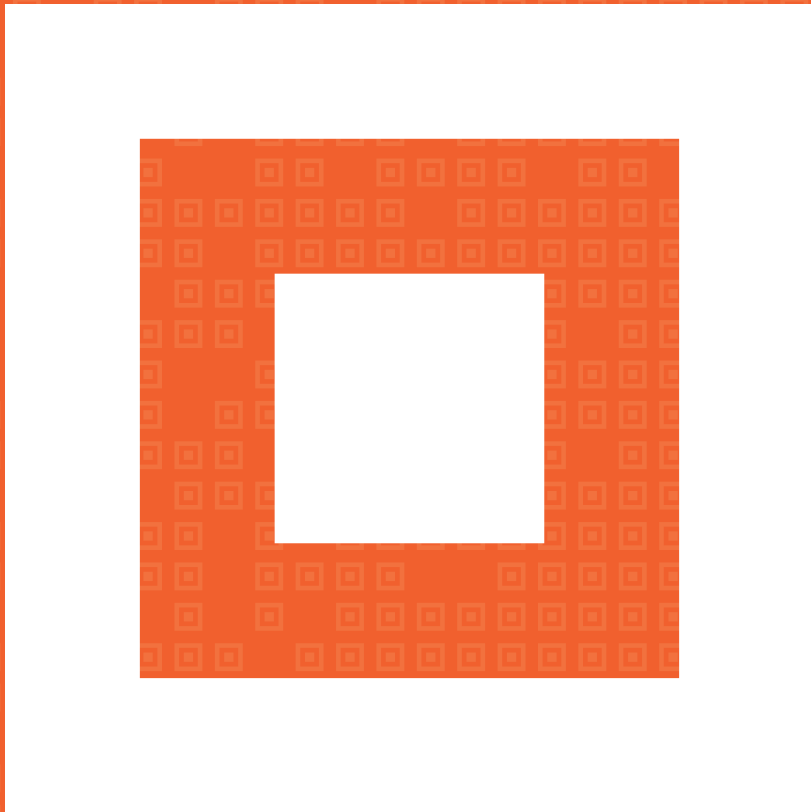


ANNUAL REPORT 2021



Our efforts over the past couple of years to focus more on improving operating performance and less on acquisitions resulted in record revenue and profits in 2021. Perhaps more importantly these changes will continue to drive shareholder value for years to come. Broadly speaking, we saw improvements in talent, training, processes, systems and customer experience in every area of our business. Our teams see the benefits of these improvements and are highly energized for the future. Our business clients have weathered the COVID storm and are back to mostly normal operating levels. I'm proud of the work we have done and look forward to a strong 2022 and beyond.

A handwritten signature in white ink, reading "Jeff Ludwig". The signature is fluid and cursive, with the first letters of "Jeff" and "Ludwig" being capitalized and prominent.

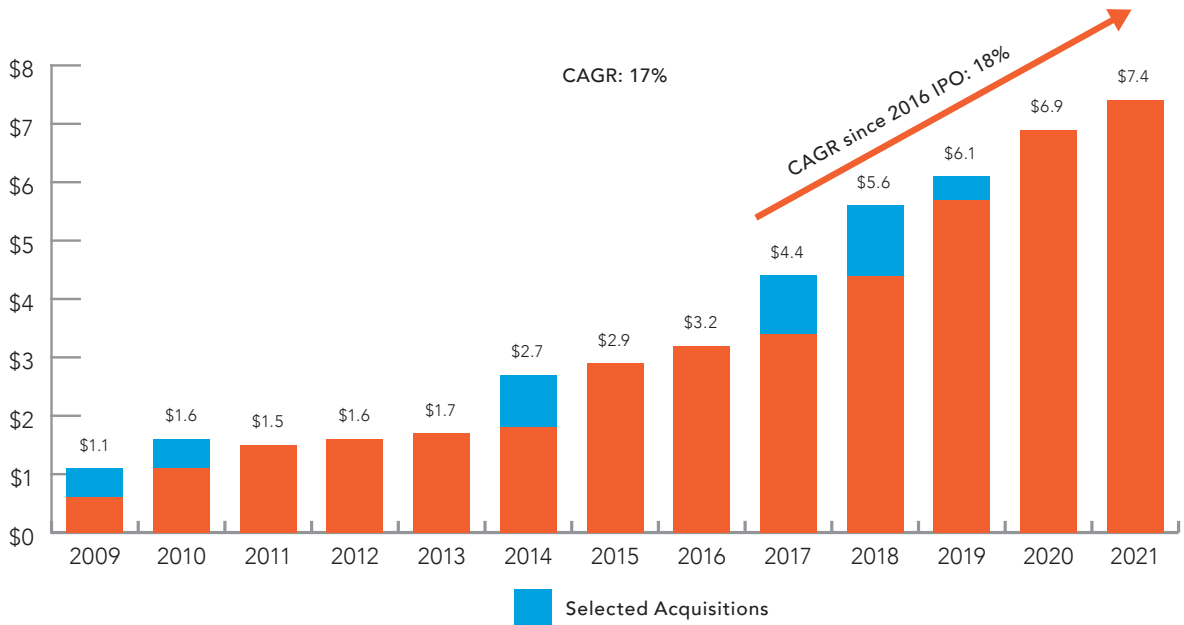
The Company's 2021 Annual Report to Shareholders is available on the Company's website, and printed copies are available by request. Please contact Ms. Dacia Albin, Assistant Secretary of the Company, at 217-342-7321 or dalbin@midlandsb.com for access/delivery information.

Our Strategic Plan

We continue to focus on these five initiatives:

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

Total Assets (\$ in Billions)



2009: Strategic Capital Bank (\$540)	2010: AMCORE Bank (\$500)
2014: Love Savings/Heartland Bank (\$889)	2017: Centru Financial (\$990)
2018: Alpine Bancorp. (\$1,243)	2019: HomeStar Financial Group (\$366)

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Letter to Shareholders

Dear Shareholders:

I am very pleased to report that 2021 was a terrific year for the Company. Indeed, we saw record net revenue and record earnings per share for the year. The primary drivers of this performance were:

- Our model of customer-centric service and relationship banking allowed us to grow loans and deposits, with deposits increasing by \$1.0 billion, or 19.8%, during 2021;
- A continued focus on reducing costs and increasing operating efficiencies; and
- Increased use of technology across our business sectors.

We have remained steadfast in our commitment to drive down expenses while also improving our customers' experience. The investments we made in prior years are really starting to pay off in the way we do business, both at the customer-facing stage as well as in our back office operations. Similarly, we continue to see positive results from our increased focus on corporate culture, training and personal development in recent years. If asked to name the biggest reason Midland had such a great year in the face of the ongoing pandemic, my answer would unequivocally be "our Team." I visited all of our branches in 2021, and the consistently high level of morale, positive attitude and dedication to making sure each customer received friendly and efficient service was well evident across our footprint. It was truly inspiring.

Financial Results

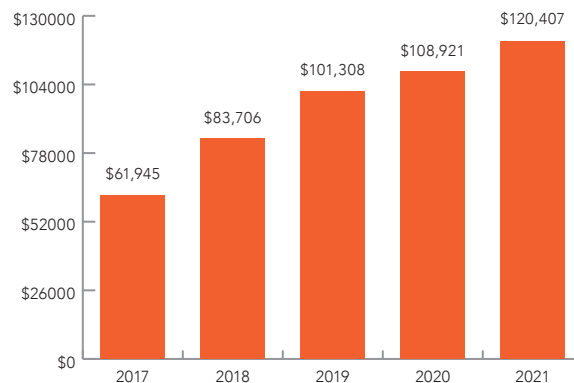
We had an exceptional year that saw us improve our financial performance while also making investments that we believe will enable us to continue improving our performance in the years to come. Total loans increased by \$121.5 million, or 2.4%, to \$5.2 billion, resulting from growth across our commercial real estate and consumer loan portfolios. Total deposits increased by \$1.0 billion, or 19.8%, to \$6.1 billion, due primarily to increases in our servicing and commercial deposits.

Tangible book value grew by 12.2% to \$21.66 per share, driven by higher earnings realized in 2021 along with \$11.7 million in additional repurchases of our common stock (approximately 481,000 shares).



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

Adjusted Pre-Tax Pre-Provision Earnings (\$ in Thousands)



Adjusted Pre-Tax Pre-Provision Earnings is a non-GAAP financial measure. See page 11 for a reconciliation of this measure to its most comparable GAAP measure.

Net income was \$81.3 million in 2021, or \$3.57 per fully diluted share compared to net income of \$22.5 million, or \$0.95 per fully diluted share in 2020. In addition, our adjusted pre-tax, pre-provision earnings increased by 10.5% on a year-over-year basis, to \$120.4 million as compared to \$108.9 million for 2020.

2021 also represented the 21st consecutive year we increased our common dividend. When taking the share repurchases and common share dividends paid in 2021 together, we distributed \$36.9 million to our shareholders.

Operating Efficiency

Our focus on improving efficiency has yielded strong results. In 2021, our efficiency ratio declined to 57.1% from 59.4% in 2020, representing very strong year-over-year improvement, driven, primarily, by an increase in total revenue of \$17.2 million. Given that our efficiency ratio was 66.1% in 2018, this represents a three-year improvement of 900 basis points.

A portion of our improved efficiency resulted from cost-saving efforts we adopted in 2020. In particular, the closing or consolidation of 13 branch locations and two administrative offices in 2020, as well as certain Love Funding facilities we closed or transferred as part of the sale of this business in mid-2020, resulted in a \$3.7 million reduction in staffing and occupancy costs during 2021. These results proved that we could continue to grow record revenue with fewer locations.

Our Business Units

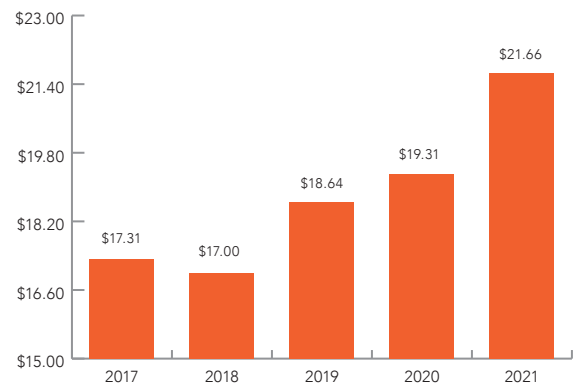
Community Banking. Loans in our Community Banking business declined to approximately \$3.3 billion, a decrease of \$72.9 million or 2.2% over 2020. Included in the loan activity during the year was the payoff of \$131.9 million of PPP loans and a decrease in our commercial FHA warehouse lending activity of \$181.4 million. Excluding these two products, loans increased \$240.4 million or 8.2% during 2021. Deposits grew to \$4.5 billion, an increase of 5.3% year-over-year.

Our commercial team continued to help customers with the PPP loan program and originated over 1,200 loans for \$103.0 million in balances related to Round 2 of PPP. Of this amount and the 1st round of PPP loans, \$52.5 million was outstanding as of December 31, 2021, and we expect most of these loans to be forgiven pursuant to SBA rules.

Our consumer lending program also continued to perform on a very steady basis throughout the pandemic, with total loans outstanding at the end of 2021 of approximately \$874.5 million, a year-over-year increase of 14.0%

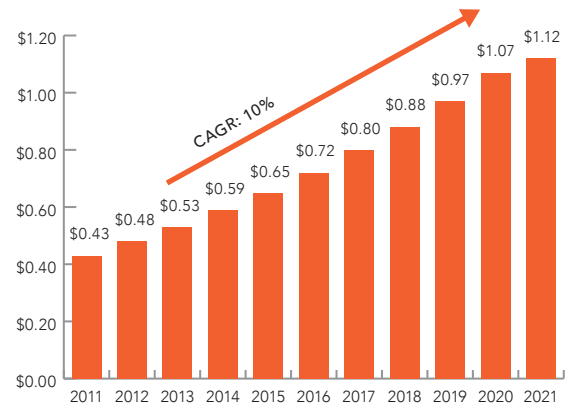
While our consumer program has largely been through our longstanding relationship with GreenSky, we now expect to broaden that program through agreements with one or more additional consumer-lending focused fintechs. This will help maintain our consumer loan portfolio if our Greensky loan balances eventually decrease at some point after the closing of the sale of GreenSky to Goldman Sachs, the closing of which is expected to occur in the second quarter of 2022.

Tangible Book Value Per Share

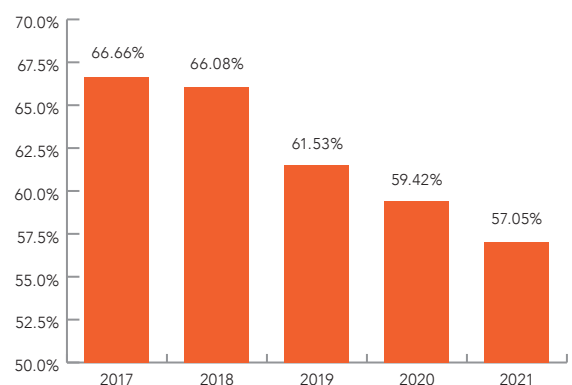


Tangible Book Value Per Share is a non-GAAP financial measure. See page 12 for a reconciliation of this measure to its most comparable GAAP measure.

Common Dividends Per Share



Efficiency Ratio



Efficiency ratio is a non-GAAP financial measure. See page 13 for a reconciliation of this measure to its most comparable GAAP measure.

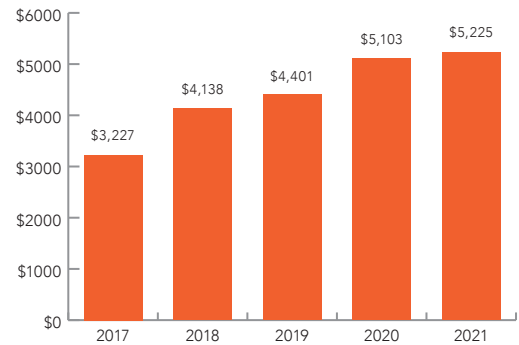
You will hear us talking more and more about “banking as a service”, commonly referred to as “BaaS”, in the near future. BaaS generally involves banks providing services they already perform for their own operations to one or more outside clients. This can involve funding consumer and/or commercial loan originations, as we have done with GreenSky for more than ten years; servicing loans, as we have done for FHA lenders for several years; holding deposits generated by non-bank financial service companies; providing payment services and other financial services.

Approximately two years ago we began to research possible BaaS opportunities and join certain organizations that focus on investing in and developing fintechs with services complimentary to community banks, fostering relationships between these fintechs and banks who are entrepreneurial and adept at working with partners, regulators and others to offer innovative financial services in a manner in compliance with the growing regulatory framework around these new products. I believe BaaS offers new revenue opportunities for us and I look forward to sharing additional information about this in the future. And while the sale of GreenSky will not end our relationship and loan originations through them in the near term, it does come at a time when we were gearing up to look for more opportunities to strike BaaS relationships.

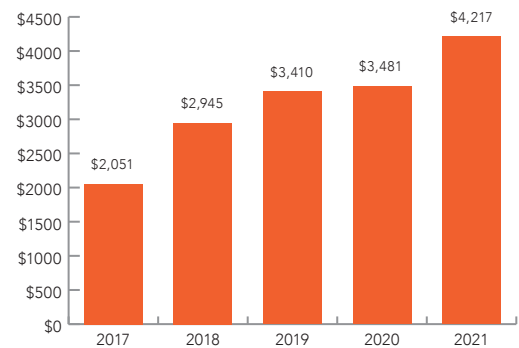
Wealth Management. Our Wealth Management group had another successful year, which included the acquisition of ATG Trust Company, located in Chicago, Illinois. I am especially pleased with the smooth transition accomplished between our Wealth Management team and our new ATG group. We felt that the two groups had similar cultures and would work well together and complement each other, and this is proving to be the case. Overall, Wealth Management’s assets under administration grew to \$4.22 billion by the end of 2021, resulting in a 21.1% increase over year-end 2020. Wealth Management revenue grew to \$26.8 million, up from \$22.8 million in 2020, an increase of 17.6%.

Equipment Finance. Our equipment finance business has continued to grow markedly in 2021, even as the pandemic caused great stress to many of its customers. Our equipment finance portfolio stood at \$945.2 million at the end of 2021, as compared to \$861.5 million at year-end 2020, representing an increase of 9.7%. Our equipment finance business has benefitted greatly from the strength of its management and the very cohesive team that operates this business for us. And while it is not at all uncommon for employees across our organization to be recognized by professional or governmental organizations for their hard work and dedication, I want to mention one here in particular. Fred Van Etten, who runs this business for us, recently received what really is tantamount to a lifetime achievement award. Partly in recognition of the growth he has driven here at Midland, Fred was recently selected as part of the 2022 Sun Devils 100 group, which recognizes Arizona State University alumni who own or lead successful, innovative businesses across the globe. It’s a well-deserved honor and we congratulate Fred on the recognition it brings.

Total Gross Loans
(\$ in Millions)



Trust Assets Under Administration
(\$ in Millions)



Frederick Van Etten
President
Midland Equipment Finance

Outlook

I continue to believe we are well positioned for the future. Our customer base seems to have weathered the COVID storm and is returning to more normal activity. Our loan pipelines are as strong as they have ever been. Our credit quality is strong and charge-offs have been quite low and I have no reason to believe that will change, absent a significant deterioration in the overall economy. Our customer-facing teams remain highly motivated to continue providing excellent customer service after a very difficult two years of trying to keep branches open with limited staff. And our operations teams continue to find new ways to improve efficiency and reduce overhead. Our Wealth Management and Equipment Finance groups turned in tremendous performance in 2021 and, sitting here today, 2022 appears to be shaping up to be another good year at Midland.

As always, we thank you for your continued support.



Jeffrey G. Ludwig
President and
Chief Executive Officer

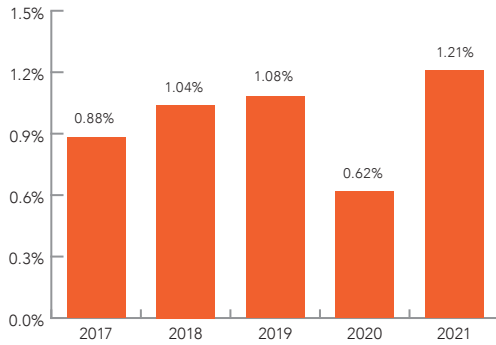
March 21, 2022

Additional Information

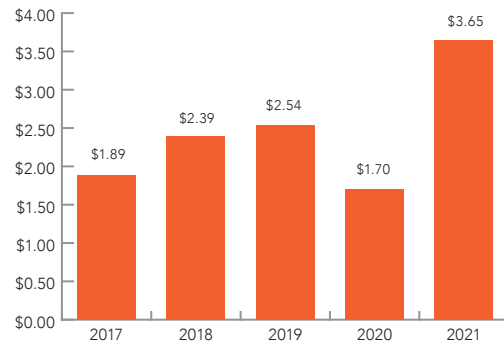
This document may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, plans, objectives, future performance and business of Midland. Forward-looking statements, which may be based 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.

Financial Highlights

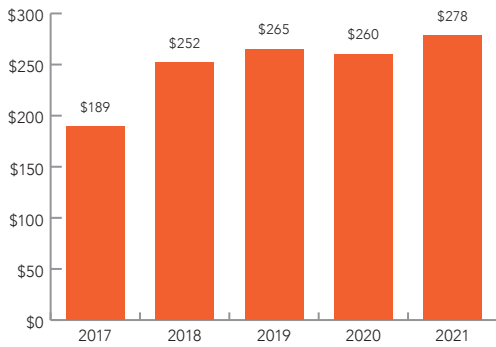
Adjusted Return on Average Assets⁽¹⁾



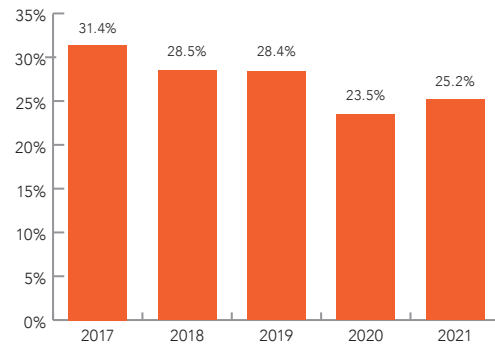
Adjusted Diluted Earnings Per Share⁽¹⁾



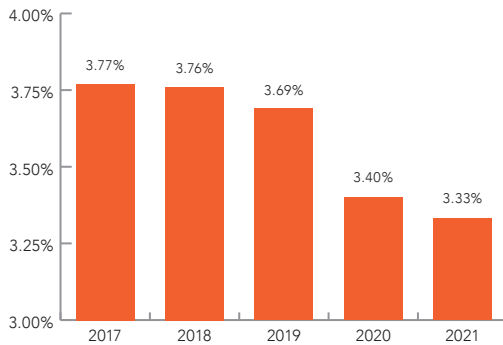
Revenue
(\$ in Millions)



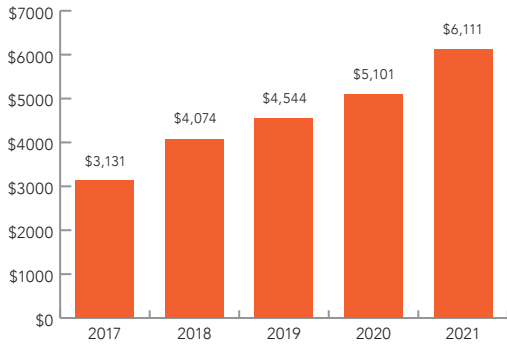
Noninterest Income / Revenue



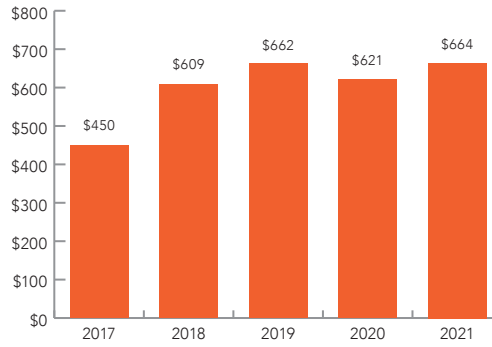
Net Interest Margin



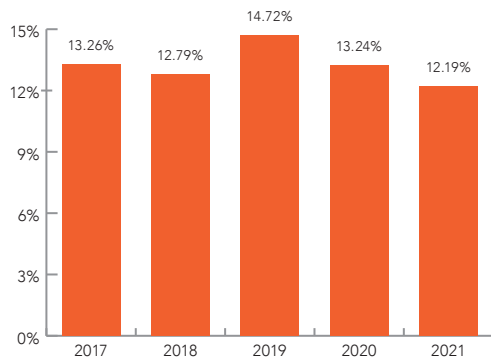
Total Deposits
(\$ in Millions)



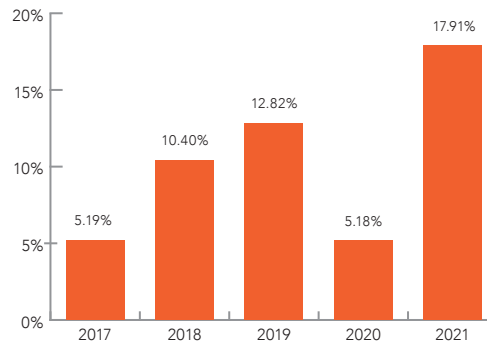
Total Shareholders' Equity
(\$ in Millions)



Total Capital to Risk-Weighted Assets



Return on Average Tangible Common Shareholders' Equity⁽¹⁾



(1) Adjusted return on average assets, adjusted diluted earnings per share and return on average tangible common shareholders' equity are non-GAAP financial measures. See "Non-GAAP Financial Measures" on pages 11 through 13 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, 2021. 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, 2021.

(dollars in thousands, except per share data)	As of and for the Years Ended December 31,				
	2021	2020	2019	2018	2017
Per Share Data (Common Stock)					
Earnings					
Basic	\$ 3.58	\$ 0.95	\$ 2.28	\$ 1.69	\$ 0.89
Diluted	3.57	0.95	2.26	1.66	0.87
Dividends declared	1.12	1.07	0.97	0.88	0.80
Book value	30.11	27.83	27.10	25.50	23.35
Tangible book value ⁽¹⁾	21.66	19.31	18.64	17.00	17.31
Market price	24.79	17.87	28.96	22.34	32.48
Weighted average shares outstanding					
Basic	22,481,389	23,336,881	24,288,793	23,130,475	17,781,631
Diluted	22,547,353	23,346,126	24,493,431	23,549,025	18,283,214
Shares outstanding at period end	22,050,537	22,325,471	24,420,345	23,751,798	19,122,049
Performance Metrics					
Return on average assets	1.18%	0.35%	0.96%	0.72%	0.41%
Return on average shareholders' equity	12.65%	3.55%	8.74%	6.92%	4.02%
Return on average tangible common shareholders' equity ⁽¹⁾	17.91%	5.18%	12.82%	10.40%	5.19%
Yield on earning assets	3.81%	4.17%	4.83%	4.65%	4.43%
Cost of average interest bearing liabilities	0.66%	1.00%	1.43%	1.11%	0.82%
Net interest margin ⁽²⁾	3.33%	3.40%	3.69%	3.76%	3.77%
Efficiency ratio ⁽¹⁾	57.05%	59.42%	61.53%	66.08%	66.66%
Common stock dividend payout ratio ⁽³⁾	31.28%	112.63%	42.54%	52.07%	89.89%
Loan to deposit ratio	85.50%	100.05%	96.86%	101.56%	103.05%
Core deposits/total deposits ⁽⁴⁾	97.27%	97.72%	96.09%	92.35%	91.69%
Adjusted Earnings Metrics					
Adjusted earnings ⁽¹⁾	\$ 83,221	\$ 40,183	\$ 62,826	\$ 56,763	\$ 34,895
Adjusted diluted earnings per share ⁽¹⁾	3.65	1.70	2.54	2.39	1.89
Adjusted return on average assets ⁽¹⁾	1.21%	0.62%	1.08%	1.04%	0.88%
Adjusted return on average tangible common equity ⁽¹⁾	18.33%	9.24%	14.44%	15.00%	11.32%
Regulatory Capital Ratios					
Total risk-based capital ratio	12.19%	13.24%	14.72%	12.79%	13.26%
Tier 1 risk-based capital ratio	9.16%	9.20%	10.52%	10.25%	10.19%
Common equity tier 1 risk-based capital ratio	8.08%	7.99%	9.20%	8.76%	8.45%
Tier 1 leverage ratio	7.75%	7.50%	8.74%	8.53%	8.63%
Tangible common equity to tangible assets ⁽¹⁾	6.58%	6.46%	7.74%	7.43%	7.70%
Credit Quality Data					
Loans 30-89 days past due	\$ 17,514	\$ 31,460	\$ 29,876	\$ 25,213	\$ 15,405
Loans 30-89 days past due to total loans	0.34%	0.62%	0.68%	0.61%	0.48%
Nonperforming loans	\$ 42,580	\$ 54,070	\$ 42,082	\$ 42,899	\$ 26,760
Nonperforming loans to total loans	0.81%	1.06%	0.96%	1.04%	0.83%
Nonperforming assets	\$ 57,069	\$ 75,432	\$ 50,027	\$ 45,899	\$ 30,894
Nonperforming assets to total assets	0.77%	1.10%	0.82%	0.81%	0.70%
Allowance for credit losses on loans to total loans	0.98%	1.18%	0.64%	0.51%	0.51%
Allowance for credit losses on loans to nonperforming loans	119.92%	111.79%	66.60%	48.73%	61.40%
Net charge-offs to average loans	0.27%	0.50%	0.23%	0.13%	0.28%

(1) Tangible book value per share, return on average tangible common shareholders' equity, efficiency ratio, adjusted earnings, adjusted diluted earnings per share, adjusted return on average assets, adjusted return on average tangible common equity and tangible common equity to tangible assets are non-GAAP financial measures. See "Non-GAAP Financial Measures" on pages 11 through 13 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 certificates of deposits greater than \$250,000 and brokered certificates of deposits.

Balance Sheet

(dollars in thousands)	As of December 31,	
	2021	2020
Assets		
Cash and due from banks	\$ 673,297	\$ 337,080
Federal funds sold	7,074	4,560
Cash and cash equivalents	680,371	341,640
Investment securities available for sale	906,603	676,711
Equity securities	9,529	9,424
Loans	5,224,801	5,103,331
Allowance for credit losses on loans	(51,062)	(60,443)
Total loans	5,173,739	5,042,888
Loans held for sale	32,045	138,090
Premises and equipment	70,792	74,124
Operating lease right-of-use assets	8,428	9,177
Other real estate owned	12,059	20,247
Nonmarketable equity securities	36,341	56,596
Accrued interest receivable	19,470	23,545
Loan servicing rights	28,865	40,154
Goodwill	161,904	161,904
Other intangible assets	24,374	28,382
Cash surrender value of life insurance policies	148,378	146,004
Other assets	130,907	99,654
Total assets	<u>\$ 7,443,805</u>	<u>\$ 6,868,540</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Deposits:		
Noninterest-bearing	\$ 2,245,701	\$ 1,469,579
Interest-bearing	3,864,947	3,631,437
Total deposits	6,110,648	5,101,016
Short-term borrowings	76,803	68,957
FHLB advances and other borrowings	310,171	779,171
Subordinated debt	139,091	169,795
Trust preferred debentures	49,374	48,814
Operating lease liabilities	10,714	11,958
Other liabilities	83,167	67,438
Total liabilities	6,779,968	6,247,149
Shareholders' Equity:		
Common stock	221	223
Capital surplus	445,907	453,410
Retained earnings	212,472	156,327
Accumulated other comprehensive income	5,237	11,431
Total shareholders' equity	663,837	621,391
Total liabilities and shareholders' equity	<u>\$ 7,443,805</u>	<u>\$ 6,868,540</u>

Income Statement

(dollars in thousands)	For the Years Ended December 31,		
	2021	2020	2019
Interest income	\$ 237,817	\$ 244,888	\$ 249,518
Interest expense	30,142	45,752	59,703
Net interest income	207,675	199,136	189,815
Provision for credit losses	3,393	44,361	16,985
Net interest income after provision for credit losses	204,282	154,775	172,830
Noninterest income:			
Wealth management revenue	26,811	22,802	21,832
Commercial FHA revenue	1,414	6,007	15,309
Residential mortgage banking revenue	5,526	9,812	2,928
Service charges on deposit accounts	8,348	8,603	11,027
Interchange revenue	14,500	12,266	11,992
Gain on sales of investment securities, net	537	1,721	674
Impairment on commercial mortgage servicing rights	(7,532)	(12,337)	(2,139)
Company-owned life insurance	4,496	3,581	3,640
Other income	15,799	8,794	10,019
Total noninterest income	69,899	61,249	75,282
Noninterest expense:			
Salaries and employee benefits	86,883	85,557	91,906
Occupancy and equipment	14,866	17,552	18,811
Data processing	24,595	22,643	21,390
Professional	10,971	7,234	8,783
Marketing	3,239	3,498	3,927
Communications	3,002	4,052	3,693
Amortization of intangible assets	5,855	6,504	7,090
Impairment related to facilities optimization	-	12,847	3,577
FHLB advances prepayment fees	8,536	4,872	-
Other expense	17,122	19,251	16,464
Total noninterest expense	175,069	184,010	175,641
Income before income taxes	99,112	32,014	72,471
Income taxes	17,795	9,477	16,687
Net income	\$ 81,317	\$ 22,537	\$ 55,784

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,				
	2021	2020	2019	2018	2017
Adjusted Earnings:					
Income before income taxes - GAAP	\$ 99,112	\$ 32,014	\$ 72,471	\$ 50,805	\$ 26,471
Adjustments to noninterest income:					
Gain on sales of investment securities, net	537	1,721	674	464	222
Gain on termination of hedged interest rate swap	2,159	-	-	-	-
Other	48	(17)	(29)	89	(67)
Total adjustments to noninterest income	2,744	1,704	645	553	155
Adjustments to noninterest expense:					
Impairment related to facilities optimization	-	12,847	3,577	-	1,952
Loss (gain) on mortgage servicing rights held for sale	222	1,692	(490)	458	4,059
Loss on repurchase of subordinated debt	-	193	1,778	-	-
FHLB advances prepayment fees	8,536	4,872	-	-	-
Integration and acquisition expenses	4,356	2,309	5,493	24,015	17,738
Total adjustments to noninterest expense	13,114	21,913	10,358	24,473	23,749
Adjusted earnings pre tax	109,482	52,223	82,184	74,725	50,065
Adjusted earnings tax	26,261	12,040	19,358	17,962	19,710
Revaluation of net deferred tax assets	-	-	-	-	(4,540)
Adjusted earnings - non-GAAP	\$ 83,221	\$ 40,183	\$ 62,826	\$ 56,763	\$ 34,895
Preferred stock dividends and premium amortization	-	-	46	141	83
Adjusted earnings available to common shareholders - non-GAAP	<u>\$ 83,221</u>	<u>\$ 40,183</u>	<u>\$ 62,780</u>	<u>\$ 56,622</u>	<u>\$ 34,812</u>
Adjusted diluted earnings per common share	\$ 3.65	\$ 1.70	\$ 2.54	\$ 2.39	\$ 1.89
Weighted average shares outstanding - diluted	22,547,353	23,346,126	24,493,431	23,549,025	18,283,214
Average assets	\$ 6,881,592	\$ 6,529,226	\$ 5,835,086	\$ 5,455,823	\$ 3,941,272
Adjusted return on average assets	1.21%	0.62%	1.08%	1.04%	0.88%
Average tangible common equity	\$ 454,061	\$ 434,673	\$ 434,681	\$ 377,602	\$ 307,523
Adjusted return on average tangible common equity	18.33%	9.24%	14.44%	15.00%	11.32%
Adjusted Pre-Tax, Pre-Provision Earnings					
Adjusted earnings pre tax - non-GAAP	\$ 109,482	\$ 52,223	\$ 82,184	\$ 74,725	\$ 50,065
Provision for credit losses	3,393	44,361	16,985	9,430	9,556
Impairment on commercial mortgage servicing rights	7,532	12,337	2,139	(449)	2,324
Adjusted pre-tax, pre-provision earnings - non-GAAP	<u>\$ 120,407</u>	<u>\$ 108,921</u>	<u>\$ 101,308</u>	<u>\$ 83,706</u>	<u>\$ 61,945</u>
Adjusted pre-tax, pre-provision return on average assets	1.75%	1.67%	1.74%	1.53%	1.57%

Tangible Common Equity, Tangible Common Equity to Tangible Assets Ratio and Tangible Book Value Per Share. Tangible common equity, tangible common equity to tangible assets ratio and tangible book value per share are non-GAAP measures generally used by financial analysts and investment bankers to evaluate capital adequacy. We calculate: (i) tangible common equity as total shareholders' equity less preferred equity, goodwill and other intangible assets (excluding mortgage servicing rights); (ii) tangible assets as total assets less goodwill and other intangible assets; and (iii) tangible book value per share as tangible common equity divided by shares of common stock outstanding.

Our management, banking regulators, many financial analysts and other investors use these measures in conjunction with more traditional bank capital ratios to compare the capital adequacy of banking organizations with significant amounts of preferred equity and/or goodwill or other intangible assets, which typically stem from the use of the purchase accounting method of accounting for mergers and acquisitions. Tangible common equity, tangible assets, tangible book value per share and related measures should not be considered in isolation or as a substitute for total shareholders' equity, total assets, book value per share or any other measure calculated in accordance with GAAP. Moreover, the manner in which we calculate tangible common equity, tangible assets, tangible book value per share and any other related measures may differ from that of other companies reporting measures with similar names. The following table reconciles shareholders' equity (on a GAAP basis) to tangible common equity and total assets (on a GAAP basis) to tangible assets, and calculates our tangible common equity to tangible assets ratio and tangible book value per share:

(dollars in thousands, except per share data)	For the years ended December 31,				
	2021	2020	2019	2018	2017
Shareholders' Equity to Tangible Common Equity:					
Total shareholders' equity—GAAP	\$ 663,837	\$ 621,391	\$ 661,911	\$ 608,525	\$ 449,545
Adjustments:					
Preferred stock	-	-	-	(2,781)	(2,970)
Goodwill	(161,904)	(161,904)	(171,758)	(164,673)	(98,624)
Other intangible assets, net	(24,374)	(28,382)	(34,886)	(37,376)	(16,932)
Tangible common equity	\$ 477,559	\$ 431,105	\$ 455,267	\$ 403,695	\$ 331,019
Total Assets to Tangible Assets:					
Total assets—GAAP	\$ 7,443,805	\$ 6,868,540	\$ 6,087,017	\$ 5,637,673	\$ 4,412,701
Adjustments:					
Goodwill	(161,904)	(161,904)	(171,758)	(164,673)	(98,624)
Other intangible assets, net	(24,374)	(28,382)	(34,886)	(37,376)	(16,932)
Tangible assets	\$ 7,257,527	\$ 6,678,254	\$ 5,880,373	\$ 5,435,624	\$ 4,297,145
Common shares outstanding	22,050,537	22,325,471	24,420,345	23,751,798	19,122,049
Tangible common equity to tangible assets ratio	6.58 %	6.46 %	7.74 %	7.43 %	7.70 %
Tangible book value per share	\$ 21.66	\$ 19.31	\$ 18.64	\$ 17.00	\$ 17.31

Return on Average Tangible Common Equity. Management measures return on average tangible common equity to assess the Company's capital strength and business performance. Tangible equity excludes preferred equity, goodwill and other intangible assets (excluding mortgage servicing rights), and is reviewed by banking and financial institution regulators when assessing a financial institution's capital adequacy. 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 return on average tangible common equity to its most comparable GAAP measure:

(dollars in thousands)	For the years ended December 31,				
	2021	2020	2019	2018	2017
Net income available to common shareholders	\$ 81,317	\$ 22,537	\$ 55,738	\$ 39,280	\$ 15,973
Average Shareholders' Equity to Average Tangible Common Equity:					
Average total shareholders' equity—GAAP	\$ 642,698	\$ 634,995	\$ 638,307	\$ 569,537	\$ 399,061
Adjustments:					
Preferred stock	-	-	(1,561)	(2,882)	(1,707)
Goodwill	(161,904)	(168,821)	(166,721)	(151,546)	(76,394)
Other intangible assets, net	(26,733)	(31,501)	(35,344)	(37,507)	(13,437)
Average tangible common equity	\$ 454,061	\$ 434,673	\$ 434,681	\$ 377,602	\$ 307,523
Return on average tangible common equity	17.91 %	5.18 %	12.82 %	10.40 %	5.19 %

Efficiency Ratio. Management uses the efficiency ratio to measure how effective the Bank is in using overhead expenses, including salaries and benefit costs and occupancy expenses as well as other operating expenses, in generating revenues. We believe that this non-GAAP financial measure provides meaningful information to further 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 the efficiency ratio to its most comparable GAAP measure:

(dollars in thousands)	For the years ended December 31,				
	2021	2020	2019	2018	2017
Noninterest expense	\$ 175,069	\$ 184,010	\$ 175,641	\$ 191,643	\$ 152,997
Adjustments to noninterest expense:					
Impairment related to facilities optimization	-	(12,847)	(3,577)	-	(1,952)
(Loss) gain on mortgage servicing rights held for sale	(222)	(1,692)	490	(458)	(4,059)
FHLB advances prepayment fees	(8,536)	(4,872)	-	-	-
Loss on repurchase of subordinated debt	-	(193)	(1,778)	-	-
Integration and acquisition expenses	(4,356)	(2,309)	(5,493)	(24,015)	(17,738)
Adjusted noninterest expense	<u>\$ 161,955</u>	<u>\$ 162,097</u>	<u>\$ 165,283</u>	<u>\$ 167,170</u>	<u>\$ 129,248</u>
Net interest income	207,675	199,136	189,815	180,087	129,662
Effect of tax-exempt income	1,543	1,766	2,045	2,095	2,691
Adjusted net interest income	<u>\$ 209,218</u>	<u>\$ 200,902</u>	<u>\$ 191,860</u>	<u>\$ 182,182</u>	<u>\$ 132,353</u>
Noninterest income	69,899	61,249	75,282	71,791	59,362
Adjustments to noninterest income:					
Impairment (recapture) on commercial servicing rights	7,532	12,337	2,139	(449)	2,324
Gain on sales of investment securities, net	(537)	(1,721)	(674)	(464)	(222)
Gain on termination of hedged interest rate swap	(2,159)	-	-	-	-
Other income	(48)	17	29	(90)	67
Adjusted noninterest income	<u>\$ 74,687</u>	<u>\$ 71,882</u>	<u>\$ 76,776</u>	<u>\$ 70,788</u>	<u>\$ 61,531</u>
Adjusted total revenue	<u>\$ 283,905</u>	<u>\$ 272,784</u>	<u>\$ 268,636</u>	<u>\$ 252,970</u>	<u>\$ 193,884</u>
Efficiency ratio	57.05 %	59.42 %	61.53 %	66.08 %	66.66 %

2021 Actual Cash Dividend Data

Quarter	Record Date	Payment Date	Share Amount
1	February 12, 2021	February 19, 2021	\$0.28
2	May 14, 2021	May 21, 2021	\$0.28
3	August 13, 2021	August 20, 2021	\$0.28
4	November 22, 2021	November 29, 2021	\$0.28

Ten-year Dividend History and Book Value Per Share

Year	Cash Dividends for the Year		Book Value Per Share - at End of Year	
	Amount	% Increase	Amount ^(a)	% Increase
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%
2020	\$1.07	10.3%	\$27.83	2.7%
2021	\$1.12	4.7%	\$30.11	8.2%

(a) 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 2012 and 2013

Two-year Stock Price

Our common stock trades on the NASDAQ Global Select Market ("NASDAQ") under the symbol "MSBI." The following table sets forth the high and low sales prices of our common stock for the years ended December 31, 2021 and 2020 as reported by NASDAQ.

	Price Per Share	
	High	Low
2021		
Fourth Quarter	\$24.93	\$24.62
Third Quarter	\$26.68	\$22.50
Second Quarter	\$29.28	\$25.34
First Quarter	\$30.32	\$17.70
2020		
Fourth Quarter	\$19.33	\$12.77
Third Quarter	\$16.13	\$12.48
Second Quarter	\$18.15	\$12.49
First Quarter	\$29.08	\$13.22

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.
- Midland launched its Diversity & Inclusion Council in April 2020 to focus on diversity in the workplace and workforce.

Philanthropy

- \$67 million of investments towards community development for the 2019-2021 period.
- Since its creation in 2011, the Midland States Bank Foundation has contributed more than \$1.36 million to non-profit organizations throughout Midland's footprint.

Financial Education

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

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 40% 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, 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.

Board of Directors



Jeffrey C. Smith
Midland States Bancorp, Inc.
Chairman
Midland States Bank
Chairman
Walters Golf Management
Principal and Managing
Partner



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



R. Dean Bingham
Agracel, Inc.
President



Jennifer L. DiMotta
DiMotta Consulting LLC
President



Deborah A. Golden
Executive Vice President,
General Counsel and
Secretary of GATX



Jerry L. McDaniel
Superior Fuels, Inc.
Dirtbuster Carwash, LLC
President



Jeffrey M. McDonnell
J&J Management
Services, Inc.
Chief Executive Officer



Dwight A. Miller
Dash Management, Inc.
Chief Executive Officer



Richard T. Ramos
Maritz Holdings, Inc.
Executive Vice President
Chief Financial Officer
and Board Member



Robert F. Schultz
JM Schultz Investment
Company
Managing Partner

Management Team

Executive Management

Jeffrey G. Ludwig

Midland States Bancorp, Inc.
President and
Chief Executive Officer

Midland States Bank
Chief Executive Officer

Jeffrey S. Mefford

Midland States Bancorp, Inc.
Executive Vice President

Midland States Bank
President

Douglas J. Tucker

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

Jeffrey A. Brunoehler

Midland States Bank
Senior Vice President,
Chief Credit Officer

James R. Stewart

Midland States Bank
Senior Vice President,
Chief Risk Officer

Senior Management

Corporate

Donald Spring

Chief Accounting Officer and
Corporate Controller

Shonna Kracinski

Director - Human Resources

Kyle Mooney

Chief Information Officer

Matthew Shelton

Director - Risk Management

William Wierman, Jr.

Director - Credit Underwriting

Gerald Maloney

Chief Compliance Officer

Banking

Timothy Spitz

Senior Vice President

Dan Stevenson

Senior Vice President

Frank Turza

Director - Retail Banking

Richard Kantor

Director - Commercial Banking

Matthew Dunbar

Director - Residential Mortgage

Elizabeth Schweger

Director - Commercial Services

David R. Noble

Director - Community Economic
Development

Wealth Management

Heath Sorenson

Chief Operating Officer

Midland Equipment Finance

Frederick Van Etten

President

For press releases, financial information
and more, visit midlandsb.com/investors.



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