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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant ☒

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

MIDLAND STATES BANCORP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

NOTICE OF
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 3, 2021

To the shareholders of Midland States Bancorp, Inc.:

The annual meeting of the shareholders of Midland States Bancorp, Inc., an Illinois corporation, will be held at the Holiday Inn that is located at 1301 Avenue of Mid-America, Effingham, Illinois 62401, on Monday, May 3, 2021, at 5:30 p.m., local time, for the following purposes:

1. to elect the four nominees named in the accompanying proxy statement to serve as Class II directors, each for a term expiring at the 2024 annual meeting of shareholders;

2. to approve, on a non-binding, advisory basis, the compensation of certain executive officers, otherwise known as a "say-on-pay" proposal;

3. to ratify the appointment of Crowe LLP as our independent registered public accounting firm for the year ending December 31, 2021; and

4. to transact such other business as may properly be brought before the meeting and any adjournments or postponements of the meeting.

We are not aware of any other business to come before the annual meeting. The board of directors has fixed the close of business on March 5, 2021, as the record date for the determination of shareholders entitled to notice of, and to vote at, the meeting. If there is an insufficient number of votes for a quorum or to approve or ratify any of the foregoing proposals at the time of the meeting, the meeting may be adjourned or postponed to permit our further solicitation of proxies.

Please note that due to the public health impact of the COVID-19 pandemic, attendees at the annual meeting will be required to wear protective face coverings and adhere to social distancing guidelines at all times and may be subject to health screening procedures, including a temperature check, upon entering the building. Seating may be limited to comply with applicable directives and guidelines from the state of Illinois and the Centers for Disease Control and Prevention. Attendees will also be asked to leave the meeting promptly after adjournment in an effort to support the health, safety and well-being of our directors, officers and shareholders.

By order of the Board of Directors,

Jeffrey C. Smith
Chairman

Effingham, Illinois
March 22, 2021

YOUR VOTE IS IMPORTANT. PLEASE EXERCISE YOUR SHAREHOLDER RIGHT TO VOTE, REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE ANNUAL MEETING.

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MIDLAND STATES BANCORP, INC.
PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
MAY 3, 2021

These proxy materials are furnished in connection with the solicitation by the Board of Directors of Midland States Bancorp, Inc., an Illinois corporation (the "**Company**") and holding company of Midland States Bank (the "**Bank**"), of proxies to be used at the 2021 annual meeting of shareholders of the Company, to be held at the Holiday Inn that is located at 1301 Avenue of Mid-America, Effingham, Illinois 62401, on Monday, May 3, 2021, at 5:30 p.m., local time, and at any adjournments or postponements of such meeting. A complete list of the shareholders entitled to vote at the 2021 annual meeting of shareholders is kept on file at the Company's principal executive offices, located at 1201 Network Centre Drive, Effingham, Illinois 62401.

In accordance with the rules and regulations of the Securities and Exchange Commission (the "**SEC**"), instead of mailing a printed copy of our proxy materials to each shareholder of record, we furnish proxy materials, which include the Notice of Annual Meeting, this proxy statement, and our Annual Report on Form 10-K for the year ended December 31, 2020, over the Internet unless otherwise instructed by the shareholder. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability of Proxy Materials. The Notice of Internet Availability of Proxy Materials is being mailed on or about March 22, 2021.

GENERAL INFORMATION ABOUT THE ANNUAL MEETING

The following is information regarding the meeting and the voting process, presented in a question and answer format.

Why did I receive access to the proxy materials?

We have made the proxy materials available to you over the Internet because on March 5, 2021, the record date for the annual meeting, you owned shares of our common stock. This proxy statement describes the matters that will be presented for consideration by the shareholders at the meeting. It also gives you information concerning those matters to assist you in making an informed decision.

Why did I receive a notice regarding the Internet availability of proxy materials instead of paper copies of the proxy materials?

We are using the SEC notice and access rule that allows us to furnish our proxy materials over the Internet to our shareholders instead of mailing paper copies of those materials to each shareholder. As a result, beginning on or about March 22, 2021, we sent our shareholders by mail a notice containing instructions on how to access our proxy materials over the Internet and vote online. The notice is not a proxy card and cannot be used to vote your shares. If you received a notice this year, you will not receive paper copies of the proxy materials unless you request the materials by following the instructions on the notice or on the website referred to in the notice.

What matters will be voted on at the meeting?

You are being asked to vote on: (i) the election of the four nominees named in this proxy statement to serve as Class II directors, each for a term expiring at the 2024 annual meeting of shareholders; (ii) the approval, on a non-binding, advisory basis, of the compensation of certain executive officers, otherwise known as a "say-on-pay" proposal; and (iii) the ratification of the appointment of Crowe LLP as our independent registered public accounting firm for the year ending December 31, 2021. These matters are more fully described in this proxy statement.

What are the board's voting recommendations?

The board recommends that you vote your shares "FOR" the election of each of the director nominees named in this proxy statement, "FOR" the say-on-pay proposal, and "FOR" the ratification of the appointment of our independent registered public accounting firm for the year ending December 31, 2021.

If I am the record holder of my shares, how do I vote?

If your shares are registered directly in your name with the Company's transfer agent, Computershare, Inc., there are four ways to vote:

- *In Person.* You may vote in person at the meeting by requesting a ballot when you arrive. You must bring valid picture identification, such as a driver's license or passport, and may be requested to provide proof of stock ownership as of the record date.

- *Via the Internet.* You may vote by proxy via the Internet by following the instructions provided in the Notice of Internet Availability of Proxy Materials. If you requested printed copies of the proxy materials by mail, you will receive a proxy card and these instructions can be found on your proxy card.

- *By Telephone.* If you request printed copies of the proxy materials by mail, you will receive a proxy card and you may vote by proxy by calling the toll free number found on the proxy card.

- *By Mail.* If you request printed copies of the proxy materials by mail, you will receive a proxy card and you may vote by proxy by filling out the proxy card and returning it in the envelope provided.

If I am a beneficial owner of the Company's shares held in street name, how do I vote?

If you are a beneficial owner of shares held in street name (such as if you hold your shares through a broker, trustee or other fiduciary), then there are four ways to vote:

- *In Person.* If you are a beneficial owner of shares held in street name and wish to vote in person at the meeting, you must obtain a "legal proxy" from the organization that holds your shares. A legal proxy is a written document that will authorize you to vote your shares held in street name at the meeting. Please contact the organization that holds your shares for instructions regarding obtaining a legal proxy. You must bring a copy of the legal proxy to the meeting and ask for a ballot from an usher when you arrive. You must also bring valid picture identification, such as a driver's license or a passport. For your vote to be counted, you must hand both the copy of the legal proxy and your completed ballot to an usher to be provided to the inspector of election.

- *Via the Internet.* You may vote by proxy via the Internet by visiting www.envisionreports.com/MSBI and entering the control number found in your Notice of Internet Availability of Proxy Materials. The availability of Internet voting may depend on the voting process of the organization that holds your shares.

- *By Telephone.* If you request printed copies of the proxy materials by mail, you will receive a voting instruction form and you may vote by proxy by calling the toll free number found on the voting instruction form. The availability of telephone voting may depend on the voting process of the organization that holds your shares.

- *By Mail.* If you request printed copies of the proxy materials by mail, you will receive a voting instruction form and you may vote by proxy by filling out the form and returning it in the envelope provided.

What happens if I do not give specific voting instructions?

Shareholders of Record. If you are a shareholder of record and you: (i) indicate when voting on the Internet or by telephone that you wish to vote as recommended by the board; or (ii) sign, date and return a proxy card without giving specific voting instructions; then the persons named as proxy holders will vote your shares in the manner recommended by the board on all matters presented in this proxy statement and as the proxy holders may determine in their judgment with respect to any other matters properly presented for a vote at the meeting.

Beneficial Owners of Shares Held in Street Name. If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, then, under applicable rules, the organization that holds your shares may generally vote on "routine" matters but cannot vote on "non-routine" matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, that organization will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a "broker non-vote."

At the meeting, the election of directors and the say-on-pay proposal are considered non-routine matters, but the ratification of the appointment of our independent registered public accounting firm is considered a routine matter.

If I hold shares in the Amended and Restated Midland States Bancorp, Inc. Employee Stock Purchase Plan, who votes my shares?

If you are a holder of stock in the Amended and Restated Midland States Bancorp, Inc. Employee Stock Purchase Plan (the "**Plan**"), you can direct the service provider of the Plan (the "**Service Provider**") how to vote the number of shares you hold in the Plan for each proposal included in this proxy statement. If you do not provide timely voting directions to the Service Provider, then the shares held for your benefit in the Plan shall be voted in accordance with the recommendations of the board.

What options do I have in voting on each of the proposals?

You may vote "FOR," "AGAINST" or "ABSTAIN" with respect to the election of each director nominee, the say-on-pay proposal, the ratification of the appointment of our independent registered public accounting firm, and any other proposal that may properly be brought before the meeting.

How many votes may I cast?

You are entitled to cast one vote for each share of stock you owned on the record date.

What is the quorum required for each matter?

The holders of a majority of the outstanding shares of the Company entitled to vote on each matter represented in person or by proxy will constitute a quorum for purposes of such matter at the meeting. If less than a majority of the outstanding shares are represented at the meeting, a majority of the shares represented may adjourn the meeting at any time.

On March 5, 2021, the record date, there were 22,527,364 shares of common stock issued and outstanding and entitled to vote. Therefore, at least 11,263,683 shares need to be represented in order to constitute a quorum. A list of shareholders entitled to vote at the meeting will be available for inspection by shareholders within 20 days after the record date at the Company's office located at 1201 Network Centre Drive, Effingham, Illinois 62401.

Broker non-votes will count for purposes of determining whether or not a quorum is present since a routine matter (the ratification of the appointment of our independent registered public accounting firm) is on the proxy ballot. Similarly, abstentions will also count in determining the presence of a quorum.

How many votes are needed for approval of each proposal?

With respect to the election of directors, if a majority of the shares represented at the meeting and entitled to vote on such proposal are voted "FOR" any nominee, he or she will be elected as a director to serve until the Company's 2024 annual meeting of shareholders and until his or her successor has been duly elected and qualified, or until his or her earlier resignation or removal.

With respect to the say-on-pay proposal, if a majority of the shares represented at the meeting and entitled to vote on such proposal are voted "FOR" the proposal, such proposal will be approved. Please note, however, that because the say-on-pay proposal is advisory, the outcome of such vote will not be binding on the board of directors or the Compensation Committee.

With respect to the ratification of the appointment of our independent registered public accounting firm, if a majority of the shares represented at the meeting and entitled to vote on such proposal are voted "FOR" the proposal, such proposal will be approved.

How are abstentions and broker non-votes treated?

With respect to the election of directors, an abstention will have the effect of a vote "AGAINST" the applicable nominee. A broker non-vote will not be treated as entitled to vote on the proposal, and therefore will not have an effect on the election of a nominee.

With respect to the say-on-pay proposal, an abstention will have the effect of a vote "AGAINST" such proposal. A broker non-vote will not be treated as entitled to vote on the proposal, and therefore will not have an effect on such proposal.

With respect to the ratification of the appointment of our independent registered public accounting firm, an abstention will have the effect of a vote "AGAINST" the proposal.

To minimize the number of broker non-votes, the Company encourages you to vote or to provide voting instructions with respect to each proposal to the organization that holds your shares by carefully following the instructions provided.

What if I change my mind after I return my proxy?

You may revoke your proxy and change your vote at any time prior to the taking of the vote at the meeting. Prior to the applicable cutoff time, you may change your vote using the Internet or telephone methods described above, in which case only your latest Internet or telephone proxy submitted prior to the meeting will be counted. You may also revoke your proxy and change your vote by signing and returning a new proxy card or voting instruction form dated as of a later date, or by attending the meeting and voting in person. However, your attendance at the meeting will not automatically revoke your proxy unless you properly vote at the meeting or specifically request that your prior proxy be revoked by delivering a written notice of revocation to the Company's Secretary at 1201 Network Centre Drive, Effingham, Illinois 62401, prior to the meeting.

What happens if a nominee is unable to stand for election?

The board may, by resolution, provide for a lesser number of directors or designate a substitute nominee. In the latter case, shares represented by proxies may be voted for a substitute nominee. Proxies cannot be voted for more than four nominees. The board has no reason to believe any nominee will be unable to stand for election.

Who will serve as the inspector of election?

A representative of the Company will serve as the inspector of election.

Where do I find the voting results of the meeting?

If available, we will announce voting results at the meeting. The voting results will also be disclosed in a Current Report on Form 8-K (or in the Company's next Form 10-Q, if allowed by SEC rules) that we will file with the SEC within four business days after the annual meeting.

Who bears the cost of soliciting proxies?

We will bear the cost of soliciting proxies. In addition to solicitations by mail, officers, directors or employees of the Company or its subsidiaries may solicit proxies in person or by telephone. These persons will not receive any special or additional compensation for soliciting proxies. In addition, we have engaged Georgeson to solicit proxies of institutional investors, for an anticipated cost of $11,500. We may reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation material to shareholders.

CORPORATE GOVERNANCE AND THE BOARD OF DIRECTORS

We currently have ten directors serving as our board, a majority of whom we have determined to be "independent," as that term is defined by the rules of the Nasdaq Stock Market. Our board of directors has evaluated the independence of its members based upon the rules of the Nasdaq Stock Market and the SEC. Applying these standards, our board of directors has affirmatively determined that, with the exception of Mr. Ludwig, each of our current directors is an independent director, as defined under the applicable rules. The board determined that Mr. Ludwig does not qualify as an independent director because he is an executive officer of the Company.

Generally, the board oversees our business and monitors the performance of our management. In accordance with our corporate governance procedures, the board does not involve itself in the day-to-day operations of the Company, which are monitored by our executive officers and management. Our directors fulfill their duties and responsibilities by attending regular meetings of the full board, with additional special meetings held from time to time. Our directors also discuss business and other matters with Mr. Ludwig, other key executives and our principal external advisers (legal counsel, auditors and other consultants) at times other than regularly scheduled meetings when appropriate.

The board held six regularly scheduled and special meetings during 2020. In 2021, the full board intends to hold five regularly scheduled meetings with special meetings held from time to time when necessary and through committee membership, which is discussed below. During 2020, all directors attended at least 75 percent of the meetings of the board and the committees on which they served. Although we do not have a formal policy regarding director attendance at the annual meeting of shareholders, we encourage and expect all of our directors to attend. Last year, one of the directors serving at that time, Mr. Ludwig, was present at the annual meeting of shareholders, with the remaining directors not attending the annual meeting due to the COVID-19 pandemic and to comply with state restrictions on the size of gatherings.

Committees of the Board of Directors

Our board of directors has established standing committees in connection with the discharge of its responsibilities. These committees include the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, Risk Policy & Compliance Committee and Executive Committee. Our board of directors also may establish such other committees as it deems appropriate, in accordance with applicable law and regulations and our articles and bylaws.

The current charters of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee are available on the Company's website at www.midlandsb.com under "Investors—Corporate Governance—Governance Highlights." The table below shows the current membership of each of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee:

Directors	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Jeffrey C. Smith		X	Chair
Jeffrey G. Ludwig			
R. Dean Bingham			
Jennifer L. DiMotta			X
Deborah A. Golden		Chair	X
Jerry L. McDaniel	X		X
Jeffrey M. McDonnell	X		
Dwight A. Miller			
Richard T. Ramos	Chair	X	
Robert F. Schultz			
Meetings Held in 2020	8	4	4

Audit Committee. Our Audit Committee currently consists of Richard T. Ramos (Chair), Jerry L. McDaniel, and Jeffrey M. McDonnell. Our board of directors has evaluated the independence of the members of our Audit Committee and has affirmatively determined that: (i) each of the members of our Audit Committee meets the definition of "independent director" under Nasdaq Stock Market rules; (ii) each of the members satisfies the additional independence standards under Nasdaq Stock Market rules and applicable SEC rules for audit committee service; and (iii) each of the members has the ability to read and understand fundamental financial statements. In addition, our board of directors has determined that Mr. Ramos has the required financial sophistication due to his experience and background, which Nasdaq Stock Market rules require at least one such Audit Committee member have. Our board has determined that Mr. Ramos also qualifies as an "audit committee financial expert," as that term is defined under applicable SEC rules.

Our Audit Committee has adopted a written charter, which sets forth the committee's duties and responsibilities. The current charter of the Audit Committee is available on our website at www.midlandsb.com under "Investors—Corporate Governance—Governance Highlights." As described in its charter, our Audit Committee has responsibility for, among other things:

- selecting and reviewing the independence, qualifications and performance of our independent auditors and approving, in advance, all engagements and fee arrangements;
- reviewing on a quarterly basis a summary of findings from completed internal audits, and a progress report on the proposed internal audit plans, with explanations for any deviations from the original plan as well as disposition of audit recommendations;
- reviewing and discussing with management, the internal auditors and the independent auditors the effectiveness of our system of internal control and internal audit procedures;
- reviewing and discussing with management and the independent auditor the annual audited and quarterly unaudited financial statements, including disclosures made in management's discussion and analysis, earnings press releases and any earnings guidance provided to analysts and rating agencies, prior to the release of quarterly and annual earnings results;
- discussing with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies;
- reviewing and approving all material related party transactions; and

- handling such other matters that are specifically delegated to the Audit Committee by our board of directors from time to time.

Compensation Committee. Our Compensation Committee currently consists of Deborah A. Golden (Chair), Richard T. Ramos, and Jeffrey C. Smith. Our board of directors has evaluated the independence of the members of our Compensation Committee and has affirmatively determined that each of the members of our Compensation Committee is "independent" under Nasdaq Stock Market rules and also satisfies the additional independence standards under Nasdaq Stock Market rules for compensation committee service.

Our Compensation Committee has adopted a written charter, which sets forth the committee's duties and responsibilities. The current charter of the Compensation Committee is available on our website at www.midlandsb.com under "Investors—Corporate Governance—Governance Highlights." As described in its charter, our Compensation Committee has responsibility for, among other things:

- reviewing, monitoring and approving our overall compensation structure, policies and programs (including benefit plans) and assessing whether the compensation structure establishes appropriate incentives for our executive officers and other employees and meets our corporate objectives;

- determining the annual compensation of our Chief Executive Officer;

- reviewing the compensation decisions made by our Chief Executive Officer with respect to our other named executive officers;

- overseeing the administration of our equity plans and other incentive compensation plans and programs and preparing recommendations and periodic reports to our board of directors relating to these matters;

- reviewing the management succession plans of the Company;

- determining whether to retain or obtain the advice of a compensation consultant, legal counsel or other adviser and to oversee the appointment, compensation and work of any such adviser; and

- handling such other matters that are specifically delegated to the Compensation Committee by our board of directors from time to time.

Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee currently consists of Jeffrey C. Smith (Chair), Jennifer L. DiMotta, Deborah A. Golden, and Jerry L. McDaniel. During 2020, John M. Schultz was a member of the Nominating and Corporate Governance Committee until his retirement from the board on December 9, 2020. It is expected that Jerry L. McDaniel will be appointed as Chair of the Nominating and Corporate Governance Committee in May 2021. Our board of directors has evaluated the independence of the members of our Nominating and Corporate Governance Committee and has affirmatively determined that each of the members of our Nominating and Corporate Governance Committee is "independent" under Nasdaq Stock Market rules.

Our Nominating and Corporate Governance Committee has adopted a written charter, which sets forth the committee's duties and responsibilities. The current charter of the Nominating and Corporate Governance Committee is available on our website at www.midlandsb.com under "Investors—Corporate Governance—Governance Highlights." As described in its charter, our Nominating and Corporate Governance Committee has responsibility for, among other things:

- identifying qualified individuals to serve as directors of the Company and recommending to the Company's board of directors the nomination or appointment of such individuals;

- monitoring the functioning of our standing committees and recommending any changes with respect to the assignment of individual directors to such committees;
- developing, reviewing and monitoring compliance with our corporate governance guidelines;
- reviewing annually the composition of our board of directors as a whole and making recommendations; and
- handling such other matters that are specifically delegated to the Nominating and Corporate Governance Committee by our board of directors from time to time.

Our Nominating and Corporate Governance Committee strives to recommend candidates for director positions who will create a collective membership on the board of directors with varied experience and perspective and who maintain a board that reflects diversity, including but not limited to gender, ethnicity, background, country of citizenship and experience.

In carrying out its nominating functions, the Nominating and Corporate Governance Committee has developed qualification criteria for all potential director nominees, including incumbent directors, board nominees and shareholder nominees included in the proxy statement. These criteria include the following attributes:

- the highest personal and professional ethics, integrity and values;
- sufficient educational and professional experience, business experience or comparable service on other boards of directors to qualify the nominee for service to the board;
- exemplary management and communication skills;
- contribution to the board's goals of having a diverse range of backgrounds, views, experiences, talents and skills in the boardroom;
- evidence of effective leadership and sound judgment in the nominee's professional life;
- a willingness to meet the standards and duties set forth in the Company's Code of Business Conduct and Ethics; and
- a willingness and ability to devote sufficient time to carrying out the duties and responsibilities required of a board member, and a commitment to serving on the board for an extended period of time.

The committee also evaluates potential nominees to determine if they have any conflicts of interest that may interfere with their ability to serve as effective board members and to determine whether they are "independent" in accordance with Nasdaq Stock Market rules to ensure that, at all times, at least a majority of our directors are independent. Our Nominating and Corporate Governance Committee evaluates all candidates in the same way, reviewing the aforementioned factors, among others, regardless of the source of such candidates, including shareholder recommendations. Because of this, there is no separate policy with regard to the consideration of candidates recommended by shareholders.

Prior to nominating an existing director for re-election to the board, the committee will consider and review the following attributes with respect to each existing director:

- board and committee attendance and performance;
- length of board service;
- experience, skills and contributions that the existing director brings to the board;
- independence and any conflicts of interest; and
- any significant change in the director's professional status or work experience, including the attributes considered for initial board membership.

Shareholder Communication with the Board, Nomination and Proposal Procedures

General Communications with the Board. Shareholders may contact our board of directors by contacting Douglas J. Tucker, Secretary, Midland States Bancorp, Inc. at 1201 Network Centre Drive, Effingham, Illinois 62401 or (217) 342-7321.

Nominations of Directors. In accordance with our bylaws, a shareholder may nominate a director for election at an annual meeting of shareholders by delivering written notice of the nomination to our Secretary, at the above address, not less than 90 days nor more than 120 days prior to the annual meeting. However, if less than 100 days' notice or prior public disclosure of the date of the annual meeting is given to shareholders, then written notice of the nomination must be delivered to our Secretary no later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made.

We anticipate holding our 2022 annual meeting of shareholders on May 2, 2022. As a result, notice of nominations for directors to be elected at the 2022 annual meeting of shareholders must be delivered to our Secretary no earlier than January 2, 2022, and no later than February 1, 2022. The shareholder's notice to the Secretary must include: (a) the name and address of record of the nominating shareholder; (b) a representation that the nominating shareholder is a holder of record of shares of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the persons specified in the notice; (c) the name, age, business and residence addresses, and principal occupation or employment of each nominee; (d) a description of all arrangements or understandings between the nominating shareholder and each nominee and any other person (naming such person) pursuant to which the nominations are to be made by the nominating shareholder; (e) such other information regarding each nominee proposed by such nominating shareholder as is required to be included in a proxy statement filed pursuant to the proxy rules of the SEC, as in effect; and (f) the consent of each nominee to serve as a director of the Company if so elected. Persons nominated for election to the board pursuant to this paragraph will not be included in our proxy statement.

Other Shareholder Proposals. To be considered for inclusion in our proxy statement and form of proxy for our 2022 annual meeting of shareholders, shareholder proposals must be received by our Secretary, at the above address, no later than November 22, 2021, and must otherwise comply with the notice and other provisions of our bylaws, as well as SEC rules and regulations.

For proposals to be otherwise brought by a shareholder and voted upon at an annual meeting, the shareholder must file written notice of the proposal to our Secretary not less than 90 days nor more than 120 days prior to the annual meeting. However, that if less than 100 days' notice of the date of the annual meeting is given to shareholders, then written notice of the proposal must be delivered to our Secretary no later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed to shareholders.

We anticipate holding our 2022 annual meeting of shareholders on May 2, 2022. As a result, notice of shareholder proposals to be brought at the 2022 annual meeting of shareholders must be delivered to our Secretary no earlier than January 2, 2022, and no later than February 1, 2022. The shareholder's notice to the Secretary must include: (a) a brief description of the proposal desired to be brought before the meeting and the reasons for conducting such business at the meeting; (b) the name and address, as they appear on the Company's books, of the shareholder proposing such business; (c) the number of shares of the Company's common stock beneficially owned by such shareholder on the date of such shareholder's notice; and (d) any financial or other interest of such shareholder in the proposal.

Board Leadership Structure

We currently have separate individuals serving as Chairman of our board of directors and as our Chief Executive Officer. Mr. Jeffrey C. Smith serves as Chairman, and Mr. Jeffrey G. Ludwig holds the position of Chief Executive Officer.

Although our bylaws do not require our Chairman and Chief Executive Officer positions to be separate, our board believes that having separate positions and having a non-executive director serve as Chairman is the appropriate leadership structure for the Company at this time and demonstrates our commitment to good corporate governance. Separating these positions allows our Chief Executive Officer to focus on our day-to-day business, while allowing the Chairman to lead the board in its fundamental role of providing advice to and independent oversight of management. In addition, we believe this leadership structure allows our board to more effectively monitor and evaluate the performance of our Chief Executive Officer.

Independent Director Sessions

Consistent with Nasdaq Stock Market listing requirements, the independent directors regularly meet without the non-independent directors present. In 2020, eight independent sessions were held.

Board's Role in Risk Oversight

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including general economic risks, credit risks, regulatory risks, audit risks, reputational risks and others, such as the impact of competition. Management is responsible for the day-to-day management of risks the Company faces, while the board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the board of directors has the responsibility that the risk management processes designed and implemented by management are adequate and functioning as designed.

While the full board of directors is charged with ultimate oversight responsibility for risk management, various committees of the board and members of management also have responsibilities with respect to our risk oversight. In particular, the Risk Policy & Compliance Committee plays a large role in monitoring and assessing our financial, legal, and organizational risks and receives regular reports from the management team regarding comprehensive organizational risk as well as particular areas of concern. The board's Compensation Committee monitors and assesses the various risks associated with compensation policies and oversees incentives that encourage a level of risk-taking consistent with our overall strategy. Additionally, our Chief Credit Officer and loan review staff are directly responsible for overseeing our credit risk, and the Director Credit Risk Committee of the Bank's board of directors oversees the credit risk for large loans and approves credit risk policy changes.

We believe that establishing the right "tone at the top" and providing for full and open communication between management and our board of directors are essential for effective risk management and oversight. Our executive management meets regularly with our other senior officers to discuss strategy and risks facing the company, including through meetings of its Senior Risk Committee. Executive officers attend many of the board meetings or, if not in attendance, are available to address any questions or concerns raised by the board on risk-management-related and any other matters. Additionally, each of our board-level committees provides regular reports to the full board and apprises of any areas of concern.

Compensation Committee Interlocks and Insider Participation

During 2020, Deborah A. Golden, Richard T. Ramos and Jeffrey C. Smith served on our Compensation Committee. None of the members of our Compensation Committee will be or has been an officer or employee of the Company. None of our executive officers serves or has served as a member of the board of directors, compensation committee or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee.

Code of Business Conduct and Ethics

We have a Code of Business Conduct and Ethics in place that applies to all of our directors and employees. The code sets forth the standard of ethics that we expect all of our directors and employees to follow. Our code of business conduct and ethics is available on our website at www.midlandsb.com under "Investors—Corporate Governance—Governance Highlights." In accordance with SEC rules, we intend to disclose on the "Investors" section of our website any amendments to the code, or any waivers of its requirements, that apply to our executive officers to the extent such disclosure is required.

Anti-Hedging Policy

Our insider trading policy prohibits our directors, executive officers and employees from entering into any hedging transaction with respect to any of the Company's securities. This prohibition includes the purchase or use of stock options, prepaid variable forward contracts, equity swaps, collars, exchange funds or any other instruments to directly offset any decrease in the market value of the Company's securities. However, this prohibition does not apply to positions in broad-based exchange-traded mutual funds or exchange-traded funds containing stocks in the financial or banking sector.

Director Compensation

The following table sets forth information regarding 2020 compensation for each of our nonemployee directors. None of the directors receive any compensation or other payment in connection with his or her service as a director other than compensation received by the Company as set forth below.

Name (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards(1) ($) (c)	Total ($) (h)
R. Dean Bingham(2)	21,900	14,600	36,500
Jennifer L. DiMotta	38,701	25,800	64,501
Deborah A. Golden	35,551	23,700	59,251
Leon J. Holschbach(3)	8,269	—	8,269
Jerry L. McDaniel	39,975	26,650	66,625
Jeffrey M. McDonnell	26,550	17,770	44,320
Dwight A. Miller	40,388	26,925	67,313
Richard T. Ramos	52,576	35,050	87,626
John M. Schultz(4)	47,504	31,669	79,173
Robert F. Schultz	54,638	36,425	91,063
Jeffrey C. Smith	63,896	42,597	106,493

(1) The amounts set forth in the "Stock Awards" column reflects the aggregate grant date fair value of stock awards granted in 2020 in accordance with FASB ASC Topic 718. The stock award amounts are based on fair market values of $14.95 for awards granted on June 30, 2020. Each of

our directors, aside from Mr. Holschbach, received a grant of restricted stock units on June 30, 2020 which vest on March 31, 2021 based on continued service on the board. The aggregate number of stock awards outstanding as of December 31, 2020 for each director was as follows:

Jennifer L. DiMotta—1,726 restricted stock units
Deborah A. Golden—1,585 restricted stock units
Leon J. Holschbach—none
Jerry L. McDaniel—1,783 restricted stock units
Jeffrey M. McDonnell—1,184 restricted stock units
Dwight A. Miller—1,801 restricted stock units
Richard T. Ramos—2,344 restricted stock units
John M. Schultz—2,118 restricted stock units
Robert F. Schultz—2,436 restricted stock units
Jeffrey C. Smith—2,849 restricted stock units

(2) Mr. Bingham joined the Company board on December 9, 2020.

(3) Mr. Holschbach retired from the board on May 4, 2020.

(4) Mr. John M. Schultz retired from the board on December 9, 2020.

Under our director compensation policy, nonemployee directors are provided with an annual retainer fee of $22,052 for service on the Company board and $11,024 for service on the Bank board. The Chairman of the Company board is entitled to an annual fee of $44,692 and the Chairman of the Bank board is entitled to an annual fee of $22,344. The Chair of the Audit Committee is entitled to an additional annual fee of $10,688, and other members of the Audit Committee are entitled to an additional annual fee of $4,500. The Chair of the Compensation Committee is entitled to an additional annual fee of $10,688, and other members of the Compensation Committee are entitled to an additional annual fee of $4,313. The Chair of the Nominating and Corporate Governance Committee is entitled to an additional annual fee of $4,313, and other members of the Nominating and Corporate Governance Committee are entitled to an additional annual fee of $2,813. The Chair of the Risk Policy & Compliance Committee is entitled to an additional annual fee of $10,688, and other members of the Risk Policy & Compliance Committee are entitled to an additional annual fee of $4,500. Members of the DCRC Committee are entitled to an additional annual fee of $10,875. Directors who were members of the trust committee of the Bank board were entitled to an additional annual fee of $2,813. Non-employee directors who also served on the board of Love Funding Corporation were entitled to an additional annual fee of $2,400.

In addition to director fees, Mr. Holschbach who retired as an employee of the Company effective as of the close of business on December 31, 2018, receives distributions under a supplemental retirement benefit agreement entered into effective November 16, 2015. Pursuant to the agreement, he is entitled to an annual benefit of $238,400 and $178,800 in each of 2020, and 2021, respectively, to be paid in equal monthly installments.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE INFORMATION

As a community banking organization, the Company has always believed that matters commonly referred to as Sustainability / Environmental, Social and Governance ("**ESG**") are important for driving shareholder value. The Company maintains a number of ESG initiatives, as described below.

Environmental

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

Facilities.

- Our corporate headquarters, built in 2011, is LEED (Silver) Certified.
- We have installed solar power in 10 banking 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, 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, we have provided all employees with personal and professional development training.
- The Midland Advanced Study for Talent Enrichment and Resource Training ("**MASTERS**") program serves to develop future leaders of the Company. To date, 59% of participants have been women or minority employees.

Philanthropy.

- $30 million of investment towards community development goals targeted for the 2019-2021 period.
- Since its creation in 2011, the Midland States Bank Foundation has contributed more than $1,150,000 to non-profit organizations throughout the Company'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 millions 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, as discussed in more detail in the Compensation Discussion and Analysis below.

Reputation and Ethics.

- Midland States Bank was one of the first banks in the nation to have a woman on its board, in 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 continuing after our May 2021 Annual Meeting of Shareholders, except our CEO, are "independent" pursuant to applicable SEC/Nasdaq rules.
- Our board of directors has established a Risk and Compliance Committee to oversee all aspects of risk and compliance management across our enterprise.

- Consistent with COSO's 2017 Enterprise-Wide Risk Management ("**ERM**") Framework, our ERM program employs business process risk ownership and the "three lines of defense" model. The primary objectives of our ERM framework are to:

  - Maintain sufficient liquidity given our funding requirements;
  - Identify, measure, monitor and report market, credit and operational risks;
  - Promote awareness of emerging risks among all employees, managers, directors; and
  - Manage avoidable exposures through a robust framework of internal controls.

Data Security & Privacy.

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

Executive Compensation.

- Our executive compensation program, including all performance related compensation, is evaluated annually by Risk Management to ensure consistency with federal regulatory requirements, as discussed below in the Compensation Discussion and Analysis.

- All cash and equity incentive programs for executive officers include performance metrics and/or four-year vesting periods.

The information contained in this section of this proxy statement shall not be considered "filed" with the SEC, and such information shall not be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this section of this proxy statement by reference in such filing.

PROPOSAL 1—ELECTION OF DIRECTORS

At the annual meeting, our shareholders will elect four Class II directors for a term expiring at the 2024 annual meeting of shareholders. The Company's directors are divided into three classes having staggered terms of three years. As described further below, each of the four nominees for election as Class II directors is an incumbent director. Each nominee has consented to being a nominee and serving on the board, if elected, but if any of the nominees becomes unavailable for election, the holders of the proxies may vote for another nominee when voting at the meeting. Shareholders of the Company have no cumulative voting rights with respect to the election of directors.

On December 9, 2020, John M. Schultz, the Chairman of the Board, retired from the board of directors. The Company appreciates the service of Mr. Schultz to the Company.

Set forth below is information concerning the nominees for election and for the other directors whose terms of office will continue after the meeting.

The board of directors unanimously recommends that you vote "FOR" each of the nominees for director.

NOMINEES

Name	Age	Position with the Company	Director Since
CLASS II (Term Expiring 2024)			
Jeffrey G. Ludwig	49	President, Chief Executive Officer and Director	2019
Deborah A. Golden	66	Director	2015
Dwight A. Miller	68	Director	2012
Robert F. Schultz	56	Director, Chairman of the Bank	2002

CONTINUING DIRECTORS

Name	Age	Position with the Company	Director Since
CLASS I (Term Expires 2023)			
Jennifer L. DiMotta	47	Director	2018
Richard T. Ramos	58	Director	2012
Jeffrey C. Smith	59	Chairman of the Board	2005
CLASS III (Term Expires 2022)			
R. Dean Bingham	56	Director	2020
Jerry L. McDaniel	56	Director	2012
Jeffrey M. McDonnell	57	Director	2015

All of our directors will hold office until the annual meeting of shareholders in the year indicated and their respective successors are duly elected and qualified, or until their earlier death, resignation, removal or disqualification. Except as described below, there are no arrangements or understandings with any of the nominees pursuant to which they have been selected as nominees or directors.

The business experience of each nominee and continuing director, as well as their qualifications to serve on the board, is set forth below. Unless otherwise noted, nominees for director have been employed in their principal occupation with the same organization for at least the last five years. Other than as described below, no nominee, continuing director or executive officer has any family relationship, as defined in Item 401 of Regulation S-K, with any other director or with any of our executive officers.

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Jeffrey C. Smith

Background. Mr. Smith serves as the Chairman of the Company, a position he has held since 2020, and as Chair of our Nominating and Corporate Governance Committee. He is a Principal and Managing Partner of Walters Golf Management, a golf club management company headquartered in St. Louis, Missouri, which manages a number of properties and offers turn key management, construction management, acquisition, consulting, agronomics and remodeling/redecorating services. He has been with Walters Golf Management Group since 1996. Mr. Smith received his B.S. in Education from the University of Missouri.

Skills and Qualifications. Our board considered Mr. Smith's business experience, his management experience as the managing partner of a business and his knowledge of the business community in our St. Louis market area in determining that he should be a member of our board.

Jeffrey G. Ludwig

Background. Mr. Ludwig serves as President and Chief Executive Officer of the Company, positions he has held since March 2018 and January 2019, respectively, and as Chief Executive Officer of the Bank since March 2018. Prior to those appointments, Mr. Ludwig served as Executive Vice President of the Company and the Bank since 2010, and also as Chief Financial Officer of the Company and the Bank from November 2006, when he joined the Company and the Bank, through November 2016 and from October 2017 until March 2018. Mr. Ludwig also previously served as President of the Bank from November 2016 until he was promoted to Chief Executive Officer of the Bank in March 2018. He serves on the Company's Executive Committee. Prior to joining the Company, Mr. Ludwig held the positions of Associate Director, Corporate Reporting, for Zimmer Holdings, Inc., an NYSE-listed company in Warsaw, Indiana, from 2005 to 2006; Director of Corporate Accounting for Novellus Systems, Inc., a Nasdaq-listed company in San Jose, California, from 2002 to 2005; and various positions, including Senior Manager—Audit & Advisory Services, for KPMG LLP in its banking practice in St. Louis, Missouri, from 1993 to 2000 and in its technology practice in Mountain View, California, from 2000 to 2002. Mr. Ludwig received his B.S. in Accounting from Eastern Illinois University.

Skills and Qualifications. Our board considered Mr. Ludwig's positions as President and Chief Executive Officer of the Company, his experience in executive officer roles within the Bank, and his long-standing relationships within the business community in determining that he should be a member of our board.

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R. Dean Bingham

Background. Mr. Bingham has served on the board of directors of the Bank since 2018 and joined the board of directors of the Company in 2020 Since 1994, Mr. Bingham has served as President of Agracel, Inc., an industrial developer of facilities for manufacturing and high-tech entities in small to midsized communities. Throughout his career, Mr. Bingham has been directly involved with the development of over 17 million square feet of industrial projects on long term leases, focused primarily in tertiary markets with an emphasis on manufacturing. Mr. Bingham received his B.S. in Industrial Engineering from the University of Illinois.

Skills and Qualifications. Our board considered Mr. Bingham's business experience, his management experience as the President of a business and his knowledge of the business communities in determining that he should be a member of our board.

Jennifer L. DiMotta

Background. Mrs. DiMotta is President of DiMotta International LLC (DI), an international consulting firm focusing on digital transformation, leadership training and building aggressive sales growth, a position she has held since 2020. Prior to DI, she served as Executive Vice President and Chief Marketing Digital Officer of MediaMarktSaturn, Europe's largest consumer electronics retailer, from 2019 to 2020. Prior to joining MediaMarkt in 2019, she was President of DiMotta Consulting LLC, a strategic eCommerce and digital marketing consulting firm, which she founded in 2017. Prior to launching her consulting business, Mrs. DiMotta served as Vice President Digital and Omnichannel of Bluemercury Inc., a cosmetics retailer, beginning in 2015, as Vice President eCommerce of Sports Authority, Inc., a sporting goods retailer, beginning in 2013, and as Senior Director of eCommerce of Office Depot, beginning in 2012, where she was responsible for developing those companies' eCommerce and digital marketing efforts. Mrs. DiMotta holds a B.A. in Criminal Justice from the University of Nebraska, and a Master's Degree in Leadership from Bellevue University.

Skills and Qualifications. Our board considered Mrs. DiMotta's more than 20 years' experience in leadership and management, business development, and information technology, including omnichannel strategies, in determining that she should be a member of our board.

Deborah A. Golden

Background. Ms. Golden, who serves as Chair of our Compensation Committee, joined the Company's board in November 2015. Ms. Golden serves as Executive Vice President, General Counsel and Secretary of GATX Corporation, a NYSE-listed railcar leasing company, where she has been employed since 2006. She previously served as General Counsel of Midwest Generation, LLC, a power generation company, from 2004 to 2006; Assistant General Counsel, Office of the Governor, State of Illinois, from 2003 to 2004; in various executive legal positions at Ameritech Corporation from 1995 to 2001; and as a partner at Schiff, Hardin & Waite, where she began her legal career in 1984. Ms. Golden holds a B.A. from Boston College, a J.D. from Loyola University School of Law and an M.B.A. from Loyola University. She is a member of the Illinois Bar.

Skills and Qualifications. Our board considered Ms. Golden's experience as an executive of a publicly-traded company, her experience with commercial leasing, and her knowledge of corporate governance of publicly-traded companies in determining that she should be a member of our board.

Jerry L. McDaniel

Background. Mr. McDaniel is President of Superior Fuels, Inc., whose principal business was the wholesale supply of propane and petroleum products prior to the sale of these business lines and which now holds various real estate investments, a position he has held since 2007, and President of Dirtbuster Carwash LLC, which operates carwashes in Southern Illinois and Indiana. In addition to his ownership of these businesses, Mr. McDaniel is a principal in other businesses, including real estate development. Mr. McDaniel is a licensed pilot and previously served on the board of the Southeastern Illinois Community Foundation from 2013 to 2020. Prior to joining our board, Mr. McDaniel served as a director of another local community bank.

Skills and Qualifications. Our board considered Mr. McDaniel's experience in starting and running several local businesses, his broad investment experience and his prior service as a director of a community bank in determining that he should be a member of our board.

Jeffrey M. McDonnell

Background. Mr. McDonnell is Chief Executive Officer of J&J Management Services, Inc., a private management company, a position he has held since 2012, and prior to becoming Chief Executive Officer, he served as President and Chief Compliance Officer starting in 1997. He also serves on the board of The Center for Emerging Technologies, a non-profit technology incubator, and, prior to Midland's acquisition of Heartland Bank in December 2014, was a director of Heartland Bank and its parent company, Love Savings Holding Company. Mr. McDonnell also serves on the investment advisory committees for the venture capital firms Oakwood Medical and Rivervest and as a manager or member of various investment partnerships. Mr. McDonnell holds a B.A. in Economics from Princeton University, an M.B.A. from the University of Michigan and a certification as a Chartered Financial Analyst.

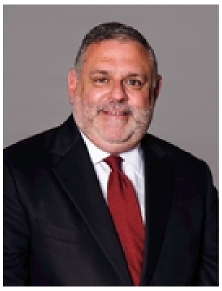
Skills and Qualifications. Our board considered Mr. McDonnell's service on the boards of Love Savings Holding Company and Heartland Bank and his other business experience in determining that he should be a member of our board.

Dwight A. Miller

Background. Mr. Miller is the Chief Executive Officer and Owner of Dash Management, positions he has held since 2002. Until 2019, Dash Management owned a number of McDonald's franchises in Champaign and Decatur, Illinois. Mr. Miller has served in a number of management positions with McDonald's Corp., including NE Zone Franchising Manager responsible for recruiting and development of franchisees, McOpCo Operation Manager running company restaurants in Connecticut and Western Massachusetts, and Field Service Manager responsible for franchise operation and relationships in over 200 stores in upstate New York. Mr. Miller also served as President of the Greater Chicago Region-Regional Leadership Council, representing McDonald's franchisees, and on the National Leadership Committee. Mr. Miller is the past Chairman for the Champaign County Chamber of Commerce and is on the Board of Trustees for the University of Findlay. He holds a B.S. in Accounting from the University of Findlay.

Skills and Qualifications. Our board considered Mr. Miller's experience as a chief executive officer and his experience as an executive for a large company in determining that he should be a member of our board.

Richard T. Ramos



Background. Mr. Ramos, who serves as Chair of our Audit Committee, is Executive Vice President, Chief Financial Officer and board member for Maritz Holdings, Inc., headquartered in St. Louis, Missouri. Maritz specializes in the design and development of incentive, reward and loyalty programs focused on improving workforce quality and customer satisfaction. He has been with Maritz since 2000. Prior to joining Maritz, Mr. Ramos served as Chief Financial Officer for Purcell Tire and Rubber Company, practiced corporate law at the firm of Blumenfeld, Kaplan and Sandweiss in St. Louis, and was a senior manager at KPMG LLP. He received his B.S. in Business Administration from the University of Missouri in St. Louis and his J.D. from St. Louis University School of Law. Mr. Ramos is a Certified Public Accountant and a member of the Missouri Bar.

Skills and Qualifications. Our board considered Mr. Ramos's experience as a chief financial officer and board member and his accounting acumen in determining that he should be a member of our board.

Robert F. Schultz

Background. Mr. Schultz serves as the Chairman of the Bank, a position he has held since 2020. He also serves as Managing Partner of the J.M. Schultz Investment, L.L.C., a family investment firm, and has been with this organization since 1989. Since 1996, he also has served as Chairman of the Board of Directors of AKRA Builders Inc., a national construction, design-build and project management firm headquartered in Teutopolis, Illinois. Prior to joining the Company's board of directors, he served on the board of directors of Prime Banc Corp. and First National Bank of Dieterich. Mr. Schultz received his B.S. in Finance from the University of Illinois and a J.D. from the University of Notre Dame Law School.

Skills and Qualifications. Our board considered Mr. Schultz's business and investment experience, his experience as a director of other community banks, and his knowledge of the business community in our central Illinois market area in determining that he should be a member of our board.

The business experience for each of our executive officers not discussed above is as follows:

Jeffrey S. Mefford. Mr. Mefford, age 56, serves as Executive Vice President of the Company and President of the Bank, positions he has held since March 2018. He has been with the Bank since 2003, and prior to his appointment as Executive Vice President of the Company and President of the Bank, he served as the Bank's Executive Vice President—Banking since October 2010. Prior to serving as Executive Vice President—Banking, Mr. Mefford served as the Bank's Illinois Region Market President, responsible for the banking offices in our central Illinois market. Prior to joining the Bank, Mr. Mefford held the position of President and Chief Executive Officer of Farmers State Bank of Camp Point in Camp Point, Illinois, from 2000 to 2003; Vice President, Mortgage Department Manager, at Marine Bank, in Springfield, Illinois, from 1998 to 2000; and Vice President, Small Business Banking Manager, for Bank One, Illinois, in Springfield, Illinois, from 1991 to 1998. Mr. Mefford received his B.S. in Business Administration from Illinois College and his M.B.A. from William Woods University.

Eric T. Lemke. Mr. Lemke, age 52, CPA (inactive), serves as Chief Financial Officer of the Company and the Bank, having been promoted to those positions in November 2019. Prior to his appointment as Chief Financial Officer, Mr. Lemke, who has been with the Company since 2018, served as Director of Assurance and Audit. Immediately prior to joining the Company, he was the Chief Financial Officer of Metropolitan Capital Bancorp, Inc. and Metropolitan Capital Bank & Trust, its banking subsidiary, since July 2017. Prior to that he was a partner in the Financial Services Practice of RSM US LLP, having first joined RSM in 1993. Mr. Lemke holds a B.S. in Accounting from Olivet Nazarene University in Bourbonnais, Illinois, and is a member of the American Institute of Certified Public Accountants.

Douglas J. Tucker. Mr. Tucker, age 62, serves as Senior Vice President and Corporate Counsel of the Company and the Bank, positions to which he was appointed in October 2010. Mr. Tucker also serves on the Company's Executive Committee. Prior to joining the Company, Mr. Tucker was a Partner in the Corporate Services Group of Quarles & Brady LLP, having joined that firm in 2004. Mr. Tucker also served as Chair of Quarles & Brady's Chicago Securities Practice, as one of the firm's National Growth Partners, as Chair of the China Law Group and as Managing Partner of the firm's office in Shanghai, China. Mr. Tucker, who has worked with financial institutions for more than 20 years, has been a licensed attorney since 1993 and an Adjunct Professor at the Chicago-Kent Law School from 2002 to 2016. He holds a B.A. in International Relations from Michigan State University and a J.D. from Northwestern University School of Law.

Jeffrey A. Brunoehler. Mr. Brunoehler, age 60, serves as the Bank's Senior Vice President—Chief Credit Officer, a position he has held since July 2010. Prior to joining the Bank, Mr. Brunoehler held positions at AMCORE Bank, N.A., as Senior Vice President and Regional Credit Officer from 2005 to 2010 and Senior Vice President and Market President from 1999 to 2004. Mr. Brunoehler received his B.S. in Agricultural Economics from the University of Illinois.

James R. Stewart. Mr. Stewart, age 65, serves as the Bank's Chief Risk Officer. He joined as Director of Risk Management in 2012, was appointed Senior Director of Risk Management in 2013, and assumed his current role in June 2015. Prior to joining the Bank, Mr. Stewart was a principal with JHC Risk Strategies, a risk management consulting firm in Williston, Vermont, and from 2003 to 2010, served as Executive Vice President and Chief Risk Officer at Bank of N. T. Butterfield & Son Limited, Hamilton, Bermuda. Prior to that position, he was Senior Vice President and Head of Risk Management at Riyad Bank, Riyadh, Saudi Arabia, and for seventeen years prior consulted to Lloyd's of London and other key insurers on financial services risks. Mr. Stewart holds a B.S. in Business Administration from the University of Alabama. He is a Certified Public Accountant and a Chartered Global Management Accountant.

None of the executive officers were selected as an officer pursuant to any arrangement or understanding with any other person.

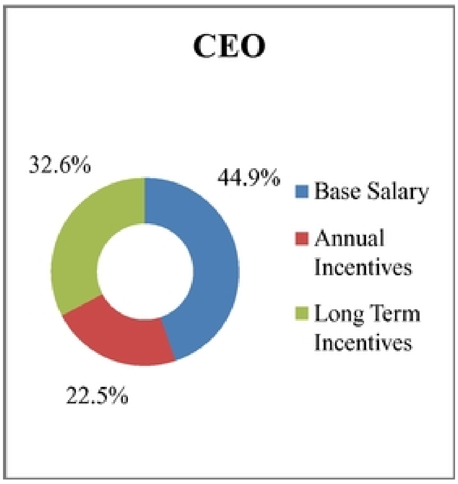
COMPENSATION DISCUSSION AND ANALYSIS

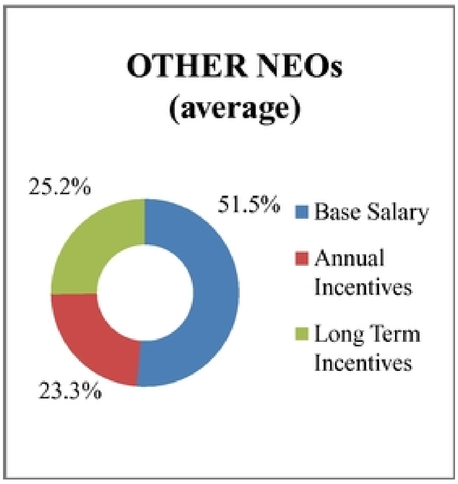
Overview of Compensation Philosophy

We design our executive compensation program to attract and retain executives who have the background, leadership skills and entrepreneurial drive to execute our Strategic Plan. Our overall approach is based on the following:

- Utilizing data from compensation surveys performed by our independent compensation consultant (generally every year, as determined by our Compensation Committee) regarding our peer group, which consists of 21 publicly traded community banks of comparable size (i.e., $4.9-$11.4 billion of assets) as a reference point in setting total compensation for 2021. Our Peer group and the metrics used to identify this group is provided under "**Compensation Best Practices**."

- Developing overall compensation for our executive officers that is significantly performance-based, including salary, short-term incentives and long-term incentives. The charts below provide a summary of the target percentage of each element of our NEOs' 2020 direct compensation, including long term incentives:





Additional information regarding each element of our executive compensation is included under "**Compensation Components**."

- Considering input we receive from our shareholders.

Named Executive Officers

Our named executive officers ("**NEOs**") for 2020, which consist of our principal executive officer, our principal financial officer, and our next three most highly compensated executive officers, are:

- Jeffrey G. Ludwig, President and Chief Executive Officer
- Jeffrey S. Mefford, Executive Vice President and President of the Bank
- Douglas J. Tucker, Senior Vice President and Corporate Counsel
- Eric T. Lemke, Chief Financial Officer
- James R. Stewart, Senior Vice President and Chief Risk Officer of the Bank

Compensation Philosophy and Objectives

We strive to be among the top performing community banks in the nation. While our operations are primarily located in Illinois and the St. Louis metropolitan area in Missouri, we measure our performance on both a local and national level. Our compensation philosophy reflects this vision and strategy.

We structure our executive compensation program to align compensation with business objectives, to motivate our named executive officers to enhance long-term business results (although certain shorter-term results, such as revenue, net income and earnings per share are also targeted), and to enable us to attract talent and retain and reward executive officers who contribute to our financial performance and success. In particular, we do the following:

- use performance-based incentives as a meaningful portion of our named executive officers' total compensation while ensuring a sufficient base level salary in both strong and weak economic markets necessary to retain national-level executive talent;

- condition incentive-based compensation on key performance objectives, including annual financial targets, which focus our executive team on sustaining top-level performance of the Company and the Bank and creating long-term value for our shareholders; and

- conduct through our Risk Management Department an annual risk-based assessment of our compensation program to help ensure our overall compensation program is designed to incentivize long-term shareholder growth without incentivizing short-term risk taking.

In addition to being motivational tools for our existing executive team, we also structure our compensation packages in view of our recruitment and retention objectives. The Compensation Committee is mindful of the need to compete for national-level executive talent and attract talent to Effingham, Illinois, the location of our corporate headquarters. In this endeavor, one of our challenges has been persuading top-level talent to relocate, often from major metropolitan areas, to Effingham, which is a town of slightly more than 12,000 people situated approximately two hours from St. Louis, Missouri and Indianapolis, Indiana. Therefore, in establishing our compensation program, the Compensation Committee considers the pay practices of our peers as one of many factors in establishing our executive compensation programs, but does not set compensation at a specific percentile of our peers. As discussed in more detail below, the Compensation Committee has established a selective group of peers with the assistance of our independent compensation consultant.

We will continue to review, evaluate and modify the structure and design of our program to meet its objectives, promote strategic growth, increase value for our shareholders, and maintain a competitive executive compensation package in relation to our peers. Our future compensation plan may depart from historical practices.

Compensation Best Practices

Our Compensation Committee considers it important to design our compensation program in accordance with best practices for public companies, while continuing to be able to recruit and retain superior executive talent.

What We Do	What We Do Not Do
• Use performance-based incentives as a significant portion of our NEOs' total compensation	• Provide tax gross-ups
• Use peer group benchmarking to inform compensation decisions	• Include walk-away severance payments or single-trigger cash payments upon a change in control
• Condition short-term incentive-based compensation on key performance objectives (revenue and earnings per share)	• Provide single-trigger vesting of equity awards in change of control transactions for awards granted during 2020 and thereafter under our 2019 Long-Term Incentive Plan
• Condition annual long-term incentives on four-year equal tranche vesting	• Reprice equity awards without prior shareholder approval
• Provide for severance payments only upon an involuntary termination of employment where the termination was without cause (whether or not such termination is in connection with a change in control)	
• Conduct an annual risk-based assessment of our compensation program	

Use of Independent Consultants and Peer Group Benchmarking. The Compensation Committee has authority to retain, at the Company's expense, outside counsel, experts, compensation consultants and other advisors, as needed. The Compensation Committee has retained McLagan Partners ("**McLagan**"), which is part of the Rewards Solution practice at Aon plc, as its independent compensation consultant to serve in an advisory capacity.

Aon Risk Services, an affiliate of McLagan, is the Company's current insurance brokerage provider. The Company paid fees of approximately $167,122 to Aon Risk Services in 2020 for insurance brokerage services. The Company paid McLagan an additional $12,275 for consulting services in 2020. The insurance brokerage services provided to the Company by Aon Risk Services were approved by Company management in the ordinary course of business. McLagan and its affiliates have established and followed various policy and practice safeguards between the compensation consultants engaged by the Compensation Committee and the other Aon service providers to the Company, which are designed to help ensure that the Compensation Committee's compensation consultants continue to fulfill their role in providing objective, unbiased advice.

In its engagement of McLagan, the Compensation Committee considered the independence of McLagan under applicable SEC and Nasdaq listing rules and concluded there was no conflict of interest with respect to this engagement.

McLagan's specific services to the Compensation Committee have included support in the Compensation Committee's effort to develop an appropriate peer group; review and update, as appropriate, our compensation philosophy; review potential risks associated with our compensation programs; analyze our named executive officer and director compensation levels, including based on our peer group; and analyze our equity utilization. McLagan also provides reports to the Compensation Committee on market compensation trends and developments.

For compensation decisions for 2020, the following companies were included in our peer group:

Northwest Bancshares, Inc.	NBT Bancorp, Inc.	Independent Bank Corp.
BancFirst Corp.	First Financial Bankshares	Park National Corp.
First Busey Corp.	First Commonwealth Financial	Tompkins Financial Corp.
National Bank Holdings Corp.	First Bancorp	Univest Financial Corp.
Bryn Mawr Bank Corp.	City Holding Co.	QCR Holdings Inc.
Westamerica Bancorp.	Washington Trust Bancorp Inc.	Lakeland Financial Corp.
Peoples Bancorp Inc.	Horizon Bancorp Inc.	Carolina Financial Corp.

In the determination of our peer group for 2021, we determined along with McLagan, to utilize a peer group of US-based community banks that met the following criteria as of May 5, 2020:

- Less than $13 billion in assets
- Annual revenue between $200 and $530 million
- Non-interest income of at least 20% of total revenue
- Non-performing assets less than 2.0% of total assets
- Insider ownership of less than 30%
- More than 20 branches

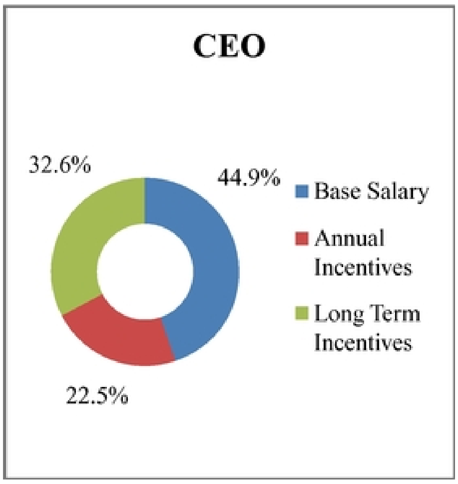
As established by the Company and McLagan, our compensation peers consist of 21 publicly traded financial companies with assets between $4.9 and $11.4 billion and revenue between $200 and $507 million. Our Compensation Committee then selected the following bank holding companies as our peer group:

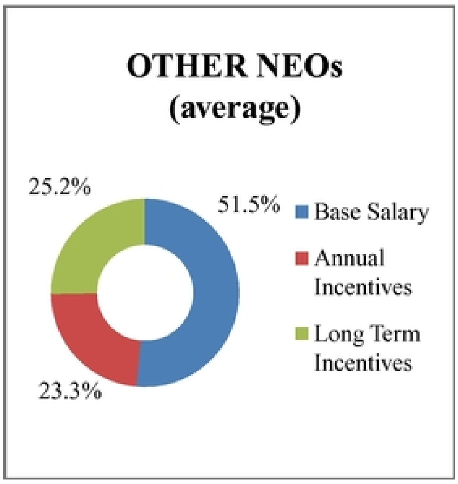
Northwest Bancshares, Inc.	NBT Bancorp, Inc.	Independent Bank Corp.
Enterprise Financial Services	First Financial Bankshares	Park National Corp.
First Busey Corp.	First Commonwealth Financial	Tompkins Financial Corp.
National Bank Holdings Corp.	First Bancorp	Univest Financial Corp.
Bryn Mawr Bank Corp.	City Holding Co.	QCR Holdings Inc.
Westamerica Bancorp.	Washington Trust Bancorp Inc.	Lakeland Financial Corp.
Peoples Bancorp Inc.	Horizon Bancorp Inc.	Sandy Spring Bancorp Inc.

Role of Executive Officers in Compensation Decisions. None of our named executive officers participates in or makes recommendations with respect to their own compensation. The Compensation Committee is responsible for all compensation decisions affecting our Chief Executive Officer, and for performance-driven and other determinations of incentive bonuses and equity awards for all our named executive officers. Our Chief Executive Officer recommends salary adjustments for the other named executive officers, which the Compensation Committee reviews prior to adjustments becoming effective.

Compensation Components

General. We compensate our named executive officers with a combination of base salary, annual incentive bonuses in cash and equity, and other benefits including perquisites. Each element is designed to achieve a specific purpose and to contribute to a total package that is competitive with similar packages provided by other institutions that compete for the services of individuals like our named executive officers. We expect these fundamental elements of compensation to continue for 2021 compensation.





Base Salary. Each of our executives receives an annual base salary. The Compensation Committee reviews and approves base salaries of our named executive officers and sets the compensation of our Chief Executive Officer. In setting the base salary of each named executive officer, the Compensation Committee relies on market data provided annually by our independent compensation consultant, McLagan, and survey data from industry resources. Salary levels are typically considered annually as part of our executive compensation review process or upon a promotion or other change in job responsibility.

Annual Incentive Bonus—Corporate Bonus Plan. The Compensation Committee believes that performance-based compensation can and should incentivize our named executive officers to drive the Company's growth, balanced with the assumption of reasonable risk. Accordingly, we account for several performance and risk-based metrics in their annual incentive bonuses.

Annual cash incentive bonuses may be earned in accordance with the terms of the Company's Corporate Bonus Plan (the "**Bonus Plan**"), which is also available to employees of the Company and its subsidiaries other than those individuals with production-related commission structures and our retail team. To emphasize corporate performance, 100% of the bonus opportunities available to our named executive officers are conditioned on Company performance. Each NEO employment agreement specifies a target annual incentive bonus, stated as a percentage of annual base salary, and any such bonus is earned, if at all, in accordance with the requirements of the Bonus Plan.

On a year-by-year basis, the Compensation Committee structures the Bonus Plan by selecting and weighting annual financial goals under which bonuses may be earned. In accordance with the weighting assigned by the Committee, our named executive officers are eligible to earn a portion of their target bonuses if the Company attains a sufficient level of performance for a particular metric. If we fail to attain more than 90% of the target performance goal, our named executive officers earn no amount of their target bonuses subject to the metric. If we achieve greater than 90% but less than 100% of the target performance goal, our named executive officers earn between 50% and 100% of the amount of their target bonuses subject to the metric, with actual payouts determined based on a sliding scale. If we achieve between 100% and 150% of a performance goal, the Committee has the discretion to allow our named executive officers to earn a corresponding percentage of the amount of their target bonuses subject to the metric. In all cases, bonuses are capped at 150% of the target amount.

The Compensation Committee may adjust performance goals mid-year, at its discretion, to account for extra-ordinary, one-time events deemed to be in the long-term interests of our shareholders, such as integration expenses incurred in connection with acquisitions. In addition, annual bonuses are subject to partial reduction or forfeiture if certain risk-based capital and asset quality metrics are not maintained, including specified levels for the Bank's Tier 1 leverage ratio and the Company's ratio of nonperforming assets to total assets. The named executive officers may later earn restoration bonuses following a reduction or forfeiture if the Committee determines that the deficiencies in the risk-based metrics have been timely cured.

Long-Term Incentive Equity Awards. The Compensation Committee believes that equity awards serve to align each officer's interests with those of our shareholders. The equity awards held by our named executive officers and reflected in the compensation tables below all relate to awards made under our 2019 Long-Term Incentive Plan (the "**2019 LTIP**") or its predecessor plans. Currently, we grant awards only under the 2019 LTIP, pursuant to which we may issue a wide variety of forms of equity incentives, as deemed appropriate by the Compensation Committee. The Compensation Committee typically grants equity awards to each named executive officer at the time the individual is hired and, thereafter, on an annual basis as part of our overall executive compensation program. The Compensation Committee has found equity awards to be an effective means to attract, retain and reward individuals who contribute to the long-term financial success of the Company and to further align their interests with those of the Company's shareholders. The Compensation Committee grants equity awards to encourage our named executive officers to stay with, and maximize the performance of, the Company over the long term and to discourage excessive focus on short term metrics at the expense of the long-term health of the organization. As noted above, equity awards are generally tied to a four-year vesting schedule.

Benefits and Other Perquisites. The named executive officers are eligible to participate in the same benefit plans designed for all of our full-time employees, including health, dental, vision, disability and basic group life insurance coverage. We also provide our employees, including our named executive officers, with various retirement benefits. Our retirement plans are designed to assist our employees in planning for retirement and securing appropriate levels of income during retirement. The purpose of our retirement plans is to attract and retain quality employees, including executives, by offering benefit plans similar to those typically offered by our competitors. These plans are described in the "**Executive Compensation—Other Compensation Programs**" section below.

2020 and 2021 Compensation Decisions

This section describes the decisions made by the Compensation Committee with respect to the compensation for named executive officers for 2020 as well as certain decisions with respect to 2021 compensation, subject to subsequent modification by the Compensation Committee.

Impact of COVID-19. As with other publicly traded community banks, the Company faced wide-ranging challenges because of the pandemic. The safety, health, and wellbeing of our employees was, and continues to be, at the forefront of the Company's response to COVID-19. Beginning in March 2020, we transitioned large portions of our workforce to remote work arrangements and adopted social distancing and other safety measures for employees who work at our branch locations. We did not institute any furloughs or salary reductions because of COVID-19, and in recognition of their extraordinary, steadfast efforts to serve our customers in face of unprecedented challenges, we awarded special COVID-19 related bonuses to our front-line and middle management employees. The special bonuses were not awarded to our executive officers. In addition, we provided every employee with up to 160 hours of COVID-related leave, above and beyond sick time the Company ordinarily provides, and we also allowed employees to roll forward unused vacation days into 2021.

COVID-19 also factored into the Compensation Committee's executive compensation decisions for 2020, principally in two ways. The first was based on assessing the impact of the pandemic on the Company's financial performance. In this regard, the Committee determined that the most significant impact to the Company's 2020 financial performance resulted from credit deterioration in the Bank's commercial loan portfolio due to the pandemic. This deterioration, while still within the overall asset quality requirement applicable to the Bonus Plan, resulted in the Bank increasing provision for credit losses to approximately $44.3 million in 2020, compared to approximately $16.9 million in 2019 and $9.4 million in 2018.

Based on the significance of the additional provision, the Committee determined that it would be appropriate to split the earnings metric of the Bonus Plan, which in the past has accounted for 70% of the target bonus opportunities for each named executive officer, into two metrics: one based on earnings per share, consistent with the initial pre-pandemic plan design; and the other based on adjusted pre-tax, pre-provision income, to better measure the Company's core performance absent the volatility of the provision for potential future losses. Additionally, the revenue metric was modified to adjust for gains on the sale of securities and credit deterioration due to the pandemic. Based on these metrics, and as further discussed below, each named executive officer received a bonus of approximately 65% of his target annual bonus.

The second consideration for executive compensation arising from COVID-19 was the material decline in valuations of publicly traded community banks, as reflected in share price. Based on this decline in share price and the decrease in earnings due to elevated provision, the Committee determined that it would not be appropriate to grant the named executive officers their ordinary target equity awards because the lower share price would result in a substantial increase in the number shares that each executive would receive, as compared to the prior year. Accordingly, the Committee reduced the grant date fair value of each NEO's restricted stock award by approximately 50%.

Because of continuing uncertainty in the banking industry in general, and the Company in particular, with respect to the ongoing impacts of COVID-19, including on revenue and credit quality, the Committee intends to continue the adjusted structure of the Bonus Plan into 2021. In addition, the Committee decided to maintain base salaries for our NEOs at 2020 levels, other than for Mr. Lemke.

Base Salary. Based upon McLagan's assessment of our peer compensation in 2019, our Compensation Committee maintained existing salary levels for our named executive officers for 2020. In setting the base salary of each named executive officer, the Compensation Committee relied on market data, individual performance and changes in responsibilities of our named executive officers. For 2021, salaries for our NEOs remain unchanged, other than Mr. Lemke, whose salary increased to $350,000 effective April 1, 2021. The table below states the base salaries for our named executive officers in 2019, 2020, and 2021.

Name	2019 Base Salary	2020 Base Salary	2021 Base Salary
Jeffrey G. Ludwig	$ 572,000	$ 572,000	$ 572,000
Jeffrey S. Mefford	$ 400,000	$ 400,000	$ 400,000
Douglas J. Tucker	$ 354,320	$ 354,320	$ 354,320
Eric T. Lemke	$ 305,000	$ 305,000	$ 350,000
James R. Stewart	$ 324,450	$ 324,450	$ 324,450

Annual Incentive Bonus. Consistent with recent years, the Committee selected earnings per share and revenue as the two metrics under the Bonus Plan in February 2020, and assigned 70% and 30% weighting, respectively, to the two metrics. However, in November 2020, and as discussed above, the Committee determined it was appropriate to adjust the performance metrics to better measure the Company's core performance absent the volatility of provision for potential futures made in response to the pandemic. Adjustment was also appropriate, in the Committee's view, because of the impact of the Company's transition to the Current Expected Credit Loss ("**CECL**") model for determining loan loss provision. CECL uses an economic forecast that now includes the impact of the COVID-19 pandemic. With the adoption of CECL, beginning on January 1, 2020, provision expense may become more volatile due to changes in the CECL model assumptions or credit quality, macroeconomic factors, and conditions in loan composition, all of which drive the allowance for credit losses on loans. Although incurring these provision expenses was prudent and provides a solid foundation for future success, the Committee believes that the increased provision does not fully reflect the ongoing strength of the Company's business. Accordingly, the Committee determined adjustment of the Bonus Plan metrics was appropriate in light of the circumstances.

Accordingly, as adjusted by the Committee, annual incentive bonuses for our named executive officers in 2020 were based upon for the following aspects of Company performance:

- *Earnings Per Share*—35% of the annual incentive bonus was based upon achieving a specified earnings per share goal for the year. If the Company's earnings per share for the fiscal year was at or below 90% of the specified target, no annual incentive bonus would be earned for this metric. If more than 90%, but less than 100% of the target was achieved, only a portion of the annual incentive bonus would be earned. If more than 100% of the target was achieved, each named executive officer may earn more than 100% of the target bonus amount with respect to this metric.

- *Pre-Tax, Pre-Prevision Income*—35% of the annual incentive bonus was based upon achieving a specified pre-tax, pre-provision income goal for the year, as adjusted for gains on the sale of investments, certain expenses and prepayment of fees, credit deterioration in the Bank's commercial and residential mortgage portfolio due to the pandemic, and loss on sub-debt repurchase. If the Company's income for the fiscal year was at or below 90% of the specified target, no annual incentive bonus would be earned for this metric. If more than 90%, but less than 100% of the target was achieved, only a portion of the annual incentive bonus would be earned. If more than 100% of the target was achieved, each named executive officer would earn 100% of the target bonus amount with respect to this metric.

- *Revenue*—30% of the annual incentive bonus was based upon achieving a specified revenue goal for the year, as adjusted for gains on the sale of securities and credit deterioration in the Bank's commercial mortgage portfolio due to the pandemic. If the Company's revenue was at or below 90% of the specified target, no annual incentive bonus would be earned for this metric. If more than 90%, but less than 100% of the target was achieved, only a portion of the annual incentive bonus would be earned. If more than 100% of the target was achieved, each named executive officer would earn 100% of the target bonus amount with respect to this metric.

The table below summarizes the components and results of the Bonus Plan for our named executive officers in 2020.

2020 Metric	Metric Weight	Threshold Goal	Target Goal	Maximum Goal	Actual Result	Percent Attained	Payout Percentage
Earnings Per Share	35%	$ 2.41	$ 2.67	$ 4.01	$ 0.95	36%	0%
PTPP Income	35%	$ 91,827	$ 102,029	$ 102,029	$ 108,921	107%	100%
Revenue	30%	$ 243,163	$ 270,180	$ 270,180	$ 272,722	101%	100%
Total Payout	—	—	—	—	—	—	**65%**

For 2020, the target annual incentive bonus opportunities remained unchanged from 2019, with the exception of Mr. Lemke, whose target bonus percentage increased to 40% as set forth in the employment agreement entered into with the Company in connection with his appointment as Chief

Financial Officer. The target percentages will remain unchanged in 2021. The table below summarizes the annual incentive bonus targets and actual payouts for each named executive officer in 2020.

Name	2020 Target %	Actual Bonus (% of Salary)	Actual Bonus ($)
Jeffrey G. Ludwig	65%	42.3%	$ 241,670
Jeffrey S. Mefford	60%	38.6%	$ 154,200
Douglas J. Tucker	40%	26.0%	$ 92,123
Eric T. Lemke	40%	26.0%	$ 79,300
James R. Stewart	40%	26.0%	$ 84,357

Long-Term Equity Incentive Awards. Our employment agreements provide for each named executive officer's participation in the Company's compensation and benefits plans, including our 2019 LTIP, in the same manner as other senior executives of the Company. In its discretion, the Compensation Committee has determined our named executive officers are ordinarily eligible for target equity grants in amounts equal to the following percentages of their base salaries:

Name	Target Award %	Target Grant Date Fair Value
Jeffrey G. Ludwig	65%	$ 371,800
Jeffrey S. Mefford	55%	$ 220,000
Douglas J. Tucker	45%	$ 159,444
Eric T. Lemke	40%	$ 122,000
James R. Stewart	45%	$ 146,003

As described above, for 2020, the Compensation Committee determined it was appropriate to reduce each named executive officer's target award by approximately 50% due to the impacts of the COVID-19 pandemic. Accordingly, equity awards made in 2020 were as follows:

Name	Number of Shares	Actual Grant Date Fair Value
Jeffrey G. Ludwig	13,101	$ 194,419
Jeffrey S. Mefford	7,752	$ 115,040
Douglas J. Tucker	5,618	$ 83,371
Eric T. Lemke	4,299	$ 63,797
James R. Stewart	5,145	$ 76,352

Generally, each grant of restricted stock awards vests annually in equal portions on the first four anniversaries of the grant date, assuming the executive's employment has not previously terminated. Each grant also vests in full upon an involuntary termination in connection with a change in control of the Company or the named executive officer's termination of employment due to death or disability. The grant date fair value of the restricted stock awards is determined based on a share price of $14.84, the closing share price of the Company's common stock on the date of grant.

All Other Compensation. While the Compensation Committee reviews and monitors the level of other compensation offered to the named executive officers, the Compensation Committee typically does not adjust the level of benefits offered on an annual basis. The Compensation Committee does consider the benefits and perquisites offered to the named executive officers in its evaluation of the total compensation received by each. The perquisites received by the named executive officers in 2020 are reported in the Summary Compensation Table below. The benefits offered in 2020 to the named executive officers are expected to continue for 2021, unless otherwise limited or prohibited by any regulatory rules.

Regulatory Impact on Compensation

As a publicly traded financial institution, Midland is subject to additional requirements, most notably, the Interagency Guidelines Establishing Standards for Safety and Soundness (the "**Safety and Soundness Standards**"). The Federal Deposit Insurance Corporation (the "**FDIC**") has long held that excessive compensation is prohibited as an unsafe and unsound practice. In describing a framework to determine whether compensation is excessive, the FDIC has indicated that financial institutions should consider whether aggregate cash amounts paid, or noncash benefits provided, to employees are unreasonable or disproportionate to the services performed by an employee. The FDIC encourages financial institutions to review an employee's compensation history and to consider internal pay equity, and, as appropriate, to consider benchmarking compensation to peer groups. Finally, the FDIC provides that, in order to give proper context, such an assessment must be made in light of the institution's overall financial condition.

Additionally, the Compensation Committee must also take into account the joint agency Guidance on Sound Incentive Compensation Policies (the "**Guidance**"), which is intended to complement the Safety and Soundness Standards. The Guidance sets forth a framework for assessing and mitigating risk associated with incentive compensation plans, programs and arrangements maintained by financial institutions.

Other matters, such as accounting, tax and SEC requirements regarding risk assessment are also considered by the Compensation Committee as part of its compensation design and annual decisions.

COMPENSATION COMMITTEE REPORT

We have reviewed and discussed the Compensation Discussion and Analysis section of this proxy statement with management. Based on our review and discussion with management, we have recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement and in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Submitted by:

Deborah A. Golden (Chair)
Richard T. Ramos
Jeffrey C. Smith
Members of the Compensation Committee

EXECUTIVE COMPENSATION

The compensation reported in the Summary Compensation Table below is not necessarily indicative of how we will compensate our named executive officers in the future. We will continue to review, evaluate and modify our compensation program to maintain a competitive total compensation package. As such, the compensation program in the future could vary from our historical practices.

Summary Compensation Table

The following table sets forth information regarding the compensation paid, awarded to, or earned for our fiscal years ended December 31, 2020, 2019 and 2018 by each of our named executive officers.

Summary Compensation Table

Name and principal position(1) (a)	Year (b)	Salary(2) ($) (c)	Bonus(2) ($) (d)	Stock Awards(3) ($) (e)	Non-equity Incentive Plan Compensation(4) ($) (g)	All Other Compensation(5) ($) (i)	Total ($) (j)
Jeffrey G. Ludwig	2020	572,000	—	194,419	241,670	19,239	1,027,328
President and Chief Executive	2019	572,000	—	372,536	392,621	16,903	1,354,060
Officer	2018	472,000	50,000	306,796	181,248	18,200	1,028,244
Jeffrey S. Mefford	2020	400,000	—	115,040	154,200	19,843	689,083
Executive Vice President and	2019	400,000	—	220,442	253,440	16,652	890,534
President of the Bank	2018	344,000	25,000	189,203	110,080	18,088	686,371
Douglas J. Tucker	2020	354,320	—	83,371	92,123	8,550	538,364
Senior Vice President and	2019	351,542	—	159,766	149,665	8,400	668,198
Corporate Counsel	2018	344,000	25,000	154,802	88,064	8,250	620,116
Eric T. Lemke(6)	2020	305,000	—	63,797	79,300	19,050	467,147
Chief Financial Officer	2019	179,684	—	122,242	37,949	6,741	346,616
James R. Stewart	2020	324,450	—	76,352	84,357	8,550	493,709
Senior Vice President and Chief	2019	321,905	—	146,285	137,048	8,400	612,563
Risk Officer of the Bank	2018	315,000	15,000	141,748	80,640	8,250	560,638

(1) Mr. Ludwig served as Executive Vice President of the Company during 2018 until March 2018, after which he served as President of the Company. Effective January 1, 2019 Mr. Ludwig was appointed as Chief Executive Officer of the Company. Mr. Ludwig also served as Chief Financial Officer of the Company from October 2017 to March 2018. Mr. Lemke served as Chief Financial Officer of the Company beginning in November 2019. Mr. Mefford served as President of the Bank beginning in March 2018.

(2) Amounts reflect base salary and discretionary bonuses earned in each fiscal year, including amounts deferred at the election of the named executive officer under the Executive Deferred Compensation Plan. Bonus amounts for 2018 reflect discretionary cash bonuses awarded in connection with the closing and successful integration of the Alpine and Centrue acquisitions, respectively.

(3) The amounts set forth in the "Stock Awards" column reflect the aggregate grant date fair value of stock awards for the years ended December 31, 2020, 2019 and 2018 in accordance with FASB ASC Topic 718. The stock award amounts are based on fair market values of $14.84, $27.80, and $26.75 for awards granted on November 5, 2020, November 7, 2019, and November 8, 2018, respectively.

(4) Amounts reflect annual cash incentive awards earned pursuant to the annual incentive bonus program, including amounts deferred at the election of the named executive officer under the Executive Deferred Compensation Plan.

(5) "All Other Compensation" for the named executive officers during the 2020 fiscal year is summarized below.

Name	Year	Perquisites(i) ($)	Company 401(k) Match(ii) ($)	Total "All Other Compensation" ($)
Jeffrey G. Ludwig	2020	10,689	8,550	19,239
Jeffrey S. Mefford	2020	11,293	8,550	19,843
Douglas J. Tucker	2020	—	8,550	8,550
Eric T. Lemke	2020	10,500	8,550	19,050
James R. Stewart	2020	—	8,550	8,550

(i) Amounts reflect use of a Company-owned vehicle and club dues for Messrs. Ludwig and Mefford; and housing for Mr. Lemke.

(ii) Amounts reflect Company matching contributions under the 401(k) Plan.

(6) Mr. Lemke was not a named executive officer prior to 2019.

CEO Pay Ratio

Pursuant to the SEC rule, we are providing information about the relationship of the annual total compensation of Mr. Jeffrey G. Ludwig, our Chief Executive Officer, to the total annual compensation of our median employee.

To determine the median employee, a list of all active full and part-time employees as of December 31, 2020, excluding Mr. Ludwig, was prepared with the corresponding annual total W-2 compensation as reflected in our payroll records. A total of 896 employees were included. Compensation was annualized for any individual not employed for the full calendar year of 2020. Annual total W-2 compensation was ranked from lowest to highest, and the median employee was selected from the list.

Mr. Ludwig had 2020 annual total compensation of $1,027,328 as reflected in the Summary Compensation Table included in this Proxy Statement. The median employee annual total compensation for 2020, using the methodology that was used to calculate Mr. Ludwig's compensation in the Summary Compensation Table, was $55,552. As a result, the CEO pay ratio is 18.5:1.

This pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules based on our payroll and employment records and the methodology described above. Because the SEC rules for identifying the median employee and calculating the pay ratio allow companies to adopt a variety of methodologies, apply certain exclusions, and make reasonable estimates and assumptions that reflect their compensation practices, the pay ratio reported by other companies may not be comparable to the pay ratio reported above.

Grants of Plan-Based Awards

The following table provides information on incentive compensation and equity grants awarded to our named executive officers during 2020. All such grants were made under our 2019 LTIP, which is described in more detail below.

Grants of Plan-Based Awards Table

Name (a)	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	All Other Stock Awards: Number of Shares of Stock or Units(2) (#) (i)	Grant Date Fair Value of Stock and Option Awards(3) ($) (l)
Jeffrey G. Ludwig	—	$ 185,900	$ 371,800	$ 429,000	—	—
	11/5/2020	—	—	—	13,101	$ 194,419
Jeffrey S. Mefford	—	$ 120,000	$ 240,000	$ 300,000	—	—
	11/5/2020	—	—	—	7,752	$ 115,040
Douglas J. Tucker	—	$ 70,864	$ 141,728	$ 265,740	—	—
	11/5/2020	—	—	—	5,618	$ 83,371
Eric T. Lemke	—	$ 61,000	$ 122,000	$ 228,750	—	—
	11/5/2020	—	—	—	4,299	$ 63,797
James R. Stewart	—	$ 64,890	$ 129,780	$ 243,338	—	—
	11/5/2020	—	—	—	5,145	$ 76,352

(1) The amounts set forth in the "Estimated Future Payouts Under Non-Equity Incentive Plan Awards" columns reflect the threshold, target, and maximum payouts for performance under our annual incentive bonus program, assuming that the respective level of performance is attained for all applicable metrics, as described in the section titled "Compensation Components—Annual Incentive Bonus" in the Compensation Discussion and Analysis above. The amounts earned by each named executive officer for 2020 performance is included in the Summary Compensation Table in the column titled "Non-Equity Incentive Plan Compensation".

(2) Reflects restricted stock awards which vest in 25% increments on the first, second, third and fourth anniversary of the date of grant. These restricted stock awards are accelerated and vest in full upon an involuntary termination or cancellation of the awards in connection with a change in control of the Company or upon the participant's death or disability.

(3) Amounts reflect the aggregate grant date fair value of restricted stock awards in accordance with FASB ASC Topic 718.

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Outstanding Equity Awards

The following table provides information for each of our named executive officers regarding outstanding stock options and unvested stock awards held by the officers as of December 31, 2020. Market values are presented as of the end of 2020 (based on the market value of our common stock of $17.87 on December 31, 2020) for outstanding stock awards, which include 2020 grants and prior-year grants.

Outstanding Equity Awards at Fiscal Year-End

	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options					
Name	Exercisable (#)	Unexercisable(1) (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(1) (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Jeffrey G. Ludwig	8,356	—	14.75	12/16/21	—	—
	8,075	—	16.00	12/13/22	—	—
	9,482	—	16.59	12/10/23	—	—
	60,000	—	18.00	08/05/24	—	—
	12,753	—	21.00	12/02/24	—	—
	16,800	—	23.00	11/03/25	—	—
	8,383	—	28.59	11/16/26	—	—
	—	—	—	—	30,649	547,698
Jeffrey S. Mefford	5,559	—	14.75	12/16/21	—	—
	5,500	—	16.00	12/13/22	—	—
	6,661	—	16.59	12/10/23	—	—
	10,000	—	18.00	08/05/24	—	—
	7,885	—	21.00	12/02/24	—	—
	10,702	—	23.00	11/03/25	—	—
	5,341	—	28.59	11/16/26	—	—
	—	—	—	—	18,478	330,202
Douglas J. Tucker	7,153	—	21.00	12/02/24	—	—
	11,566	—	23.00	11/03/25	—	—
	5,405	—	28.59	11/16/26	—	—
	—	—	—	—	13,953	249,340
James R. Stewart	1,031	—	16.59	12/10/23	—	—
	2,697	—	21.00	12/02/24	—	—
	6,759	—	23.00	11/03/25	—	—
	4,532	—	28.59	11/16/26	—	—
	—	—	—	—	12,690	226,770
Eric T. Lemke	—	—	—	—	8,128	145,247

(1) All awards in this column that remain subject to vesting vest in 25% increments on the first, second, third and fourth anniversary of the date of grant. Stock options and restricted stock awards granted under our 2010 LTIP are accelerated and vest in full upon a change in control of the Company or upon the participant's death or disability. Stock options and restricted stock awards granted under our 2019 LTIP are accelerated and vest in full upon an involuntary termination or cancellation of the awards in connection with a change in control of the Company or upon the participant's death or disability. All of the outstanding stock options and restricted stock awards shown above were granted under our 2010 LTIP other than 23,153, 13,700, 9,929, 9,092, and 7,597 restricted stock awards granted to Messrs. Ludwig, Mefford, Tucker, Stewart, and Lemke, respectively, which were granted under our 2019 LTIP.

Option Exercises and Stock Vested in 2020

The following table sets forth information concerning the exercise of options and vesting of stock awards with respect to each named executive officer in 2020.

Option Exercises and Stock Vested Table

	Option Awards		Stock Awards	
Name (a)	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise(1) ($) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting ($) (e)
Jeffrey G. Ludwig	5,000	$ 4,150	8,867	$ 136,964
Jeffrey S. Mefford	—	—	5,559	$ 86,244
Douglas J. Tucker	—	—	4,587	$ 71,787
Eric T. Lemke	—	—	1,365	$ 19,924
James R. Stewart	—	—	4,068	$ 63,432

(1) Computed by determining the difference between the market value per share of our common stock on the date of exercise and the exercise price.

Nonqualified Deferred Compensation

The following table sets forth information concerning the benefits under the Company's Executive Deferred Compensation Plan as of December 31, 2020.

Nonqualified Deferred Compensation Table

Name (a)	Executive Contributions in Last FY(1) ($) (b)	Registrant Contributions in Last FY ($) (c)	Aggregate Earnings In Last FY(2) ($) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last FYE(3) ($) (f)
Jeffrey G. Ludwig	—	—	—	—	—
Jeffrey S. Mefford	—	—	—	—	—
Douglas J. Tucker	$ 125,000	—	$ 21,422	—	$ 433,302
Eric T. Lemke	—	—	—	—	—
James R. Stewart	—	—	—	—	—

(1) The "Executive Contributions in Last FY" column includes contribution amounts also reported in the Summary Compensation Table. The contribution amount for Mr. Tucker was reported as non-equity incentive plan compensation for 2019 but was not contributed to the plan until 2020 when 2019 annual cash incentive awards were paid to employees. Mr. Tucker also deferred $75,000 of his annual cash incentive award reported as non-equity incentive plan compensation in the Summary Compensation Table for 2020. Such amount was not contributed to the plan until 2021 when 2020 annual cash incentive awards were paid to employees and are therefore not reflected in the above table.

(2) The "Aggregate Earnings in Last FY" column does not include any amounts that are also reported in the Summary Compensation Table as the Executive Deferred Compensation Plan does not provide for above-market interest.

(3) The "Aggregate Balance at Last FYE" column includes contribution amounts previously reported as compensation for Mr. Tucker in the Summary Compensation Table for the 2017, 2018, and 2019 fiscal years. The aggregate amounts reported in the Summary Compensation Table in prior years for Mr. Tucker as of December 31, 2020 was $375,590.

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Potential Payments Upon Termination or Change in Control

The following table sets forth information concerning potential payments and benefits under our compensation programs and benefit plans, including the individual employment agreements, to which the named executive officers would be entitled upon various terminations of employment or a change in control as of December 31, 2020. Except for payments and benefits provided by the employment agreements, all payments and benefits provided to any named executive officer upon termination of employment are the same as the payments and benefits provided to other eligible employees of the Company. For purposes of estimating the value of accelerated vesting of equity awards we have assumed a price per share of our common stock of $17.87 based on the market value of our common stock on December 31, 2020.

Potential Payments Upon Termination or Change in Control Table

Name	Cash Severance Payments(1) ($)	COBRA Continuation(2) ($)	Accelerated Vesting of Equity Awards(3) ($)	Total Payments ($)
Jeffrey G. Ludwig				
Involuntary Termination (not in connection with a change in control)(4)	$ 843,846	$ 24,891	—	$ 868,737
Involuntary Termination (in connection with a change in control)(5)	$ 2,531,538	$ 74,673	$ 547,698	$ 3,153,909
Change in Control	—	—	$ 133,954	$ 133,954
Death or Disability	—	—	$ 547,698	$ 547,698
Jeffrey S. Mefford				
Involuntary Termination (not in connection with a change in control)(4)	$ 200,000	—	—	$ 200,000
Involuntary Termination (in connection with a change in control)(5)	$ 1,149,790	—	$ 330,202	$ 1,479,992
Change in Control	—	—	$ 85,383	$ 85,383
Death or Disability	—	—	$ 330,202	$ 330,202
Douglas J. Tucker				
Involuntary Termination (not in connection with a change in control)(4)	$ 243,483	$ 15,157	—	$ 258,640
Involuntary Termination (in connection with a change in control)(5)	$ 973,933	$ 30,314	$ 249,340	$ 1,253,587
Change in Control	—	—	$ 71,909	$ 71,909
Death or Disability	—	—	$ 249,340	$ 249,340
Eric T. Lemke				
Involuntary Termination (not in connection with a change in control)(4)	$ 63,346	$ 14,084	—	$ 63,346
Involuntary Termination (in connection with a change in control)(5)	$ 727,249	$ 28,168	$ 145,247	$ 900,664
Change in Control	—	—	$ 9,489	$ 9,489
Death or Disability	—	—	$ 145,247	$ 145,247
James R. Stewart				
Involuntary Termination (not in connection with a change in control)(4)	$ 162,225+	$ 17,503	—	$ 179,728
Involuntary Termination (in connection with a change in control)(5)	$ 850,263	$ 35,006	$ 226,770	$ 1,112,039
Change in Control	—	—	$ 64,296	$ 64,296
Death or Disability	—	—	$ 226,770	$ 226,770

(1) Reflects the sum of cash severance payments to be made pursuant to each named executive officer's employment agreement exclusive of any pro rata bonus payable on a termination of employment as

annual incentive bonuses are earned as of December 31 and no additional amount would be payable to a named executive officer for a termination occurring on the last day of the year. Please see the "Non-equity Incentive Plan Compensation" column of the Summary Compensation Table for 2020 annual incentive compensation amounts.

(2) Reflects the employer-paid portion of COBRA premiums to be made pursuant to each named executive officer's employment agreement, assuming each named executive officer was eligible for, and elected, COBRA coverage for the maximum period allowed by law. No value is reflected for Mr. Mefford as he did not participate in our medical and dental plans as of December 31, 2020.

(3) Reflects the value of accelerated vesting of unvested stock options and restricted stock awards pursuant to our 2019 LTIP and 2010 LTIP based on the market value of our common stock of $17.87 on December 31, 2020.

(4) Involuntary Termination (not in connection with a change in control) means a termination by (i) the employer other than for cause, death or disability, or (ii) the named executive officer for good reason, in either case that does not occur within six months prior to, or 24 months following, a change in control.

(5) Involuntary Termination (in connection with a change in control) means a termination by (i) the employer other than for cause, death or disability, or (ii) the named executive officer for good reason, in either case that occurs within six months prior to, or 24 months following, a change in control.

Employment Agreements

We have entered into employment agreements with each of our named executive officers. Each agreement generally describes the position and duties of each named executive officer, provides for a specified term of employment, describes base salary, bonus opportunity and other benefits and perquisites to which the executive officer is entitled, if any, sets forth the duties and obligations of each party in the event of a termination of employment prior to expiration of the employment term, and provides us with a measure of protection by obligating the named executive officer to abide by the terms of restrictive covenants during the terms of his employment and thereafter for a specified period of time. Because we entered into and amended the executive employment agreements at differing times over the past ten years, we entered into amended and restated agreements with each of the NEOs in November 2020.

Mr. Ludwig. Our amended and restated employment agreement with Mr. Ludwig, effective November 5, 2020, provides for an initial term of three years, with an automatic extension for an additional one-year period commencing on the first anniversary of the effective date and each anniversary thereafter, unless either party provides written notice of non-extension ninety days prior to the extension date. If a change in control of the Company occurs during the term of the agreement, the agreement will remain in effect for the two-year period following the change in control. Mr. Ludwig's base salary is subject to annual review and increase at the discretion of our Compensation Committee, and his target bonus is required to be at least 65% of his base salary. The agreement also provides for Mr. Ludwig's participation in the Company's compensation and benefits plans, including the 2019 LTIP, in the same manner as other senior executives of the Company. Following Mr. Ludwig's termination of employment, he will be subject to non-competition and non-solicitation restrictions for a period of 12 months. In the event Mr. Ludwig's employment is terminated by the Company other than for cause, death, or disability, or he resigns for good reason, he will be entitled to a payment equal to 100% (300% if in connection with a change in control) of the sum of his salary plus the average of his bonus payments for the prior three years. He will also be entitled to COBRA coverage at employee rates for up to 12 months (36 months if in connection with a change in control) and a pro rata bonus for the year of termination.

Mr. Mefford. Our amended and restated employment agreement with Mr. Mefford, effective November 5, 2020, provides for an initial term of two years, with an automatic extension for an additional one-year period commencing on the first anniversary of the effective date and each anniversary thereafter, unless either party provides written notice of non-extension ninety days prior to the extension date. If a change in control of the Company occurs during the term of the agreement, the agreement will remain in effect for the two-year period following the change in control. Mr. Mefford's base salary is subject to annual review and increase at the discretion of our Chief Executive Officer, and his target bonus is required to be at least 60% of his base salary. The agreement also provides for Mr. Mefford's participation in the Company's compensation and benefits plans, including the 2019 LTIP, in the same manner as other senior executives of the Company. Following Mr. Mefford's termination of employment, he will be subject to non-competition and non-solicitation restrictions for a period of 12 months. In the event Mr. Mefford's employment is terminated by the Company other than for cause, death, or disability, or he resigns for good reason, he will be entitled to receive severance pursuant to the Company's general severance plan, or if such termination is in connection with a change in control, he will be entitled to a payment equal to 200% of the sum of his salary plus the average of his bonus payments for the prior three years. He will also be entitled to COBRA coverage at employee rates for up to 12 months (24 months if in connection with a change in control) and, if such termination is in connection with a change in control, a pro rata bonus for the year of termination.

Mr. Tucker. Our amended and restated employment agreement with Mr. Tucker, effective November 5, 2020, provides for an initial term of two years, with an automatic extension for an additional one-year period commencing on the first anniversary of the effective date and each anniversary thereafter, unless either party provides written notice of non-extension ninety days prior to the extension date. If a change in control of the Company occurs during the term of the agreement, the agreement will remain in effect for the two-year period following the change in control. Mr. Tucker's base salary is subject to annual review and increase at the discretion of our Chief Executive Officer and his target bonus is required to be at least 40% of his base salary. The agreement also provides for Mr. Tucker's participation in the Company's compensation and benefits plans, including the 2019 LTIP, in the same manner as other senior executives of the Company. Following Mr. Tucker's termination of employment, he will be subject to non-competition and non-solicitation restrictions for a period of 12 months. In the event Mr. Tucker's employment is terminated by the Company other than for cause, death, or disability, or he resigns for good reason, he will be entitled to a payment equal to 50% (200% if in connection with a change in control) of the sum of his salary plus the average of his bonus payments for the prior three years. He will also be entitled to COBRA coverage at employee rates for up to 12 months (24 months if in connection with a change in control) and, if such termination is in connection with a change in control, a pro rata bonus for the year of termination.

Mr. Lemke. Our amended and restated employment agreement with Mr. Lemke, effective November 5, 2020, provides for an initial term of two years, with an automatic renewal for additional one-year periods commencing on each anniversary thereafter, unless either party provides written notice of nonrenewal ninety days prior to the extension date. If a change in control of the Company occurs during the term of the agreement, the agreement will remain in effect for the two-year period following the change in control. Mr. Lemke's base salary is subject to annual review and increase at the discretion of our Chief Executive Officer and his target bonus is required to be at least 40% of his base salary. The agreement also provides for Mr. Lemke's participation in the Company's compensation and benefits plans, including the 2019 LTIP, in the same manner as other senior executives of the Company. Following Mr. Lemke's termination of employment, he will generally be subject to non-solicitation (and non-competition unless such termination is due to good reason) restrictions for a period of 12 months. In the event Mr. Lemke's employment is terminated by the Company other than for cause, death, or disability, or he resigns for good reason, he will be entitled to receive severance pursuant to the Company's general severance plan, or if such termination is in connection with a change in control, he will be entitled to a payment equal to 200% of the sum of his salary plus the average of his bonus payments for the prior three years. He will also be entitled to COBRA coverage at employee rates for up to 12 months (24 months if in connection with a change in control) and, if such termination is in connection with a change in control, a pro rata bonus for the year of termination.

Mr. Stewart. Our amended and restated employment agreement with Mr. Stewart, effective November 5, 2020, provides for an initial term of two years, with an automatic renewal for additional one-year periods commencing on each anniversary thereafter, unless either party provides written notice of nonrenewal ninety days prior to the extension date. If a change in control of the Company occurs during the term of the agreement, the agreement will remain in effect for the two-year period following the change in control. Mr. Stewart's base salary is subject to annual review and increase at the discretion of our Chief Executive Officer and his target bonus is required to be at least 40% of his base salary. The agreement also provides for Mr. Stewart's participation in the Company's compensation and benefits plans, including the 2019 LTIP, in the same manner as other senior executives of the Company. Following Mr. Stewart's termination of employment, he will be subject to non-competition and non-solicitation restrictions for a period of 12 months. In the event Mr. Stewart's employment is terminated by the Company other than for cause, death, or disability, or he resigns for good reason, he will be entitled to receive severance pursuant to the Company's general severance plan, or if such termination is in connection with a change in control, he will be entitled to a payment equal to 200% of the sum of his salary plus the average of his bonus payments for the prior three years. He will also be entitled to COBRA coverage at employee rates for up to 12 months (24 months if in connection with a change in control) and, if such termination is in connection with a change in control, a pro rata bonus for the year of termination.

Our obligation to pay any severance under each of the amended and restated employment agreements is conditioned on the execution by the named executive officer of a general release and waiver of any and all claims with respect to their employment with the Company.

Long Term Incentive Plans

Equity based incentive awards are currently made though the Company's 2019 LTIP. The Company also maintains the 2010 LTIP, and previously maintained the Midland States Bancorp, Inc. Omnibus Stock Ownership and Long Term Incentive Plan, and the Third Amendment and Restatement Midland States Bancorp, Inc. 1999 Stock Option Plan (collectively, with the 2010 LTIP, the "**Prior Incentive Plans**"). As of the effective date of the 2019 LTIP, no further awards may be granted under the Prior Incentive Plans. However, any previously outstanding incentive award granted under the Prior Incentive Plans remains subject to the terms of such plans until the time it is no longer outstanding.

Midland States Bancorp, Inc. 2019 Long-Term Incentive Plan. The 2019 LTIP was adopted by our board on February 5, 2019 and became effective upon approval by our shareholders on May 3, 2019. Following the approval of the 2019 LTIP, no additional awards may be issued under our previous plan, the Second Amended and Restated 2010 Long-Term Incentive Plan (the "**2010 LTIP**"), although any award previously granted under the 2010 LTIP will remain subject to the terms of the 2010 LTIP for so long as it remains outstanding. The 2019 LTIP was designed to ensure continued availability of equity awards that will assist the Company in attracting, retaining and rewarding key employees, directors and other service providers. Pursuant to the 2019 LTIP, the Compensation Committee is allowed to grant awards to eligible persons in the form of qualified and non-qualified stock options, restricted stock, restricted stock units, stock appreciation rights and other incentive awards. Up to 1,000,000 shares of common stock are available for issuance under the plan (all of which may be granted as qualified stock options). As of December 31, 2020, there were 704,834 shares available for issuance under the plan. Awards vest, become exercisable and contain such other terms and conditions as determined by the Compensation Committee and set forth in individual agreements with the employees receiving the awards. The plan enables the Compensation Committee to set specific performance criteria that must be met before an award vests under the plan. The 2019 LTIP allows for acceleration of vesting and exercise privileges of grants if a participant's termination of employment is due to a change in control, death or total disability. If a participant's job is terminated for cause, then all unvested awards expire at the date of termination.

Midland States Bancorp, Inc. Second Amended and Restated 2010 Long-Term Incentive Plan. The 2010 LTIP was adopted by our board on October 18, 2010 and approved by our shareholders on November 23, 2010. The 2010 LTIP was amended and restated December 31, 2010 and further amended and restated February 2, 2016. The 2016 restatement, which was not submitted to shareholders for approval, increased the number of shares available for issuance under the plan by 1,000,000. The 2010 LTIP was designed to ensure continued availability of equity awards to assist the Company in attracting, retaining and rewarding key employees, directors and other service providers. Pursuant to the 2010 LTIP, the Compensation Committee was allowed to grant awards to eligible persons in the form of qualified and non-qualified stock options, restricted stock, restricted stock units, stock appreciation rights and other incentive awards. Up to 2,000,000 shares of common stock were available for issuance under the plan (the initial 1,000,000 of which were eligible to be granted as qualified stock options). After approval of our 2019 LTIP, no additional grants were to be made under the 2010 LTIP. Awards vest, become exercisable and contain such other terms and conditions as determined by the Compensation Committee and set forth in individual agreements with the employees receiving the awards. The plan enabled the Compensation Committee to set specific performance criteria that must be met before an award vests under the plan. The 2010 LTIP allowed for acceleration of vesting and exercise privileges of grants upon a change in control or if a participant's termination of employment is due to death or total disability. If a participant's job is terminated for cause, then all unvested awards expire at the date of termination.

Midland States Bancorp, Inc. Omnibus Stock Ownership and Long Term Incentive Plan. The Company adopted this plan in 2008 to replace our 1999 Stock Option Plan. Under the plan, we were permitted to grant awards to eligible persons in the form of qualified and non-qualified stock options, restricted stock, restricted stock units, and long-term incentive compensation units and stock appreciation rights. We had reserved up to 100,000 shares of common stock for issuance under the plan. After approval of our 2010 LTIP, no additional grants were to be made under this plan. Awards that were granted under this plan will vest, become exercisable and contain such other terms and conditions as determined by the Compensation Committee and set forth in individual agreements with the employees receiving the awards. The plan allows for acceleration of vesting and exercise privileges of grants prior to the consummation of a change in control transaction, or the death or total disability of the participant. If a participant's job is terminated for cause, then all unvested awards expire at the date of termination.

Other Compensation Programs

Midland States Bank 401(k) Profit Sharing Plan. The Midland States Bank 401(k) Profit Sharing Plan, or the 401(k) Plan, is designed to provide retirement benefits to all eligible full-time and part-time employees of the Bank and its subsidiaries. The 401(k) Plan provides employees with the opportunity to save for retirement on a tax-favored basis. Named executive officers, all of whom were eligible during 2020, may elect to participate in the 401(k) Plan on the same basis as all other employees. Employees may defer 1% to 100% of their compensation to the 401(k) Plan up to the applicable statutory limit. We currently match employee contributions on the first 6% of employee compensation (50 cents for each $1). The Company match is contributed in the form of cash and is invested according to the employee's current investment allocation. The Company has the authority to make an annual discretionary profit sharing contribution to the 401(k) Plan, but does not currently do so.

Amended and Restated Midland States Bancorp, Inc. Employee Stock Purchase Plan. We maintain the Amended and Restated Midland States Bancorp, Inc. Employee Stock Purchase Plan (Amended and Restated May 3, 2019) (the "**ESPP**") for the benefit of our eligible employees. The plan is not intended to constitute an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code of 1986, as amended (the "**Code**"). Any employee who has been employed by us or any subsidiary is eligible to participate in the plan upon completion of the service requirements determined by the Compensation Committee. Pursuant to the plan, participating employees are permitted to use after-tax dollars, up to a maximum of $25,000 per calendar year of their compensation, to purchase shares of our common stock at the end of each calendar quarter. The purchase price for the stock is currently 90% of the stock's fair market value as of the first day of each quarterly offering period. While the Compensation Committee could elect a different discount percentage, it does not expect to do so in the foreseeable future. At any time our common stock is listed for trading on a principal national securities exchange, including the Nasdaq Global Select Market, the fair market value under this plan is deemed to be the officially quoted closing selling price of the shares on the applicable day. The maximum number of shares that may be issued under the ESPP is 500,000, which includes the 300,000 previously subject to the ESPP and an additional 200,000 shares approved by shareholders as of May 3, 2019.

Deferred Compensation Plan for Directors and Executives. We maintain the Deferred Compensation Plan for Directors and Executives of Midland States Bancorp, Inc. (As Amended and Restated Effective December 31, 2015) (the "**Deferred Compensation Plan**") for the benefit of our directors and certain senior executives. The plan provides directors and executives an opportunity to better plan for their financial futures by providing a vehicle for the deferral of current income taxation. Under the plan, directors and eligible senior executives are permitted to elect to defer all or a portion of their annual director fees (in whatever form), salary and/or bonus, as the case may be. Any deferrals are credited to a plan account and earn interest based on the notional investment elections of the executives from a selection of measurement funds generally available to participants under the 401(k) Plan. One available notional investment alternative for directors is Company stock units, which track the value of our common stock. As an incentive to elect our common stock as a measurement for investment return, and thereby further tie the individual's financial success to the Company, any director who defers all of his or her annual director fees and directs their investment to common stock units, for any period prior to May 1, 2019, will receive an additional matching credit to his or her plan account equal to 25% of his or her deferred director fees. The matching contribution vests ratably over the director's first four years of service. The vesting will be accelerated in the case of a change in control of the Company or the participant's death, disability or retirement after reaching age 70. Participants can elect to receive their distributions in a lump sum or in installments spread over a period of up to 15 years.

Effective as of November 8, 2018, the Board split the Deferred Compensation Plan into the Deferred Compensation Plan for Directors of Midland States Bancorp, Inc. (Effective November 8, 2018) (the "**Director Deferred Compensation Plan**") and the Deferred Compensation Plan for Executives of Midland States Bancorp, Inc. (Effective November 8, 2018) (the "**Executive Deferred Compensation Plan**"). The Director Deferred Compensation Plan and the Executive Deferred Compensation Plan each amend and continue the Deferred Compensation Plan with respect to directors and executives, respectively. In general, the Director Deferred Compensation Plan and the Executive Deferred Compensation Plan preserve the terms of the Deferred Compensation Plan with respect to directors and executives, respectively, except that the matching contribution with respect to director contributions was discontinued effective May 1, 2019. In lieu of the matching contribution previously available to directors under the Director Deferred Compensation Plan, effective as of the board year commencing with our 2019 annual shareholder meeting, the Company grants restricted stock unit awards with a value equal to 25% of the directors anticipated cash fees to be earned for the board year with a one-year vesting period. Pursuant to the Director Deferred Compensation Plan, directors will continue to vest in prior matching contributions on the same schedule as provided in the Deferred Compensation Plan.

Health and Welfare Benefits. Our named executive officers are eligible to participate in our standard health and welfare benefits program, which offers medical, dental, vision, life, accident, and disability coverage to all of our eligible employees. We do not provide the named executive officers with any health and welfare benefits that are not generally available to our other employees.

Perquisites. We provide our named executive officers with certain perquisites that we believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain superior employees for key positions. The Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers. Based on this periodic review, perquisites are awarded or adjusted on an individual basis. The perquisites received by our named executive officers in 2020 included allowances for annual country club/social club dues, use of a Company-owned automobile, and certain housing benefits. With respect to our named executive officers, country club allowances and the use of a Company car are provided only to Messrs. Ludwig and Mefford, and housing benefits are only provided to Mr. Lemke.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information as of March 1, 2021, regarding the beneficial ownership of our common stock of:

- each shareholder known by us to beneficially own more than 5% of our outstanding common stock;
- each of our directors and director nominees;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting of securities, or to dispose or direct the disposition of securities, or has the right to acquire such powers within 60 days. For purposes of calculating each person's percentage ownership, common stock issuable pursuant to options exercisable within 60 days are included as outstanding and beneficially owned for that person or group but are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Except as disclosed in the footnotes to this table and subject to applicable community property laws, we believe that each person identified in the table has sole voting and investment power over all of the shares shown opposite such person's name.

The percentage of beneficial ownership is based on 22,306,015 shares of our common stock outstanding as of March 1, 2021.

Unless otherwise provided, the address for each shareholder listed in the table below is: c/o Midland States Bancorp, Inc., 1201 Network Centre Drive, Effingham, Illinois 62401.

Name	Amount and Nature of Beneficial Ownership(1)	Percent of Class
5% Shareholders		
BlackRock, Inc.(2)	1,971,071	8.8%
FJ Capital Management LLC(3)	1,259,284	5.6%
Directors and Named Executive Officers		
Jeffrey G. Ludwig(4)	346,326	1.5%
Eric T. Lemke(5)	9,600	*
Douglas J. Tucker(6)	46,318	*
Jeffrey S. Mefford(7)	102,871	*
James R. Stewart(8)	35,783	*
R. Dean Bingham(9)	18,500	*
Jennifer L. DiMotta(10)	2,897	*
Deborah A. Golden(11)	2,572	*
Jerry L. McDaniel(12)	138,509	*
Jeffrey M. McDonnell(13)	23,801	*
Dwight A. Miller(14)	73,904	*
Richard T. Ramos(15)	16,501	*
Robert F. Schultz(16)	357,012	1.6%
Jeffrey C. Smith(17)	35,972	*
All directors and executive officers as a group (15 persons)(18)	1,298,864	5.8%

* Indicates one percent or less.

(1) 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.

(2) Information is based solely on Amendment No. 2 to Schedule 13G filed on January 29, 2021. The address of BlackRock, Inc. is 55 East 52nd Street, New York, New York 10055.

(3) Information is based solely on Amendment No. 2 to Schedule 13G filed on February 10, 2021. FJ Capital Management LLC shares voting and/or dispositive power with Financial Opportunity Fund LLC, Martin Friedman, Bridge Equities III, LLC, Bridge Equities XI, LLC, SunBridge Manager, LLC, SunBridge Holdings, LLC and Realty Investment Company, Inc. The address of FJ Capital Management LLC is 1313 Dolley Madison Boulevard, Suite 306, McLean, Virginia 22101.

(4) Consists of: (i) 210,908 shares held by Mr. Ludwig individually; (ii) 11,569 shares held by JQ Properties, LLC, all of which are pledged as security for indebtedness; and (iii) 123,849 shares subject to stock options that are currently exercisable or are exercisable within 60 days of March 1, 2021. Mr. Ludwig is a manager and a member of, and has shared voting and investment power over the shares held by, JQ Properties, LLC, but disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.

(5) Consists of 9,600 shares held by Mr. Lemke individually.

(6) Consists of: (i) 22,194 shares of our common stock held by Mr. Tucker individually; and (ii) 24,124 shares subject to stock options that are currently exercisable or are exercisable within 60 days of March 1, 2021.

(7) Consists of: (i) 51,223 shares of our common stock held by Mr. Mefford individually; and (ii) 51,648 shares subject to stock options that are currently exercisable or are exercisable within 60 days of March 1, 2021.

(8) Consists of: (i) 20,764 shares of our common stock held by Mr. Stewart individually; and (ii) 15,019 shares subject to stock options that are currently exercisable or are exercisable within 60 days of March 1, 2021.

(9) Consists of 18,500 shares held by Mr. Bingham individually.

(10) Consists of: (i) 205 shares of our common stock held by Mrs. DiMotta individually; and (ii) 2,692 shares subject to restricted stock units that will vest within 60 days of March 1, 2021.

(11) Consists of: (i) 987 shares of our common stock held by Ms. Golden individually; and (ii) 1,585 shares subject to restricted stock units that will vest within 60 days of March 1, 2021.

(12) Consists of: (i) 8,680 shares held by Mr. McDaniel's minor children; (ii) 35,046 shares held in the James H. McDaniel Revocable Trust; (iii) 80,000 shares held by Evalia Enterprises, LLC; (iv) 13,000 shares held by Four Diamond Capital LLC; and (v) 1,783 shares subject to restricted stock units that will vest within 60 days of March 1, 2021. Mr. McDaniel is a managing member of, and has voting and investment power over the shares held by, Evalia Enterprises, LLC and Four Diamond Capital LLC, but disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein. Mr. McDaniel is the beneficiary of, and has voting and investment power over the shares held by, the James H. McDaniel Revocable Trust, but disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein. Mr. McDaniel disclaims beneficial ownership of shares held by his minor children except to the extent of his pecuniary interest therein.

(13) Consists of: (i) 21,955 shares held by the Jeffrey M. McDonnell Revocable Trust UA; and (ii) 1,846 shares subject to restricted stock units that will vest within 60 days of March 1, 2021. Mr. McDonnell is the beneficiary of, and has voting and investment power over the shares held by, the Jeffrey M. McDonnell Revocable Trust UA, but disclaims beneficial ownership thereof except to the extent of his pecuniary interest therein.

(14) Consists of: (i) 71,095 shares of our common stock held by Mr. Miller individually; and (ii) 2,809 shares subject to restricted stock units that will vest within 60 days of March 1, 2021.

(15) Consists of: (i) 11,845 shares held by Mr. Ramos jointly with his spouse; (ii) 1,000 shares held by Mr. Ramos' children who live in his household; and (iii) 3,656 shares subject to restricted stock units that will vest within 60 days of March 1, 2021. Mr. Ramos disclaims beneficial ownership of shares held by his children except to the extent of his pecuniary interest therein.

(16) Consists of: (i) 32,117 shares held by Robert Schultz individually; (ii) 3,543 shares held by his spouse; (iii) 30,153 shares held by Red Bird Investors LLC; (iv) 250,030 shares held by J.M. Schultz Investment, L.L.C.; (v) 37,370 shares held by Summit Investors, LLP; and (vi) 3,799 shares subject to restricted stock units that will vest within 60 days of March 1, 2021. Robert Schultz is: (i) the managing member of J.M. Schultz Investment, L.L.C.;

(ii) the managing member of Red Bird Investors LLC; and (iii) the managing member of Summit Investors, LLP. He has voting and investment power over the shares held by J.M. Schultz Investment, L.L.C., Red Bird Investors LLC, and Summit Investors, LLP but disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. Mr. Schultz disclaims beneficial ownership of shares held by his spouse individually except to the extent of his pecuniary interest therein.

(17) Consists of: (i) 31,446 shares held by Mr. Smith individually; and (ii) 4,526 shares subject to restricted stock units that will vest within 60 days of March 1, 2021. 8,511 shares are pledged as security for indebtedness.

(18) Includes an aggregate of: (i) 259,844 shares subject to stock options that are currently exercisable or are exercisable within 60 days of March 1, 2021; and (ii) 22,696 shares subject to restricted stock units that will vest within 60 days of March 1, 2021. An aggregate of 20,080 shares are pledged as security for indebtedness.

DELINQUENT SECTION 16(A) REPORTS

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), requires our executive officers, directors and persons who own more than 10% of our common stock to file reports of ownership and changes in ownership with the SEC and with the exchange on which our shares of common stock are traded. We are not aware that any of our directors, executive officers or 10% shareholders failed to comply with the filing requirements of Section 16(a) during the fiscal year ended December 31, 2020, except that upon Mr. R. Dean Bingham joining the Company board, the Company inadvertently did not file a Form 3 for him within the prescribed timeframe.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the compensation arrangements with directors and executive officers described in "**Executive Compensation**" above, the following is a description of transactions in the 2020 fiscal year to which we have been a party in which the amount involved exceeded or will exceed $120,000, and in which any of our directors, executive officers or beneficial holders of more than five percent of our capital stock, or their immediate family members or entities affiliated with them, had or will have a direct or indirect material interest.

Ordinary Banking Relationships

Our directors, officers, beneficial owners of more than five percent of our voting securities and their associates were customers of and had transactions with us in the past, and additional transactions with these persons are expected to take place in the future. All outstanding loans and commitments to loan with these persons were made in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the Company or the Bank and did not involve more than the normal risk of collectability or present other unfavorable features. All such loans are approved by the Bank's board of directors in accordance with the bank regulatory requirements. Similarly, all certificates of deposit and depository relationships with these persons were made in the ordinary course of business and involved substantially the same terms, including interest rates, as those prevailing at the time for comparable depository relationships with persons not related to the Company or the Bank.

Policies and Procedures Regarding Related Party Transactions

Transactions by the Company or the Bank with related parties are subject to certain regulatory requirements and restrictions, including Sections 23A and 23B of the Federal Reserve Act (which govern certain transactions by the Bank with its affiliates) and the Federal Reserve's Regulation O (which governs certain loans by the Bank to its executive officers, directors and principal shareholders).

Under applicable SEC and Nasdaq Stock Market rules, related party transactions are transactions in which we are a participant, the amount involved exceeds $120,000 and a related party has or will have a direct or indirect material interest. Related parties of the Company include directors (including nominees for election as directors), executive officers, five percent shareholders and the immediate family members of these persons. Our Corporate Counsel, in consultation with management and outside counsel, as appropriate, will review potential related party transactions to determine if they qualify as related party transactions, as defined under SEC rules. If so, as required by the Audit Committee's charter, the transaction will be referred to Audit Committee for approval. In determining whether to approve a related party transaction, the Audit Committee will consider, among other factors, the fairness of the proposed transaction, the direct or indirect nature of the related party's interest in the transaction, the appearance of an improper conflict of interests for any director or executive officer taking into account the size of the transaction and the financial position of the related party, whether the transaction would impair an outside director's independence, the acceptability of the transaction to our regulators and the potential violations of other corporate policies. The Company's policies and procedures for the review, approval or ratification of related party transactions are set forth in the Audit Committee's charter.

AUDIT COMMITTEE REPORT

The following is the report of the Audit Committee with respect to the Company's audited financial statements for the year ended December 31, 2020. The information contained in this report shall not be deemed to be "soliciting material" or to otherwise be considered "filed" with the SEC, and such information shall not be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates this report by reference in such filing.

The Audit Committee assists the board in carrying out its oversight responsibilities for our financial reporting process, audit process and internal controls. The Audit Committee also reviews the audited financial statements and recommends to the board that they be included in our Annual Report on Form 10-K. The committee is currently comprised of Messrs. Ramos, McDaniel and McDonnell. All of the members have been determined to be "independent," as defined by the rules of the Nasdaq Stock Market.

The Audit Committee has reviewed and discussed our audited financial statements for 2020 with our management and Crowe LLP, our independent registered public accounting firm, with respect to the 2020 fiscal year. The committee has also discussed with Crowe LLP the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (the "**PCAOB**") and the SEC and received and discussed the written disclosures and the letter from Crowe LLP required by the applicable requirements of the PCAOB. Based on the review and discussions with management and Crowe LLP, the Audit Committee has recommended to the board that the audited financial statements for 2020 be included in our Annual Report on Form 10-K for filing with the SEC.

Audit Committee:

Richard T. Ramos (Chair)
Jeffrey M. McDonnell
Jerry L. McDaniel

PROPOSAL 2—ADVISORY (NON-BINDING) VOTE ON EXECUTIVE COMPENSATION

Section 14A of the Exchange Act and the rules and regulations promulgated thereunder require publicly traded companies, such as the Company, to permit a separate shareholder vote to approve the compensation of the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC. In accordance with these requirements, we are providing shareholders with an advisory vote on the compensation of our executive officers. In accordance with the preference expressed by our shareholders at the 2019 annual meeting of shareholders, we intend to hold a "say-on-pay" vote on an annual basis at least until the next frequency vote.

As described in more detail in the Compensation Discussion and Analysis section of this proxy statement, the overall objectives of the Company's compensation programs have been to align executive officer compensation with the success of meeting long-term strategic operating and financial goals. Shareholders are urged to read the Compensation Discussion and Analysis section of this proxy statement, as well as the Summary Compensation Table and other related compensation tables and narrative disclosure that describe the compensation of our named executive officers in 2020. The Compensation Committee and the board of directors believe that the policies and procedures articulated in the Compensation Discussion and Analysis section are effective in implementing our compensation philosophy and achieving its goals, and that the compensation of our executive officers in fiscal year 2020 reflects and supports these compensation policies and procedures.

The following resolution is submitted for shareholder approval:

"RESOLVED, that Midland States Bancorp, Inc.'s shareholders approve, on an advisory basis, its executive compensation as described in the section captioned 'Compensation Discussion and Analysis' and the tabular disclosure regarding named executive officer compensation under 'Executive Compensation' contained in the Company's proxy statement, dated March 22, 2021."

Approval of this resolution requires the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on such proposal. While this advisory vote on executive compensation, commonly referred to as a "say-on-pay" advisory vote, is required, it is not binding on our board of directors and may not be construed as overruling any decision by the board. However, the Compensation Committee will take into account the outcome of the vote when considering future compensation arrangements.

The board of directors unanimously recommends that you vote to approve the overall compensation of our named executive officers by voting "FOR" this proposal.

PROPOSAL 3—RATIFICATION OF THE APPOINTMENT OF CROWE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General

Shareholders are being asked to ratify the appointment of Crowe LLP as our independent registered public accounting firm for 2021. If the appointment of Crowe LLP is not ratified, the matter of the appointment of our independent registered public accounting firm will be considered by the Audit Committee. Representatives of Crowe LLP are not expected to be present at the meeting to make a statement or to respond to appropriate questions. **The board of directors unanimously recommends that you vote "FOR" the ratification of the appointment of Crowe LLP to serve as our independent registered public accounting firm for the year ending December 31, 2021.**

Accountant Fees

For the years ended December 31, 2020 and 2019, the Company incurred the following fees for professional services performed by Crowe LLP:

	2020	2019
Audit Fees(1)	$ 690,000	$ 953,394
Audit-Related Fees(2)	15,000	15,000
Tax Fees(3)	7,500	7,500
All Other Fees	—	—

(1) Audit fees include fees for professional services performed by Crowe LLP for: (i) the audit of the Company's consolidated financial statements; (ii) the review of the interim condensed consolidated financial statements included in quarterly reports on Form 10-Q; (iii) the services that are normally provided by the principal accountant in connection with statutory and regulatory filings or engagements; and (iv) other services that generally only the principal accountant can provide. These services included fees for the HUD audits.

(2) Audit-related fees include fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under "Audit Fees." These services may include employee benefit plan audits, accounting consultations in connection with acquisitions and divestitures, attest services that are not required by statute or regulation, and consultations concerning financial accounting and reporting standards.

(3) Tax fees consist of tax advice, planning and consulting services.

The Audit Committee, after consideration of these matters, does not believe that the rendering of these services by Crowe LLP is incompatible with maintaining their independence as our principal accountants.

Audit Committee Pre-Approval Policy

Among other things, the Audit Committee is responsible for appointing, setting compensation for and overseeing the work of the independent registered public accounting firm. We have adopted a pre-approval policy under which the Audit Committee approves in advance all audit and non-audit services to be performed by our independent registered public accounting firm. As part of its pre-approval policy, the Audit Committee considers whether the provision of any proposed non-audit services is consistent with the SEC's rules on auditor independence. In accordance with the pre-approval policy, the Audit Committee has pre-approved certain specified audit and non-audit services to be provided by Crowe LLP for up to twelve months from the date of the pre-approval. All of the services referred to above for 2020 were pre-approved by the Audit Committee.

Midland States Bancorp, Inc.

VOTE

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Your vote matters – here's how to vote!

You may vote online or by phone instead of mailing this card.

Votes submitted electronically must be received by April 30, 2021 at 11:59 P.M., central time.

Online
Go to **www.envisionreports.com/MSBI** or scan the QR code — login details are located in the shaded bar below.

Phone
Call toll free 1-800-652-VOTE (8683) within the USA, US territories and Canada

Save paper, time and money! Sign up for electronic delivery at www.envisionreports.com/MSBI

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. X

2021 Annual Meeting Proxy Card

1234 5678 9012 345

▼ IF VOTING BY MAIL, SIGN, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

A Proposals — The Board of Directors recommends a vote FOR all the nominees listed in Proposal 1 and FOR Proposals 2 and 3.

1. To elect four Class II directors, each for a term expiring at the 2024 annual meeting of shareholders:

	For	Against	Abstain
01 - Jeffrey G. Ludwig	☐	☐	☐
02 - Deborah A. Golden	☐	☐	☐
03 - Dwight A. Miller	☐	☐	☐
04 - Robert F. Schultz	☐	☐	☐

	For	Against	Abstain
2. To approve, on a non-binding, advisory basis, the compensation of certain executive officers	☐	☐	☐
3. To ratify the appointment of Crowe LLP as our independent registered public accounting firm for the year ending December 31, 2021	☐	☐	☐

4. To transact such other business as may properly be brought before the meeting and any adjournments or postponements of the meeting

B Authorized Signatures — This section must be completed for your vote to count. Please date and sign below.

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) – Please print date below.	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
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2021 Annual Meeting Admission Ticket

2021 Annual Meeting of Midland States Bancorp, Inc. Shareholders

May 3, 2021, 5:30 p.m., local time
Holiday Inn
1301 Avenue of Mid-America, Effingham, Illinois 62401

Upon arrival, please present this admission ticket and photo identification at the registration desk.

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Shareholders.
The material is available at: www.envisionreports.com/MSBI

Small steps make an impact.

Help the environment by consenting to receive electronic delivery, sign up at www.envisionreports.com/MSBI

▼ IF VOTING BY MAIL, SIGN, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

Midland States Bancorp, Inc.

Notice of 2021 Annual Meeting of Shareholders

Proxy Solicited by Board of Directors for Annual Meeting — May 3, 2021

Jeffrey G. Ludwig and Jeffrey S. Mefford, or either of them, each with the power of substitution, are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Shareholders of Midland States Bancorp, Inc. to be held on May 3, 2021 or at any postponement or adjournment thereof.

Shares represented by this proxy will be voted as directed by the shareholder. If no such directions are indicated, the Proxies will have authority to vote FOR the election of each director and FOR Proposals 2 and 3.

In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

(Items to be voted appear on reverse side)

C Non-Voting Items

Change of Address — Please print new address below.	Comments — Please print your comments below.