2017
Annual Report

The road not taken.

Ten years ago we embarked on a path seeking significant growth. We chose this path partly because we felt a $350 million bank would have trouble surviving changes in the industry, and partly because we felt we could significantly improve our shareholders' wealth. We chose this path intentionally, and we have worked hard to execute on this path. And, to quote from Robert Frost's famous poem The Road Not Taken, "that has made all the difference."

Our Strategic Plan

We believe this has led to the success we have achieved over the past nine years.

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

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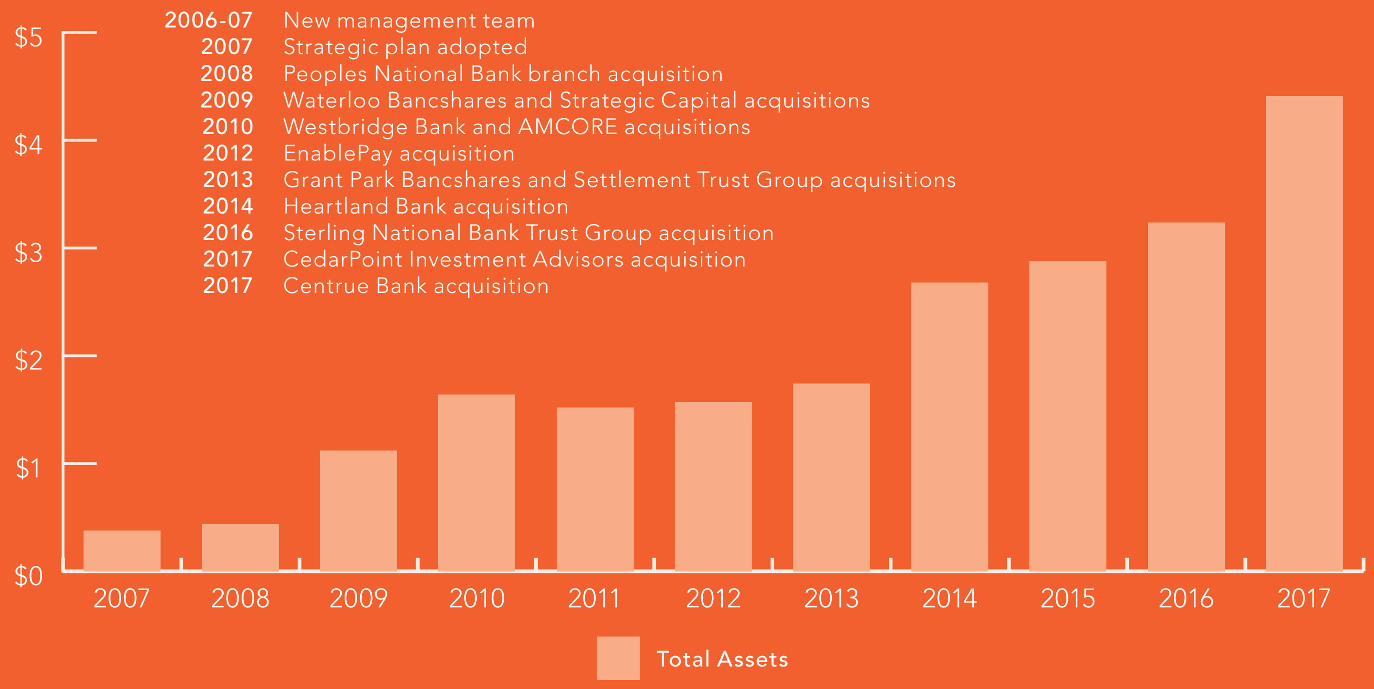
The Company's 2017 Annual Report to Shareholders is available on the Company's website, and printed copies are available by request. Please contact Ms. Sarah Matlock, Assistant Secretary of the Company, at 217-342-7321 or smatlock@midlandsb.com for access/delivery information.

Letter to Shareholders

Strategic Growth History
($ in Billions)



Leon J. Holschbach
President and CEO
Midland States Bancorp, Inc.

Fellow Shareholders:

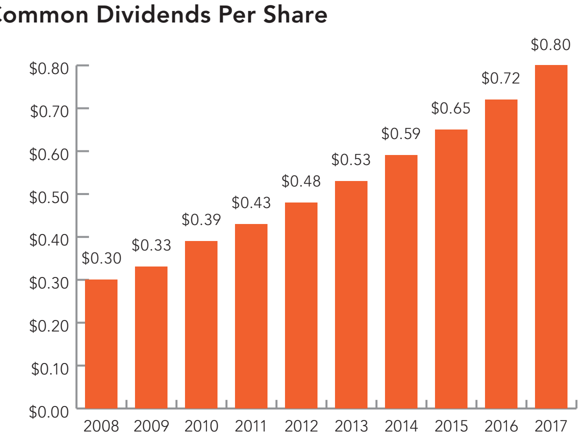
"The Road Less Traveled." We often hear that phrase, usually in connection with someone having chosen a path most others have avoided, and having successfully braved that path. The phrase is, of course, a paraphrase from Robert Frost's "The Road Not Taken." The poem famously begins with the words "Two roads that diverged in a yellow wood", and ends with "I took the one less traveled by, and that has made all the difference."

To me, the common take on Frost's poem is a nice idea, and one that speaks to the individuality that we, as Americans, cherish. But while the poem begins with "Two roads that diverged…", Frost goes on to say that the paths were "worn...really about the same." So I don't believe he intended his poem to be read as describing a "road less traveled" at all.

I believe Frost was alluding to the common fallacy of looking back on a journey and concluding that the path "made all the difference" (whether success or failure). His actual point, I believe, was that while we tend to remember the path, it's easy to forget that what actually does make all the difference is how that path is handled. In other words, how we handle the twists and turns; the planning and improvising; the vagaries of making important decisions with imperfect information; the getting back up after the world tries to knock us down, is what actually makes the difference. It's not which path we choose but rather how we traveled the path that matters. In a word – execution.

Like the common take on Frost's eloquent work, it would be easy for me to tell you that Midland's success in the past 10 years has resulted from our having chosen to journey on the "Road Less Traveled." And there would be some truth to that; 10 years ago we did make a conscious decision to try to grow Midland and significantly increase shareholder value. But to me that's not what "made all the difference." Crafting our Strategic Plan is not how we have grown our assets from $400 million to almost $6 billion, net income from $0.50 per share to more than $2.00 per share, and increased our market capitalization to more than $750 million.

Common Dividends Per Share



Has the road we chose made a difference? Absolutely it has. But there is nothing unusual about the road. Many companies have sought to simultaneously grow organically and through acquisitions. It is not a road "less taken." Rather, it is a road that requires planning, sacrificing short-term gains for longer-term growth, responding to regulatory and technology changes, blending new corporate cultures into ours with each new acquisition, constantly seeking to improve. Again - execution.

Looking back, some of the speedbumps we encountered seem almost humorous, but they sure didn't at the time. At our off-site strategic planning session in 2017, I asked our Senior Executives and Directors to shout out some of the more "interesting" challenges we have faced over the past 10 years. There was no shortage of replies, and no shortage of grimaces mixed in with the chuckles. Anyone who has successfully owned or managed a business certainly has their own war stories. I am reminded of another phrase often thrown about; "that which does not kill you makes you stronger." We have certainly become stronger.

As proud as we are of the tangible financial performance we have achieved, I feel that we have also accomplished a number of intangibles that are just as important for our continued success.

The first is the reputation we have developed as a successful acquirer. While some of our acquisition opportunities came to us through a broad canvassing of anyone interested in buying the target organization, more than one of our larger and most important acquisitions have come to us in the form of a phone call based on the seller believing we would be a good partner. Through our 14 acquisitions we have developed a reputation among Midwest sellers, their advisors and the banking regulators as a steady hand at growing through acquisitions. We have carefully built an M&A team staffed with finance, accounting, legal, credit and operations people who know how to work with a seller in an unobtrusive manner and get the transaction closed and integrated efficiently. This is extremely important to knowledgeable sellers, whose largest fear is not, as one might suppose, to get the last penny for their company, but rather to ensure that the selling process does not fail and devalue their franchise through the loss of customers, employees and reputation.

In addition to becoming known as a successful acquirer, we have also attracted the attention of large institutions that invest in the financial services industry. At last count more than 140 institutional investors own our stock, including many easily-recognizable names such as Fidelity, Vanguard, BlackRock, Wellington, etc. Indeed, the number of institutions reporting positions in our stock has increased each quarter since our IPO. For a public company, having a good reputation and rapport with institutional investors is of great importance for continuing to drive shareholder value. We have worked hard to tell our story and will continue to do so.

We have also worked hard to be transparent with the analysts who cover our stock. As many of you know, each quarter we hold a call with investors and analysts to describe what is going well, what we are working on improving and what we see as future drivers of our growth. Because these analysts watch our performance very closely, and develop and publish price targets, earnings estimates and buy/sell recommendations for the banks that they cover, our reputation and credibility with these folks are critical.

An example of how this work pays off occurred several weeks ago, when Midland was featured as an example of a bank that has been successful at growing both organically and through acquisitions at the 'Acquire or Be Acquired' Conference, which is held every year and hosted by Bank Director magazine. It is the seminal event for banks looking to grow by acquisition or who want to feel out the environment for being acquired at a healthy price, and for institutional investors seeking to ascertain which banks are likely to be acquiring or be purchased in the coming year.

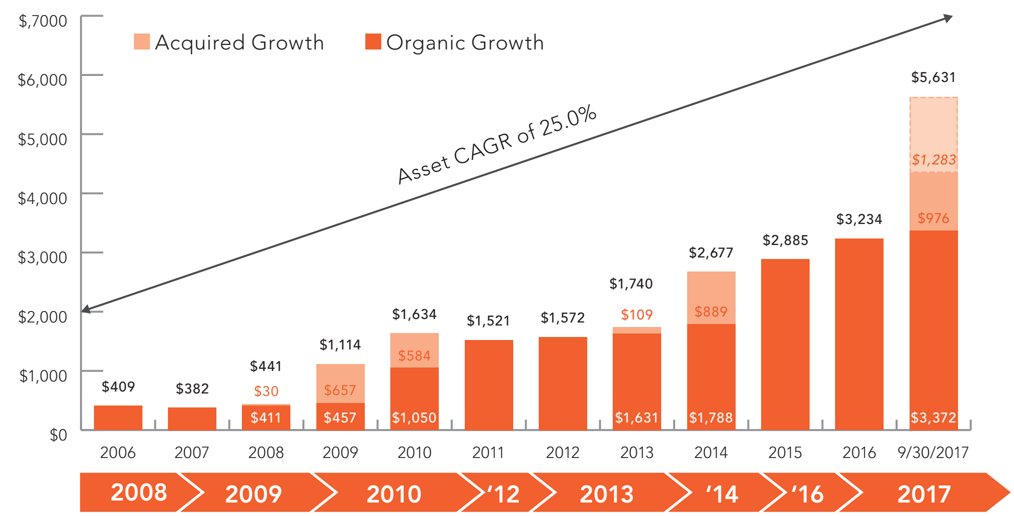
The presentation was put on by D.A. Davidson, a well-regarded investment banking firm that follows our stock (and was an underwriter in our IPO). Their presentation was titled *"To Grow Organically is Natural, to Grow Through Acquisition is Divine."*

I want to share with you a small portion of their presentation. They described Midland as follows:

- New management arrived at MSBI in 2007 and, given the low-growth, Central-Illinois markets the Bank operated in, management recognized the importance acquisitions would have on growing the company and enhancing shareholder value.

- In 2007, Midland States was a private $400 million asset bank and today it is a $4.4 billion ($5.6 billion with pending deal), diversified, publicly traded bank with (branch bank) operations in Illinois, Missouri and Colorado.

Historic Asset Growth: Organic vs. Acquired Growth - Since 2006



	People's Natl. Bank	Waterloo Bancshares	Strategic Capital Bank	AMCORE Bank, N.A.	Westbridge Bank & Trust	EnablePay Direct, Inc.	Settlement Trust Group	Grant Park Bancshares	Love Savings/ Heartland Bank	Sterling Bancorp	Centrue Financial Corporation	CedarPoint Investment Advisors, Inc.	Alpine Bancorp (Pending)
Acquisition Type	Branch	Whole Bank	FDIC - Assisted	Branch	FDIC - Assisted	Asset Purchase	Trust Administration	Whole Bank	Whole Bank	Trust Administration	Whole Bank	Asset Management	Whole Bank
Assets Acquired ($mm)	$29.6	$116.1	$540.4	$499.5	$84.7	-	-	$108.7	$899.0	-	$975.8	-	$1,283.2

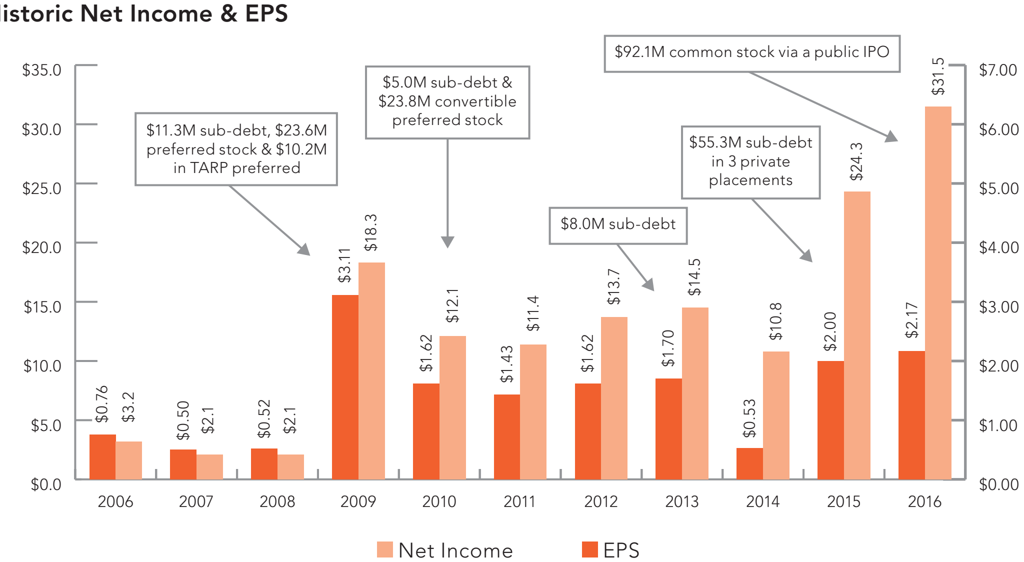
- MSBI has combined organic growth strategies in conjunction with 12 successful acquisitions over the past 10 years (which has resulted in assets growing by 25% compounded annual rate, or CAGR).

- Following management transition in 2007, MSBI has produced a consistent track record of driving compelling shareholder returns through disciplined strategic expansion and earnings growth.

- From 2006-2016, EPS has grown at a compounded annual growth rate of 10.0%.

- Since 2007, MSBI has completed [more than] 10 capital offerings to support the Bank's acquisition strategy and organic growth initiatives (i.e., 1 IPO of common stock, 1, private placement of common stock, 6 subordinated debt private placements, 2 private placements of convertible preferred stock and 1 placement of TARP preferred stock).

Historic Net Income & EPS

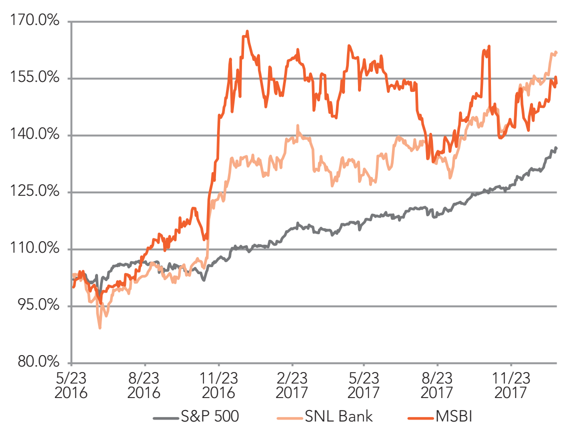


The D.A. Davidson presentation surveyed the current market environment and concluded that a "Rising tide lifting basically all bank stocks……but investors will come back to companies which can execute on growth strategies (organic and acquisitive)." It further noted that "Larger size and scale has shown strong correlation with improved operational efficiencies and profitability" and that "$3 billion to $8 billion (is where community banks should be) in order to create relevance and generate appropriate returns."

Those sentiments are exactly why our management team has worked so hard to grow our franchise and help ensure that we remain relevant in a rapidly changing environment for financial services. I believe we are extremely well positioned through our size, products and services and continual improvement in operational excellence.

The D.A. Davidson presentation also included the following graph, showing how our stock has performed from our May 2016 IPO through November 2017.

Market Performance Since IPO



Clearly the market appreciates what we have built and our shareholders have been well rewarded over this period.

While our reputation in the outside world is vital to our continued success, the most important assets we have developed undoubtedly are our culture and talent pool. Our longer-term shareholders will remember that one of the initiatives in our Strategic Plan in 2007 was "Performance Banking." The goal of that initiative was to take a top down look at our organization and see where we could improve. We felt that a renewed sense of entrepreneurialism needed to be injected into our employee base.

While our entire management team, from executives down to line managers were involved in this process, Sharon Schaubert, our Senior Vice President, Banking Services, took the lead on this project. Sharon instituted programs around culture building, training, incentives programs, performance metrics and improved inter-departmental communications. These programs, together with a constant message of the need to become "Best Bankers" were an important step in getting our organization ready for the rapid growth we were to begin experiencing in 2009-2010 and have continued to experience since.

Along with an improved culture we also knew we needed to attract and retain the type of people who would enjoy and thrive in an environment of rapid growth and the introduction of new products, services and business lines. Through a combination of grooming existing employees, attracting talent from larger financial institutions, and seeking to identify top people in our acquired businesses, we have built a team with deep experience, excellent judgement and the ability to successfully manage people, processes and projects.

When regulators, investment bankers, institutional investors and others who closely track community banks come to our offices in Effingham and meet our team, they invariably comment that they don't see this broad management talent in banks twice our size.

Midland's future success will depend as much upon having continuity in leadership as it will on the regulatory landscape, technology and social and economic trends. Over the past couple of years, we have taken a number of steps to assure strong leadership into the future.

At the board level, while Jack Schultz remains Chairman of the Company, and I remain Vice-Chairman of the Company and the Bank, in 2017 Jeff Smith was appointed Chairman of the Bank. Jeff, who also serves as Chairman of the Company's Corporate Governance Committee has been on our Company and Bank boards since 2005, and has also served as Chairman of the Audit Committee. As a highly regarded member of the St. Louis business community, he has also been instrumental in our growth in that market.

In our executive leadership, in late-2016 Jeff Ludwig, who had been our Chief Financial Officer since 2006, was promoted to President of our Bank. After capably serving in that role, Jeff has now been named President of the holding company and Chief Executive Officer of the Bank. He has also been elected to the Bank's board of directors.

As I've said before, in the past ten years Jeff has been deeply involved in every aspect of our operations, ranging from technology and banking operations to our credit and wealth management businesses. He has also served for the past ten years on our Executive, Capital Management and Mergers and Acquisition, Asset and Liability and Trust committees, and on the boards of directors of Love Funding, Heartland Business Credit and Midland Trust Company since the date each became Midland subsidiaries. He also serves on our Directors Credit Risk Committee and has spearheaded every strategic transaction we have undertaken since 2007. In terms of both our strategic vision and our day-to-day operations and management of our various businesses, Jeff has been my sounding board and confidant.

We also recently announced that Jeff Mefford has been promoted to President of the Bank. There is no one more fitting for this position as we go into the future. Jeff, who has been with Midland since 2003, served as Senior Vice President of our Bank from 2007-2016, and as Executive Vice President since. He has orchestrated much of our organic growth as well as the integration of all of the commercial and retail lending teams that have joined our Bank through our numerous acquisitions. I have often referred to Jeff as "the guy in charge of the production side of the house." Jeff has transformed our Bank in terms of products and services, customer experience, internal processes and procedures and a host of other areas as we have gone from six locations to more than 80. His tireless commitment, including the rigorous travel necessary to lead our bankers across the country, have earned him the respect of our board and our employees. Jeff also is the principal face of our Bank with many of our largest customers and numerous community leaders across our markets and is on the Board of Directors for Love Funding and Midland Trust Company.

One of the challenges every company faces in succession planning is filling the roles of those promoted to higher positions. In this regard we are very fortunate to have Steve Erickson to step up to the role of Chief Financial Officer, a position which Mr. Ludwig has held for much of the past ten years. Indeed, if I didn't know the level of talent we have attracted to Midland in the recent years I'd quite frankly be astonished by Steve's qualifications. He began his career at a well-known national accounting firm in New York after receiving both a Bachelor's and a Master's degree in Accounting from the University of Illinois. He then became a Senior Accounting Officer at Goldman Sachs, and then Investment Banking Vice President – Financial Technology at Bear Stearns & Co. He then joined EVO Merchant Services, one of the largest merchant services companies in the U.S., where he served as Chief Financial Officer before founding EnablePay Direct, Inc., which Midland acquired in 2012. Steve served as President of our Merchant Services group until 2015, when he was promoted to Director, Mergers and Acquisitions. In Steve's six years here at Midland he has proven his financial acumen and steady stewardship of our M&A process. We are truly fortunate to have Steve in-house to become CFO.

Jeff Ludwig
President
Midland States Bancorp, Inc.

Chief Executive Officer
Midland States Bank

Jeff Mefford
President
Midland States Bank

Steve Erickson
Chief Financial Officer
Midland States Bancorp, Inc.

Chief Financial Officer
Midland States Bank

We also continue to attract strong talent from larger organizations in our business lines. The most recent example occurred in late 2017, when we were able to take advantage of an opportunity to greatly expand our commercial equipment leasing business by bringing over a team of approximately 25 leasing professionals from Scottrade Bank, which was being sold to TD Ameritrade. This team, headed by Fred Van Etten, has long-standing experience growing leasing operations, and has already hit the ground running for us in the first couple months of 2018. As part of this expansion, we have also rebranded our equipment finance business under the "Midland Equipment Finance" name, rather than continue with the separately branded "Heartland Business Equipment" name we acquired in the Heartland Bank acquisition. We have also relocated the principal office of this business to St. Louis.

The past 12 months have also proven fruitful in acquisitions. Our June, 2017 acquisition of Centrue Bank is proving to be the important addition to our footprint we expected, and the integration was completed smoothly in the third quarter. Centrue was a well-run organization prior to the acquisition and the team that joined us has deep experience and strong ties to their communities. We were also able to combine or reorganize a number of facilities and operations and achieve the cost efficiencies we had anticipated.

In the latter part of 2017 we reached an agreement to acquire Alpine Bank, which has 19 locations in Rockford and Belvidere Illinois. Alpine, which has been in business for 110 years, is a bank I have known for many years, having worked in the Northern Illinois area before joining Midland. Its story is not unlike Midland. In recent years it has grown from a fairly small bank into a powerhouse in the Belvidere and Rockford areas, with the leading deposit market share in that MSA. While principally a family owned bank, it has attracted highly talented bankers and wealth management professionals.

Although there are several well-run family banks in the Midwest, few have built the market share or wealth management business that Alpine has. The transaction brought us approximately $1.1 billion in deposits, $900 million in loans and $1.1 billion in wealth assets under management. It also brought us significant additional talent across many aspects of our combined businesses.

Among the many excellent bankers at Alpine who have now joined Midland, we are especially pleased that Robert Funderburg will join our holding company board. Rob began working at Alpine as a teller in 1977 and worked his way up to become Chairman of the Board. Among his other community-based activities, Rob served as Chair of the Illinois Finance Authority from 2015-2017. Our emphasis on having experienced bank directors from each of our markets is furthered by Rob joining our board and we appreciate his commitment in this regard.

Additionally, Bill Roop, Alpine's President and Chief Executive Officer, has joined our Bank board, and Julie O'Rourke, who headed up Alpine's very well-run wealth management business, has joined Midland as a Managing Director of our Wealth Management Group leading the Rockford market. We are extremely pleased that Bill and Julie will continue in their roles as a significant part of the Alpine/Midland presence in Belvidere and Rockford.

As I look forward, and especially with the additions of Centrue, Alpine and our expanded equipment finance team, I continue to believe Midland is well positioned for further growth in shareholder value. As we have talked about on our quarterly earnings calls, our goal for 2018 is to complete the integration of Alpine Bank, which we acquired on February 28, 2018, and begin to deliver financial results that fully reflect the Centrue and Alpine acquisitions, as well as the other steps we have taken to bolster our financial performance and reduce some of the quarter-to-quarter volatility.

Some of these steps include cost reductions and operating efficiencies under our Operational Excellence initiative, the sale of a significant portion of our residential mortgage servicing rights, the growth in our leasing operations and the larger size of our wealth management business. We are also beginning to see results from our continuing investments in technology, both with respect to customer experience and on our operational and sales platforms.

As I think about the challenges in our core banking business over the short-to-medium term, attracting deposits to fund our organic growth, making appropriate choices in technology investments, and continuing to drive down our cost structure are at the top of the list. In Wealth Management, Eric Chojnicki and his team, including the group who just joined us from Alpine, will need to continue to seek opportunities as significant wealth transfers from one generation to the next. Nevertheless, I am confident that our strong focus on customer relationships and excellent service across all of our businesses will serve us well into the future.

I also believe organic and acquisition-based growth strategies continue to offer strong opportunities. While Bank merger activity has been somewhat slower across the country than many pundits expected, there is still a general sense that community banks that can grow through acquisitions are going to be the "winners" in the future. In other words, scale is becoming more and more important for community banks to be relevant in their market as the financial services industry continues to evolve as a result of the new "fintech" players, blockchain technologies, artificial intelligence and other developments.

The investment community is also taking notice of the significance of being able to be a successful acquirer. Recently, Sandler O'Neill, another of the most prominent investment banking firms in the financial services sector (and also one of our IPO underwriters) published an article titled *"The Way To Play M&A is Different Today"*, in which they point out that instead of trying to figure out which of the roughly 5,800 banks will be sold in any given year, investors would be better served investing in the acquirers. The article, published in September, 2017, points out that while the Nasdaq Bank Index has increased by 100% in the past five years, an investment in the highly acquisitive banks, which Sandler defines as publicly traded banks that completed at least five acquisitions over the five-year period, would have resulted in a 148% increase.

Midland was not public during the entire five-year period and therefore was not included in the stock price analysis Sandler did for that article. However, we take great pride in the fact that during that same five-year period Midland's shares have more than doubled in value. This is the type of shareholder value we have worked hard to create.

There is, of course, one other significant tailwind for Midland worth noting, and that is the reduced corporate tax rates implemented for 2018 and beyond. Over the past several years our effective federal tax rate has exceeded 30%. The new, lower tax rates are expected to bring our effective federal tax rate down to approximately 23%. This will equate to a significant increase in earnings per share each year these lower rates are in effect.

Finally, 2017 was the 16th year in a row that Midland has increased its dividend by 10% or more. In 2017 we returned approximately $14 million in dividends to our shareholders. That is almost seven times the Company's total net income of $2.1 million in 2007.

The past ten years have been very fruitful at Midland, and all in all I believe we are very well positioned for the future. And I am quite sure, just as Frost said, that will make all the difference.

Thank you for sharing our journey and for your continued support.

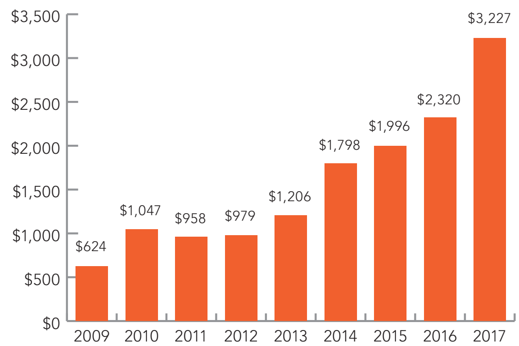
Very truly yours,

Leon J. Holschbach
President and CEO
Midland States Bancorp, Inc.

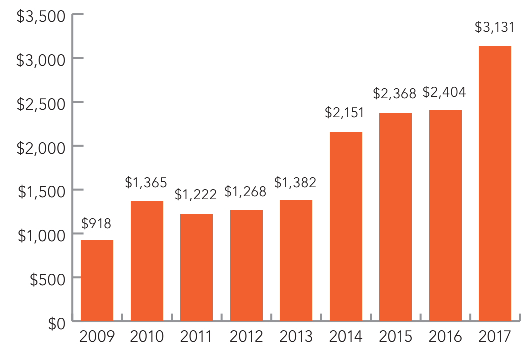
Additional Information
This document may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, plans, objectives, future performance and business of Midland. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of Midland's management and on information currently available to management, are generally identifiable by the use of words such as "believe," "expect," "anticipate," "plan," "intend," "estimate," "may," "will," "would," "could," "should" or other similar expressions. Additionally, all statements in this document, including forward-looking statements, speak only as of the date they are made. Midland undertakes no obligation to update any statement in light of new information or future events. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Additional information concerning Midland and its business, including additional factors that could materially affect Midland's financial results, are included in Midland's filings with the Securities and Exchange Commission (the "SEC").

Financial Highlights

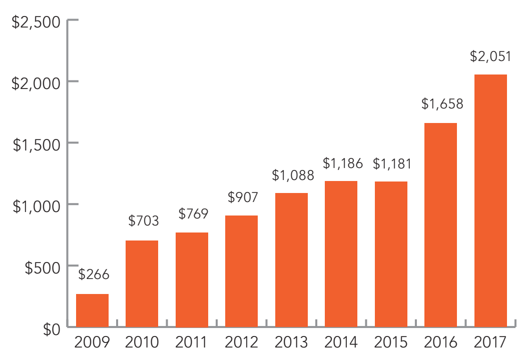
Total Gross Loans
($ in Millions)



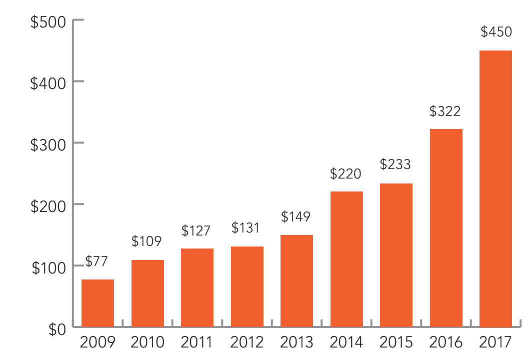
Total Deposits
($ in Millions)



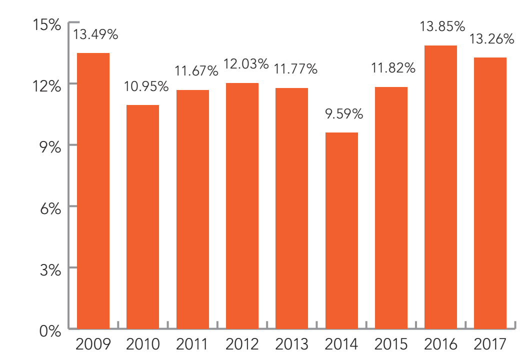
Trust Assets Under Administration
($ in Millions)



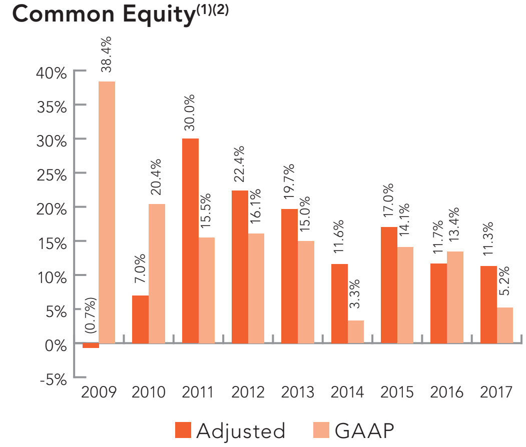
Total Shareholders' Equity
($ in Millions)



Total Capital to Risk-Weighted Assets

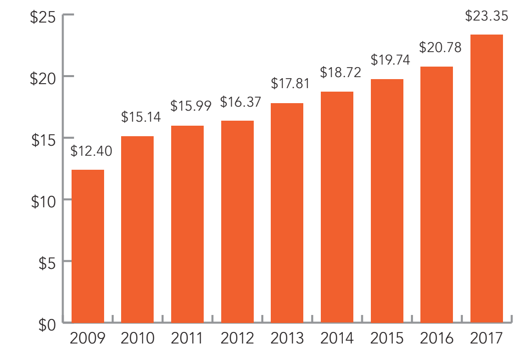


Return on Average Tangible Common Equity(1)(2)

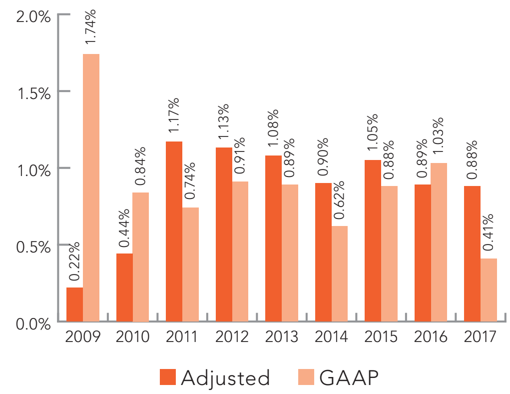


(1) Return on average tangible common equity and adjusted return on average tangible common equity are non-GAAP financial measures. See "Item 6 – Selected Financial Data – Non-GAAP Financial Measures" in the Company's Form 10-K for the fiscal year ended December 31, 2017 for a reconciliation of return on average tangible common equity to its most comparable GAAP measure. See "Non-GAAP Financial Measures" on page 14 for a reconciliation of adjusted return on average tangible common equity to its most comparable GAAP measure.
(2) Net income in 2009 was positively affected by a $19.2 million bargain purchase gain recognized in connection with the Strategic Capital Bank acquisition.

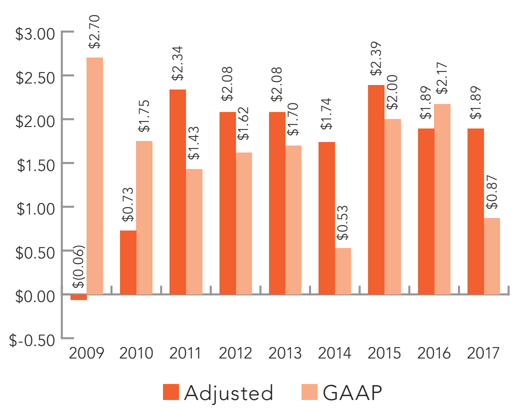
Book Value Per Share[1]



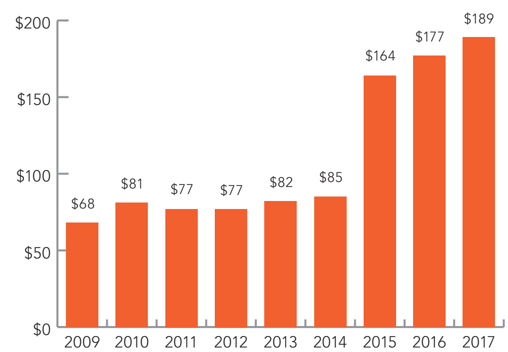
Return on Average Assets[2][3]



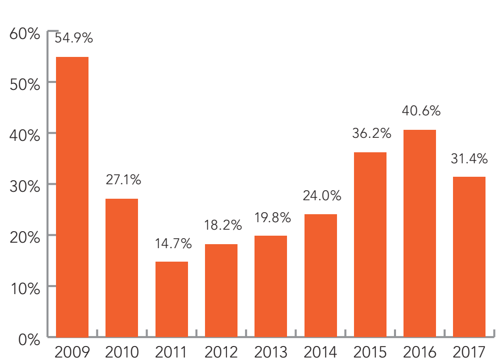
Diluted Earnings Per Share[2][3]



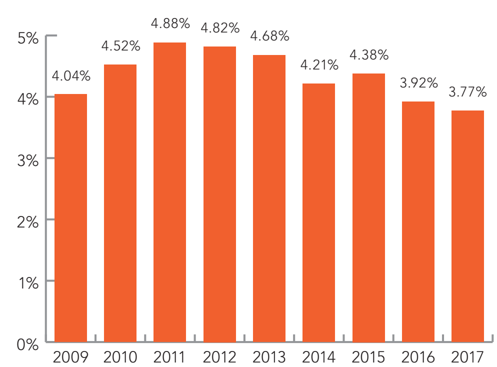
Revenue[3]
($ in Millions)



Noninterest Income / Revenue[3]



Net Interest Margin



(1) Amounts shown assume the conversion of all preferred shares that were outstanding prior to December 31, 2014.
(2) Adjusted return on average assets and adjusted diluted earnings per share are non-GAAP financial measures. See "Non-GAAP Financial Measures" on page 14 for a reconciliation of these measures to their most comparable GAAP measure.
(3) Revenue and net income in 2009 were positively affected by a $19.2 million bargain purchase gain recognized in connection with the Strategic Capital Bank acquisition.

Summary Financial Information

The following consolidated selected financial data is derived from the Company's audited consolidated financial statements as of and for the five years ended December 31, 2017. This information should be read in connection with our audited consolidated financial statements, related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing in our Form 10-K for the fiscal year ended December 31, 2017.

	As of December 31,				
(dollars in thousands)	2017	2016	2015	2014	2013
Balance Sheet Data:					
Total assets	$ 4,412,701	$ 3,233,723	$ 2,884,824	$ 2,676,614	$ 1,739,548
Total loans, gross	3,226,678	2,319,976	1,995,589	1,798,015	1,205,501
Allowance for loan losses	(16,431)	(14,862)	(15,988)	(12,300)	(23,672)
Loans held for sale	50,089	70,565	54,413	96,407	3,062
Investment securities	450,525	325,011	324,148	355,531	311,126
Deposits	3,131,089	2,404,366	2,367,648	2,150,633	1,381,889
Short-term borrowings	156,126	131,557	107,538	129,714	87,420
FHLB advances and other borrowings	496,436	237,518	40,178	74,349	73,410
Subordinated debt	93,972	54,508	61,859	7,370	7,299
Trust preferred debentures	45,379	37,405	37,057	36,930	11,830
Preferred shareholders' equity	2,970	-	-	-	57,370
Common shareholders' equity	446,575	321,770	232,880	219,456	92,070
Total shareholders' equity	449,545	321,770	232,880	219,456	149,440
Tangible common equity [1]	331,019	265,747	179,357	162,046	76,149

	For the Year Ended December 31,				
	2017	2016	2015	2014	2013
Income Statement Data:					
Interest income	$ 153,113	$ 121,249	$ 117,796	$ 73,141	$ 74,989
Interest expense	23,451	15,995	12,889	8,543	9,069
Net interest income	129,662	105,254	104,907	64,598	65,920
Provision for loan losses	9,556	5,591	11,127	92	173
Noninterest income	59,362	72,057	59,482	20,441	16,230
Noninterest expense	152,997	121,289	117,847	69,480	61,449
Income before taxes	26,471	50,431	35,415	15,467	20,528
Provision for income taxes	10,415	18,889	11,091	4,651	6,023
Net income	16,056	31,542	24,324	10,816	14,505
Preferred stock dividends, net	83	-	-	7,601	4,718
Net income available to common shareholders	$ 15,973	$ 31,542	$ 24,324	$ 3,215	$ 9,787

(dollars in thousands, except per share data)	As of and for the Year Ended December 31, 2017	2016	2015	2014	2013
Per Share Data (Common Stock)					
Basic earnings per share	$ 0.89	$ 2.22	$ 2.03	$ 0.53	$ 2.12
Diluted earnings per share	0.87	2.17	2.00	0.53	1.70
Dividends declared	0.80	0.72	0.65	0.59	0.53
Book value	23.35	20.78	19.74	18.72	19.93
Market price	32.48	36.18	N/A	N/A	N/A
Weighted average shares outstanding - diluted	18,283,214	14,428,839	12,112,403	6,025,454	7,151,471
Shares outstanding at period end	19,122,049	15,483,499	11,797,404	11,725,158	4,620,026
Performance Metrics					
Return on average assets	0.41%	1.03%	0.88%	0.62%	0.89%
Return on average shareholders' equity	4.02%	10.95%	10.68%	6.82%	10.45%
Return on average tangible common equity[1]	5.19%	13.43%	14.14%	3.26%	15.04%
Yield on earning assets	4.43%	4.51%	4.91%	4.74%	5.29%
Cost of average interest bearing liabilities	0.82%	0.72%	0.66%	0.65%	0.72%
Net interest margin[3]	3.77%	3.92%	4.38%	4.21%	4.68%
Efficiency ratio[1]	66.66%	68.66%	66.20%	71.07%	67.83%
Common stock dividend payout ratio[4]	89.89%	32.43%	32.02%	111.32%	25.00%
Loan to deposit ratio	103.05%	96.49%	84.29%	83.60%	87.24%
Adjusted Earnings Metrics					
Adjusted earnings[2]	$ 34,895	$ 27,443	$ 29,193	$ 15,715	$ 17,541
Adjusted diluted earnings per share[2]	1.89	1.89	2.39	1.74	2.08
Adjusted return on average assets[2]	0.88%	0.89%	1.05%	0.90%	1.08%
Adjusted return on average tangible common equity[2]	11.32%	11.68%	16.97%	11.63%	19.70%
Regulatory Capital Ratios[5]					
Tier 1 common capital to risk-weighted assets	8.45%	9.35%	6.50%	N/A	N/A
Tier 1 leverage ratio	8.63%	9.76%	7.49%	10.48%	8.14%
Tier 1 capital to risk-weighted assets	10.19%	11.27%	8.62%	8.65%	9.98%
Total capital to risk-weighted assets	13.26%	13.85%	11.82%	9.59%	11.77%
Credit Quality Data					
Loans 30-89 days past due	$ 15,405	$ 10,767	$ 10,120	$ 5,744	$ 9,193
Loans 30-89 days past due to total loans	0.48%	0.46%	0.51%	0.32%	0.76%
Nonperforming loans	$ 26,760	$ 31,603	$ 24,891	$ 32,172	$ 21,822
Nonperforming loans to total loans	0.83%	1.36%	1.25%	1.80%	1.81%
Nonperforming assets	$ 30,894	$ 34,550	$ 29,206	$ 39,542	$ 28,481
Nonperforming assets to total assets	0.70%	1.07%	1.01%	1.48%	1.64%
Allowance for loan losses to total loans	0.51%	0.64%	0.80%	0.69%	1.96%
Allowance for loan losses to nonperforming loans	61.40%	47.03%	64.23%	38.23%	108.48%
Net charge-offs to average loans	0.28%	0.31%	0.39%	0.94%	0.25%

1) Tangible common equity, return on average tangible common equity and efficiency ratio are non-GAAP financial measures. See "Item 6 - Selected Financial Data - Non-GAAP Financial Measures" in the Company's Form 10-K for the fiscal year ended December 31, 2017 for a reconciliation of these measures to their most comparable GAAP measures.
2) Adjusted earnings, adjusted diluted earnings per share, adjusted return on average assets and adjusted return on average tangible common equity are non-GAAP financial measures. See "Non-GAAP Financial Measures" on page 14 for a reconciliation of these measures to their most comparable GAAP measures.
3) Net interest margin is presented on a fully taxable equivalent basis.
4) Common stock dividend payout ratio represents dividends per share divided by basic earnings per share.
5) Beginning January 1, 2015, calculated in accordance with Basel III.

Adjusted Earnings Metrics. We use the measure adjusted earnings to assess the performance of our core business and the strength of our capital position. We believe that this non-GAAP financial measure provides meaningful additional information about us to assist investors in evaluating our operating results. This non-GAAP financial measure should not be considered a substitute for operating results determined in accordance with GAAP and may not be comparable to other similarly titled measures used by other companies. The following table reconciles adjusted earnings, adjusted diluted earnings per share, adjusted return on average assets and adjusted return on average tangible common equity to their most comparable GAAP measures:

	For the Years Ended				
(dollars in thousands, except per share data)	2017	2016	2015	2014	2013
Income before income taxes - GAAP	$ 26,471	$ 50,431	$ 35,415	$ 15,467	$ 20,528
Adjustements to noninterest income:					
Gain on sales of investment securities, net	222	14,702	193	77	321
Other than temporary impairment on investment securities	-	(824)	(461)	(190)	(190)
Gain on bargain purchase	-	-	-	-	2,154
FDIC settlement	-	-	-	1,709	-
FDIC loss-sharing (expense) income	-	-	(566)	(3,491)	(1,149)
Amoritization of FDIC indemnification asset, net	-	-	(397)	(954)	(2,705)
Reversal of contingent consideration accrual	-	350	-	-	-
Gain (loss) on sale of other assets	(67)	-	12	2,972	-
Total adjustments to noninterest income	155	14,228	(1,219)	123	(1,569)
Adjustments to noninterest expense:					
Foundation contribution	-	-	-	900	-
Expense from payoff of subordinated debt	-	511	-	-	-
Net expense from FDIC loss share termination agreement	-	351	-	-	-
Branch network optimization plan charges	1,952	2,099	-	-	-
Loss on mortgage servicing rights held for sale	4,059	-	-	-	-
Integration and acquisition expenses	17,738	2,343	6,101	6,229	2,727
Total adjustments to noninterest expense	23,749	5,304	6,101	7,129	2,727
Adjusted earnings pre tax	50,065	41,507	42,735	22,473	24,824
Adjusted earnings tax	19,710	14,064	13,542	6,758	7,283
Revaluation of net deferred tax assets	(4,540)	-	-	-	-
Adjusted earnings - non-GAAP	$ 34,895	$ 27,443	$ 29,193	$ 15,715	$ 17,541
Preferred stock dividends, net of premium amortization	83	-	-	7,601	4,718
Preferred stock dividends paid at conversion	-	-	-	(3,346)	-
Adjusted earnings available to common shareholders - non-GAAP	$ 34,812	$ 27,443	$ 29,193	$ 11,460	$ 12,823
Adjusted diluted earnings per share	$ 1.89	$ 1.89	$ 2.39	$ 1.74	$ 2.08
Weighted average diluted common shares outstanding	18,283,214	14,428,839	12,112,403	7,528,641	8,379,455
Average assets	$ 3,941,272	$ 3,075,134	$ 2,768,879	$ 1,753,286	$ 1,630,565
Adjusted return on average assets	0.88%	0.89%	1.05%	0.90%	1.08%
Average tangible common equity	$ 307,523	$ 234,898	$ 172,064	$ 98,546	$ 65,083
Adjusted return on average tangible common equity	11.32%	11.68%	16.97%	11.63%	19.70%

2017 Actual Cash Dividend Data

Quarter	Record Date	Payment Date	Share Amount
1	February 17, 2017	February 24, 2017	$0.20
2	May 12, 2017	May 19, 2017	$0.20
3	August 18, 2017	August 25, 2017	$0.20
4	November 17, 2017	November 24, 2017	$0.20

Ten-year Dividend History and Book Value Per Share

	Cash Dividends for the Year		Book Value Per Share - at End of Year	
Year	Amount [(a)]	% Increase	Amount [(b)]	% Increase
2007	$0.27	12.5%	$8.90	3.5%
2008	$0.30	11.1%	$9.25	3.9%
2009	$0.33	10.0%	$12.40	34.1%
2010	$0.39	18.2%	$15.14	22.1%
2011	$0.43	10.3%	$15.99	5.6%
2012	$0.48	11.6%	$16.37	2.4%
2013	$0.53	10.4%	$17.81	8.8%
2014	$0.59	11.3%	$18.72	5.1%
2015	$0.65	10.2%	$19.74	5.4%
2016	$0.72	10.8%	$20.78	5.3%
2017	$0.80	11.1%	$23.35	12.4%

(a) Restated for 10 for 1 stock split on December 31, 2010.
(b) Book value per share gives effect to the conversion of all of the issued and outstanding shares of preferred stock into shares of the Company's common stock in 2009, 2010, 2011, 2012 and 2013

Our common stock began trading on the NASDAQ Global Select Market ("NASDAQ") under the symbol "MSBI" on May 24, 2016. Prior to that, there was no public market for our common stock. The following table sets forth the high and low sales prices of our common stock for the year ended December 31, 2017 and for the period of May 24, 2016 to December 31, 2016, as reported by NASDAQ.

	Price Per Share	
	High	Low
2017		
Fourth Quarter	$ 36.50	$ 30.31
Third Quarter	34.32	28.70
Second Quarter	36.14	31.40
First Quarter	36.62	31.56
2016		
Fourth Quarter	$ 37.58	$ 24.66
Third Quarter	25.50	21.55
Second Quarter (beginning May 24, 2016)	23.41	20.80
First Quarter	N/A	N/A

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Agracel, Inc.
Chairman and Chief
Executive Officer

Leon J. Holschbach
Midland States Bancorp, Inc.
Vice Chairman
Chief Executive Officer

Midland States Bank
Vice Chairman

Jeffrey C. Smith
Midland States Bank
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Walters Golf Management
Principal and Managing
Partner

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Chief Financial Officer
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Dirtbuster Carwash, LLC
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Dash Management, Inc.
Chief Executive Officer

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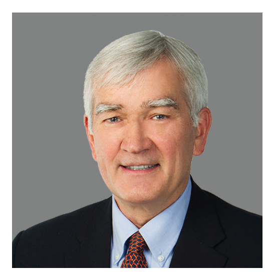
Jeffrey M. McDonnell
J&J Management
Services, Inc.
Chief Executive Officer



Thomas D. Shaw
Shaw Media
Chief Executive Officer

Management Team

Executive Management

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Midland States Bancorp, Inc.
Vice Chairman
Chief Executive Officer

Midland States Bank
Vice Chairman

Jeffrey G. Ludwig
Midland States Bancorp, Inc.
President

Midland States Bank
Chief Executive Officer

Douglas J. Tucker
Midland States Bancorp, Inc.
Senior Vice President,
Corporate Counsel and Secretary

Midland States Bank
Senior Vice President,
Corporate Counsel

Stephen A. Erickson
Midland States Bancorp, Inc.
Chief Financial Officer

Midland States Bank
Chief Financial Officer

Jeffrey S. Mefford
Midland States Bank
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Jeffrey A. Brunoehler
Midland States Bank
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Chief Credit Officer

Sharon A. Schaubert
Midland States Bank
Senior Vice President,
Banking Services

James R. Stewart
Midland States Bank
Senior Vice President,
Chief Risk Officer

Senior Management

Corporate

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Director - Financial Planning
& Analysis

Cristina Ciorna
Director - Training

John Dietrich
Director - Marketing

Michael Karibian
Corporate Treasurer

Kyle Mooney
Chief Information Officer

Aaron Rios
Director - Operations

Donald Spring
Controller

Willie Wierman
Senior Credit Officer and
Manager of Retail and Business
Banking

Banking

Timothy Spitz
South Senior Vice President

Dan Stevenson
North Senior Vice President

Chuck Frederick
Director - Retail Banking

Richard Kantor
Director - Commercial Banking

Residential Mortgage

Abraham Rezex
President

Wealth Management

Eric Chojnicki
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Midland Equipment Finance

Frederick Van Etten
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Johnson Oil Company
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Inertia Machine Corporation
President

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Arthur's Garden Deli
President

Eastern Illinois

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Bailey's Carpets
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Edward Czerkies
Czerkies Limited Partnership
President, Retired

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Hollywood Hair Salon & Spa
Owner / Operator

Shannon Smith
S & S Urethane
Owner, President

Leonard Taylor
LTD Ford Lincoln
Owner, President & General
Manager

Larry Unverfehrt
Unverfehrt Farm Supply
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Manager

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Wirth Agency
Owner, President

St. Louis

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Anheuser-Busch
Senior Retail Sales Director
Midwest Region

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Jay Delsing Golf
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States Bancorp, Inc.

1201 Network Centre Drive, Effingham, IL 62401 • midlandsb.com • 1-855-MY-MIDLAND