Free Writing Prospectus
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Dated May 11, 2016

Midland States Bancorp, Inc.

NASDAQ: MSBI

Initial Public Offering
May 2016

Midland
States Bancorp, Inc.

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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," "Adjusted Yield on Loans," "Adjusted Net Interest Margin," 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.

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Offering Summary

Issuer:	Midland States Bancorp, Inc.
Ticker Symbol / Exchange:	"MSBI" / NASDAQ Global Select
Shares Offered:	3,865,000
Structure:	80% Primary / 20% Secondary
Filing Range:	$25.00 - $27.00 per share
Aggregate Offering Amount:	$100.5 million (1)
Pro Forma Shares Outstanding:	14,882,031
Over-allotment Option:	15% (100% primary)
Use of Proceeds:	Contribute $25.0 million of the net proceeds to the Bank, and use the remainder for general corporate purposes, which could include future acquisitions and other growth initiatives; approximately $4.8 million will be used to complete the pending acquisition of wealth management assets from Sterling National Bank
Book Running Managers:	Sandler O'Neill + Partners, L.P.; Keefe, Bruyette & Woods, Inc., *A Stifel Company*
Co-Managers:	D.A. Davidson & Co.; Stephens Inc.
Lock-up:	180 Days

Note:
(1) Based on the midpoint of the pricing range of $26.00 and including both primary and secondary shares totaling 3,865,000; excludes any over-allotment option

Company Snapshot

Overview

- **$2.9 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**

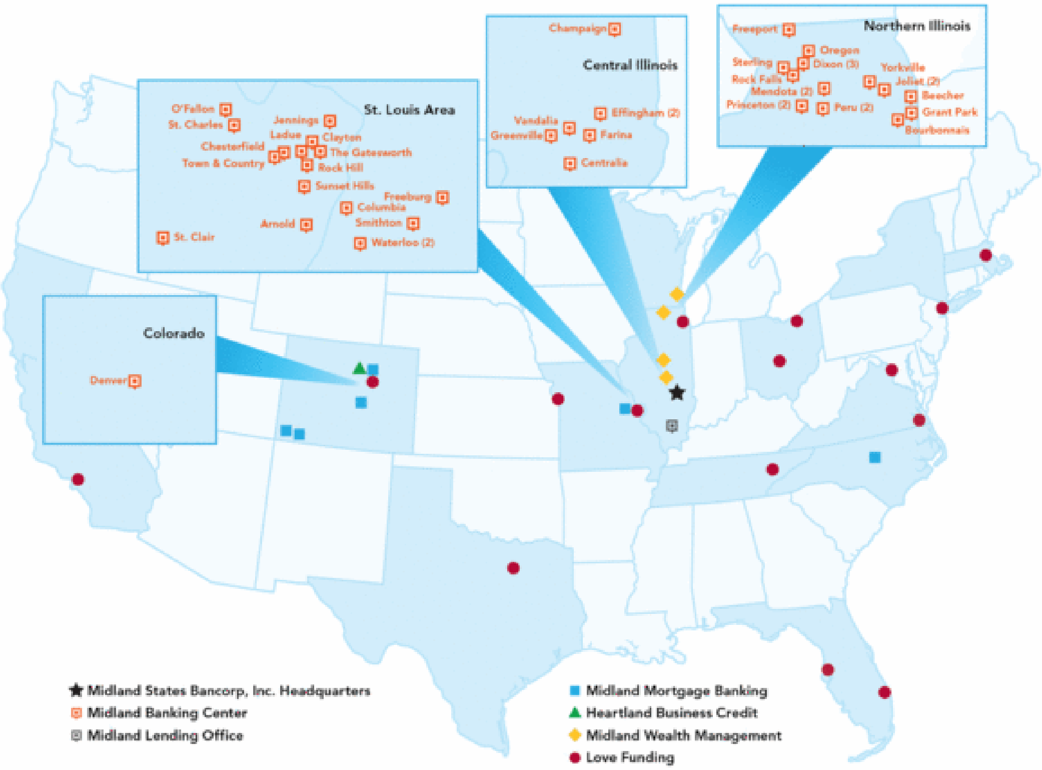
Financial Highlights (1)

Total Assets	$2,898
Total Deposits	$2,390
Tangible Common Equity	$185
NPAs / Assets	0.77%
Adjusted Return on Average Assets (2)	0.80%
Adjusted Return on Average Tangible Common Equity (2)	12.72%
Net Interest Margin	3.80%
Noninterest Income / Total Revenue	34.4%

Dynamic and diversified business model pairing organic and acquisitive growth

Notes:
(1) Financial data for the quarter ended March 31, 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 28 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 34.4% 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 23% 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 Operating 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 stable, recurring revenue and build customer loyalty; driven originally by wealth management focus, this core initiative has expanded to include residential mortgage origination, 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

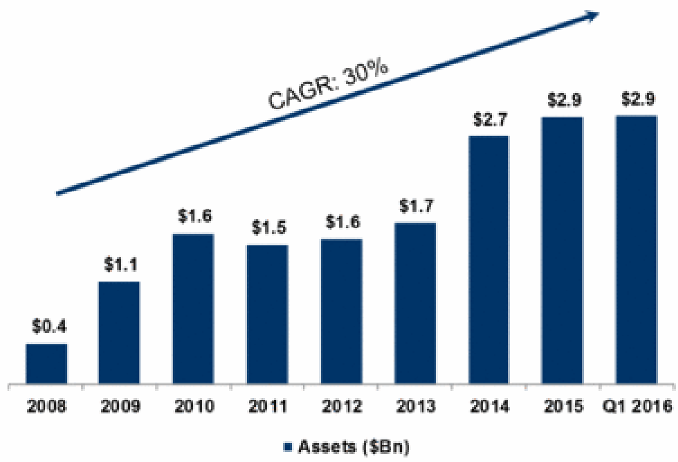
James R. Stewart: Chief Risk Officer
- Joined Midland States in 2012
- 30+ years of risk management experience
- Previously served as a principal with JHC Risk Strategies, a risk management consulting firm

- **Risk-focused corporate culture, promoting responsibility and accountability**
- **MSBI common shares are 19.6%(1) owned by the Board of Directors and executive officers**

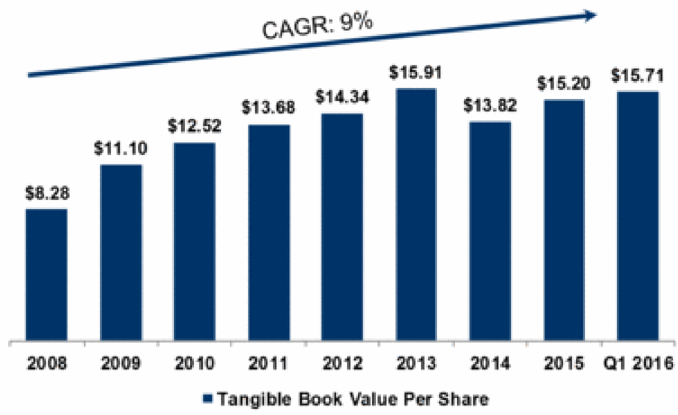
Note:
(1) As of March 31, 2016; beneficial ownership includes shares of unvested restricted stock that officers are entitled to vote, but does not include common stock equivalent units owned by directors or officers under the Deferred Compensation Plan

Strategic Growth History

Successful Execution of Strategic Plan…



…Driving Consistent TBV Growth[(1)]



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		2010		2012	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[1]

- **MSBI believes there will be numerous small to midsized banking organizations available for acquisition within Illinois and contiguous states**
  - ~60% of nationwide community bank M&A in 2016 YTD has occurred in the Midwest [1]
- **There are 1,336 institutions in the six-state region with less than $1.0 billion in assets (representing ~92% of all banks in this region)**
  - Illinois and Missouri combine for a total of 629 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

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

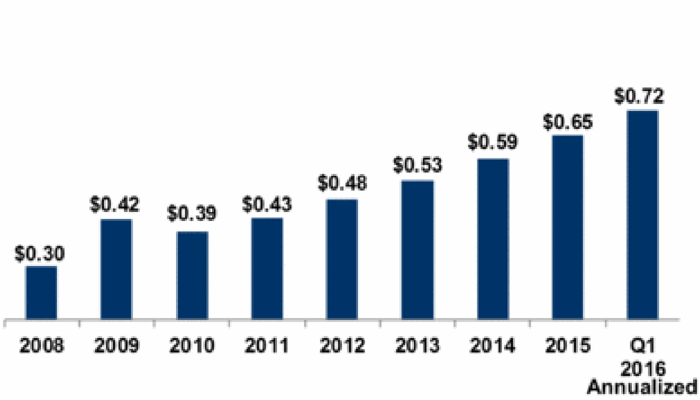
Note:
(1) Source: SNL Financial (bank asset sizes are based on December 31, 2015 financial data); number of institutions outstanding as of March 31, 2016; excludes mutual savings institutions

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 (0.38% cost of deposits) and robust loan yields (4.68%) drive net interest margin of 3.80%
- 10%+ annual dividend growth over the past 15 years

Adjusted Diluted Earnings Per Share (1) (2)

Dividends Declared Per Share (2)

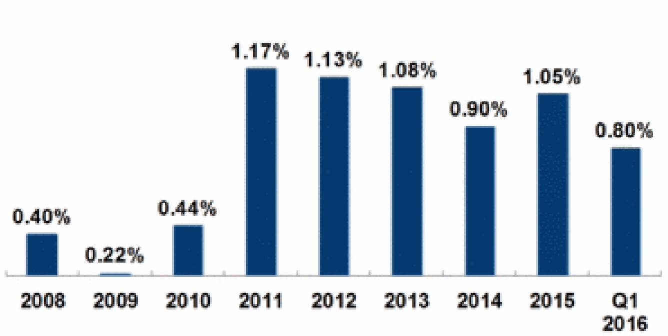


MSR Impairment Impact (3):	2015	Q1 2016
Pre-tax aggregate	$0.4mm	$2.2mm
After-tax per share	$0.02	$0.12
Annualized after-tax per share	--	$0.48

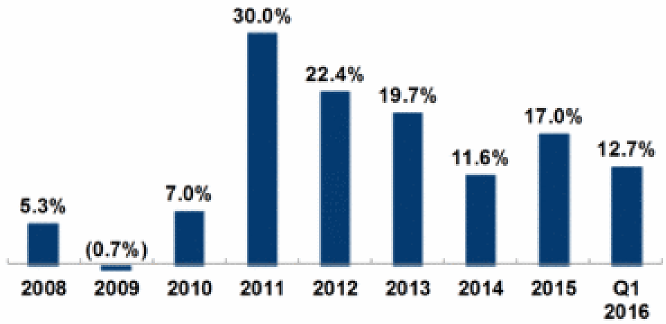
Notes:
(1) Adjusted diluted earnings per share is a non-GAAP financial measure; please see page 28 for a reconciliation
(2) Q1 2016 data is annualized
(3) Q1 2016 results include $2.2 million pre-tax impairment on mortgage servicing rights; for Q1 2016, the after-tax MSR impairment impact per diluted share is $0.12 based on 12,229,293 weighted average diluted common shares outstanding and the Company's 35% effective tax rate; Q1 2016 annualized impact is $0.48 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

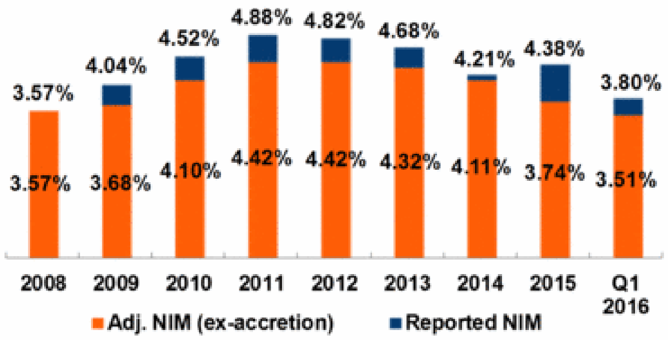
Adjusted Return on Average Assets [1]



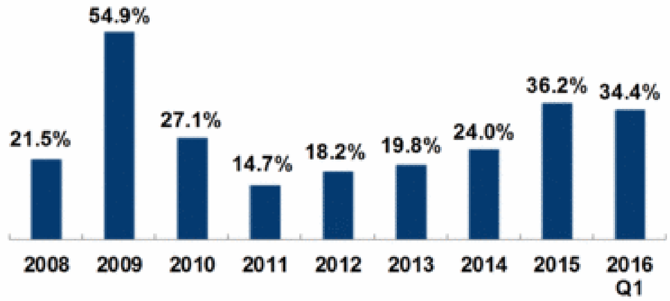
Adjusted Return on Avg. Tangible Common Equity [1]



Net Interest Margin [2]



Noninterest Income / Total Revenue



Notes:

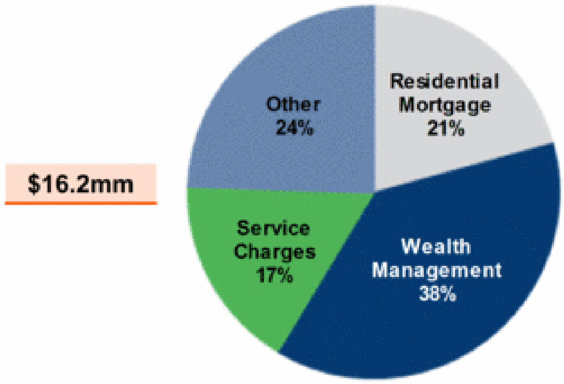
(1) Adjusted return on average assets and adjusted return on average tangible common equity are non-GAAP financial measures; please see page 28 for a reconciliation

(2) Adjusted net interest margin 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 29 for a reconciliation

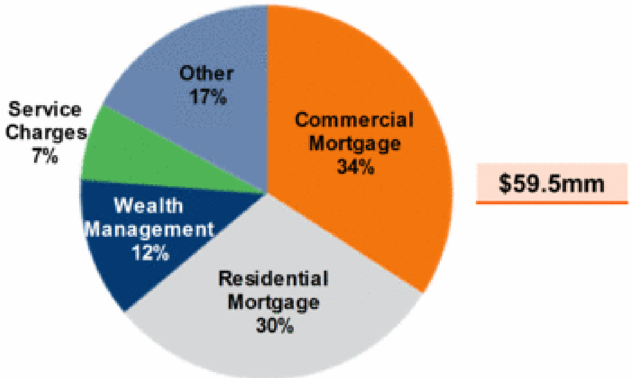
Diversified Revenue Streams

- **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



Full Year Ended December 31, 2015



Business Line Overview

Midland States Bank

Description	• 135-year old community banking subsidiary • Illinois state chartered bank, based in Effingham, IL
Assets	• $2.9 billion as of March 31, 2016

Midland Wealth Management

Description	• Wealth management group, providing comprehensive suite of trust and wealth management products
Locations	• 4 stand-alone offices and 46 bank branches
Assets Under Administration	• $1.2 billion as of March 31, 2016 • Approximately $1.6 billion pro forma with acquisition of Sterling National Bank trust department (pending)

Midland Mortgage

Description	• Residential mortgage loan origination
Locations	• 6 stand-alone offices and 46 bank branches
Originations	• $580.8 million in 2015 • Majority of originations are sold

Business Line Overview (cont.)

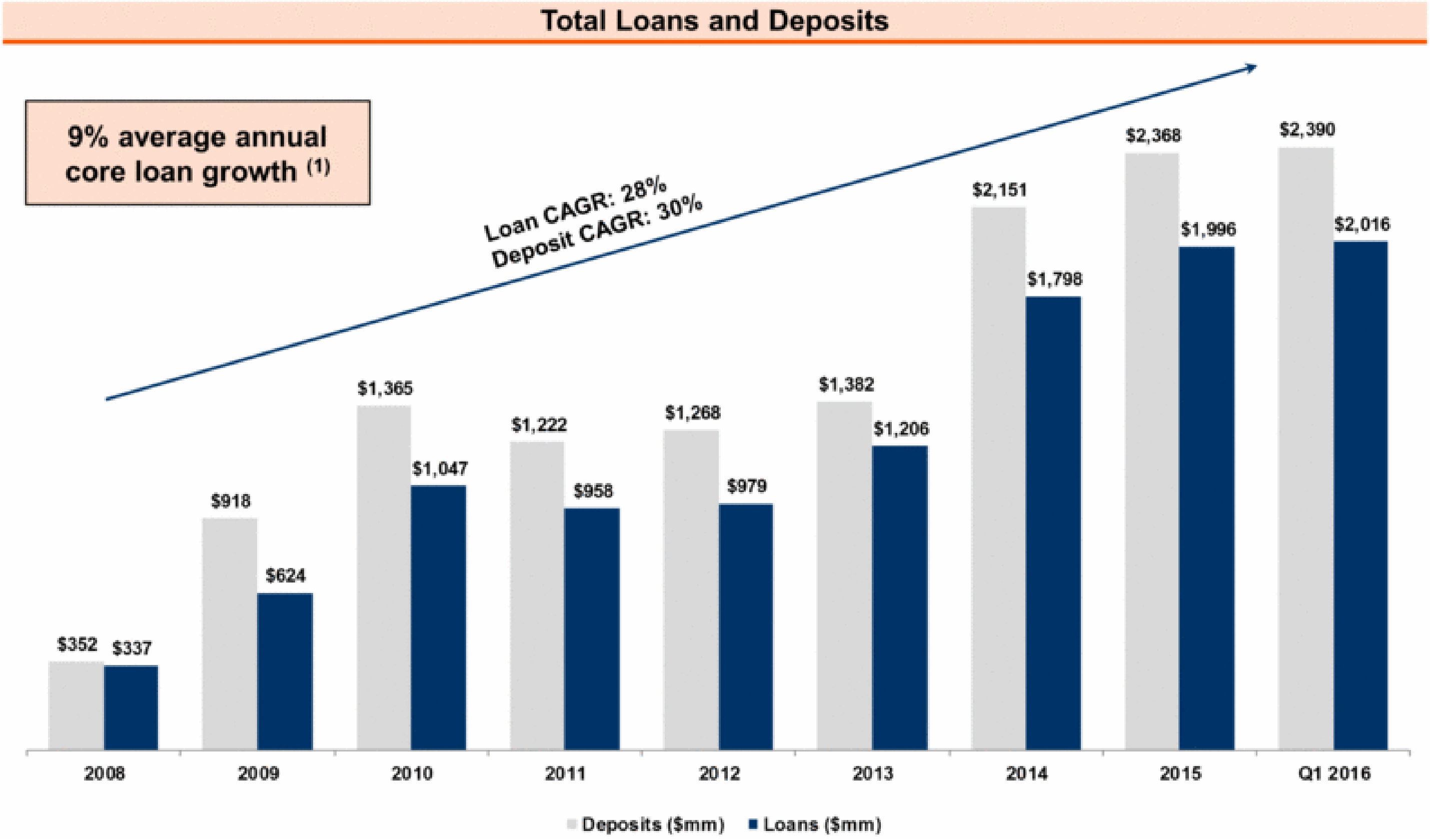
LOVE FUNDING

Description	• Commercial FHA loan origination & servicing platform for multifamily and healthcare facilities
Headquarters / Locations	• Washington, D.C. • 15 offices nationwide
Originations / Servicing	• $382.9 million in loan originations in 2015 • $3.7 billion servicing portfolio at 3/31/16
Financial Profile	• $20.2 million in 2015 ($18.1mm gain on loans originated for sale and $2.1mm net servicing) • Notable deposit funding generated by the platform
Recognition	• One of the top originators of government sponsored mortgages for multifamily and healthcare facilities in the United States
Management	• CEO with 14 year tenure and previously with HUD for 12 years • Expertise in both healthcare (LEAN certified) and multifamily (MAP certified) properties • Retained key management through 2014 acquisition

Heartland Business Credit

Description	• Small ticket equipment leasing platform
Headquarters / Locations	• Denver, CO • 1 office
Lease Portfolio	• $157.7 million at 3/31/16 (16.5% CAGR since 12/31/2012)
Financial Profile	• In 2015, HBC generated $8.5 million in interest income driven by a 7.0% gross yield on the portfolio
Targeted Industries	• Medical equipment, software, office equipment, telecommunications systems, veterinary franchises, convenience stores and packaging
Management	• CEO with 17 years tenure and 30+ years in the industry • Retained key management through 2014 acquisition

Delivering Organic Loan Growth

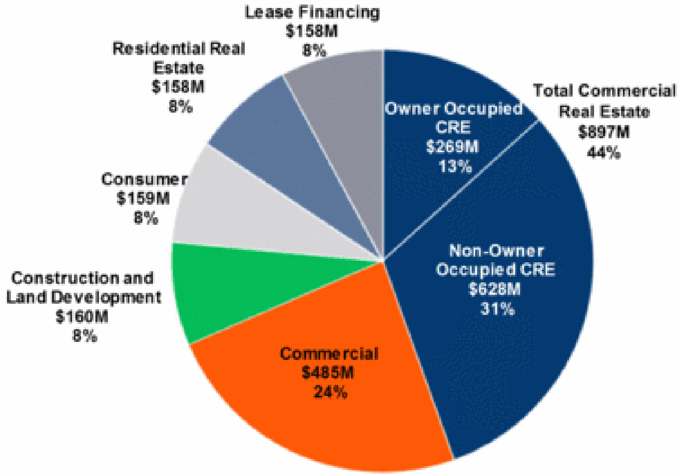


Note:
(1) Average annual core loan growth represents average percentage change in the Company's core loans from December 31, 2007 to March 31, 2016; core loans represent non-PCI loans, less non-PCI loans acquired, plus non-PCI loans sold as of the date the loans were acquired or sold, and exclude certain 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

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
- 59% of portfolio is fixed; 41% is floating
- In addition to growth via acquisition, MSBI has demonstrated organic loan growth of 7.8% in 2014, 11.6% in 2015, and 4.1% annualized during the quarter ended March 31, 2016

Loan Portfolio Mix



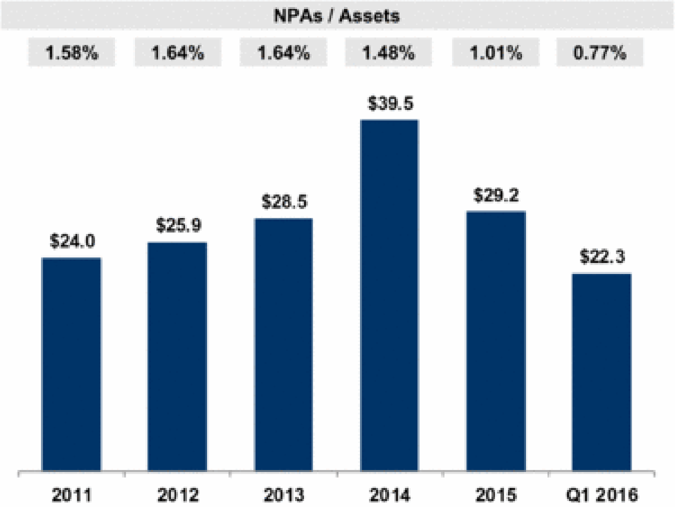
$2.0 Billion Gross Loans
4.68% Yield

Note:
(1) Includes purchased credit-impaired loans of $35.3 million and loans held for sale of $103.4 million; as of or for the quarter ended March 31, 2016

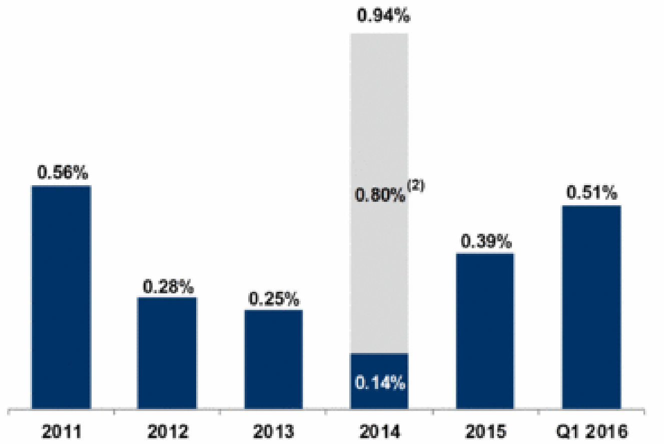
Strong Credit Quality with Positive Momentum

- 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

Nonperforming Assets ($mm) (1)



NCOs / Average Loans



Notes:

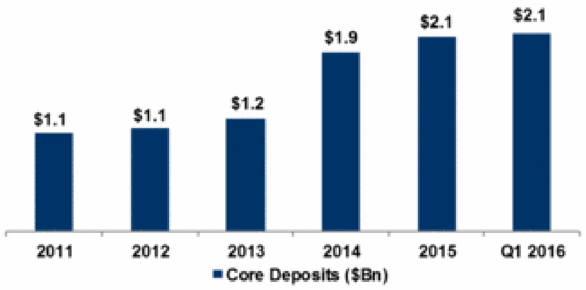
(1) Nonperforming assets include nonperforming loans, other real estate owned and other repossessed assets; nonperforming assets exclude covered other real estate owned related to our two FDIC-assisted transactions; nonperforming loans include nonaccrual loans, loans past due 90 days or more and still 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 $35.3 million as of December 31, 2011, 2012, 2013, 2014, 2015, and March 31, 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%

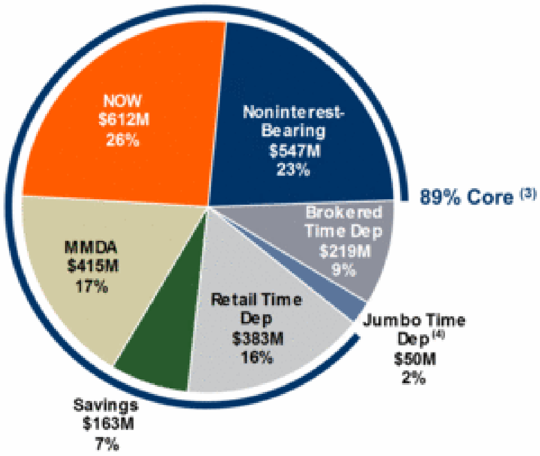
Attractive and Growing Core Deposit Base[1]

- 89% core deposits
- 23% non-interest bearing deposits
- Low cost of deposits at 38 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 9.1% at March 31, 2016 [2]

Core Deposits [3]



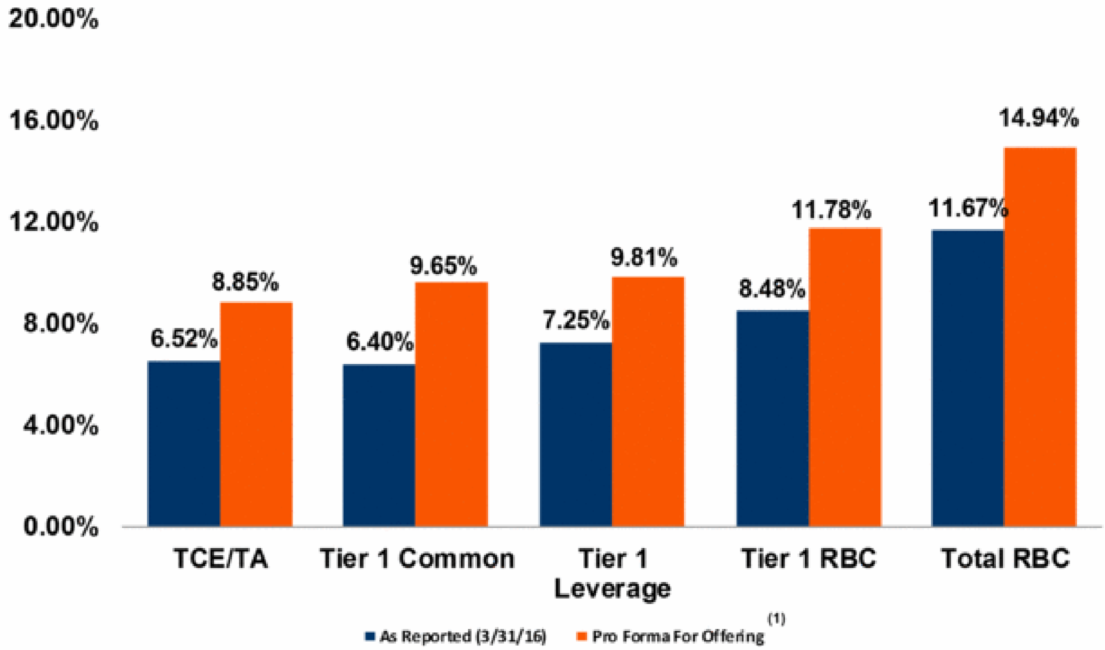
Deposit Mix



$2.4 Billion Total Deposits
0.38% Cost

Notes:
(1) As of or for the quarter ended March 31, 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

Pro Forma Capital Position



Note:
(1) Assumes March 31, 2016 reported financial information and includes net proceeds of approximately $72.7 million with no overallotment option after deducting underwriting discount and estimated offering expenses

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: Pro Forma Capitalization Table [1]

	As Reported March 31, 2016	Pro Forma Capital Raise [2]
Total Assets	$2,898,080	$2,970,805
Intangible Assets	$52,943	$52,943
Tangible Assets	$2,845,137	$2,917,862
Common Equity Capital	$238,386	$311,111
Intangible Assets	$52,943	$52,943
Tangible Common Equity	$185,443	$258,168
Accumulated Other Comprehensive Income	($8,143)	($8,143)
Qualifying Trust Preferred	$51,879	$53,000
Other Tier 1 Capital Adjustments	($22,782)	($16,237)
Tier 1 Capital	$206,397	$286,788
Total Risk-based Capital	$284,188	$363,762
Tangible Common Equity / Assets	6.52%	8.85%
Consolidated Tier I Common Risk-based Capital Ratio	6.40%	9.65%
Consolidated Tier I Leverage Ratio	7.25%	9.81%
Consolidated Tier I Risk-based Capital Ratio	8.48%	11.78%
Consolidated Total Risk-based Capital Ratio	11.67%	14.94%
Common Shares Outstanding	11,804,779	14,882,031
Tangible Book Value Per Share	$15.71	$17.35

Notes:
(1) Dollars in thousands, except per share data
(2) Assumes March 31, 2016 reported financial information and includes net proceeds of approximately $72.7 million with no overallotment option after deducting underwriting discount and estimated offering expenses

Appendix: Summary of Heartland/Love Acquisition

- **Love Savings Holding Company ("LSHC") acquisition closed on December 31, 2014**
  - Based in St. Louis, Missouri
  - Approximately $889 million in assets and $861 million in liabilities
  - LSHC operated through three primary business lines, which MSBI continues
    1) Heartland Bank (now operating under Midland States Bank name)
    2) Heartland Business Credit
    3) Love Funding Corp
- **A sizeable expansion of MSBI's commercial, retail and mortgage banking presence in St. Louis metropolitan area**
  - St. Louis is one of the largest and strongest regional markets in the Midwest based on market composition and breadth of business prospects
    - Over 2.8 million residents, 4th largest population center in the Midwest, top 20 nationwide MSA (1)
    - Over 1.1 million households (1)
    - $58k median household income
  - MSBI had previously conducted operations in St. Louis for 14 years, and four MSBI's directors have strong ties to the city
- **Additionally, the Heartland/Love acquisition facilitated entry into Colorado, with one branch office located in Denver and three Colorado mortgage offices**
    - The Denver MSA is also home to more than 2.8 million residents and is a top 20 nationwide MSA (1)
    - Over 1.1 million households (1)
    - $67k median household income

Note:
(1) Data source: SNL Financial

Appendix: Board of Director Profiles

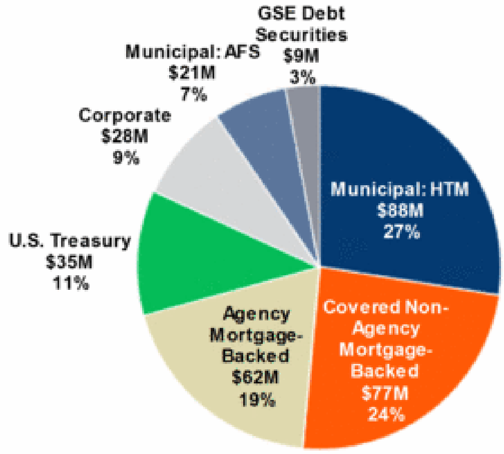
Name:	Background:
John M. Schultz *Chairman of the Board*	• Mr. Schultz serves as CEO of Agracel Inc, an industrial developer of facilities for manufacturing and high tech entities in small to midsized communities, and is the author of BoomtownUSA: The Keys to Big Success in Small Towns. He serves on 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 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[(1)]

	As of December 31, 2014				As of December 31, 2015				As of March 31, 2016			
	Non-Purchase Credit-Impaired Loans	Purchase Credit-Impaired Loans	Total	% of the Allowance to Total Loans in the Respective Category	Non-Purchase Credit-Impaired Loans	Purchase Credit-Impaired Loans	Total	% of the Allowance to Total Loans in the Respective Category	Non-Purchase Credit-Impaired Loans	Purchase Credit-Impaired Loans	Total	% 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%	$4,958	$395	$5,353	1.10%
Commercial real estate	6,020	905	6,925	0.88%	4,176	1,003	5,179	0.59%	3,862	1,021	4,883	0.54%
Construction & land development	474	12	486	0.35%	419	16	435	0.29%	316	29	345	0.22%
Total commercial loans	$8,427	$1,268	$9,695	0.70%	$11,137	$1,394	$12,531	0.82%	$9,136	$1,445	$10,581	0.69%
Residential real estate	1,509	529	2,038	1.18%	1,626	494	2,120	1.30%	1,807	518	2,325	1.47%
Consumer	567	--	567	0.47%	742	7	749	0.46%	742	--	742	0.47%
Lease financing	--	--	--	--	588	--	588	0.41%	923	--	923	0.59%
Total allowance for loan losses	$10,503	$1,797	$12,300	0.69%	$14,093	$1,895	$15,988	0.80%	$12,608	$1,963	$14,571	0.72%
Net charge-offs to average loans				0.94%				0.39%				0.51%

Note:
(1) Dollars in thousands

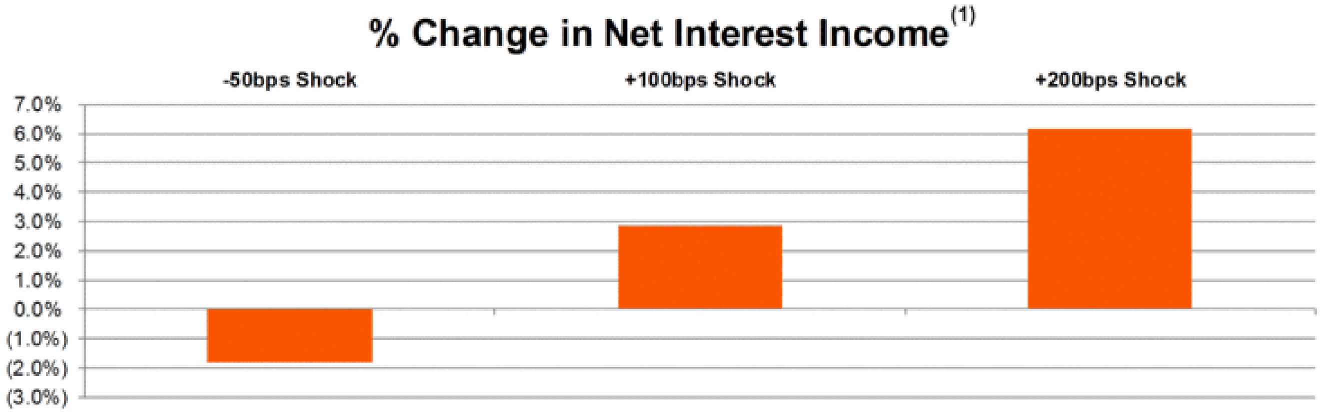
Appendix: Investment Portfolio Overview[1]



	Book Value	% of Total Investment Sec.	Weighted Average Yield
Investment Securities Available for Sale:			
U.S. Treasury	$35,442	11.1%	0.61%
GSE Debt Securities	9,396	2.9%	2.25%
Agency Mortgage-Backed	61,611	19.2%	2.18%
Non-Agency Mortgage-Backed	2	0.0%	6.46%
Covered Non-Agency Mortgage-Backed	76,720	24.0%	13.06%
Municipal	21,005	6.6%	2.55%
Corporate	27,898	8.7%	3.20%
Total Securities Available for Sale	**$232,074**	**72.5%**	**5.28%**
Investment Securities Held to Maturity:			
Municipal	$88,085	27.5%	6.23%
Total Investment Securities	**$320,159**	**100.0%**	**5.55%**

Note:
(1) Financial data for the quarter ended March 31, 2016; dollars in thousands

Appendix: Well-positioned for Rising Interest Rates



Dollars in thousands

	March 31, 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]	(1,831)	(1.8%)	(759)	(0.9%)	NA	NA	NA	NA
+100bps Shock	2,842	2.8%	1,356	1.5%	(1,819)	(2.1%)	225	0.4%
+200bps Shock	6,132	6.1%	2,999	3.4%	(3,511)	(4.1%)	566	0.9%

Notes:
(1) Assumes March 31, 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 Adjusted Earnings/Profitability[(1)]

	Year Ended December 31,								Quarter Ended
	2008	2009	2010	2011	2012	2013	2014	2015	March 31, 2016
Adjusted Earnings									
Income before income taxes - GAAP	$2,742	$23,662	$17,924	$15,347	$18,499	$20,528	$15,467	$35,498	$7,895
Adjustments to other income:									
Provision for loan losses from PCI loan pool	0	(10,500)	0	0	0	0	0	0	0
Gain on sales of investment securities, net	751	399	2	466	953	321	77	193	204
Other than temporary impairment on investment securities	0	0	(63)	(742)	(319)	(190)	(190)	(461)	(824)
Gain on bargain purchase	0	19,218	8,704	0	0	2,154	0	0	0
FDIC settlement	0	0	0	0	0	0	1,709	0	0
FDIC loss-sharing (expense) income	0	10,496	4,012	4,455	1,477	(1,149)	(3,491)	(566)	(53)
(Amortization) accretion of FDIC indemnification asset, net	0	1,912	(1,232)	(8,047)	(5,172)	(2,705)	(954)	(397)	0
Gain on sale of other assets	0	0	0	0	0	0	2,972	12	0
Total adjusted other income	751	21,525	11,423	(3,868)	(3,061)	(1,569)	123	(1,219)	(673)
Adjustments to other expense:									
Foundation contribution	0	0	0	0	0	0	900	0	0
Professional fees and other expenses for aborted stock offering	0	0	0	3,413	0	0	0	0	0
Integration and acquisition expenses	0	893	2,964	1,807	1,424	2,727	6,229	6,101	385
Total adjusted other expense	0	893	2,964	5,220	1,424	2,727	7,129	6,101	385
Adjusted earnings pre tax	1,991	3,030	9,465	24,435	22,984	24,824	22,473	42,818	8,953
Adjusted earnings tax	438	985	2,653	6,326	6,015	7,283	6,758	13,625	3,151
Adjusted earnings	$1,553	$2,045	$6,812	$18,109	$16,969	$17,541	$15,715	$29,193	$5,802
Preferred stock dividends	0	2,291	3,668	4,205	5,211	4,718	7,601	0	0
Preferred stock dividends paid upon early conversion [(2)]	0	0	0	0	0	0	(3,346)	0	0
Adjusted earnings available to common shareholders	$1,553	($246)	$3,144	$13,904	$11,758	$12,823	$11,460	$29,193	$5,802
Adjusted Diluted EPS	$0.38	($0.06)	$0.73	$2.34	$2.08	$2.08	$1.74	$2.39	$0.47
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	12,229,293
Average Assets	$391,485	$917,798	$1,533,344	$1,542,456	$1,508,232	$1,630,565	$1,753,286	$2,768,879	$2,932,434
Adjusted Return on Average Assets	0.40%	0.22%	0.44%	1.17%	1.13%	1.08%	0.90%	1.05%	0.80%
Average Tangible Common Equity	$29,163	$35,649	$45,198	$46,279	$52,406	$65,083	$98,546	$172,064	$183,478
Adjusted Return on Average Tangible Common Equity	5.33%	(0.69%)	6.96%	30.04%	22.44%	19.70%	11.63%	16.97%	12.72%

Notes:

(1) Dollars in thousands

(2) 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

Appendix: Reconciliation of Adjusted Net Interest Margin

	Year Ended December 31,								Quarter Ended
	2008	2009	2010	2011	2012	2013	2014	2015	March 31, 2016
Reported yield on loans	6.56%	6.58%	6.48%	6.17%	5.73%	5.33%	4.65%	5.21%	4.68%
Effect of accretion income on acquired loans	0.00%	(0.56%)	(0.62%)	(0.65%)	(0.56%)	(0.50%)	(0.14%)	(0.79%)	(0.37%)
Adjusted yield on loans	6.56%	6.02%	5.86%	5.52%	5.17%	4.83%	4.51%	4.42%	4.31%
Reported net interst margin	3.57%	4.04%	4.52%	4.88%	4.82%	4.68%	4.21%	4.38%	3.80%
Effect of accretion income on acquired loans	0.00%	(0.36%)	(0.42%)	(0.46%)	(0.40%)	(0.36%)	(0.10%)	(0.64%)	(0.29%)
Adjusted net interest margin	3.57%	3.68%	4.10%	4.42%	4.42%	4.32%	4.11%	3.74%	3.51%