Midland States Bancorp, Inc.

NASDAQ: MSBI

D.A. Davidson
Financial Institutions Conference

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Midland
States Bancorp, Inc.

Forward-Looking Statements. This presentation may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements express management's current expectations, forecasts of future events or long-term goals, and may be based upon beliefs, expectations and assumptions of Midland's 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. All statements in this presentation speak only as of the date they are made, and Midland undertakes no obligation to update any statement. A number of factors, many of which are beyond the ability of Midland to control or predict, could cause actual results to differ materially from those in its forward-looking statements. 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 respective businesses, including additional factors that could materially affect Midland's financial results, are included in Midland's filings with the Securities and Exchange Commission.

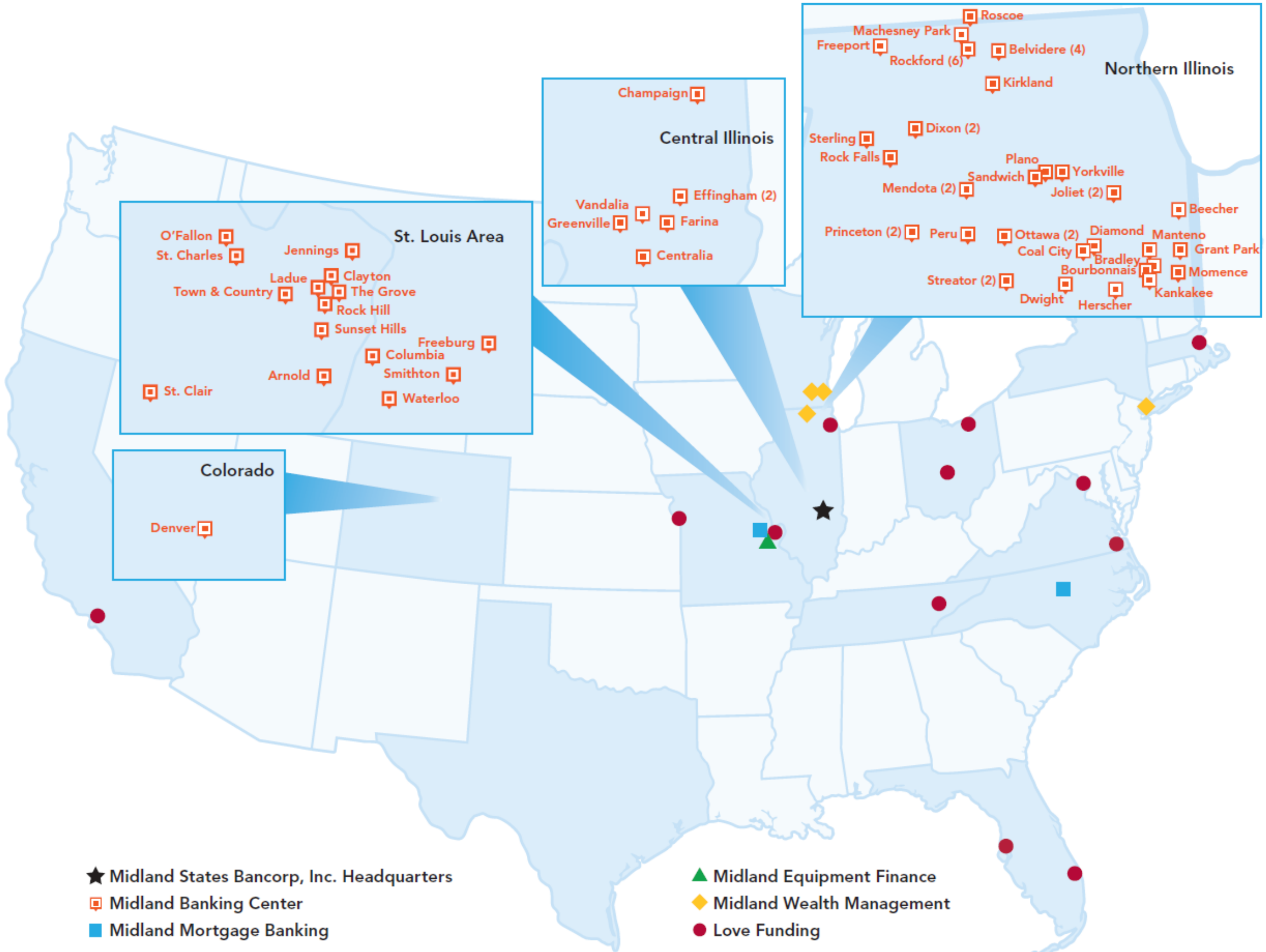
Use of Non-GAAP Financial Measures. This presentation may contain certain financial information determined by methods other than in accordance with accounting principles generally accepted in the United States ("GAAP"). These non-GAAP financial measures include "Adjusted Earnings," "Adjusted Diluted Earnings Per Share," "Adjusted Return on Average Assets," "Adjusted Return on Average Shareholders' Equity," "Adjusted Return on Average Tangible Common Equity," "Yield on Loans Excluding Accretion Income," "Net Interest Margin Excluding Accretion Income," "Tangible Common Equity to Tangible Assets," "Tangible Book Value Per Share" and "Return on Average Tangible Common Equity." The Company believes that these non-GAAP financial measures provide both management and investors a more complete understanding of the Company's funding profile and profitability. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. The Company believes that these non-GAAP financial measures provide both management and investors a more complete understanding of the Company's funding profile and profitability. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Not all companies use the same calculation of these measures; therefore this presentation may not be comparable to other similarly titled measures as presented by other companies. Reconciliations of these non-GAAP measures are provided in the Appendix section of this presentation.

Company Snapshot

- $5.7 billion asset community bank established in 1881 and headquartered in Effingham, Illinois (4th largest Illinois-based community bank)
- $3.1 billion Wealth Management business
- Strong fee generators consistently account for more than 30% of total revenue
- 95+ offices throughout the U.S. including 66 traditional branches in Illinois and Missouri
- 13 successful acquisitions since 2008
- Early 2018 acquisition of Alpine Bancorporation adds significant scale and expands core community banking and Wealth Management businesses

Dynamic and diversified business model pairing organic and acquisitive growth

Financial Services & Banking Center Footprint



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

Investment Summary

- 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 25% non-interest bearing accounts[(1)]
- Proven track record of successful acquisitions with a focus on enhancing shareholder value while building a platform for scalability
- Illinois and contiguous states provide ample opportunities for future acquisitions
- Comprehensive risk management standards applied throughout the entire business

Notes:
(1) As of March 31, 2018

Business and Corporate Strategy

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

- **Five core strategic initiatives:**

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
Operational Excellence	A corporate-wide focus on driving improvements in people, processes and technology in order to generate further improvement in Midland's operating efficiency and financial performance
Enterprise-Wide Risk Management	Maintain a program designed to integrate controls, monitoring and risk-assessment at all key levels and stages of our operations and growth; ensure that all employees are fully engaged
Accretive Acquisitions	Maintain experienced acquisition team capable of identifying and executing transactions that build shareholder value through a disciplined approach to pricing; take advantage of relative strength in periods of market disruption
Revenue Diversification	Generate a diversified revenue mix and build customer loyalty; driven originally by a wealth management focus, this core initiative has expanded to include residential mortgage origination, commercial FHA origination and servicing, and commercial equipment leasing

Management Team

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*

Jeffrey G. Ludwig: President of Midland States Bancorp

- Recently promoted to CEO of the Bank
- More than 10 years serving as CFO
- Joined Midland States in November 2006; 16+ years in banking industry

Stephen A. Erickson: Chief Financial Officer

- Promoted to CFO in 2018 from Director of M&A
- Former CFO of EVO Merchant Services, Inc.
- Significant investment banking and public accounting experience

Leon J. Holschbach: CEO of Midland States Bancorp

- 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

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

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

Jeffrey S. Mefford: President of Midland States Bank

- 25+ years in community banking
- Recently promoted from EVP position
- Oversees commercial, retail, mortgage and treasury sales

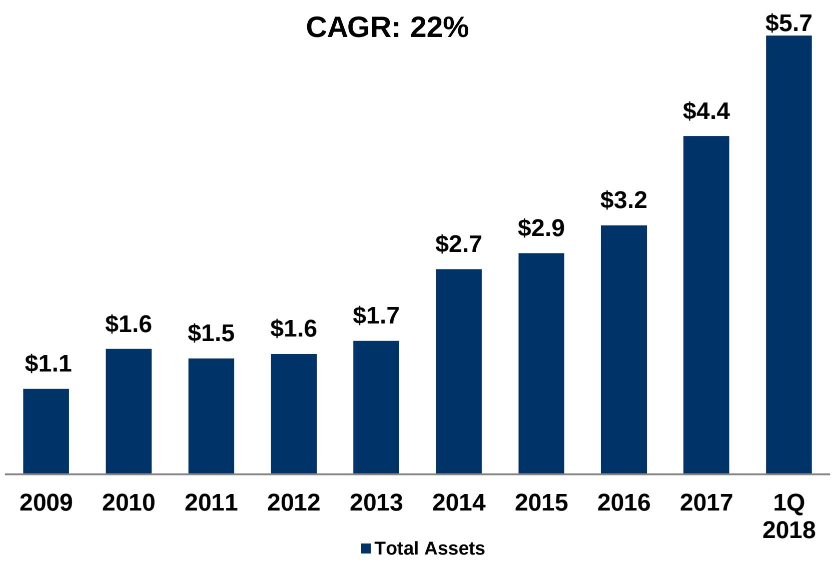
- **Risk-focused corporate culture, promoting responsibility and accountability**
- **MSBI common shares are 9.2%[(1)] owned by the Board of Directors and executive officers**

Note:
(1) As of March 8, 2018; beneficial ownership includes shares of unvested restricted stock that officers are entitled to vote, but does not include common stock equivalent units owned by directors or officers under the Deferred Compensation Plan

Strategic Growth History

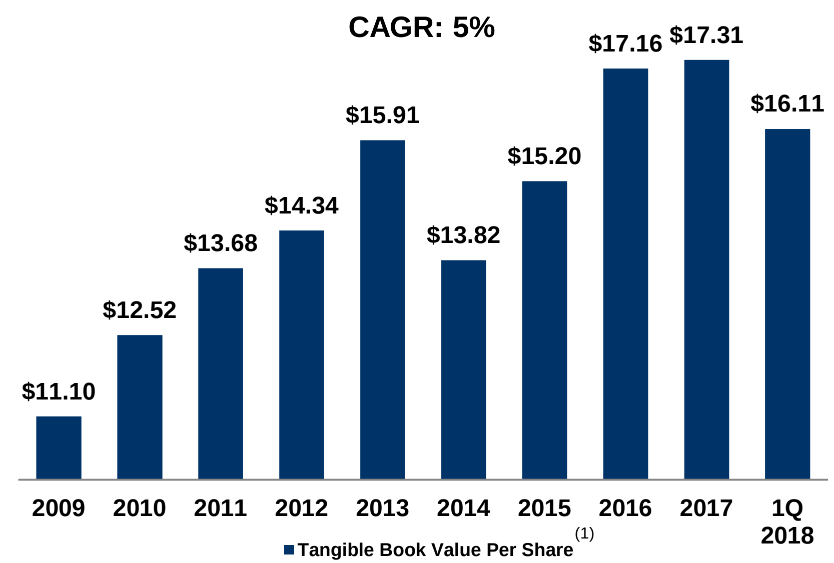
Successful Execution of Strategic Plan…

(at period-end in Billions)



…Driving Consistent TBV Growth

(at period-end)



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

Successful Acquisition History

- **Midland States has completed 13 transactions since 2008, including FDIC-assisted, branch, whole bank, asset purchase, business line, and a New York trust asset acquisition**
- **Demonstrated history of earnings expansion**
- **Deliberate diversification of geographies and revenue channels**
- **Successful post-closing integration of systems and businesses**

Selected Acquisitions

	2009	2010	2014	2016	2017	2018
	Strategic Capital Bank	**AMCORE Bank, N.A.**	**Love Savings / Heartland Bank**	**Sterling Bancorp**	**Centrue Financial**	**Alpine Bancorp.**
Acquisition Type	FDIC-Assisted	12 Branches	Whole Bank	Trust Administration	Whole Bank	Whole Bank & Wealth Mgmt
Assets Acquired ($mm)	$540.4	$499.5	$889.0	-	$990.2	$1,253.9
Location	Champaign, IL	Northern Illinois	St. Louis, MO	Yonkers, NY	Northern Illinois	Rockford, IL
	Financially Transformative	**Operationally Transformative**	**Revenue Diversification**		**Enhanced Scale and Market Presence**	**Expanded Core Bank and Wealth Management**

Overview of Alpine Bancorp. Acquisition

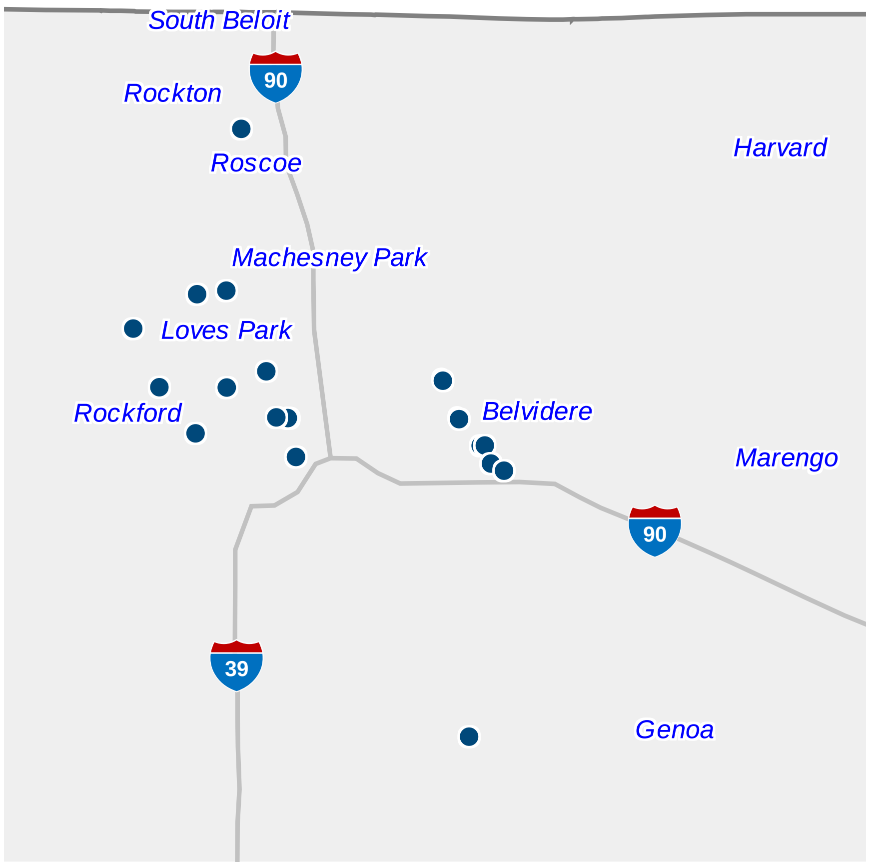
Key Highlights

- **Closed February 28, 2018**
- **Expands Midland's franchise in Northern Illinois**
  - Provides #1 deposit market share in Rockford, IL MSA
- **Low-cost, relationship driven deposit franchise**
  - 30% non-interest bearing deposits
- **Healthy and growing commercial loan portfolio**
- **Attractive wealth management business**
  - Approximately $1.1B in AUM and over 1,600 accounts
- **Shifts business mix more towards core banking and wealth management**

Financial Impact

- **Approx. 10% EPS accretion in 2019 (first full year of cost savings)**
- **TBV per share dilution of 3.5 years (crossover method)**
- **Added $791 million in total loans**
- **Added $1.1 billion in total deposits**
- **Provided excess liquidity that improved loan-to-deposit ratio**

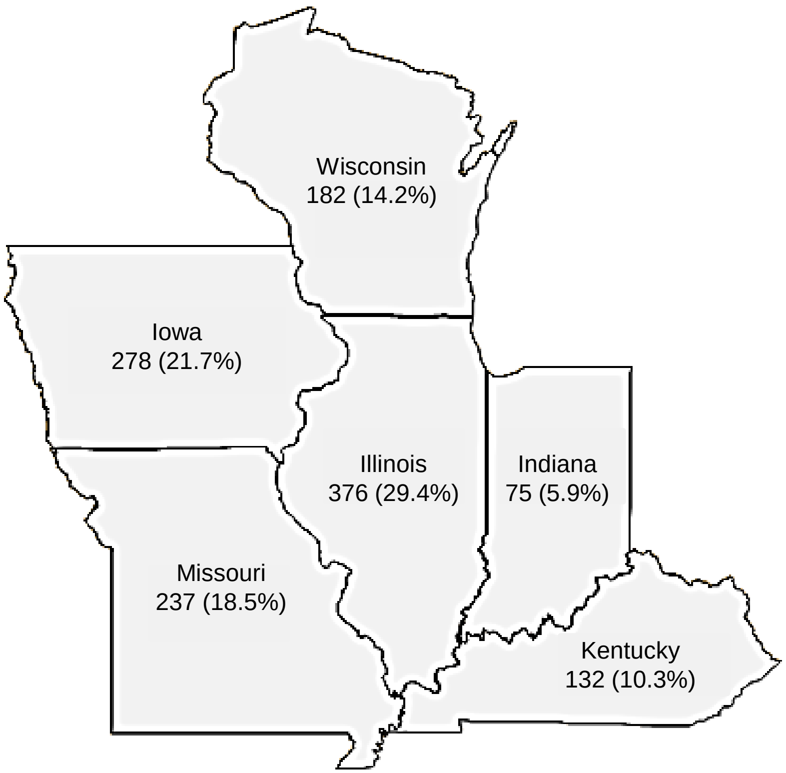
Alpine Branch Map



Market Opportunities & Acquisition Strategy

- **MSBI believes there will be numerous small to midsized banking organizations available for acquisition within Illinois and contiguous states**
- **There are nearly 1,300 institutions in the six-state region with less than $1.0 billion in assets (1)**
  - Illinois and Missouri combine for nearly half 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 (1)



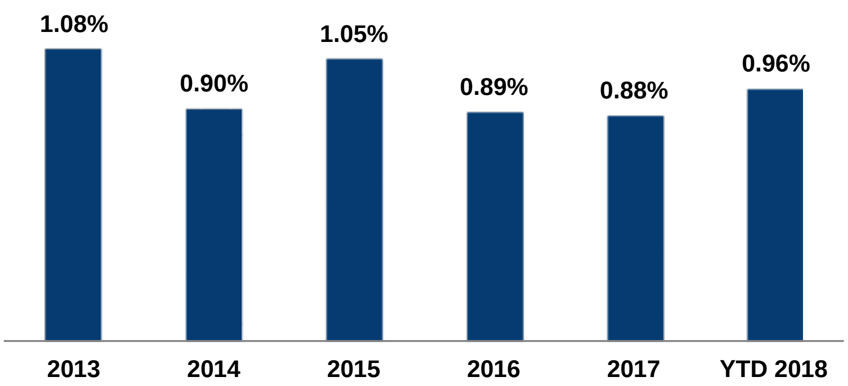
Be a "partner of choice" for community banks with scale and/or succession challenges

Note:
(1) Based on December 31, 2017 financial data
Source: SNL Financial

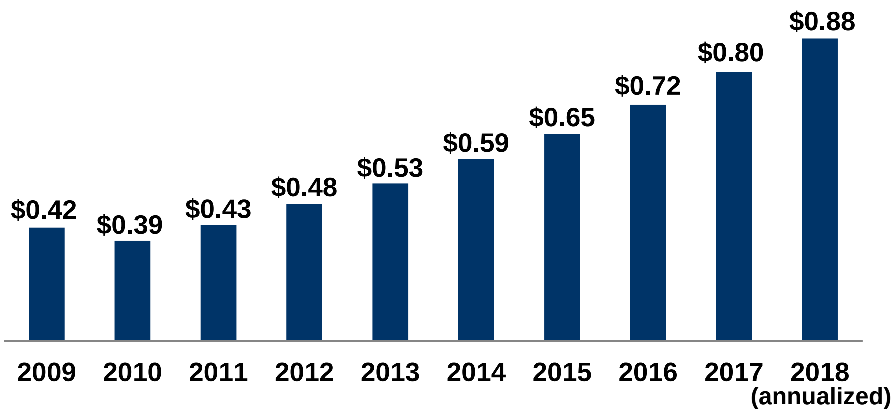
Long Track Record of Strong Returns and Increasing Dividends

- **Profitability driven by MSBI's attractive asset base, core funding structure and fee generating businesses**
- **10%+ annual dividend growth over the past 15 years**

Adjusted Return on Average Assets[1]



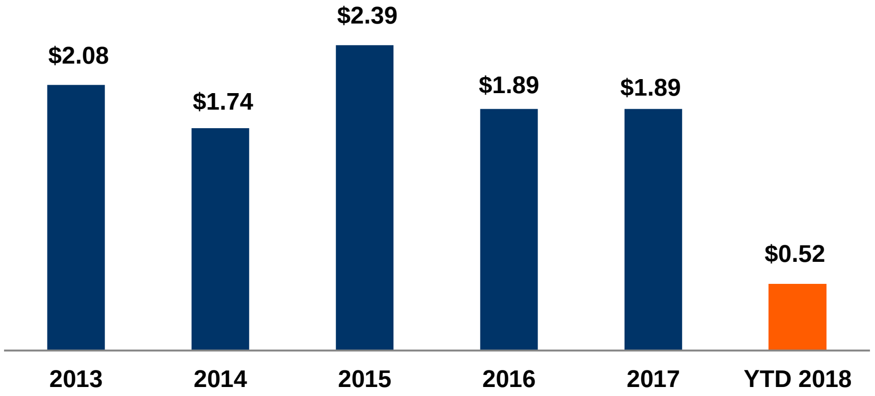
Dividends Declared Per Share



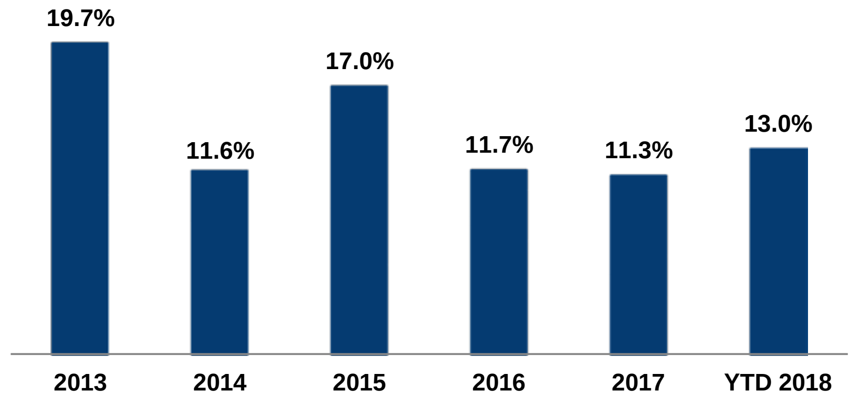
Notes
(1) Adjusted Return on Average Assets is a non-GAAP financial measure; please see page 29 for a reconciliation

Performance Metrics

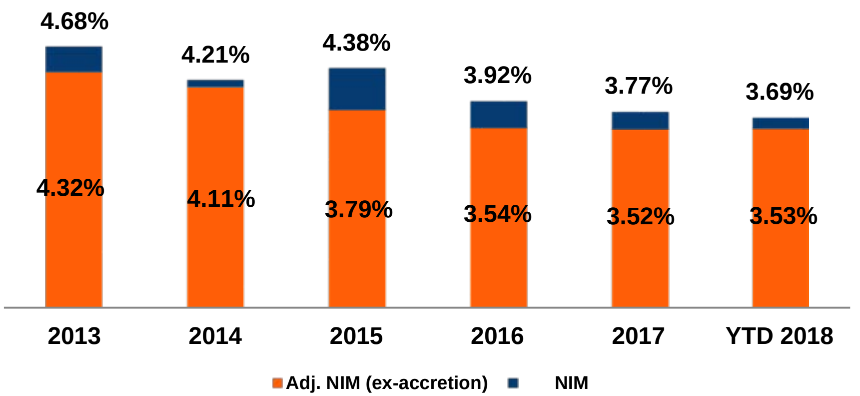
Adjusted Diluted Earnings Per Share (1)



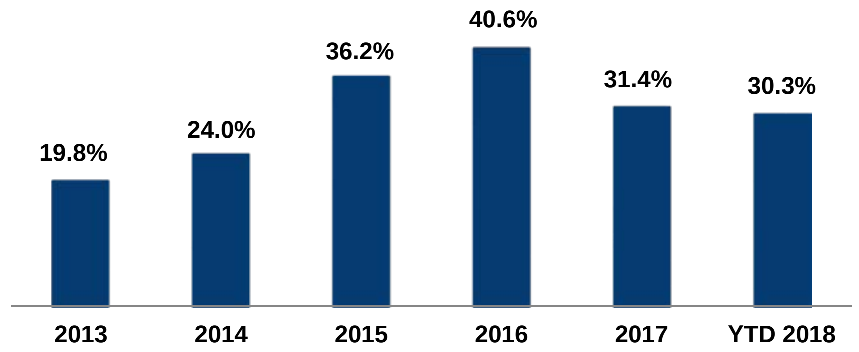
Adjusted Return on Avg. Tangible Common Equity (1)



Net Interest Margin (2)



Noninterest Income / Total Revenue

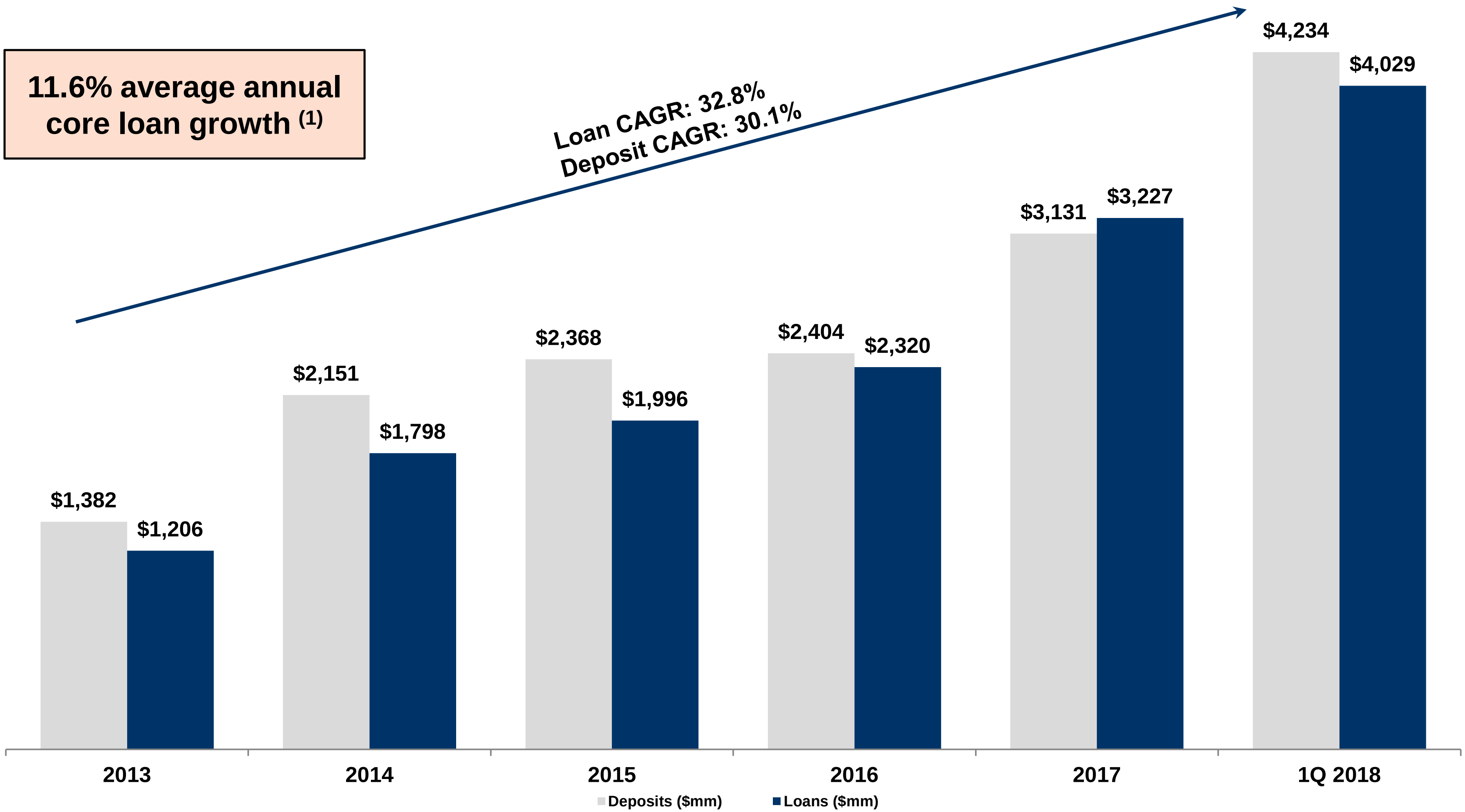


Notes:
(1) Adjusted diluted earnings per share and adjusted return on average tangible common equity are non-GAAP financial measures; please see page 29 for a reconciliation
(2) Net interest margin excluding accretion income is a non-GAAP financial measure management uses to assess the impact of purchase accounting on the yield on loans and net interest margin, excluding loan accretion from acquired loans; please see page 28 for a reconciliation

Delivering Organic Loan Growth

Total Loans and Deposits

11.6% average annual core loan growth (1)



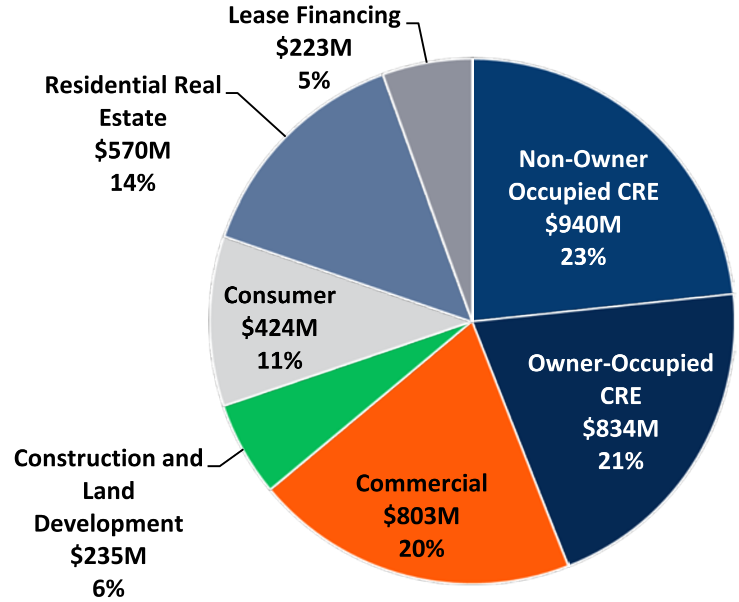
Note:
(1) Average annual core loan growth represents average percentage change in the Company's core loans from December 31, 2013 to March 31, 2018; core loans represent non-PCI loans, less non-PCI loans acquired, plus non-PCI loans sold as of the date the loans were acquired or sold, and exclude certain 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

- **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**

Organic Loan Growth	
2013	21.1%
2014	7.8%
2015	11.6%
2016	16.7%
2017	10.7%
YTD 2018	1.7% (ann.)

Loan Portfolio Mix

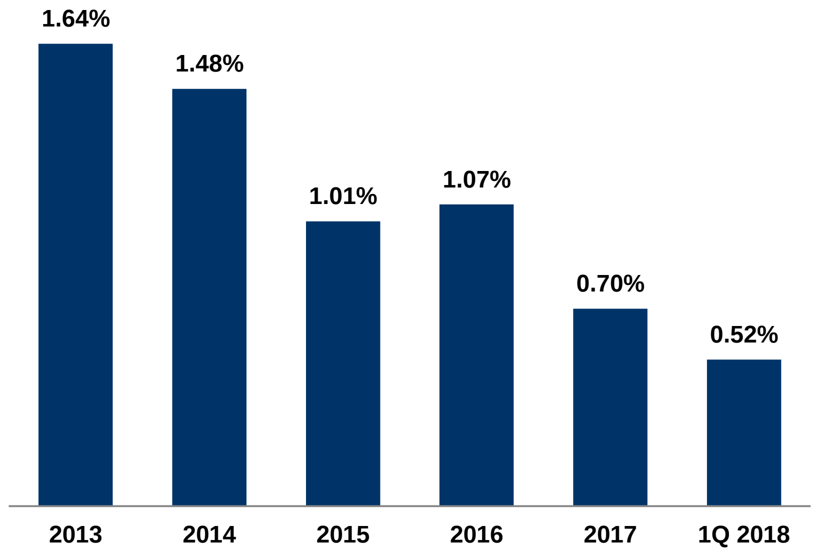


$4.0 Billion Gross Loans
4.85% Yield

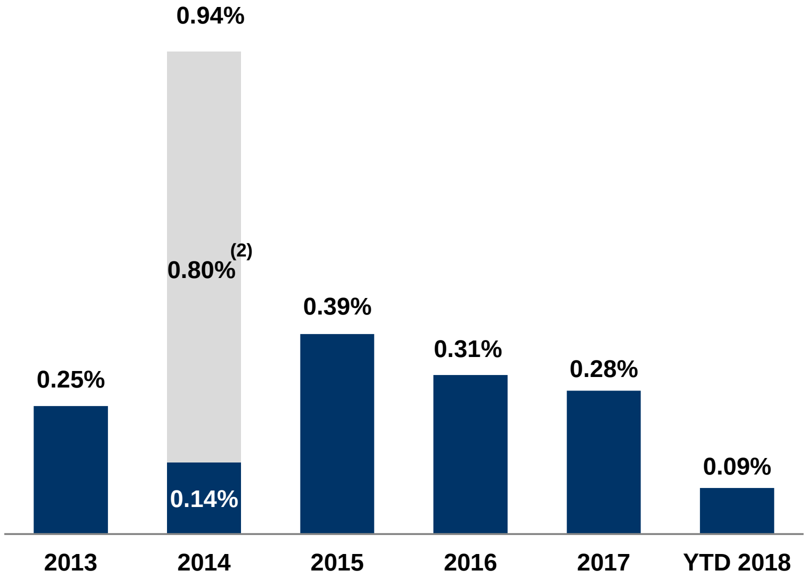
Strong Credit Quality

- **Managed by experienced personnel, MSBI maintains a disciplined approval process and conservative credit culture**
- **Credit losses have steadily declined since 2015**

Nonperforming Assets / Total Assets (1)



NCOs / Average Loans



Notes:

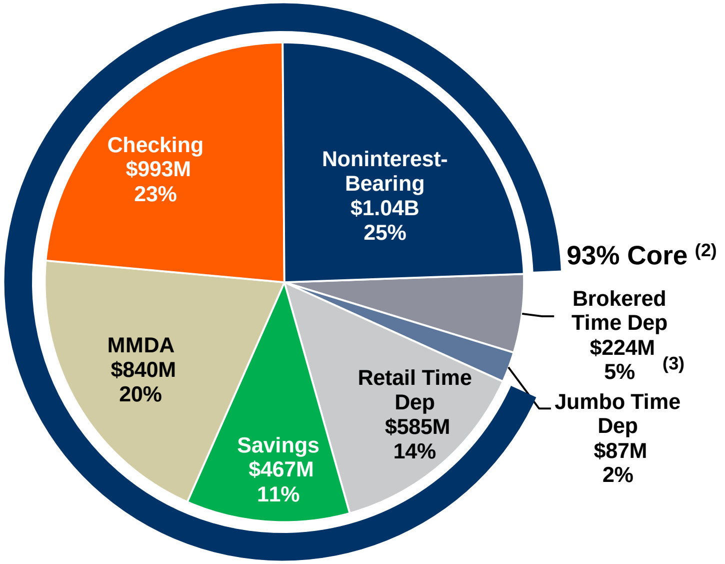
(1) Nonperforming assets include nonperforming loans, other real estate owned and other repossessed assets; nonperforming assets exclude covered other real estate owned related to our two FDIC-assisted transactions; nonperforming loans include nonaccrual loans, loans past due 90 days or more and still 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 $30.4 million, $44.2 million, $38.5 million, $29.4 million, $22.5 million and $53.1 million as of December 31, 2013, 2014, 2015, 2016, 2017 and March 31, 2018, 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)

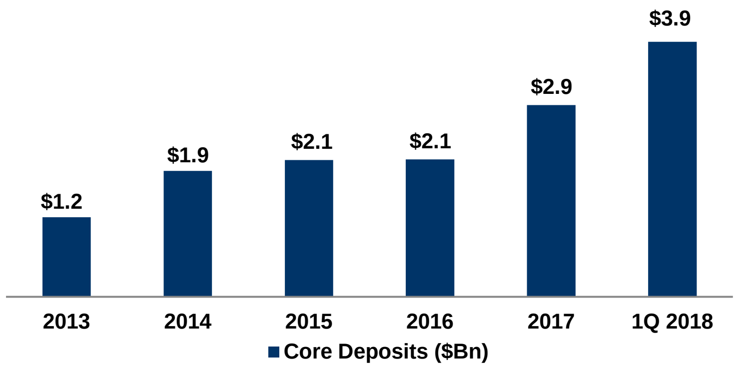
- 93% core deposits (2)
- Recent acquisitions have improved overall funding mix
- 25% non-interest bearing deposits
- Retail deposits represent 54% of total deposits
- Low cost of deposits at 48 basis points

Deposit Mix



$4.2 Billion Total Deposits
0.48% Cost

Core Deposits (2)



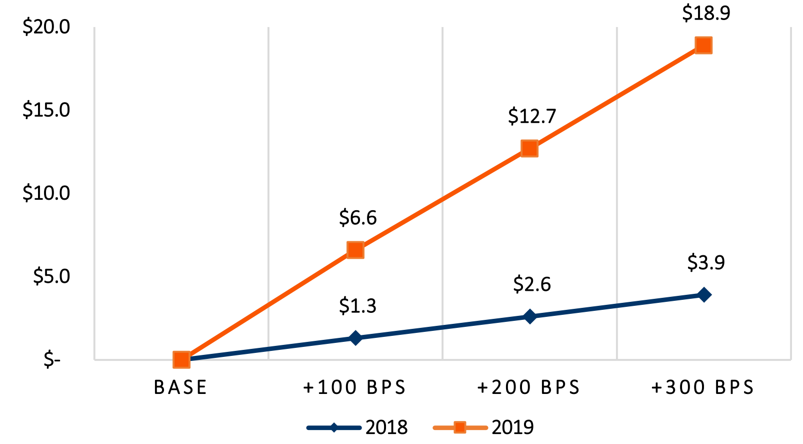
Notes:
(1) As of or for the three months ended March 31, 2018
(2) Core deposits defined as total deposits less brokered deposits and certificates of deposit greater than $250,000
(3) Jumbo time deposits classified as time certificates of $250,000 or more

Positioned for Increasing Interest Rates

- Midland's modeled base case earnings projections as of March 31, 2018 for a +100 bps Ramp scenario would increase net interest income by $1.3mm in Year 1 and $6.6mm in Year Two.

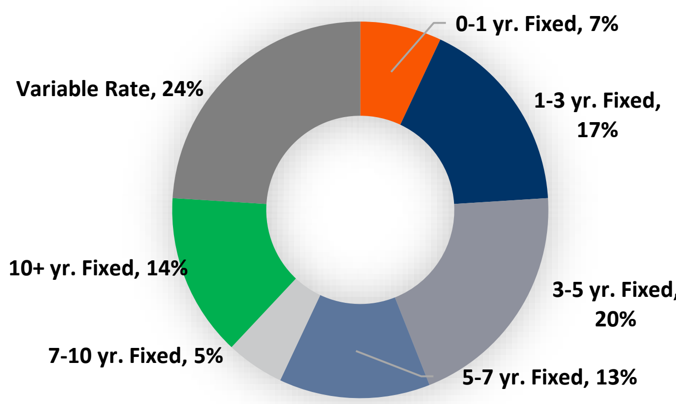
- Midland exhibits a neutral to low asset sensitive position in year one as of March 31, 2018 after the Alpine acquisition.

Earnings Sensitivity[1]



Asset & Liability Durations	
Securities	3.7
Loans	1.3
Non-interest Checking	5.2
NOW	3.0
Money Market	0.8
Savings	5.8
Time Deposits	0.9
Borrowings	1.1

Loan Maturities



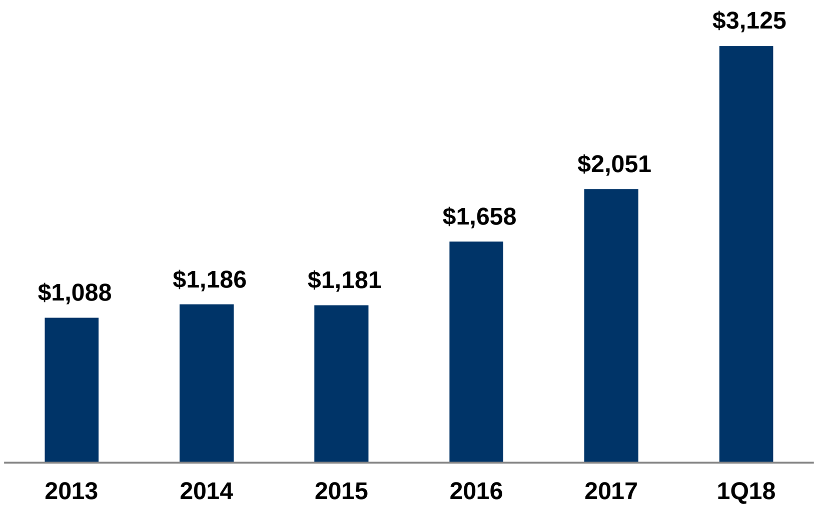
Notes:
(1) Base case scenarios for years one and two incorporate implied forward rates as of 3/31/18

Wealth Management

- Offers comprehensive suite of Trust and Wealth Management products
- Acquisition of Sterling Trust (Nov. 2016) added $400 million in Assets Under Administration
- Acquisition of CedarPoint Investment Advisors (Mar. 2017 - $180 million in AUA) added RIA platform
- Acquisition of Alpine Bancorporation added approx. $1.1 billion in AUA
- Year-over-year organic growth in assets under administration was $181 million, or 10%, excluding Alpine acquisition, at March 31, 2018

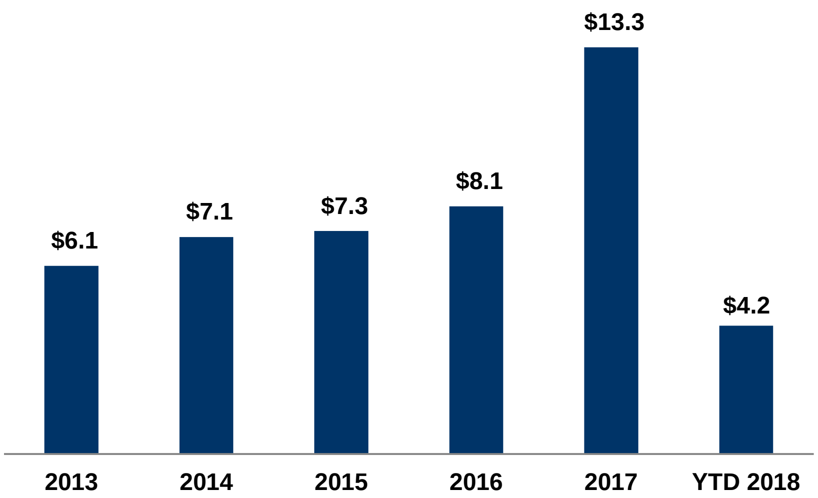
Assets Under Administration

(in millions)



Wealth Management Revenue

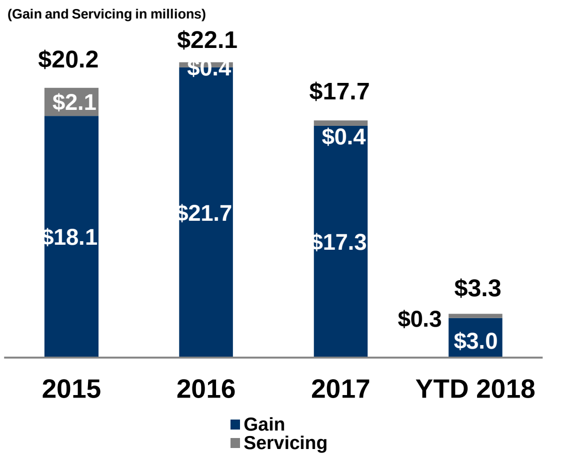
(in millions)



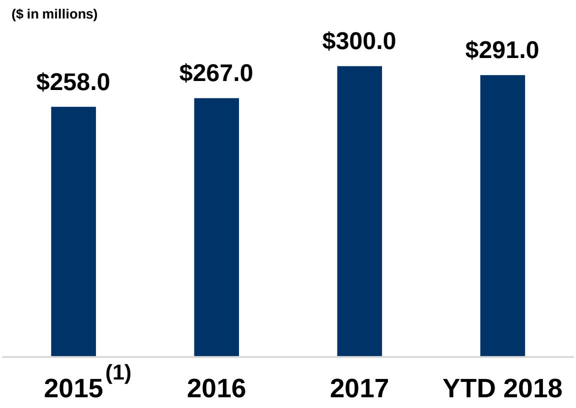
Love Funding – Commercial FHA Revenue

- One of the top originators of government sponsored mortgages for multifamily and healthcare facilities in the U.S.
- Attractive economics
  - $18-$20 million in annual revenue from gain on loan sale and servicing
  - 20-25% pre-tax margins
  - Provides high margin bridge loan opportunities
  - Servicing deposits provide significant source of low-cost funding
- Average cost of deposits was 10 basis points in 1Q18

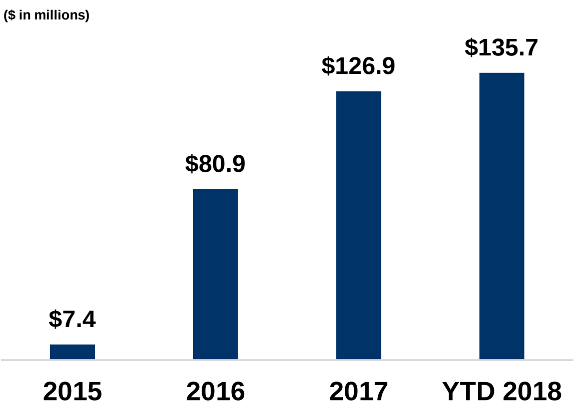
Commercial FHA Revenue Mix



Commercial FHA Avg. Servicing Deposits



Commercial FHA-Related Bridge Loans



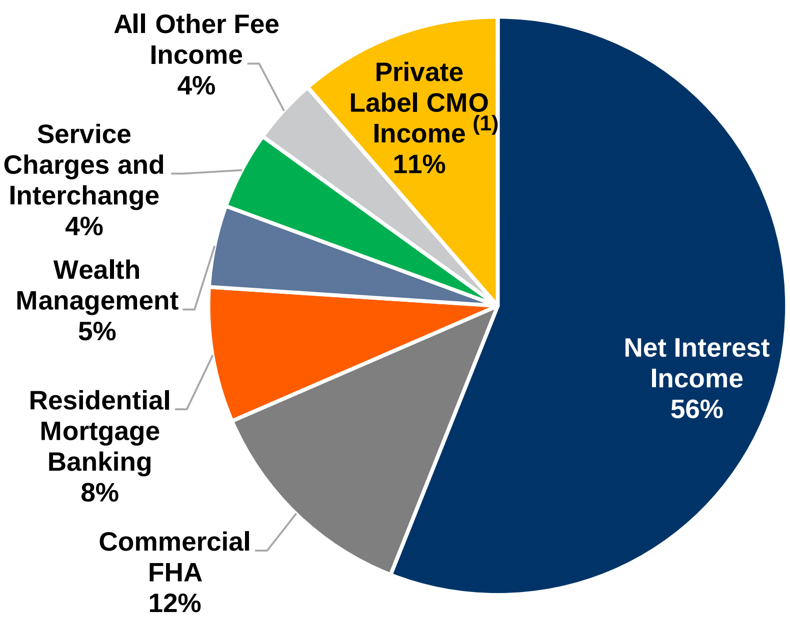
Note:
(1) Average balance for 2015 reflects the time period after which all servicing deposits were added to Midland's balance sheet

Outlook

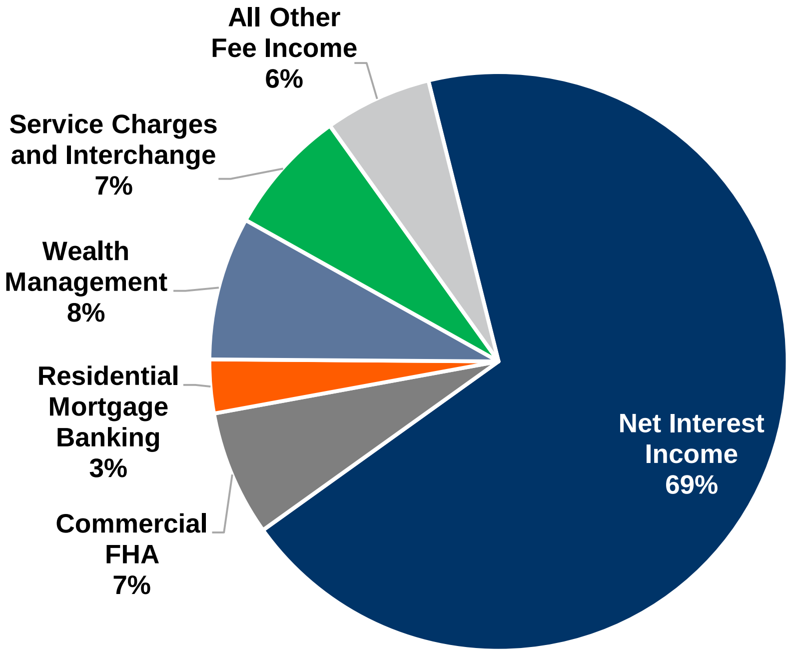
Improving Quality of Earnings

- With recent acquisitions of Alpine and Centrue, a greater percentage of revenue is being derived from core community banking and wealth management businesses
- Private label CMO income[1] and gain on sale income from commercial FHA and residential mortgage banking declining as a percentage of total revenue

FY 2016 Revenue Mix



Projected FY 2018 Revenue Mix[2]

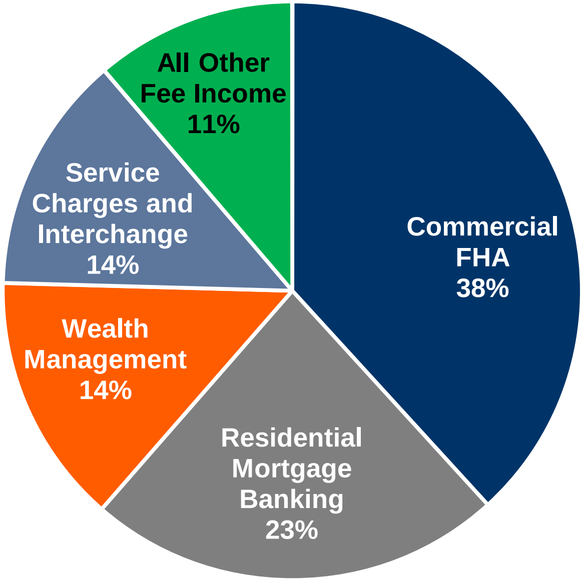


(1) Private label CMO income includes interest income and gain on sale generated from a portfolio that was added through an FDIC-assisted acquisition. The portfolio was sold in October 2016.
(2) Reflects FY 2018 consensus estimates

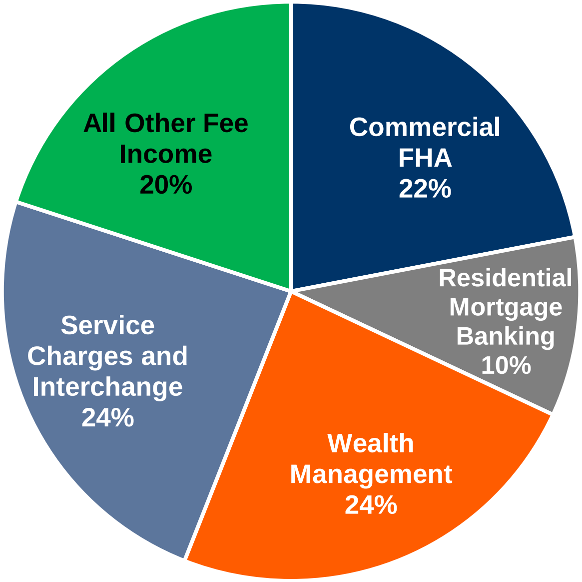
Fee Income Shifting to More Consistent Sources

- **Wealth Management and core banking fees increasing as percentage of fee income**
- **Gain on sale income from commercial FHA and residential mortgage banking declining as a percentage of fee income**

FY 2016 Fee Income Mix



Projected FY 2018 Fee Income Mix[1]



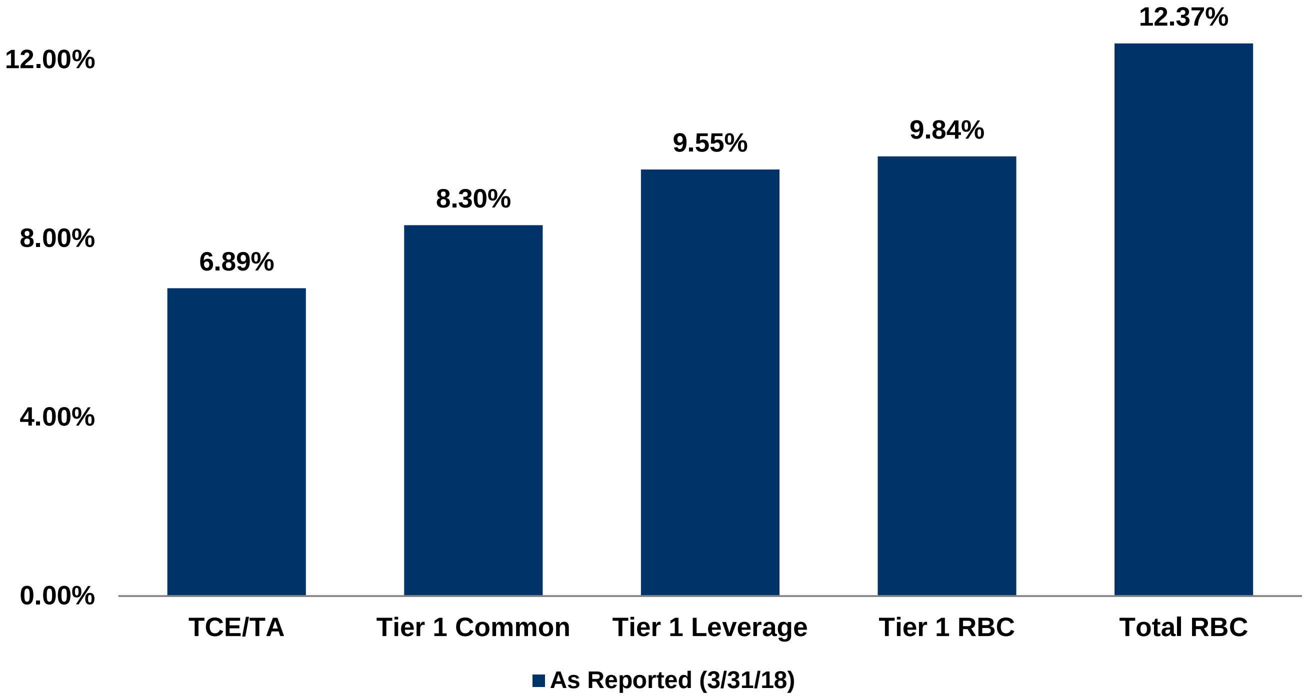
(1) Reflects FY 2018 consensus estimates

Outlook

- **Integration of Alpine expected to drive cost savings and improved efficiencies**
- **Alpine system conversion scheduled for mid-July**
- **Organic loan growth anticipated to be in mid-single-digits in 2018 as focus on liquidity and NIM are a priority**
- **Higher revenue and improved efficiencies expected to drive increased profitability**
- **Revenue mix shifting towards more stable sources of income**

APPENDIX

Appendix: Capital Position



Appendix: Solid Reserve Coverage

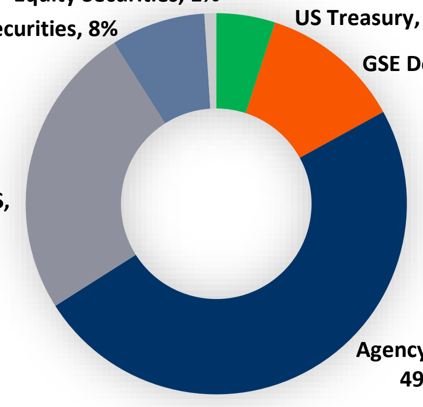
	As of December 31, 2015				As of December 31, 2016				As of December 31, 2017				As of March 31, 2018			
(dollars in thousands)	Non-Purchased Credit-Impaired Loans	Purchased Credit-Impaired Loans	Total	% of the Allowance to Total Loans in the Respective Category	Non-Purchased Credit-Impaired Loans	Purchased Credit-Impaired Loans	Total	% of the Allowance to Total Loans in the Respective Category	Non-Purchased Credit-Impaired Loans	Purchased Credit-Impaired Loans	Total	% of the Allowance to Total Loans in the Respective Category	Non-Purchased Credit-Impaired Loans	Purchased Credit-Impaired Loans	Total	% of the Allowance to Total Loans in the Respective Category
Loans:																
Commercial	$ 6,542	$ 375	$ 6,917	1.38%	$ 5,421	$ 499	$ 5,920	1.29%	$ 4,756	$ 500	$ 5,256	0.95%	$ 5,350	$ 552	$ 5,902	0.74%
Commercial real estate	4,176	1,003	5,179	0.59%	2,993	232	3,225	0.33%	4,708	336	5,044	0.35%	5,093	392	5,485	0.31%
Construction and land development	419	16	435	0.29%	345	-	345	0.19%	514	4	518	0.26%	318	10	328	0.14%
Total commercial loans	$ 11,137	$ 1,394	$ 12,531	0.82%	$ 8,759	$ 731	$ 9,490	0.59%	$ 9,978	$ 840	$ 10,818	0.49%	$ 10,761	$ 954	$ 11,715	0.42%
Residential real estate	1,626	494	2,120	1.30%	2,572	357	2,929	1.15%	2,210	540	2,750	0.61%	1,954	550	2,504	0.44%
Consumer	742	7	749	0.46%	900	30	930	0.34%	1,195	149	1,344	0.36%	1,160	149	1,309	0.31%
Lease financing	588	-	588	0.41%	1,513	-	1,513	0.79%	1,519	-	1,519	0.74%	2,176	-	2,176	0.97%
Total allowance for loan losses	$ 14,093	$ 1,895	$ 15,988	0.80%	$ 13,744	$ 1,118	$ 14,862	0.64%	$ 14,902	$ 1,529	$ 16,431	0.51%	$ 16,051	$ 1,653	$ 17,704	0.44%
Net charge-offs to average loans				0.39%				0.31%				0.28%				0.09%

Appendix: Investments

- Midland continues to remix the investment portfolio after the Alpine acquisition to enhance portfolio duration and yield. Currently, the portfolio maintains an effective duration of approximately 3.7 years.

- The portfolio weighted average yield of 3.24% as of 3/31/2018 reflects the impact from the ongoing portfolio remix and from the addition of the Alpine Bank portfolio.

Investment Portfolio



(dollars in thousands)	Book Value	% of TotalInvestment Securities	Weighted Average T.E. Yield
Investment Securities Available for Sale:			
US Treasury securities	$ 39,646	5.40%	1.66%
Government sponsored entity debt securities	87,065	11.80%	2.39%
Agency mortgage-backed securities	358,746	48.60%	3.08%
State and municipal	181,724	24.60%	3.86%
Corporate securities	59,779	8.10%	4.73%
Equity securities	11,212	1.50%	2.29%
Total Securities Available for Sale	$ 738,172	100.00%	3.24%
Investment Securities Held to Maturity	-	-	-
Total Investment Securities	$ 738,172	100.00%	3.24%

Appendix: Reconciliation of Net Interest Margin Excluding Accretion Income

	Year Ended December 31,					Three Months Ended
	2013	2014	2015	2016	2017	March 31, 2018
Reported yield on loans	5.33%	4.65%	5.21%	4.85%	4.85%	4.85%
Effect of accretion income on acquired loans	(0.50%)	(0.14%)	(0.73%)	(0.48%)	(0.30%)	(0.18%)
Yield on loans excluding accretion income	4.83%	4.51%	4.48%	4.37%	4.55%	4.67%
Reported net interest margin	4.68%	4.21%	4.38%	3.92%	3.77%	3.69%
Effect of accretion income on acquired loans	(0.36%)	(0.10%)	(0.59%)	(0.38%)	(0.25%)	(0.16%)
Net interest margin excluding accretion income	4.32%	4.11%	3.79%	3.54%	3.52%	3.53%

Appendix: Reconciliation of Adjusted Earnings/Profitability[1]

(dollars in thousands, except per share data)	2013	2014	2015	2016	2017	Three Months Ended March 31, 2018
Adjusted Earnings						
Income before income taxes - GAAP	$ 20,528	$ 15,467	$ 35,498	$ 50,422	$ 26,471	$ 3,181
Adjustments to other income:						
Gain on sales of investment securities, net	321	77	193	14,702	222	65
Other than-temporary-impairment on investment securities	(190)	(190)	(461)	(824)	-	-
Gain on bargain purchase	2,154	-	-	-	-	-
FDIC settlement	-	1,709	-	-	-	-
FDIC loss-sharing expense	(1,149)	(3,491)	(566)	-	-	-
Amortization of FDIC indemnification asset, net	(2,705)	(954)	(397)	-	-	-
Reversal of contingent consideration accrual	-	-	-	350	-	-
Gain (loss) on sale of other assets	-	2,972	12	-	(67)	150
Total adjusted other income	(1,569)	123	(1,219)	14,228	155	215
Adjustments to other expense:						
Foundation contribution	-	900	-	-	-	-
Expenses associated with payoff of subordinated debt	-	-	-	511	-	-
Net expense from FDIC loss share termination agreement	-	-	-	351	-	-
Branch network optimization plan charges	-	-	-	2,099	1,952	-
Loss on mortgage servicing rights held for sale	-	-	-	-	4,059	-
Integration and acquisition expenses	2,727	6,229	6,101	2,343	17,738	11,884
Total adjusted other expense	2,727	7,129	6,101	5,304	23,749	11,884
Adjusted earnings pre tax	24,824	22,473	42,818	41,498	50,065	14,850
Adjusted earnings tax	7,283	6,758	13,625	14,055	19,710	3,549
Impairment of net deferred tax assets	-	-	-	-	(4,540)	-
Adjusted earnings	$ 17,541	$ 15,715	$ 29,193	$ 27,443	$ 34,895	$ 11,301
Preferred stock dividends	4,718	7,601	-	-	83	82
Preferred stock dividends paid upon early conversion [1]	-	(3,346)	-	-	-	-
Adjusted earnings available to common shareholders	$ 12,823	$ 11,460	$ 29,193	$ 27,443	$ 34,812	$ 11,219
Adjusted Diluted EPS	$ 2.08	$ 1.74	$ 2.39	$ 1.89	$ 1.89	$ 0.52
Weighted average diluted common shares outstanding	8,379,455	7,528,641	12,112,403	14,428,839	18,283,214	21,351,511
Average Assets	$ 1,630,565	$ 1,753,286	$ 2,768,879	$ 3,075,134	$ 3,941,272	$ 4,776,841
Adjusted Return on Average Assets	1.08%	0.90%	1.05%	0.89%	0.88%	0.96%
Average Tangible Common Equity	$ 65,083	$ 98,546	$ 172,064	$ 234,898	$ 307,523	$ 349,743
Adjusted Return on Average Tangible Common Equity	19.70%	11.63%	16.97%	11.68%	11.32%	13.01%

Notes:

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