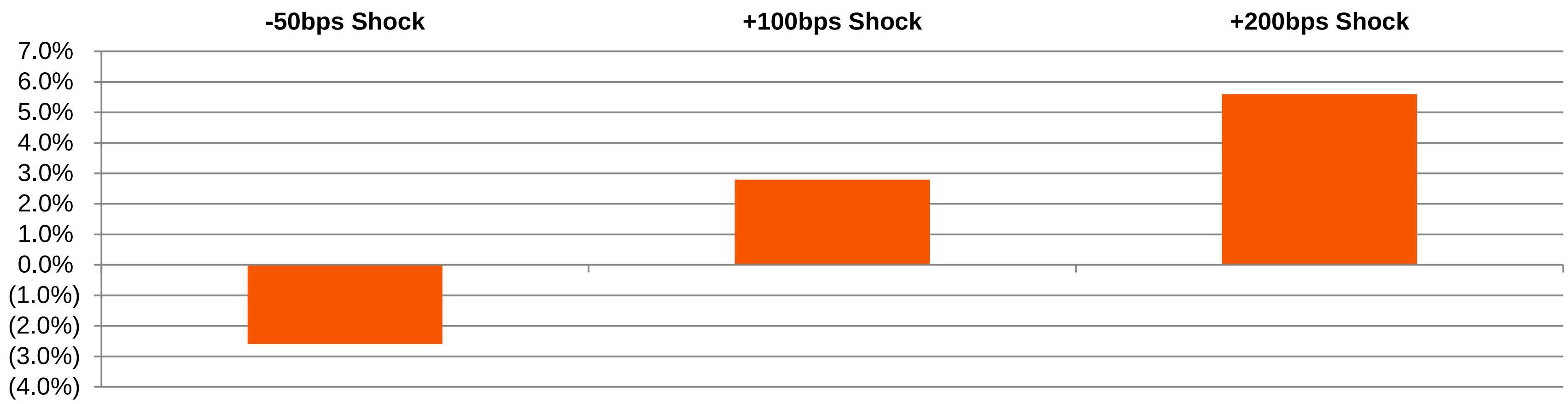


	Book Value	% of Total Investment Sec.	Weighted Average Yield
Investment Securities Available for Sale:			
U.S. Treasury	$35,535	11.0%	0.61%
GSE Debt Securities	9,367	2.9%	2.25%
Agency Mortgage-Backed	62,978	19.5%	2.19%
Non-Agency Mortgage-Backed	2	0.0%	6.46%
Covered Non-Agency Mortgage-Backed	74,130	22.9%	13.11%
Municipal	21,658	6.7%	2.60%
Corporate	35,111	10.9%	3.65%
Total Securities Available for Sale	**$238,781**	**73.8%**	**5.15%**
Investment Securities Held to Maturity:			
Municipal	$84,756	26.2%	6.17%
Total Investment Securities	**$323,537**	**100.0%**	**5.43%**

Note:
(1) As of June 30, 2016; dollars in thousands

Appendix: Well-positioned for Rising Interest Rates

% Change in Net Interest Income [1]



Dollars in thousands

	June 30, 2016		December 31, 2015		December 31, 2014		December 31, 2013	
Scenario	**NII $ Change**	**NII % Change**	**NII $ Change**	**NII % Change**	**NII $ Change**	**NII % Change**	**NII $ Change**	**NII % Change**
-50bps Shock [2]	(2,727)	(2.6%)	(759)	(0.9%)	NA	NA	NA	NA
+100bps Shock	2,858	2.8%	1,356	1.5%	(1,819)	(2.1%)	225	0.4%
+200bps Shock	5,830	5.6%	2,999	3.4%	(3,511)	(4.1%)	566	0.9%

Notes:
(1) Assumes June 30, 2016 reported financial information
(2) During 2015, the Company adopted an analysis more reflective of the current low interest rate environment; due to this change, some information for previous years is unavailable

Appendix: Reconciliation of Net Interest Margin Excluding Accretion Income

	Year Ended December 31,								Six Months Ended June 30,
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Reported yield on loans	6.56%	6.58%	6.48%	6.17%	5.73%	5.33%	4.65%	5.21%	4.96%
Effect of accretion income on acquired loans	0.00%	(0.56%)	(0.62%)	(0.65%)	(0.56%)	(0.50%)	(0.14%)	(0.79%)	(0.58%)
Yield on loans excluding accretion income	6.56%	6.02%	5.86%	5.52%	5.17%	4.83%	4.51%	4.42%	4.38%
Reported net interest margin	3.57%	4.04%	4.52%	4.88%	4.82%	4.68%	4.21%	4.38%	4.01%
Effect of accretion income on acquired loans	0.00%	(0.36%)	(0.42%)	(0.46%)	(0.40%)	(0.36%)	(0.10%)	(0.64%)	(0.47%)
Net interest margin excluding accretion income	3.57%	3.68%	4.10%	4.42%	4.42%	4.32%	4.11%	3.74%	3.54%

Appendix: Reconciliation of Adjusted Earnings/Profitability (1)

(dollars in thousands, except per share data)	2008	2009	2010	2011	2012	2013	2014	2015	Six Months Ended June 30, 2016
	Year Ended December 31,								
Adjusted Earnings									
Income before income taxes - GAAP	$ 2,742	$ 23,662	$ 17,924	$ 15,347	$ 18,499	$ 20,528	$ 15,467	$ 35,498	$ 18,368
Adjustments to other income:									
Provision for loan losses from Purchase Credit Impaired loan pool	-	(10,500)	-	-	-	-	-	-	-
Gain on sales of investment securities, net	751	399	2	466	953	321	77	193	276
Other than-temporary-impairment on investment securities	-	-	(63)	(742)	(319)	(190)	(190)	(461)	(824)
Gain on bargain purchase	-	19,218	8,704	-	-	2,154	-	-	-
FDIC settlement	-	-	-	-	-	-	1,709	-	-
FDIC loss-sharing income (expense)	-	10,496	4,012	4,455	1,477	(1,149)	(3,491)	(566)	-
Accretion (amortization) of FDIC indemnification asset, net	-	1,912	(1,232)	(8,047)	(5,172)	(2,705)	(954)	(397)	-
Reversal of contingent consideration accrual	-	-	-	-	-	-	-	-	350
Gain on sale of other assets	-	-	-	-	-	-	2,972	12	-
Total adjusted other income	751	21,525	11,423	(3,868)	(3,061)	(1,569)	123	(1,219)	(198)
Adjustments to other expense:									
Foundation contribution	-	-	-	-	-	-	900	-	-
Professional fees and other expenses for aborted stock offering	-	-	-	3,413	-	-	-	-	-
Expenses associated with payoff of subordinated debt	-	-	-	-	-	-	-	-	511
Integration and acquisition expenses	-	893	2,964	1,807	1,424	2,727	6,229	6,101	791
Total adjusted other expense	-	893	2,964	5,220	1,424	2,727	7,129	6,101	1,302
Adjusted earnings pre tax	1,991	3,030	9,465	24,435	22,984	24,824	22,473	42,818	19,868
Adjusted earnings tax	438	985	2,653	6,326	6,015	7,283	6,758	13,625	6,994
Adjusted earnings	$ 1,553	$ 2,045	$ 6,812	$ 18,109	$ 16,969	$ 17,541	$ 15,715	$ 29,193	$ 12,874
Preferred stock dividends	-	2,291	3,668	4,205	5,211	4,718	7,601	-	-
Preferred stock dividends paid upon early conversion (1)	-	-	-	-	-	-	(3,346)	-	-
Adjusted earnings available to common shareholders	$ 1,553	$ (246)	$ 3,144	$ 13,904	$ 11,758	$ 12,823	$ 11,460	$ 29,193	$ 12,874
Adjusted Diluted EPS	$ 0.38	$ (0.06)	$ 0.73	$ 2.34	$ 2.08	$ 2.08	$ 1.74	$ 2.39	$ 0.99
Weighted average diluted common shares outstanding	4,134,780	4,180,620	4,279,630	8,089,492	7,862,361	8,379,455	7,528,641	12,112,403	12,936,995
Average Assets	$ 391,485	$ 917,798	$ 1,533,344	$ 1,542,456	$ 1,508,232	$ 1,630,565	$ 1,753,286	$ 2,768,879	$ 2,999,937
Adjusted Return on Average Assets	0.40%	0.22%	0.44%	1.17%	1.13%	1.08%	0.90%	1.05%	0.86%
Average Tangible Common Equity	$ 29,163	$ 35,649	$ 45,198	$ 46,279	$ 52,406	$ 65,083	$ 98,546	$ 172,064	$ 199,499
Adjusted Return on Average Tangible Common Equity	5.33%	(0.69%)	6.96%	30.04%	22.44%	19.70%	11.63%	16.97%	12.98%

Notes:

(1) Represents preferred stock dividends paid through applicable call dates with respect to the early conversion of Series D, E and F preferred shares, which the holders agreed to convert into common shares on December 31, 2014