Midland States Bancorp, Inc.

NASDAQ: MSBI

Second Quarter 2018 Earnings Call

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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 "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," "Efficiency Ratio," "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.

Overview of 2Q18

2Q18 Earnings	Net income of $12.8 million, or $0.52 diluted EPS • Integration and acquisition expenses of $2.0 million • Adjusted earnings[1] of $0.59 per diluted share
Positive Impact from Alpine	First full quarter with Alpine's operations • Positive impact on earnings • Ahead of schedule in realizing synergies • Approximately 80% of cost savings achieved in 2Q18
Improving Revenue Mix	Addition of Alpine shifts business mix toward more stable sources of revenue
Key Operating Trends	• Increase in loan growth • Stable net interest margin (excluding accretion income) • Solid expense management and improving efficiency ratio

(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.

Loan Portfolio

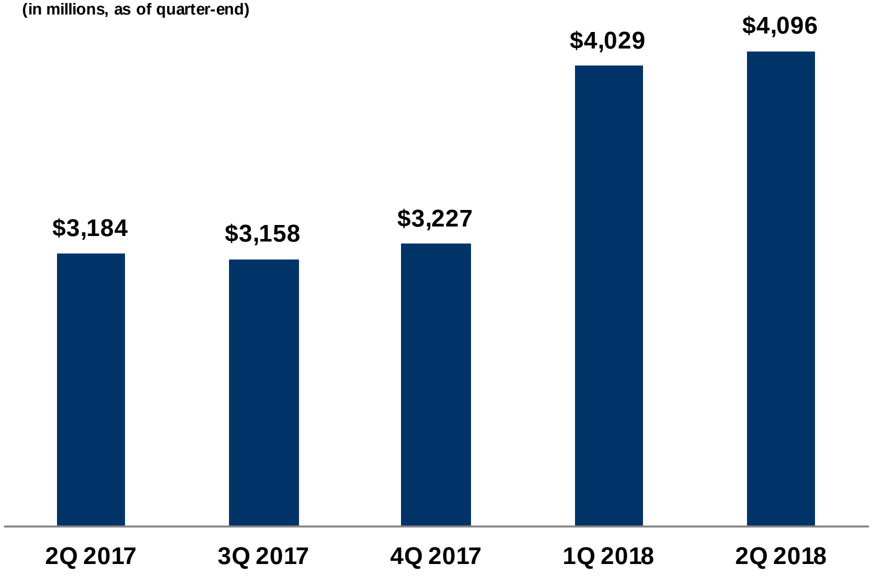
- **Organic loan growth of $67 million or 6.6% annualized**
- **Strongest growth in equipment financing, consumer lending and residential real estate**
- **Equipment financing balances increased $38.1 million from March 31, 2018**
  - **Production booked within either commercial or lease financing portfolios**
- **Fluctuation in large commercial FHA warehouse line impacted commercial loan portfolio**

Loan Portfolio Mix

(in millions, as of quarter-end)

	2Q 2018	1Q 2018	2Q 2017
Commercial	$ 763	$ 803	$ 571
Commercial real estate	1,711	1,774	1,471
Construction and land development	248	235	176
Residential real estate	602	570	428
Consumer	544	424	336
Lease financing	229	224	202
Total	**$ 4,096**	**$ 4,029**	**$ 3,184**

Total Loans



Total Deposits

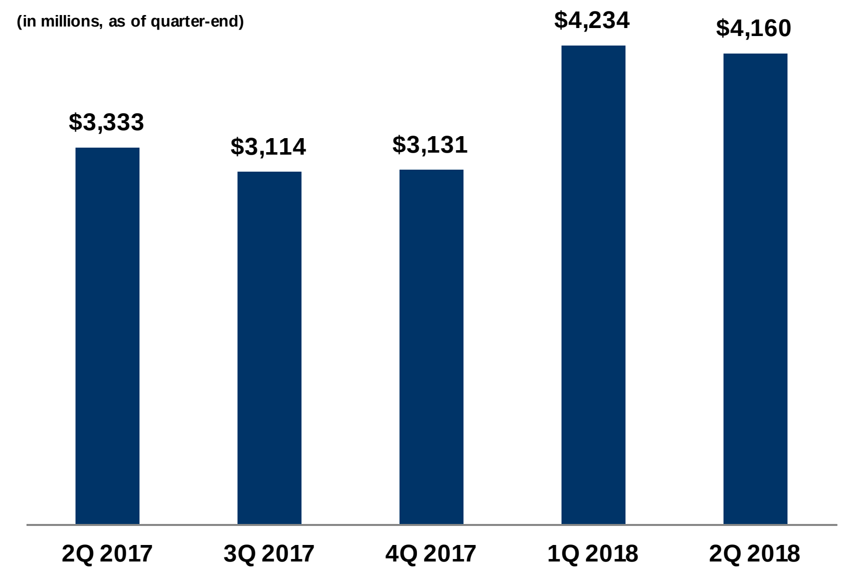
- **Total deposits decreased $74 million to $4.16 billion**
- **Decline in DDA primarily attributable to normal fluctuations in servicing deposits**
- **Decline in interest-bearing deposits primarily attributable to reduction in time and brokered deposits**

Deposit Mix

(in millions, as of quarter-end)

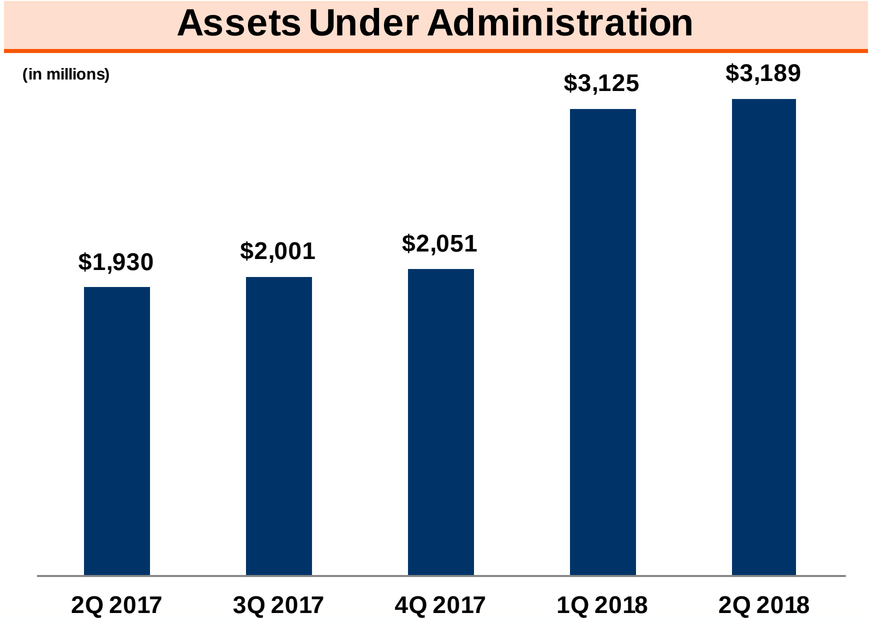
	2Q 2018	1Q 2018	2Q 2017
Noninterest-bearing demand	$ 1,002	$ 1,038	$ 781
Checking	1,025	993	842
Money market	844	840	578
Savings	461	467	292
Time	638	672	526
Brokered	191	224	315
Total deposits	**$ 4,160**	**$ 4,234**	**$ 3,333**

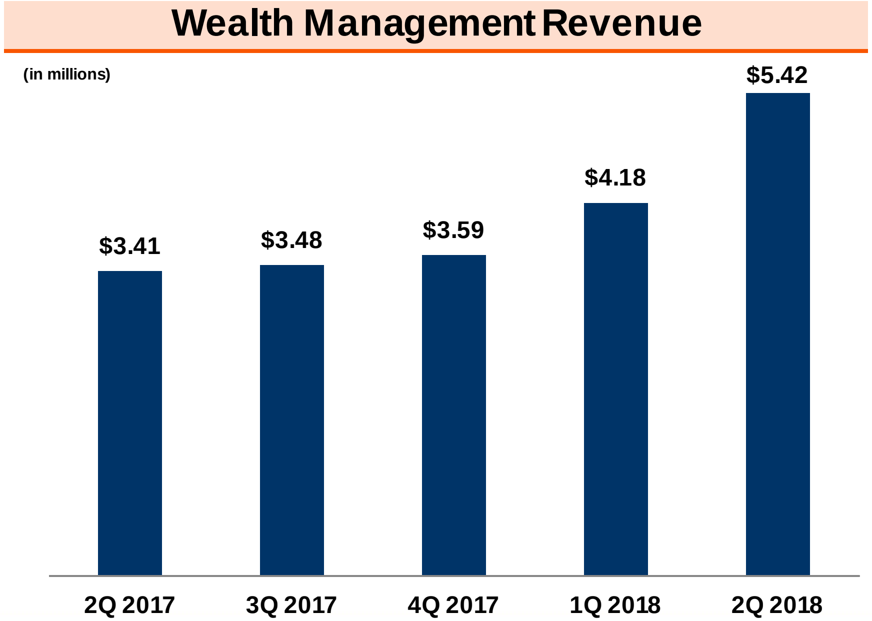
Total Deposits



Wealth Management

- Wealth Management group offers Trust and Estate services, Investment Management, Financial Planning and Employer Sponsored Retirement Plans
- Full quarter impact of Alpine's wealth management group drove increase in revenue
- Total revenue increased 30% from the prior quarter and surpassed $5.0 million
- Year-over-year organic growth in assets under administration was $153 million, or 7.9%, excluding Alpine acquisition





Love Funding – Commercial FHA Review

- **Change in leadership**
  - **Jon Camps, Senior Vice President, promoted to President of Love Funding**
  - **Reporting to Jeff Mefford, President of Midland States Bank**

- **Expense levels adjusted for new revenue expectations**
  - **Approximately $2.0 million in annualized cost savings**

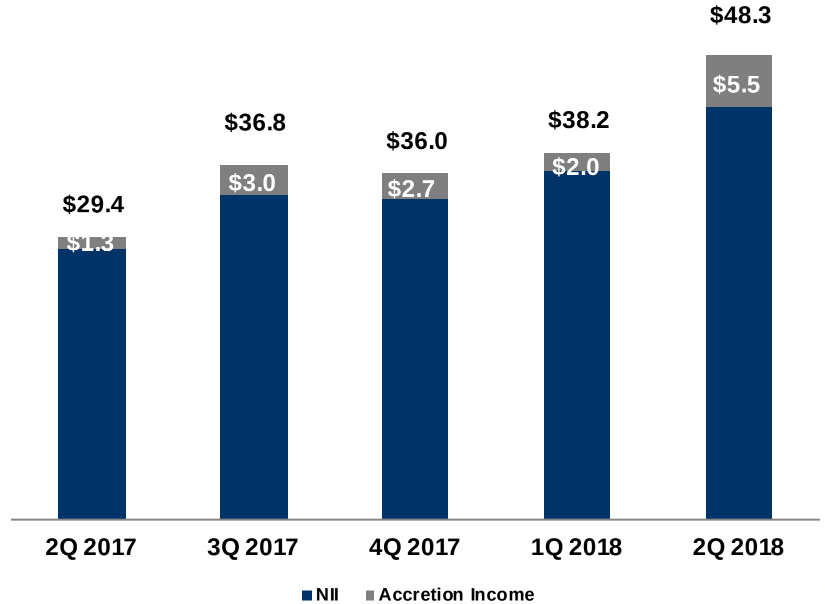
- **Long-term annual expectations**
  - **Total revenue of $12 million to $20 million**
  - **Pre-tax margin of 20% to 40%**

Net Interest Income/Margin

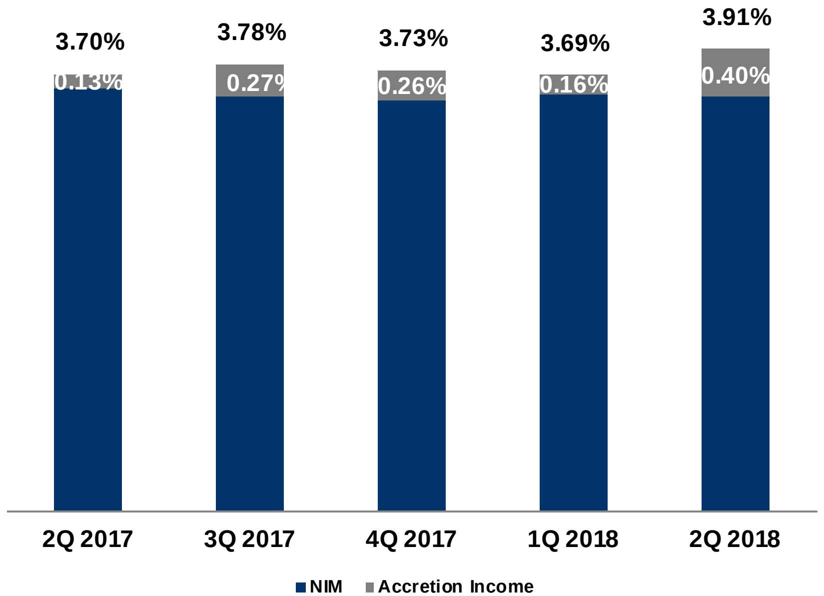
- Net interest income increased due to full quarter contribution of Alpine
- Net interest margin increased due to higher accretion income
- Excluding the impact of accretion income, net interest margin was relatively unchanged
- Scheduled accretion income: $3.1 million in 3Q18; $2.3 million in 4Q18; $7.2 million in FY 2019

Net Interest Income

(in millions)



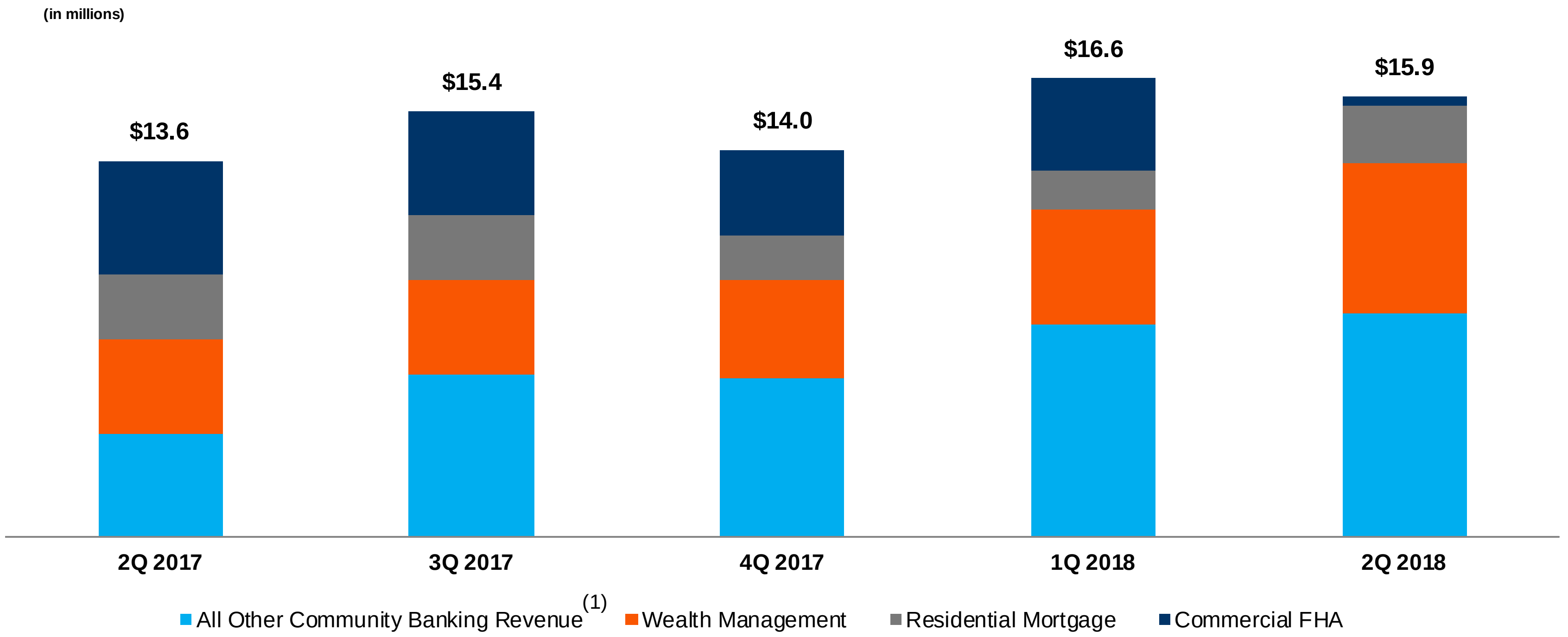
Net Interest Margin



Non-Interest Income

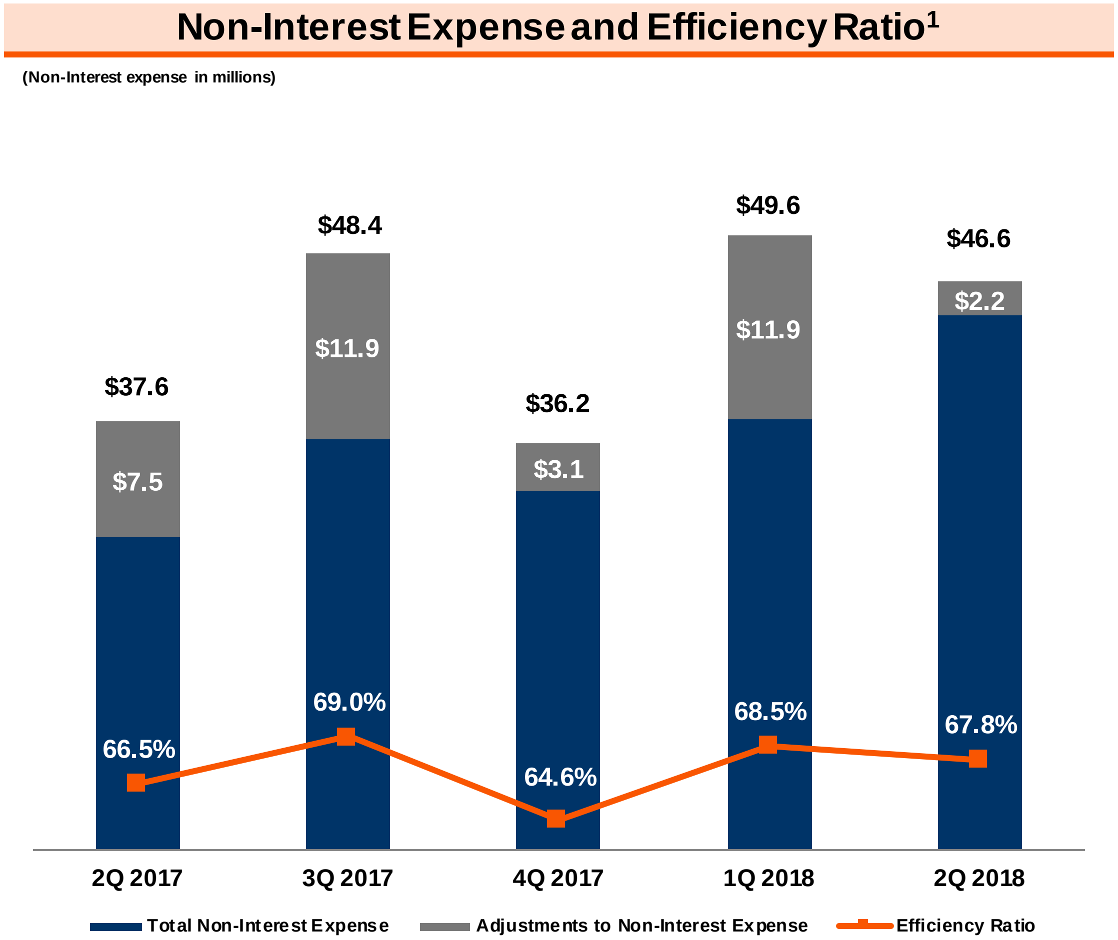
- Non-interest income declined 4.0% due to drop in commercial FHA revenue
- All other major fee generating areas increased primarily due to full quarter contribution of Alpine
- Increase in residential mortgage banking revenue driven by seasonal strength

Non-Interest Income



(1) Represents service charges, interchange revenue, net gain-on-sale of investment securities, and other income

Non-Interest Expense and Operating Efficiency



- Efficiency Ratio[1] was 67.8% in 2Q18 vs. 68.5% in 1Q18
- Integration and acquisition related expenses
  - $2.0 million in 2Q18
  - $11.9 million in 1Q18
- Excluding these items, non-interest expense increased 18.1% on a linked-quarter basis due to the full quarter impact of Alpine's operations
- 2019 quarterly run-rate for non-interest expense projected to be approximately $43 million

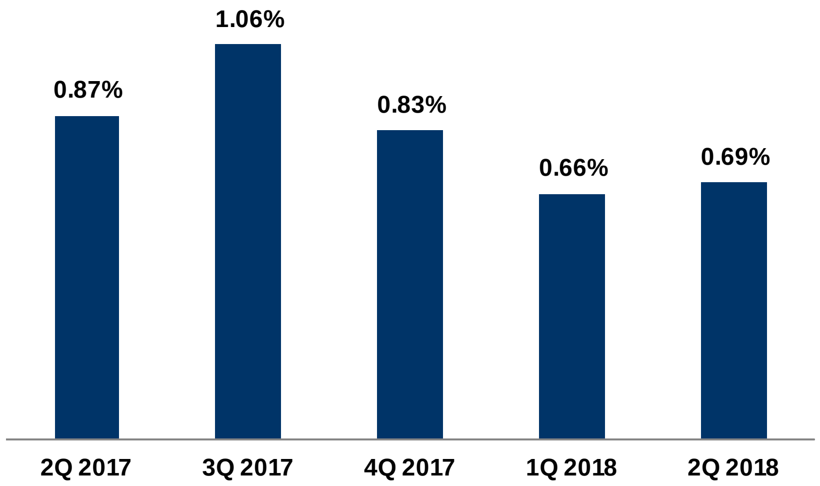
(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.

Asset Quality

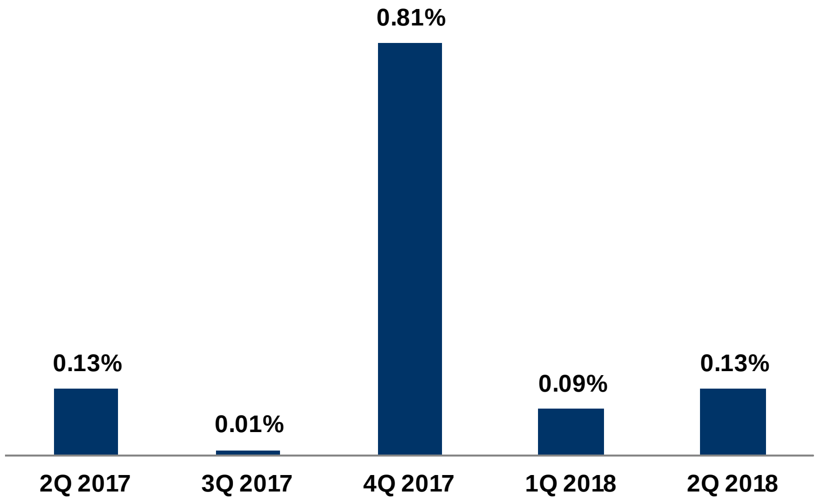
- **Stable asset quality in 2Q18 and modest net charge-offs**
- **Slight increase in non-performing loans**
- **Provision for loan losses of $1.9 million in 2Q18**
- **ALLL/total loans of 0.45% and credit marks/total loans of 0.81% at June 30, 2018**

Non-Performing Loans / Total Loans

(Total Loans as of quarter-end)



NCO / Average Loans



Outlook

- Continued discipline in balance sheet growth to manage liquidity and protect net interest margin
- Alpine system conversion completed in mid-July
- Completion of Alpine integration expected to drive additional cost savings and improved efficiencies
- Well positioned to deliver additional earnings growth in 2019

APPENDIX

MIDLAND STATES BANCORP, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES

Adjusted Earnings Reconciliation

(dollars in thousands, except per share data)	For the Quarter Ended June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Income before income taxes - GAAP	$ 15,827	$ 3,182	$ 7,766	$ 2,316	$ 4,916
Adjustments to noninterest income:					
(Loss) gain on sales of investment securities, net	(70)	65	2	98	55
Other	(48)	150	37	45	(91)
Total adjustments to noninterest income	(118)	215	39	143	(36)
Adjustments to noninterest expense:					
Loss on mortgage servicing rights held for sale	188	-	442	3,617	-
Integration and acquisition expenses	2,019	11,884	2,686	8,303	7,450
Total adjustments to noninterest expense	2,207	11,884	3,128	11,920	7,450
Adjusted earnings pre tax	18,152	14,851	10,855	14,093	12,402
Adjusted earnings tax	3,666	3,550	6,992	4,920	4,326
Revaluation of net deferred tax assets	-	-	(4,540)	-	-
Adjusted earnings - non-GAAP	14,486	11,301	8,403	9,173	8,076
Preferred stock dividends, net	36	36	37	27	19
Adjusted earnings - available to common shareholders - non-GAAP	$ 14,450	$ 11,265	$ 8,366	$ 9,146	$ 8,057
Adjusted diluted earnings per common share	$ 0.59	$ 0.52	$ 0.42	$ 0.46	$ 0.46
Adjusted return on average assets	1.03 %	0.96 %	0.76 %	0.82 %	0.89 %
Adjusted return on average shareholders' equity	9.94 %	9.19 %	7.34 %	8.03 %	8.97 %
Adjusted return on average tangible common equity	15.28 %	13.06 %	9.88 %	10.83 %	11.20 %

MIDLAND STATES BANCORP, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (continued)

Efficiency Ratio Reconciliation

	For the Quarter Ended				
(dollars in thousands)	**June 30, 2018**	**March 31, 2018**	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**
Noninterest expense - GAAP	$ 46,553	$ 49,602	$ 36,192	$ 48,363	$ 37,645
Loss on mortgage servicing rights held for sale	(188)	-	(442)	(3,617)	-
Integration and acquisition expenses	(2,019)	(11,884)	(2,686)	(8,303)	(7,450)
Adjusted noninterest expense	$ 44,346	$ 37,718	$ 33,064	$ 36,443	$ 30,195
Net interest income - GAAP	$ 48,286	$ 38,185	$ 36,036	$ 36,765	$ 29,400
Effect of tax-exempt income	541	394	659	687	674
Adjusted net interest income	48,827	38,579	36,695	37,452	30,074
Noninterest income - GAAP	$ 15,948	$ 16,605	$ 13,998	$ 15,403	$ 13,619
Mortgage servicing rights impairment	500	133	494	104	1,650
Loss (gain) on sales of investment securities, net	70	(65)	(2)	(98)	(55)
Other	48	(150)	(37)	(45)	91
Adjusted noninterest income	16,566	16,523	14,453	15,364	15,305
Adjusted total revenue	$ 65,393	$ 55,102	$ 51,148	$ 52,816	$ 45,379
Efficiency ratio	67.81 %	68.45 %	64.64 %	69.00 %	66.54 %

Tangible Common Equity to Tangible Assets Ratio and Tangible Book Value Per Share

	As of				
(dollars in thousands, except per share data)	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Shareholders' Equity to Tangible Common Equity					
Total shareholders' equity—GAAP	$ 592,535	$ 585,385	$ 449,545	$ 450,689	$ 451,952
Adjustments:					
Preferred stock	(2,876)	(2,923)	(2,970)	(3,015)	(3,134)
Goodwill	(164,044)	(155,674)	(98,624)	(97,351)	(96,940)
Other intangibles	(41,081)	(46,473)	(16,932)	(17,966)	(18,459)
Tangible common equity	$ 384,534	$ 380,315	$ 331,019	$ 332,357	$ 333,419
Total Assets to Tangible Assets:					
Total assets—GAAP	$ 5,730,600	$ 5,723,372	$ 4,412,701	$ 4,347,761	$ 4,491,642
Adjustments:					
Goodwill	(164,044)	(155,674)	(98,624)	(97,351)	(96,940)
Other intangibles	(41,081)	(46,473)	(16,932)	(17,966)	(18,459)
Tangible assets	$ 5,525,475	$ 5,521,225	$ 4,297,145	$ 4,232,444	$ 4,376,243
Common Shares Outstanding	23,664,596	23,612,430	19,122,049	19,093,153	19,087,409
Tangible Common Equity to Tangible Assets	6.96 %	6.89 %	7.70 %	7.85 %	7.62 %
Tangible Book Value Per Share	$ 16.25	$ 16.11	$ 17.31	$ 17.41	$ 17.47

Return on Average Tangible Common Equity (ROATCE)

	For the Quarter Ended				
(dollars in thousands)	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Net income available to common shareholders	$ 12,746	$ 1,770	$ 1,954	$ 2,009	$ 3,520
Average total shareholders' equity—GAAP	$ 584,653	$ 498,941	$ 453,968	$ 453,317	$ 361,335
Adjustments:					
Preferred stock	(2,905)	(2,952)	(2,997)	(3,126)	(654)
Goodwill	(158,461)	(118,996)	(97,406)	(97,129)	(61,424)
Other intangibles	(44,098)	(27,156)	(17,495)	(18,153)	(10,812)
Average tangible common equity	$ 379,189	$ 349,837	$ 336,070	$ 334,909	$ 288,445
ROATCE	13.48 %	2.05 %	2.31 %	2.38 %	4.89 %