

**COMPENSATION COMMITTEE CHARTER**  
**OF**  
**MIDLAND STATES BANCORP, INC.**  
**(AS ADOPTED FEBRUARY 1, 2016)**

**I. Purpose**

The primary purposes of the Compensation Committee (the “Committee”) of the board of directors of Midland States Bancorp, Inc. (the “Company”) are to: (1) discharge the responsibilities of the board of directors relating to the compensation of the Company’s Chief Executive Officer and other executive officers; (2) evaluate and make recommendations to the board of directors relating to the compensation of individuals serving as directors of the Company; and (3) oversee and produce a summary of executive compensation, and any related reports, for inclusion in the Company’s proxy statement and other filings with the Securities and Exchange Commission (the “SEC”), as required, in compliance with all rules and regulations of the SEC, the Nasdaq Stock Market (or by the rules and regulations of any other exchange or national market on which the Company’s common stock is quoted or listed for trading) and any other body with regulatory authority over the Company.

**II. Committee Composition and Procedure**

At any time that the Company is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (such period being referred to as the Company being a “Public Company”), the Committee shall consist of at least three members, each of whom shall satisfy the independence requirements of the SEC and, if applicable, the Nasdaq Stock Market (or the requirements of any other exchange or national market on which the Company’s common stock is quoted or listed for trading) and of any other body with regulatory authority over the Company, be “non-employee directors” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and be “outside directors” for purposes of Section 162(m) of the Internal Revenue Code (“Section 162(m)”); *provided, however*, the Committee may contain one or more members who do not satisfy such independence requirements, so long as during any period the Company’s shares are listed on the Nasdaq Stock Market the service of such member(s) on the Committee is in compliance with Nasdaq Listing Rule 5615(b) (or a corresponding provision of the rules governing listing on any other exchange or national market on which the Company’s common stock is quoted or listed for trading). The board of directors shall appoint the members of the Committee. The board of directors, or a committee thereof, may designate a Chairman of the Committee and shall have the power to change the membership of the Committee and to fill vacancies in it, subject to such new member(s) satisfying the general Committee membership requirements discussed in this paragraph.

The Committee shall meet with such frequency and at such intervals as it shall determine necessary to carry out its duties and responsibilities, but in no event shall the Committee meet less than once during each fiscal year of the Company. A majority of the members of the Committee shall constitute a quorum, and the action of a majority of those present at a meeting at which a quorum is present shall be the act of the Committee. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee shall maintain minutes of its

meetings and records relating to those meetings and the Committee's activities and shall provide copies of such minutes to the board of directors. The Committee shall determine its rules of procedure.

The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel, or other adviser, and the Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any such adviser. The Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any such adviser.

The Committee may select, or receive advice from, a compensation consultant, legal counsel, or other adviser to the Committee, other than in-house legal counsel, only after taking into consideration the following factors:

- (a) The provision of other services to the Company by the person that employs the adviser;
- (b) The amount of fees received from the Company by the person that employs the adviser, as a percentage of the total revenue of the person that employs the adviser;
- (c) The policies and procedures of the person that employs the adviser that are designed to prevent conflicts of interest;
- (d) Any business or personal relationship of the adviser with a member of the Committee;
- (e) Any stock of the Company owned by the adviser; and
- (f) Any business or personal relationship of the adviser or the person employing the adviser with an Executive Officer.

Nothing in the foregoing shall be construed (1) to require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel, or other adviser to the Committee or (2) to affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

### **III. Duties and Responsibilities of the Committee**

The Committee's principal duties and responsibilities generally are to: (1) discharge the responsibilities of the board of directors relating to the compensation of the Company's Chief Executive Officer and other executive officers; (2) evaluate and make recommendations to the board of directors relating to the compensation of individuals serving as directors of the Company; and (3) oversee and produce a summary of executive compensation for inclusion in the Company's proxy statement and other filings with the SEC, as required, in accordance with all applicable rules and regulations. In accomplishing these responsibilities, the Committee shall possess the following powers and duties:

(a) The Committee shall review, monitor and approve the Company's overall compensation structure, policies and programs and assess whether the compensation structure establishes appropriate incentives for the Company's executive officers and other employees and meets the Company's corporate objectives.

(b) The Committee shall review and approve performance goals and objectives relevant to the compensation of the Company's Chief Executive Officer, shall evaluate the performance of the Chief Executive Officer in light of those goals and objectives and shall set the compensation level of the Chief Executive Officer based upon such evaluation, including the long-term incentive component of such compensation. The Committee shall also review the compensation decisions of the Chief Executive Officer with respect to the other executive officers of the Company. Further, at any time the Company is a Public Company, the Committee shall ensure that the Company includes in its annual proxy a nonbinding shareholder vote on executive compensation (a "say on pay proposal"), as well as a vote on the frequency of the inclusion of such say on pay proposals, each in accordance with, and so often as required by, the rules and regulations of the SEC, the Nasdaq Stock Market (or the requirements of any other exchange or national market on which the Company's common stock is quoted or listed for trading) and of any other body with regulatory authority over the Company. The CEO shall not be present during voting or deliberations on his or her compensation.

(c) The Committee shall meet annually with the Chief Executive Officer of the Company to receive the Chief Executive Officer's evaluation of and recommendations regarding compensation performance goals and the Company's progress towards meeting those goals.

(d) The Committee shall review and approve all employment agreements, severance arrangements and change-in-control agreements or provisions for the Chief Executive Officer and other executive officers of the Company. The Committee shall also ensure that at any time the Company is a Public Company, the Company discloses in any proxy relating to a merger or similar transaction any agreements concerning compensation payable to named executive officers in conjunction with such transactions, as well as a nonbinding shareholder vote on such payments, in accordance with the rules and regulations of the SEC, the Nasdaq Stock Market (or the requirements of any other exchange or national market on which the Company's common stock is quoted or listed for trading) and of any other body with regulatory authority over the Company.

(e) The Committee shall make recommendations to the board of directors regarding the annual compensation of directors of the Company, including incentive plans and equity-based plans. Additionally, the Committee shall make recommendations to the board of directors regarding the compensation of directors and the reimbursement of expenses with respect to directors' attendance at meetings of the board of directors and shall make recommendations to the board of directors regarding additional compensation of directors serving on committees to the board of directors, including with respect to their attendance at committee meetings. Directors compensation should provide reasonable compensation for nonemployee directors commensurate with their duties and responsibilities as directors, and provide a sufficient level of compensation necessary to attract and retain the highest quality individuals.

(f) The Committee shall administer the incentive compensation plans for executive officers and all equity-based plans for the Company. The Committee shall adopt, approve or

ratify awards under incentive compensation plans for executive officers and all equity-based plans adopted by the board of directors, and shall review and monitor awards under such plans. The Committee shall ensure that such awards are administered in a manner consistent with the Company's compensation strategy and the terms of the plans with respect to participation in the plans, annual incentive targets, vesting requirements and corporate financial goals. Additionally, the Committee shall approve the submission to shareholders of all new equity-based incentive plans of the Company and shall administer such plans.

(g) The Committee shall review and approve material changes or changes required by law to be made to existing employee benefit programs.

(h) The Committee shall review with the Chief Executive Officer the management succession plans of the Company.

(i) The Committee shall notify executive officers and directors, as well as the SEC, as may be required, prior to the beginning of all "blackout" periods with respect to the Company's pension plans and equity-based incentive plans and shall monitor trading activity in the Company's securities during these periods to ensure compliance.

(j) The Committee shall review all compensation decisions of the Company considering the provisions of Section 162(m) relating to the deductibility of compensation of executive officers of the Company.

(k) The Committee shall act in an advisory capacity to the board of directors regarding compensation matters generally.

(l) The Committee shall evaluate the risks posed to the Company by the design and implementation of various compensation programs of the Company.

(m)

(n) The Committee may form and delegate authority to subcommittees and individual members of the Committee, where appropriate, with respect to compensation matters.

(o) The Committee shall review and assess the adequacy of this Charter annually, and shall recommend any proposed amendments relating to the Committee's duties with respect to compensation matters to the board of directors for approval.

(p) The Committee shall make regular reports to the board of directors regarding compensation matters.