



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

December 12, 2014

Mark B. Hillis, Esq.
Carmody MacDonald P.C.
120 South Central Avenue, Suite 1800
St. Louis, Missouri 63105-1705

Dear Mr. Hillis:

The Board of Governors of the Federal Reserve System (“Board”) has reviewed the notice (“Notice”) filed under the Change in Bank Control Act of 1978 (“CIBC Act”) by Mr. Andrew Love, individually and as part of a group acting in concert (collectively, the “Notificants”),¹ to control Midland States Bancorp, Inc. (“Midland”), Effingham, Illinois. Notificants propose to acquire common shares of Midland as a result of Midland’s acquisition of Love Savings Holding Company (“LSHC”), St. Louis, Missouri, a savings and loan holding company that Notificants control (“Merger Transactions”).² Following the Merger Transactions, the Notificants would control approximately 12.1 percent of Midland’s common shares.

¹ The Notificants are Mr. Love; Trust Established U/T/W of Andrew Sproule Love FBO Andrew Sproule Love, Jr., Andrew Sproule Love, Jr., and Bank of America, N.A., as co-trustees; Inter Vivos Trust created by Andrew Sproule Love U/I/T dated December 30, 1941, as amended by instrument dated August 3, 1959, Andrew Sproule Love, Jr., and Bank of America, N.A., as co-trustees; Love Group, LLC; Love Investment Company; Love Real Estate Company; and Sarah Otto Love, all of St. Louis, Missouri; Daniel Sproule Love, New York, New York; Laura Kate Love, Bozeman, Montana; Martha Farr Love and John Overton Robertson, both of Portland, Maine; Amy Farr Robertson, Denver, Colorado; Bruce Clendenin Robertson, Rockville, Maryland; Caroline Bill Robertson Evans, Jacksonville, North Carolina; and Laurence Arnold Schiffer, St. Louis, Missouri.

² Midland has separately submitted applications to the Board (i) to acquire through merger LSHC and thereby indirectly acquire its subsidiary thrift, Heartland Bank FSB, St. Louis, Missouri; (ii) to merge Heartland Bank into Midland’s subsidiary depository institution, Midland States Bank (“Midland Bank”), Effingham, Illinois; and (iii) for

The CIBC Act requires the Board to review notices in light of specific statutory factors, including the competitive effects of a proposal; the financial condition of the acquiring persons and the future prospects of the institution; the potential adverse effects of the proposal on the Deposit Insurance Fund; and the competence, experience, and integrity of persons acquiring shares of a bank holding company.³ In reviewing the statutory factors, the Board has considered information provided by Mr. Love and the other Notificants regarding their financial resources and banking experience, the size of the investment in Midland, and the terms of the Merger Transactions, including funding of the proposed investment. The Board has also considered other information provided by Notificants; the results of name checks; examination reports and other confidential supervisory information regarding Midland, LSHC, and their subsidiaries; and information provided by Heartland Bank's primary supervisor, the Office of the Comptroller of the Currency.

The Board has considered the Notice in light of all the statutory factors. With regard to the competitive effects of the proposal, the Board has concluded that the investment would not result in a monopoly or lessening of competition. As for the financial condition of Notificants and the future prospects of Midland, the Board has determined that Notificants' financial condition is not likely to jeopardize the financial stability of Midland or prejudice the interests of Midland's depositors. Based on its review of the record, the Board finds that Notificants have sufficient financial resources to make the investment. Further, the Board has not determined that the investment would result in an adverse effect on the Deposit Insurance Fund. In addition, the Board considered Notificants' competence, experience, and integrity and did not find information that would require the Board to disapprove the Notice.

The Board received a comment objecting to the Notice.⁴ Although commenters lack standing to participate in CIBC Act proceedings and comments on a notice filed pursuant to the CIBC Act are for informational purposes only,⁵ the Board nevertheless considered the issues raised by the commenter to the extent relevant to the factors for consideration under the CIBC Act. Based on its review of the record, the

Midland Bank to establish and operate branches at the locations of Heartland Bank's main office and branches.

³ 12 U.S.C. § 1817(j)(7).

⁴ Specifically, the commenter objected to the proposal based on Home Mortgage Disclosure Act data reflecting low levels of refinance loans, conventional home purchase loans, and home improvement loans provided to African American and Latino borrowers relative to white borrowers in the St. Louis Metropolitan Statistical Area in 2012 by Midland Bank. The Board considered substantially similar comments in connection with the applications referenced in footnote 2 and determined to approve the Merger Transactions. The comments similarly do not warrant denial of this proposal.

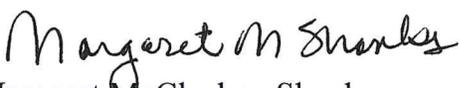
⁵ 12 CFR 225.43(c)(7).

Board determined that Notificants' competence, experience, and integrity does not require the Board to disapprove the Notice.

Based on all the facts of record, the Board has determined not to disapprove the Notice. This determination is specifically conditioned on compliance with all representations and commitments made by Notificants in connection with the Notice. The commitments relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law. Any material change in the facts and representations could result in a different conclusion and should be immediately reported to staff at the Federal Reserve Bank of St. Louis ("Reserve Bank").

The CIBC Act requires that, when a change in control occurs, each insured bank or bank holding company shall promptly report to the appropriate federal banking agency any change or replacement of its chief executive officer or any of its directors that occurs in the next 12 months, and shall provide a statement of the past and current business and professional affiliations of the new chief executive officer or directors.⁶ The Board would appreciate your cooperation in ensuring that, if any changes occur, the required information is submitted to the Reserve Bank.

Very truly yours,


Margaret McCloskey Shanks
Deputy Secretary of the Board

cc: Dennis Blase, Assistant Vice President
Federal Reserve Bank of St. Louis
Bert A. Otto, Deputy Comptroller, Central District
Office of the Comptroller of the Currency
Sheila S. Henretta, Acting Director
Division of Banking, Illinois Department of Financial and
Professional Regulation

⁶ 12 U.S.C. § 1817(j)(12).