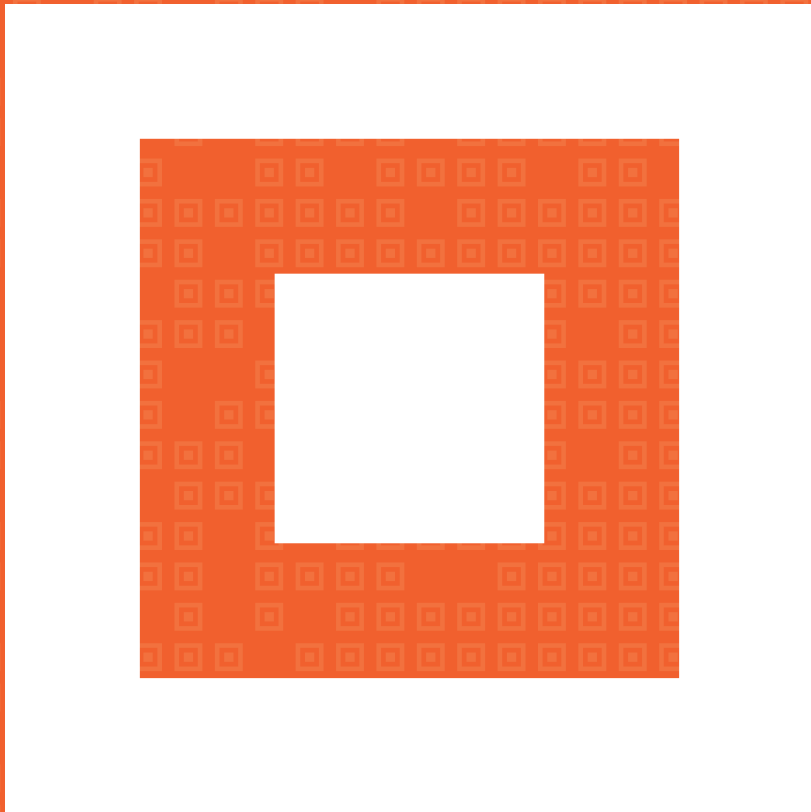


ANNUAL REPORT 2019



Our Strategic Plan

We continue to focus on these five initiatives:

- Customer Centric Culture
- Operational Excellence
- Accretive Acquisitions
- Revenue Diversification
- Enterprise-Wide Risk Management

Strategic Growth History

(\$ in Billions)

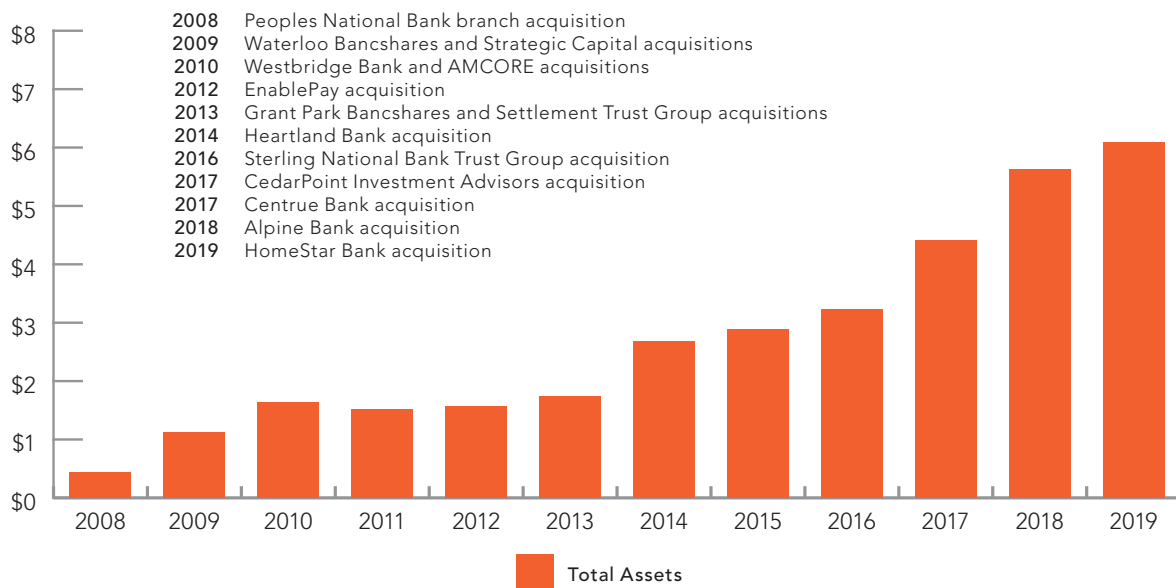


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Letter to Shareholders

Dear Shareholders:

In this letter, I want to talk about the important progress we made under our Strategic Plan in 2019, lay out our focus for the next year or two and describe how I view the much talked about topic of Sustainability/ESG. However, our immediate concern is the Coronavirus (COVID-19) situation.

We have taken several measures to help protect our employees and customers. Many of these actions were developed in mid-2019, when we held a company-wide mock pandemic exercise. That exercise gave us a good roadmap to follow as the COVID-19 situation struck.

In late February, after reports of the first U.S. cases, we activated our Business Continuity Plan. This involved several steps, and executive management and managers across all of our functions began the process of preparing for changes in ordinary business routines. In the first weeks of March we began closing branch lobbies, but we continue serving our customers through our drive-thru facilities. We also started rotating personnel to their homes to test “working from home” to ensure we identified any weak links in software functionality and other issues, and began implementing other social distancing procedures. For mission critical areas, such as transaction processing and wire transfer/Federal Reserve systems capabilities, we adopted additional procedures. In mid-March, we implemented work from home for a large portion of our workforce.

We are also planning to help address the economic fallout in our communities and will be announcing programs to provide short-term relief to commercial and retail customers experiencing difficulties. While these programs will likely affect our short-term financial results, we believe they will help maintain and grow our franchise over time. They are also critical to helping our communities at this difficult time.

Setting the current situation aside, 2019 was a good year and our financial performance met our expectations. It was also the 14th consecutive year we raised our dividend by 10%, and we implemented a stock repurchase program to return additional capital to our shareholders.

We also took advantage of the drop in interest rates to raise \$100 million in subordinated debt, allowing us to retire higher priced debt and strengthen our balance sheet. We made the decision to raise these funds in mid-2019, instead of waiting until 2020, out of concern that the credit markets might tighten as the Presidential election gets closer. At the time, nobody had heard of COVID-19. Sitting here today, with the extreme volatility in all markets, including for corporate debt, this move looks sound.

On a GAAP basis, net income grew 41.5%, to \$55.8 million in 2019 from \$39.4 million in 2018, while fully diluted earnings grew 36.1%, to \$2.26 per share in 2019 from \$1.66 per share in 2018. Tangible book value grew from \$17.00 to \$18.64 at December 31, 2019, an increase of 9.6%. Return on average assets (ROAA) grew from 0.72% to 0.96%, a 33.3% increase.

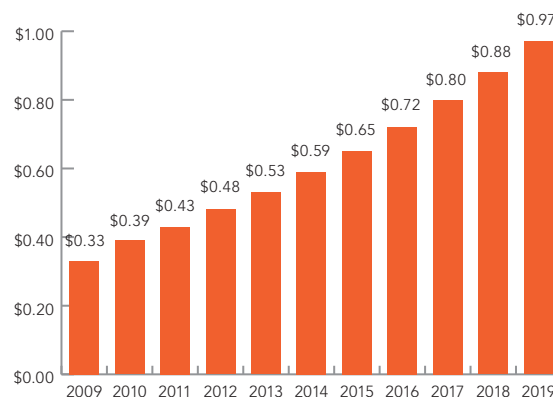
Our acquisition of HomeStar Bank in July 2019 helped grow our assets to \$6.1 billion at the end of 2019, from \$5.6 billion at the end of 2018. HomeStar brought us \$367 million in assets and \$320 million of well-priced, core deposits as well as a long-standing customer base resulting from its more than 70 years in business. We now also have the #1 market share by deposits in our Kankakee, Illinois market.



Jeffrey G. Ludwig

President and
Chief Executive Officer
Midland States Bancorp, Inc.

Common Dividends Per Share



In 2019, besides completing the HomeStar acquisition, our principal focus was on improving operating efficiency. As I said in last year's letter, I believe that the two most important components in building further shareholder value are improving our operational efficiencies and ensuring continued relevance to our customers.

We worked hard to improve our operating efficiency in 2019, and our efforts have already paid off. We drove our efficiency ratio from 66.1% to 61.5%, representing a significant year-over-year improvement and contributing to our stronger ROAA. We expect to continue improving on this measure over the coming years, although we expect 2020 is going to be a challenging year due to the impact of COVID-19.

We have also been working on enhancing our customer experience and developing deeper wallet share. Part of this effort includes increased data capabilities, both in terms of better understanding our customers and in back-office functions. Community banks are at somewhat of a disadvantage as compared to larger banks in utilizing data and automated processes because technology is expensive and continues to change. Nevertheless, we believe our customer experience and product/services offerings, including our online and mobile offerings, can be as robust as the larger banks, and we continue our efforts in this regard.

Our Business Units

Community Banking. Our banking group grew deposits by \$470 million in 2019, while loans grew by \$263 million, in each case principally through the HomeStar acquisition. The net liquidity brought in from HomeStar, together with successful CD and other marketing campaigns, allowed us to drive our net non-core funding ratio down from 17.9% to 7.8% and hold net interest margin virtually steady year over year. We developed and rolled out a new Insured Cash Sweep (ICS) deposit product, which generated \$288 million in deposits in just the first six months after it was introduced in June 2019. The ICS product permits commercial customers to have deposits of any size qualify for FDIC insurance (instead of being subject to the normal \$250,000 per account limit) through a reciprocal bank-to-bank settlement process.

We also reduced our branch footprint by four locations in 2019, including two Midland branches that were right across the street from HomeStar branches in Kankakee and Manteno, Illinois. These closures cut significant expense without major inconvenience to our customers.

Wealth Management. Our Wealth Management group had another successful year and contributed positively to our net income. By year-end 2019, our Wealth team consisted of 75 professionals, including 41 client-facing representatives, offering services across our footprint. This is our largest fee-based business, generating recurring revenue on both the financial advisory and trust administration sides of the business. Our focus on personalized financial advice and the fiduciary model has helped offset the dual industry trends of lower management fees and robo-advisors. Another contributor is our Midland Trust Company subsidiary, which specializes in managing special needs trusts and property guardianships for personal injury victims. Our teams in Chicago and New York have been building this nationwide business since 2013.

Wealth Management's assets under administration grew to \$3.41 billion by the end of 2019, including \$181 million from the HomeStar acquisition, resulting in a 15.8% increase over year-end 2018. Wealth Management revenue reached \$21.8 million in 2019, up from \$20.5 million in 2018.

Equipment Finance. Our equipment finance business has grown significantly since we reorganized it in early 2018, at which time our equipment finance portfolio was less than \$200 million. This business, which helps small-medium sized businesses acquire essential equipment in a variety of sectors, provides us risk-adjusted yields above that which we generate on our overall commercial loan business. It also provides greater granularity, with average transaction sizes of approximately \$200,000.

As is the case with our general commercial lending, our equipment finance team can quickly adapt to changes in the economy. As an example, in early 2019 it was becoming clear that the nationwide transportation sector was seeing a slowdown, and our team moved away from seeking new business in that sector, instead focusing on other areas, such as specialty vehicles (including emergency response vehicles, school buses and other shuttle-type vehicles) and a more diverse mix of construction-related assets.

At the end of 2019, our equipment finance portfolio stood at \$631.5 million, an increase of 67.9% from year-end 2018. This unit is also operating more efficiently than a few years ago, partly due to better integration of its underwriting, document processing and funding functions.

Commercial FHA. The 2019 fiscal year was the first full year of operations following our change of leadership in our Love Funding subsidiary in mid-2018, and I am very pleased with the results. This business, which specializes in originating FHA guaranteed financing for multi-family and health care facilities, had not been growing over the past few years, and we felt a change was needed. In 2019, rate locks increased from \$236 million in 2018 to \$307 million, an increase of 30%. Similarly, revenue increased by 19.9%, from \$11.0 million to \$13.2 million. It is hard to tell if the current very low interest rate environment will lead to a spurt of new business, but we continue to expect Love Funding as likely to generate \$12-20 million of revenue year in and year out.

In 2019, we were also successful in continuing to grow our bridge lending program to Love Funding's clients, where our Bank provides construction or other shorter-term financing prior to the project obtaining its FHA financing. Our commercial lending teams are finding more and more opportunities to work with the developers of these projects at

the early stages, and this is turning into a strong source of commercial real estate lending for us. The bridge financing also provides a competitive advantage for Love Funding over other FHA origination companies that do not have access to similar shorter-term financing. At the end of 2019, we had approximately \$157 million of bridge loans outstanding.

Sustainability/Environmental, Social and Governance (ESG)

While discussion regarding the proper role of publicly traded corporations in society is nothing new, the issue has become more front and center over the past year or two. Often the question posed is whether a business should be managed solely in the best interests of its shareholders, or whether other interests should be considered, such as its communities, employees, vendors, the environment, etc.

In my view, especially for a community bank like Midland, there is no real dichotomy. Our opportunities to thrive and provide meaningful shareholder returns most strongly exist when the businesses and families in our communities are thriving. Our growth and profitability largely depend on our local businesses expanding and needing capital to do so, and whether the families in our communities feel the level of stability that promotes home ownership, new car purchases, dining out and the rest of the economic activity that generates the need for financial services. Moreover, good corporate governance, strong risk management, a diverse workforce and a visible presence in community activities are vital to Midland remaining a sustainable and profitable enterprise.

On the environmental front, examples of actions we have taken that directly benefit our shareholders include the design of our 80,000 square foot Effingham headquarters, which is LEED certified, and the installation of solar panels in many of our other locations, reducing our operating costs in these facilities. Also, we have provided more than \$540 million of financing for environmentally certified (LEED, Energy Star, etc.) commercial properties since 2017 and have made more than \$50 million of credit available to home owners wishing to add solar energy to their homes. Each of these efforts has been financially sound and has generated the expected financial returns.

I hope you will take a minute to review our ESG Summary included in this Annual Report. I think it provides a good view into how Midland interacts with our outside constituents to help drive shareholder value.

Outlook

The short-term outlook for Midland, as is the case with every business and especially every community bank, largely depends on the duration and severity of problems resulting from COVID-19. There will most certainly be less commercial activity than we had expected in 2020. However, it is simply too early to know with any certainty what effect the virus and its aftermath will have on our communities and on our business.

We do believe that the crisis will pass and that people's lives and the economy will return to "normal", but that normal may be somewhat different from the recent past. More people may work from home. Businesses may seek to further diversify their supply chains. Consumers may be more cautious with their spending.

In my view, once the current crisis has passed and the economy returns to a more normal footing, we will be in a good position to further drive down costs and make better use of technology to understand our customers' needs and more efficiently process transactions across all of our business units. We believe our current size offers room for additional synergies. HomeStar was an excellent acquisition for us, and our principal focus will remain on improving our efficiency and return on assets.

In closing, I want to take a moment to wish Leon Holschbach well and thank him for all he has done for Midland since joining the Company in 2007. As his final year of service on our Board draws to a close, I hope you will join me in wishing him well. The past 13 years of working with Leon have been some of the most enjoyable years of my career, and we will all miss his wit, humor and wisdom.

Very truly yours,



Jeffrey G. Ludwig
President and
Chief Executive Officer

March 25, 2020

Additional Information

This document may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, plans, objectives, future performance and business of Midland. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of Midland's management and on information currently available to management, are generally identifiable by the use of words such as "believe," "expect," "anticipate," "plan," "intend," "estimate," "may," "will," "would," "could," "should" or other similar expressions. Additionally, all statements in this document, including forward-looking statements, speak only as of the date they are made. Midland undertakes no obligation to update any statement in light of new information or future events. 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 business, including additional factors that could materially affect Midland's financial results, are included in Midland's filings with the Securities and Exchange Commission (the "SEC").

Our Environmental, Social and Governance Program (ESG)

ENVIRONMENTAL

Our environmental initiatives pertain to our internal business operations and our Bank's lending activities.

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 provided \$540 million of financing for 18 "green" (LEED, Energy Star, etc.) multi-family/health care facilities since 2017.

Paper Reduction

- More than 40% of our customers use paperless statements and we have had a paper elimination program in place since 2010.

SOCIAL

We strive to further the financial success of the families and small-medium sized/minority owned businesses in our markets by offering fair products and services supported by financial education and other measures.

Our Community Development Plan (CDP), which is available at www.midlandsb.com/community-development-plan, is designed to insure we serve as a catalyst for community development in our neighborhoods.

We strive to safekeep our customer's information, and help them reduce the chance of identity theft and online fraud.

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 year-long program designed to teach entrepreneurship to high school students, was created in 2010. In 2020, more than 50 programs, serving 229 high schools in six states, now utilize this powerful program for energizing tomorrow's business leaders.

Culture and People

- Since 2008 Midland has provided all employees with 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 59% of participants have been women or minority employees.

Philanthropy

- \$30 million of investment towards community development goals targeted for the 2019-2021 period.
- Since its creation in 2011, the Midland States Bank Foundation has contributed more than \$900,000 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.

Community Development and Financial Inclusion

- We have provided \$877 million of financing for 148 affordable multi-family and health care projects since 2015.
- Through our Believable Banking® Residential Mortgage and Home Improvement programs we have made more than \$31 million of loans to families underserved by traditional loan programs.

- Our banking products and services are offered through our personal bankers, online with materials clearly describing the features, costs and alternatives available, and by dual-language materials in our branches and our ADA compliant website.

GOVERNANCE

Midland has a long history of effective corporate governance, inclusiveness and providing opportunities for personal and professional development for all employees.

Our Enterprise-Wide Risk Management program has been one of the five initiatives under our Strategic Plan since its creation in 2008.

Our Executive Compensation program is designed to reward growth oriented results without exceeding proper credit and other risk tolerances for a community-focused banking organization.

Reputation and Ethics

- Midland States Bank was one of the first banks in the nation to have a woman on its board (1903).
- Our board composition includes 36% 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 Management

- The Company's Chair and CEO roles have 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. The primary objectives of our ERM framework are to:
 - Maintain sufficient liquidity given our funding requirements;
 - Identify, measure, monitor and report market, credit and operational risks;
 - Promote awareness of emerging risks among all employees, managers, directors; and
 - Manage avoidable exposures through a robust framework of internal controls.

Data Security & Privacy

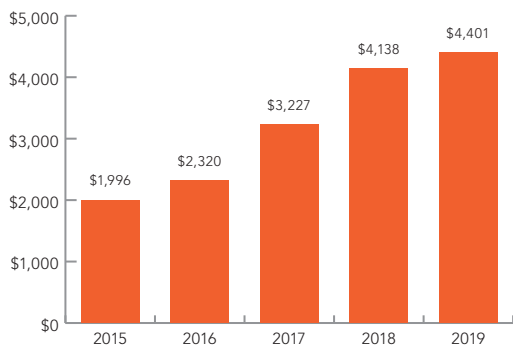
- We utilize data security programs and a privacy policy under which we do not sell or share customer information with non-affiliated entities.

Executive Compensation

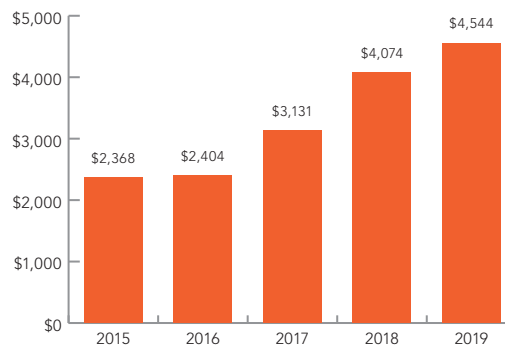
- Our executive compensation, including all performance related compensation, is evaluated annually by Risk Management to ensure consistency with Federal Reserve Safety and Soundness requirements, and the Interagency Guidance on Sound Incentive Compensation Policies issued jointly by the federal regulatory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

Financial Highlights

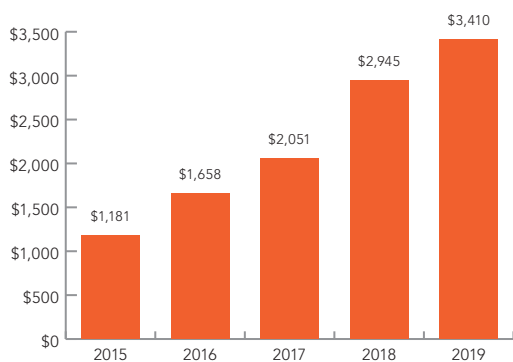
Total Gross Loans
(\$ in Millions)



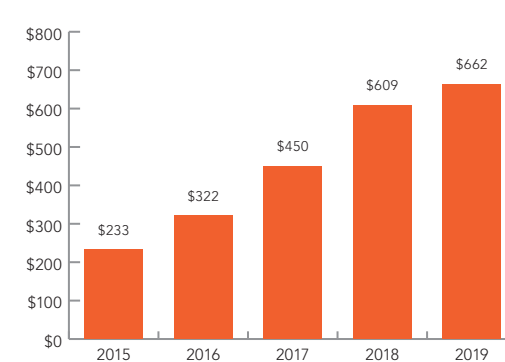
Total Deposits
(\$ in Millions)



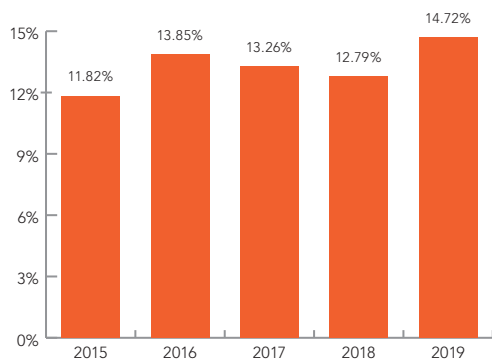
Trust Assets Under Administration
(\$ in Millions)



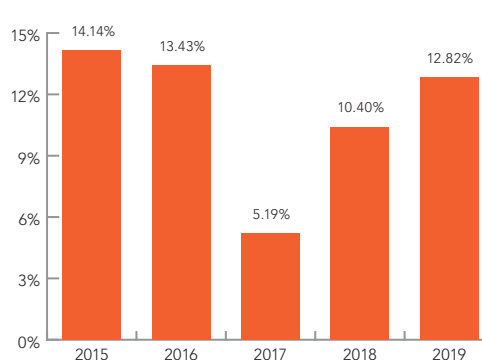
Total Shareholders' Equity
(\$ in Millions)



Total Capital to Risk-Weighted Assets

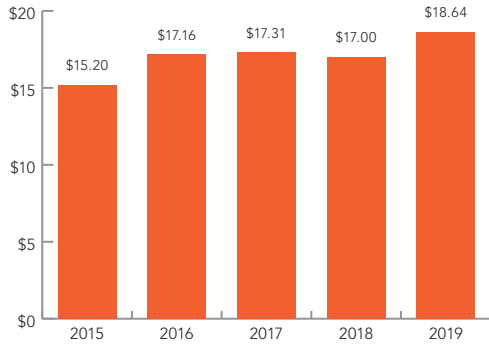


Return on Average Tangible Common Shareholders' Equity⁽¹⁾

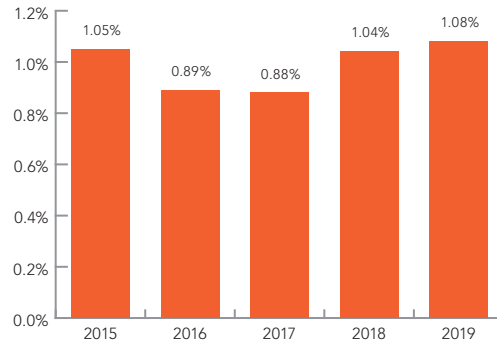


(1) Return on average tangible common equity and adjusted return on average tangible common equity are non-GAAP financial measures. See "Item 6 – Selected Financial Data – Non-GAAP Financial Measures" in the Company's Form 10-K for the fiscal year ended December 31, 2019 for a reconciliation of return on average tangible common equity to its most comparable GAAP measure. See "Non-GAAP Financial Measures" on page 10 for a reconciliation of adjusted return on average tangible common equity to its most comparable GAAP measure.

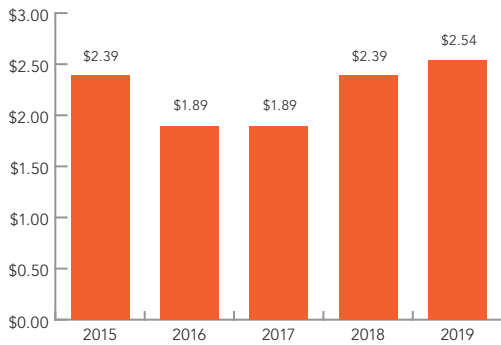
Tangible Book Value Per Share⁽¹⁾



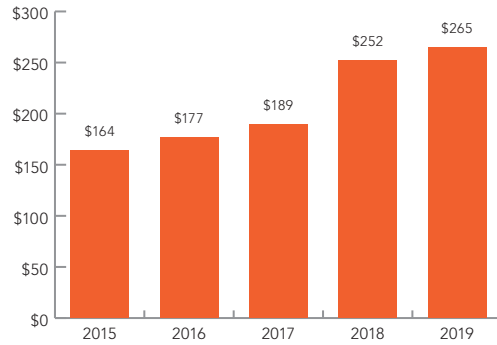
Adjusted Return on Average Assets⁽²⁾



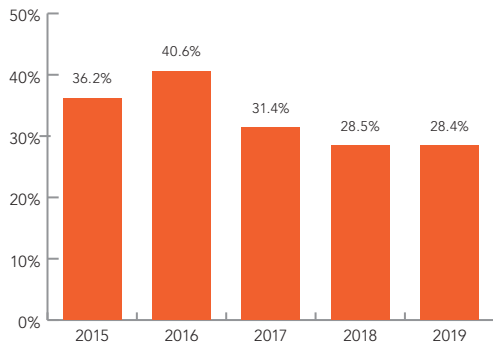
Adjusted Diluted Earnings Per Share⁽²⁾



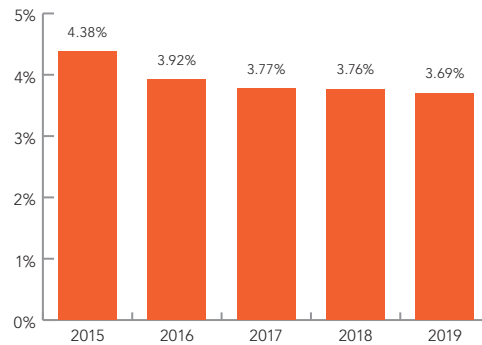
Revenue (\$ in Millions)



Noninterest Income / Revenue



Net Interest Margin



(1) Tangible book value per share is a non-GAAP financial measure. See "Item 6 - Selected Financial Data - Non-GAAP Financial Measures" in the Company's Form 10-K for the fiscal year ended December 31, 2019 for a reconciliation of tangible book value per share to its most comparable GAAP measure.

(2) Adjusted return on average assets and adjusted diluted earnings per share are non-GAAP financial measures. See "Non-GAAP Financial Measures" on page 10 for a reconciliation of these measures to their most comparable GAAP measures.

Summary Financial Information

The following consolidated selected financial data is derived from the Company's audited consolidated financial statements as of and for the five years ended December 31, 2019. This information should be read in connection with our audited consolidated financial statements, related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing in our Form 10-K for the fiscal year ended December 31, 2019.

(dollars in thousands)	As of December 31,				
	2019	2018	2017	2016	2015
Balance Sheet Data:					
Total assets	\$ 6,087,017	\$ 5,637,673	\$ 4,412,701	\$ 3,233,723	\$ 2,884,824
Total loans, gross	4,401,410	4,137,551	3,226,678	2,319,976	1,995,589
Allowance for loan losses	(28,028)	(20,903)	(16,431)	(14,862)	(15,988)
Loans held for sale	16,431	30,401	50,089	70,565	54,413
Investment securities	655,054	660,785	450,525	325,011	324,148
Deposits	4,544,254	4,074,170	3,131,089	2,404,366	2,367,648
Short-term borrowings	82,029	124,235	156,126	131,557	107,538
FHLB advances and other borrowings	493,311	640,631	496,436	237,518	40,178
Subordinated debt	176,653	94,134	93,972	54,508	61,859
Trust preferred debentures	48,288	47,794	45,379	37,405	37,057
Total shareholders' equity	661,911	608,525	449,545	321,770	232,880
Tangible common equity ⁽¹⁾	455,267	403,695	331,019	265,747	179,357

	For the Years Ended December 31,				
	2019	2018	2017	2016	2015
Income Statement Data:					
Interest income	\$ 249,518	\$ 223,367	\$ 153,113	\$ 121,249	\$ 117,796
Interest expense	59,703	43,280	23,451	15,995	12,889
Net interest income	189,815	180,087	129,662	105,254	104,907
Provision for loan losses	16,985	9,430	9,556	5,591	11,127
Noninterest income	75,282	71,791	59,362	72,057	59,482
Noninterest expense	175,641	191,643	152,997	121,289	117,847
Income before taxes	72,471	50,805	26,471	50,431	35,415
Income taxes	16,687	11,384	10,415	18,889	11,091
Net income	55,784	39,421	16,056	31,542	24,324
Preferred stock dividends	46	141	83	-	-
Net income available to common shareholders	<u>\$ 55,738</u>	<u>\$ 39,280</u>	<u>\$ 15,973</u>	<u>\$ 31,542</u>	<u>\$ 24,324</u>

	As of and for the Years Ended December 31,				
(dollars in thousands, except per share data)	2019	2018	2017	2016	2015
Per Share Data (Common Stock)					
Basic earnings per share	\$ 2.28	\$ 1.69	\$ 0.89	\$ 2.22	\$ 2.03
Diluted earnings per share	2.26	1.66	0.87	2.17	2.00
Dividends declared	0.97	0.88	0.80	0.72	0.65
Book value	27.10	25.50	23.35	20.78	19.74
Tangible book value ⁽¹⁾	18.64	17.00	17.31	17.16	15.20
Market price	28.96	22.34	32.48	36.18	N/A
Weighted average shares outstanding					
Basic	24,288,793	23,130,475	17,781,631	14,130,552	11,902,455
Diluted	24,493,431	23,549,025	18,283,214	14,428,839	12,112,403
Shares outstanding at period end	24,420,345	23,751,798	19,122,049	15,483,499	11,797,404
Performance Metrics					
Return on average assets	0.96%	0.72%	0.41%	1.03%	0.88%
Return on average shareholders' equity	8.74%	6.92%	4.02%	10.95%	10.68%
Return on average tangible common equity ⁽¹⁾	12.82%	10.40%	5.19%	13.43%	14.14%
Yield on earning assets	4.83%	4.65%	4.43%	4.51%	4.91%
Cost of average interest bearing liabilities	1.43%	1.11%	0.82%	0.72%	0.66%
Net interest margin ⁽²⁾	3.69%	3.76%	3.77%	3.92%	4.38%
Efficiency ratio ⁽¹⁾	61.53%	66.08%	66.66%	68.66%	66.20%
Common stock dividend payout ratio ⁽³⁾	42.54%	52.07%	89.89%	32.43%	32.02%
Loan to deposit ratio	96.86%	101.56%	103.05%	96.49%	84.29%
Core deposits/total deposits ⁽⁴⁾	96.09%	92.35%	91.69%	88.70%	88.41%
Net non-core funding dependence ratio ⁽¹⁾	7.77%	17.89%	19.95%	15.23%	7.12%
Adjusted Earnings Metrics					
Adjusted earnings ⁽⁵⁾	\$ 62,826	\$ 56,763	\$ 34,895	\$ 27,443	\$ 29,193
Adjusted diluted earnings per share ⁽⁵⁾	2.54	2.39	1.89	1.89	2.39
Adjusted return on average assets ⁽⁵⁾	1.08%	1.04%	0.88%	0.89%	1.05%
Adjusted return on average tangible common equity ⁽⁵⁾	14.44%	15.00%	11.32%	11.68%	16.97%
Regulatory Capital Ratios					
Tangible common equity to tangible assets ⁽¹⁾	7.74%	7.43%	7.70%	8.36%	6.33%
Tier 1 common capital to risk-weighted assets	9.20%	8.76%	8.45%	9.35%	6.50%
Tier 1 leverage ratio	8.74%	8.53%	8.63%	9.76%	7.49%
Tier 1 capital to risk-weighted assets	10.52%	10.25%	10.19%	11.27%	8.62%
Total capital to risk-weighted assets	14.72%	12.79%	13.26%	13.85%	11.82%
Credit Quality Data					
Loans 30-89 days past due	\$ 29,876	\$ 25,213	\$ 15,405	\$ 10,767	\$ 10,120
Loans 30-89 days past due to total loans	0.68%	0.61%	0.48%	0.46%	0.51%
Nonperforming loans	\$ 42,082	\$ 42,899	\$ 26,760	\$ 31,603	\$ 24,891
Nonperforming loans to total loans	0.96%	1.04%	0.83%	1.36%	1.25%
Nonperforming assets	\$ 50,027	\$ 45,899	\$ 30,894	\$ 34,550	\$ 29,206
Nonperforming assets to total assets	0.82%	0.81%	0.70%	1.07%	1.01%
Allowance for loan losses to total loans	0.64%	0.51%	0.51%	0.64%	0.80%
Allowance for loan losses to nonperforming loans	66.60%	48.73%	61.40%	47.03%	64.23%
Net charge-offs to average loans	0.23%	0.13%	0.28%	0.31%	0.39%

(1) Tangible common equity, tangible book value per share, return on average tangible common equity, efficiency ratio, net non-core funding dependence ratio and tangible common equity to tangible assets are non-GAAP financial measures. See "Item 6 - Selected Financial Data - Non-GAAP Financial Measures" in the Company's Form 10-K for the fiscal year ended December 31, 2019 for a reconciliation of these measures to their most comparable GAAP measures.

(2) Net interest margin is presented on a fully taxable equivalent basis.

(3) Common stock dividend payout ratio represents dividends per share divided by basic earnings per share.

(4) Core deposits are defined as total deposits less certificate of deposits greater than \$250,000 and brokered certificates of deposits.

(5) Adjusted earnings, adjusted diluted earnings per share, adjusted return on average assets and adjusted return on average tangible common equity are non-GAAP financial measures. See "Non-GAAP Financial Measures" on page 10 for a reconciliation of these measures to their most comparable GAAP measures.

Adjusted Earnings Metrics. We use the measure adjusted earnings to assess the performance of our core business and the strength of our capital position. We believe that this non-GAAP financial measure provides meaningful additional information about us to assist investors in evaluating our operating results. This non-GAAP financial measure should not be considered a substitute for operating results determined in accordance with GAAP and may not be comparable to other similarly titled measures used by other companies. The following table reconciles adjusted earnings, adjusted diluted earnings per share, adjusted return on average assets and adjusted return on average tangible common equity to their most comparable GAAP measures:

(dollars in thousands, except per share data)	For the years ended December 31,				
	2019	2018	2017	2016	2015
Adjusted Earnings:					
Income before income taxes - GAAP	\$ 72,471	\$ 50,805	\$ 26,471	\$ 50,431	\$ 35,498
Adjustments to noninterest income:					
Gain on sales of investment securities, net	674	464	222	14,702	193
Other than-temporary-impairment on investment securities	-	-	-	(824)	(461)
FDIC loss-sharing expense	-	-	-	-	(566)
Amortization of FDIC indemnification asset, net	-	-	-	-	(397)
Reversal of contingent consideration accrual	-	-	-	350	-
Other	(29)	89	(67)	-	12
Total adjustments to noninterest income	645	553	155	14,228	(1,219)
Adjustments to noninterest expense:					
Net expense from FDIC loss share termination agreement	-	-	-	351	-
Branch network optimization plan charges	-	-	1,952	2,099	-
(Gain) loss on mortgage servicing rights held for sale	(490)	458	4,059	-	-
Loss on repurchase of subordinated debt	1,778	-	-	511	-
Integration and acquisition expenses	9,070	24,015	17,738	2,343	6,101
Total adjustments to noninterest expense	10,358	24,473	23,749	5,304	6,101
Adjusted earnings pre tax	82,184	74,725	50,065	41,507	42,818
Adjusted earnings tax	19,358	17,962	19,710	14,064	13,625
Revaluation of net deferred tax assets	-	-	(4,540)	-	-
Adjusted earnings - non-GAAP	\$ 62,826	\$ 56,763	\$ 34,895	\$ 27,443	\$ 29,193
Preferred stock dividends and premium amortization	46	141	83	-	-
Adjusted earnings available to common shareholders - non-GAAP	\$ 62,780	\$ 56,622	\$ 34,812	\$ 27,443	\$ 29,193
Adjusted diluted earnings per common share	\$ 2.54	\$ 2.39	\$ 1.89	\$ 1.89	\$ 2.39
Weighted average shares outstanding - diluted	24,493,431	23,549,025	18,283,214	14,428,839	12,112,403
Average assets	\$ 5,835,085	\$ 5,455,823	\$ 3,941,272	\$ 3,075,134	\$ 2,768,879
Adjusted return on average assets	1.08%	1.04%	0.88%	0.89%	1.05%
Average tangible common equity	\$ 434,682	\$ 377,602	\$ 307,523	\$ 234,898	\$ 172,064
Adjusted return on average tangible common equity	14.44%	15.00%	11.32%	11.68%	16.97%

2019 Actual Cash Dividend Data

Quarter	Record Date	Payment Date	Share Amount
1	February 15, 2019	February 22, 2019	\$0.2425
2	May 13, 2019	May 20, 2019	\$0.2425
3	August 16, 2019	August 23, 2019	\$0.2425
4	November 18, 2019	November 25, 2019	\$0.2425

Ten-year Dividend History and Book Value Per Share

Year	Cash Dividends for the Year		Book Value Per Share - at End of Year	
	Amount ^(a)	% Increase	Amount ^(b)	% Increase
2010	\$0.39	18.2%	\$15.14	22.1%
2011	\$0.43	10.3%	\$15.99	5.6%
2012	\$0.48	11.6%	\$16.37	2.4%
2013	\$0.53	10.4%	\$17.81	8.8%
2014	\$0.59	11.3%	\$18.72	5.1%
2015	\$0.65	10.2%	\$19.74	5.4%
2016	\$0.72	10.8%	\$20.78	5.3%
2017	\$0.80	11.1%	\$23.35	12.4%
2018	\$0.88	10.0%	\$25.50	9.2%
2019	\$0.97	10.2%	\$27.10	6.3%

(a) Restated for 10 for 1 stock split on December 31, 2010.

(b) Book value per share gives effect to the conversion of all of the issued and outstanding shares of preferred stock into shares of the Company's common stock in 2010, 2011, 2012 and 2013

Our common stock began trading on the NASDAQ Global Select Market ("NASDAQ") under the symbol "MSBI" on May 24, 2016. Prior to that, there was no public market for our common stock. The following table sets forth the high and low sales prices of our common stock for the years ended December 31, 2019 and 2018 as reported by NASDAQ.

	Price Per Share	
	High	Low
2019		
Fourth Quarter	\$ 29.50	\$ 25.15
Third Quarter	27.89	24.39
Second Quarter	28.24	23.85
First Quarter	25.84	21.81
2018		
Fourth Quarter	\$ 36.50	\$ 30.31
Third Quarter	34.32	28.70
Second Quarter	36.14	31.40
First Quarter	36.62	31.56

Board of Directors



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Midland States Bancorp, Inc.
Chairman
Agracel, Inc.
Chairman and Chief
Executive Officer



Jeffrey G. Ludwig
Midland States Bancorp, Inc.
President and
Chief Executive Officer
Midland States Bank
Chief Executive Officer



Jeffrey C. Smith
Midland States Bank
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Walters Golf Management
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Partner



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President

Management Team

Executive Management

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Midland States Bancorp, Inc.
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Chief Executive Officer

Midland States Bank
Chief Executive Officer

Jeffrey S. Mefford

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Midland States Bank
President

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Midland States Bancorp, Inc.
Senior Vice President,
Corporate Counsel and Secretary

Midland States Bank
Senior Vice President,
Corporate Counsel

Eric T. Lemke

Midland States Bancorp, Inc.
Chief Financial Officer

Midland States Bank
Chief Financial Officer

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Corporate Controller

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