

FIRST MID ILLINOIS BANCSHARES INC  
Form 424B3  
August 27, 2018

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Registration Statement No. 333-226672

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PROXY STATEMENT OF SCB BANCORP, INC.

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PROSPECTUS OF FIRST MID-ILLINOIS BANCSHARES, INC.

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Merger Proposal-Your Vote Is Important

DEAR SCB BANCORP, INC. STOCKHOLDERS:

You are cordially invited to attend a special meeting of stockholders of SCB Bancorp, Inc., which will be held on October 9, 2018 at 7:00 p.m., local time, at Soy Capital Bank and Trust Company, 455 North Main Street, Decatur, Illinois 62523.

At the meeting, you will be asked to approve the merger agreement, dated June 12, 2018, as it may be amended from time to time (which we refer to as the “merger agreement”), among SCB Bancorp, Inc. (“SCB”), First Mid-Illinois Bancshares, Inc. (“First Mid”) and Project Almond Merger Sub LLC, a newly formed wholly-owned subsidiary of First Mid (“Merger Sub”), that provides for First Mid’s acquisition of SCB through the merger of SCB with and into Merger Sub, with Merger Sub as the surviving entity and a wholly-owned subsidiary of First Mid (the “merger”). In the proposed merger, each issued and outstanding share of SCB common stock will be converted into, and become the right to receive, at the election of each stockholder, either (a) \$307.93 in cash or (b) 8.0228 shares of validly issued, fully paid and nonassessable shares of First Mid common stock, par value \$4.00 per share, together with cash in lieu of fractional shares, less any applicable taxes required to be withheld and subject to certain adjustments and proration as set forth in, and subject to the terms of, the merger agreement, and as described in detail in this proxy statement/prospectus. Overall elections are subject to proration such that, depending on the number of shares of SCB common stock electing shares of First Mid common stock, between 19% and 32.5% of the shares of SCB common stock will be exchanged for cash, and between 67.5% and 81% will be exchanged for First Mid common stock. Additionally, SCB’s outstanding stock options will be fully vested upon consummation of the merger, and all outstanding SCB stock options that are unexercised prior to the effective time of the merger will be cashed out pursuant to the terms of the merger agreement. In addition, immediately prior to the closing of the proposed merger, SCB will pay a special cash dividend to its stockholders in the aggregate amount of \$25 million. Assuming 226,745 shares of SCB common stock (based on 225,825 shares outstanding and 920 shares able to be acquired pursuant to an outstanding debenture outstanding as of June 12, 2018), and 3,672 options to purchase shares of SCB common stock, in each case outstanding as of immediately prior to the closing, this will result in each share of SCB common stock receiving approximately \$108.50 in cash in the form of the special cash dividend, and the exercise price for each option to acquire shares of SCB common stock being reduced by approximately \$108.50 as a result of the special cash dividend.

Based on the closing price of First Mid’s common stock of \$39.69 on June 12, 2018, and the 225,825 shares of SCB common stock, and 920 shares of SCB common stock able to be acquired pursuant to an outstanding debenture, outstanding as of June 12, 2018, the date of the merger agreement, and assuming approximately 1,875

equity award equivalent shares (which are shares of SCB common stock underlying the 3,672 outstanding SCB stock options being cashed out at the closing of the merger), assuming that 67.5% of these shares and equity award equivalent shares will be converted into stock consideration, and assuming no proration or adjustments to the merger consideration, SCB stockholders are expected to receive total aggregate merger consideration from First Mid of approximately \$72 million, consisting of 32.5% cash and 67.5% First Mid common stock, subject to receipt of cash in lieu of fractional shares, plus the \$25 million special cash dividend paid by SCB, for total aggregate merger consideration of approximately \$97 million.

In addition to being subject to proration, including if more than 67.5% of the shares of SCB common stock elect to be exchanged for First Mid common stock, such that up to 81% of the shares of SCB common stock may elect to receive First Mid common stock, the merger consideration is subject to potential adjustment in four circumstances. First, if the consolidated balance sheet delivered by SCB to First Mid as of the last day of the month preceding the closing date of the merger, or as of three business days prior to the closing date of the merger if such date is more than three business days following the last day of the preceding month, reflects consolidated stockholders' equity less than \$71,161,583 (as computed and adjusted in accordance with the merger agreement), for every \$50,000 shortfall thereof, the cash consideration will be reduced by \$0.216 per share. As of June 30, 2018, SCB's consolidated stockholders' equity as computed in accordance with generally accepted accounting principles ("GAAP") was \$71,253,538. As of the date of this proxy statement/prospectus, the parties are not aware of any existing facts or circumstances that would cause the consolidated stockholders' equity included in the closing consolidated balance sheet to be less than \$71,161,583. Second, if at any time during the five business day period commencing on the fifteenth business day preceding the closing date of the merger, the average closing price of a share of First Mid common stock is less than \$32.6248 and decreases by more than 15% in relation to the Nasdaq Bank Index, SCB will have the right to terminate the merger agreement unless First Mid elects to increase the exchange ratio pursuant to the formula described in the section of the proxy statement/prospectus entitled "Description of the Merger Agreement-Merger Consideration". Third, if, prior to the effective time, the number of shares of First Mid common stock are changed into a different number of shares or a different class of shares pursuant to any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereof shall be declared with a record date within such period, an appropriate and proportionate adjustment shall be made to the exchange ratio so as to provide the holders of SCB common stock with the same economic effect as contemplated by the merger agreement prior to such event. Fourth, if any of the foregoing adjustments to the exchange ratio would require First Mid to issue more than 19.9% of the issued and outstanding shares of First Mid common stock, as of June 12, 2018, as merger consideration and in connection with First Mid's sale of 947,368 shares of First Mid common stock on June 15, 2018 to, in part, finance all or a portion of the cash consideration, First Mid shall have the right to adjust the ratio so that First Mid would not be required to issue more than 19.9% of its outstanding common stock and to increase the cash consideration to reflect, on a per share basis, the aggregate value of the total number of shares of First Mid common stock that otherwise would have been issuable pursuant to the terms of the merger agreement. As of the date of this proxy statement/prospectus, the parties are not aware of any facts or circumstances that would cause more than 19.9% of such amount of First Mid's common stock to be issued as merger consideration when added to the shares sold on June 15, 2018.

Upon the effectiveness of the merger, each share of issued and outstanding SCB common stock shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist. Each certificate formerly representing any share of SCB common stock and each uncertificated share registered to a holder on the stock transfer books of SCB shall thereafter represent only the right to receive the merger consideration described above and herein. Upon closing of the merger, assuming no adjustment in the number of shares of First Mid common stock to be issued in the merger pursuant to the terms of the merger agreement, we expect that the former stockholders of SCB will own between 7.5% and 8.9% of First Mid's issued and outstanding common stock depending upon the percentage of shares of SCB common stock that elect to receive shares of First Mid common stock as merger consideration.

First Mid's common stock currently trades on the Nasdaq Global Select Market under the symbol "FMBH." On August 20, 2018, the latest practicable date before the printing of this proxy statement/prospectus, the closing price of First Mid common stock was \$41.09 per share. The shares of First Mid common stock issued



pursuant to the merger will be registered under the Securities Act of 1933, as amended (which we refer to as the “Securities Act”), and will trade on the Nasdaq Global Select Market. SCB’s common stock is not traded on any established public trading market.

We cannot complete the merger unless we obtain the necessary governmental approvals and unless the stockholders of SCB approve the merger agreement and the transactions contemplated therein. The board of directors of SCB has unanimously approved the merger and recommends that SCB’s stockholders vote “FOR” approval of the merger agreement and the transactions contemplated therein to be considered at the special meeting.

The place, date and time of the SCB stockholders’ meeting are as follows:

Date: October 9, 2018

Time: 7:00 p.m., local time

Place: Soy Capital Bank and Trust Company

455 North Main Street

Decatur, Illinois 62523

This proxy statement/prospectus contains a more complete description of the SCB stockholders’ meeting and the terms of the merger. You may also obtain information about First Mid from documents that it has filed with the Securities and Exchange Commission (which we refer to as the “SEC”). We urge you to review this entire document carefully.

This document also serves as the prospectus for up to 1,486,000 shares of First Mid common stock that may be issued by First Mid in connection with the merger.

**YOUR VOTE IS IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES THAT YOU OWN.** Whether or not you plan to attend SCB’s stockholders’ meeting, please take the time to vote by following the voting instructions on the enclosed proxy form. Submitting a proxy now will not prevent you from being able to vote in person at SCB’s special meeting. If you do not vote your shares as instructed in the enclosed proxy form, or if you do not instruct your broker how to vote any shares held for you in “street name,” the effect will be a vote against the merger and the transactions contemplated therein.

You should read this entire proxy statement/prospectus carefully because it contains important information about the merger. In particular, you should read carefully the information under the section entitled “Risk Factors” beginning on page 18.

Thank you for your cooperation and continued support.

Sincerely,

Robert C. Smith

President

SCB Bancorp, Inc.

Neither the SEC nor any state securities regulatory body has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The securities to be issued in connection with the merger are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of any of the parties, and they are not insured by the Federal Deposit Insurance Corporation (the “FDIC”) or any other governmental agency.

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This proxy statement/prospectus is dated August 27, 2018, and is first being mailed to SCB's stockholders on or about September 5, 2018.

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SCB BANCORP, INC.  
455 North Main Street  
Decatur, Illinois 62523  
(217) 421-9621

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Notice of Special Meeting of Stockholders

Date: October 9, 2018

Time: 7:00 p.m., local time

Place: Soy Capital Bank and Trust Company, 455 North Main Street, Decatur, Illinois 62523

Dear SCB Stockholders:

NOTICE IS HEREBY GIVEN that SCB Bancorp, Inc. ("SCB") will hold a special meeting of stockholders on October 9, 2018 at 7:00 p.m., local time, at Soy Capital Bank and Trust Company, 455 North Main Street, Decatur, Illinois 62523. The purpose of the meeting is to consider and vote on the following matters:

a proposal to approve the Agreement and Plan of Merger, dated as of June 12, 2018, among SCB, First Mid-Illinois Bancshares, Inc. ("First Mid") and Project Almond Merger Sub LLC, a wholly owned subsidiary of First Mid ("Merger Sub"), pursuant to which SCB will merge with and into Merger Sub with Merger Sub as the surviving entity and a wholly-owned subsidiary of First Mid, and the transactions contemplated therein;

the approval to adjourn the special meeting to permit further solicitation in the event that an insufficient number of votes are cast to approve the merger agreement and the transactions contemplated therein; and

to transact any other business that properly comes before the special meeting, or any adjournments or postponements thereof.

Holders of record of SCB common stock at the close of business on August 20, 2018 are entitled to receive this notice and to vote at the special meeting and any adjournments or postponements thereof. Approval of the merger agreement and the transactions contemplated therein requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of SCB common stock entitled to vote. Approval of the SCB proposal to adjourn the special meeting requires the affirmative vote of the holders of a majority of the shares of SCB common stock present in person or represented by proxy and entitled to vote on the proposal.

The board of directors of SCB unanimously recommends that you vote "FOR" approval of the merger agreement and the transactions contemplated therein, and "FOR" approval to adjourn the special meeting to permit further solicitation in the event that an insufficient number of votes are cast to approve the merger agreement and the transactions contemplated therein.

Your vote is important. I encourage you to attend the meeting in person. Whether or not you plan to attend the meeting, please act promptly to vote your shares. You may vote your shares by completing, signing and dating the proxy form and returning it by mail to the attention of Susan Seitz at SCB in the postage prepaid envelope provided, via fax to 217-429-8742 or via email attachment to sseitz@soybank.com. Please review the instructions for each of your voting options described in this proxy statement/prospectus. If you attend the meeting, you may vote your shares in person, even if you have previously submitted a proxy. Submitting a proxy will ensure that your shares are represented at the meeting. We look forward with pleasure to seeing and visiting with you at the meeting.

You will also receive an election form and letter of transmittal under separate cover for your use in making a timely election of merger consideration. The election form and letter of transmittal will be mailed to you as soon as practicable after the mailing of this proxy statement/prospectus but in no event later than two weeks thereof. The election form and letter of transmittal must be completed, signed and returned with your stock certificates if held in certificate form, as instructed therein. To be considered timely, election forms must be received by 5:00 p.m., Chicago time, on the fifth business day before the effective time of the merger.

Under Illinois law, if the merger is completed, SCB stockholders of record who do not vote to approve the merger agreement, and otherwise comply with the applicable provisions of Illinois law pertaining to dissenting stockholders, will be entitled to exercise rights of appraisal and obtain payment for the fair value of their shares of SCB common stock. A copy of the section of the Illinois Business Corporation Act pertaining to objecting stockholders' rights of appraisal (also known as dissenters' rights) is included as Appendix B to this proxy statement/prospectus.

By Order of the Board of Directors,

Robert C. Smith

President

SCB Bancorp, Inc.

August 27, 2018

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#### REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about First Mid from documents filed with the SEC that are not included in or delivered with this proxy statement/prospectus. For a listing of the documents incorporated by reference into this proxy statement/prospectus, please see the section entitled “Incorporation of Certain First Mid Documents by Reference” beginning on page 87. SCB has not incorporated any information into this proxy statement/prospectus by reference. You can obtain any of the documents filed with or furnished to the SEC by First Mid, free of charge, from the SEC’s website at <http://www.sec.gov>. You may also request copies of these documents, including documents incorporated by reference in this proxy statement/prospectus by First Mid, free of charge, by contacting First Mid at the following address:

First Mid-Illinois Bancshares, Inc.

1421 Charleston Avenue

Mattoon, Illinois 61938

Attention: Investor Relations

Telephone: (217) 258-0463

The section of this proxy statement/prospectus entitled “Where You Can Find More Information” beginning on page 86 has additional information about obtaining copies of documents that First Mid has filed or furnished to the SEC. You will not be charged for any of these documents that you request. To obtain timely delivery of these documents, you must request them no later than five business days before the date of the SCB special meeting. This means that documents must be requested by October 1, 2018, in order to receive them before the SCB special meeting.

#### ABOUT THIS PROXY STATEMENT/PROSPECTUS

This document, which forms part of a registration statement on Form S-4 filed with the SEC by First Mid (File No. 333-226672), constitutes a prospectus of First Mid under Section 5 of the Securities Act, with respect to the shares of common stock, par value \$4.00 per share, of First Mid, which we refer to as “First Mid common stock,” to be issued pursuant to the Agreement and Plan of Merger, dated as of June 12, 2018, by and among First Mid, Merger Sub and SCB, as it may be amended from time to time, which we refer to as the “merger agreement.” This document also constitutes a proxy statement of SCB under Section 14(a) of the Securities Exchange Act of 1934, as amended, which we refer to as the “Exchange Act.” It also constitutes a notice of meeting with respect to the special meeting of stockholders at which SCB stockholders will be asked to consider and vote upon (a) the proposal to approve the merger agreement and the transactions contemplated therein, and (b) the proposal to adjourn or postpone the SCB special meeting, if necessary or appropriate, for among other reasons, the solicitation of additional proxies.

First Mid has supplied all information contained or incorporated by reference into this proxy statement/prospectus relating to First Mid, and SCB has supplied all information contained in this proxy statement/prospectus relating to SCB. SCB has not incorporated any information into this proxy statement/prospectus by reference.

You should rely only on the information contained in, or incorporated by reference into, this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated August 27, 2018, and you should assume that the information in this document is accurate only as of such date. You should assume that the information incorporated by reference into this document is accurate as of the date of such incorporated document. Neither the mailing of this document to SCB stockholders nor the issuance by First Mid of shares of First Mid common stock in connection with the merger will create any implication to the contrary.



This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

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## QUESTIONS AND ANSWERS ABOUT THE MERGER

The following questions and answers are intended to briefly address some commonly asked questions regarding the merger, the merger agreement and the SCB special meeting. We urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this document.

Q: What is the proposed transaction?

You are being asked to vote on the approval of a merger agreement that provides for the acquisition of SCB by First Mid through the merger of SCB with and into a wholly-owned subsidiary of First Mid (which we refer to as “Merger Sub”), with Merger Sub as the surviving company. The merger is anticipated to be completed in late 2018. At a date following the completion of the merger, First Mid intends to merge Soy Capital Bank and Trust Company, SCB’s wholly-owned bank subsidiary (which we refer to as “Soy Capital Bank”), with and into First Mid Bank & Trust, N.A., First Mid’s wholly-owned bank subsidiary (which was formerly known as First Mid-Illinois Bank & Trust, N.A., and which we refer to as “First Mid Bank”), with First Mid Bank as the surviving bank (which we refer to as the “bank merger”). At such time, Soy Capital Bank’s banking offices will become banking offices of First Mid Bank. Until the banks are merged, First Mid will own and operate Soy Capital Bank and First Mid Bank as separate bank subsidiaries.

Q: What will SCB stockholders be entitled to receive in the merger?

If the merger is completed, each share of SCB common stock issued and outstanding immediately prior to the effective time of the merger (other than shares owned by SCB as treasury stock and any dissenting shares), will be converted into the right to receive, at the election of each stockholder, either (a) \$307.93 in cash or (b) 8.0228 shares of validly issued, fully paid and nonassessable shares of First Mid common stock, subject to certain adjustments and proration as set forth in, and subject to the terms of, the merger agreement. Overall elections are subject to proration such that, depending on the number of shares of SCB common stock electing shares of First Mid common stock, between 19% and 32.5% of the shares of SCB common stock will be exchanged for cash, and between 67.5% and 81% will be exchanged for First Mid common stock. Additionally, SCB’s outstanding stock options will be fully vested upon consummation of the merger, and all outstanding SCB stock options that are unexercised prior to the effective time of the merger will be cashed out pursuant to the terms of the merger agreement. In addition, immediately prior to the closing of the proposed merger, SCB will pay a special cash dividend to its stockholders in the aggregate amount of \$25 million. Assuming 226,745 shares of SCB common stock (based on 225,825 shares outstanding and 920 shares able to be acquired pursuant to an outstanding debenture outstanding as of June 12, 2018), and 3,672 options to purchase shares of SCB common stock, in each case outstanding as of immediately prior to the closing, this will result in each share of SCB common stock receiving approximately \$108.50 in cash in the form of the special cash dividend, and the exercise price for each option to acquire shares of SCB common stock being reduced by approximately \$108.50 as a result of the special cash dividend.

Based on the closing price of First Mid’s common stock of \$39.69 on June 12, 2018, and the 225,825 shares of SCB common stock, and 920 shares of SCB common stock able to be acquired pursuant to an outstanding debenture, outstanding as of June 12, 2018, the date of the merger agreement, and assuming approximately 1,875 equity award equivalent shares (which are shares of SCB common stock underlying the 3,672 outstanding SCB stock options being cashed out at the closing of the merger), assuming that 67.5% of these shares and equity award equivalent shares will be converted into stock consideration, and assuming no proration or adjustments to the merger consideration, SCB stockholders are expected to receive total aggregate merger consideration from First Mid of approximately \$72 million, consisting of 32.5% cash and 67.5% First Mid common stock, subject to receipt of cash in lieu of fractional shares, plus the \$25 million special cash dividend paid by SCB, for total aggregate merger consideration of approximately \$97 million. Only whole shares of First Mid common stock will be issued in the merger. As



a result, cash will be paid instead of any fractional shares in an amount, rounded to the nearest whole cent, determined by multiplying the Closing First Mid Common Stock Price by the fractional share of First Mid common stock to which such former holder of SCB common stock would otherwise be entitled. "Closing First Mid Common Stock Price" means the weighted average of the daily closing sales prices of a share of First Mid common stock as reported on the Nasdaq Global Select Market for the ten consecutive trading days immediately preceding the closing date. Shares of SCB common stock held by SCB stockholders who elect to exercise their dissenters' rights (which we refer to as "dissenting shares") will not be converted into merger consideration.

Q: How will SCB stockholders receive the special cash dividend to be paid by SCB immediately prior to the Closing of the Merger?

A: Prior to the closing of the merger, the board of directors of SCB will declare a special cash dividend in the aggregate amount of \$25 million that will be payable on the closing date of the proposed merger immediately prior to the merger becoming effective. SCB will pay the special cash dividend in accordance with its historical practice of how semi-annual dividends are paid to SCB stockholders. Assuming 226,745 shares of SCB common stock, and 3,672 options to purchase shares of SCB common stock, in each case outstanding as of immediately prior to the closing, this will result in each share of SCB common stock receiving approximately \$108.50 in cash in the form of the special cash dividend, and the exercise price for each option to acquire shares of SCB common stock being reduced by approximately \$108.50 per share as a result of the special cash dividend.

Q: How will SCB stockholders elect to receive cash or stock consideration?

A: Subject to proration and redesignation procedures, SCB stockholders are offered the opportunity to elect to receive their merger consideration in the form of cash or First Mid common stock for each share of SCB common stock that they hold. SCB stockholders who wish to make an election must complete the election form and letter of transmittal (which we refer to as an "election form") which is being sent to you under separate cover as soon as practicable after the mailing of this proxy statement/prospectus but in no event later than two weeks thereof. For an election to be valid, a properly executed election form must be received by the exchange agent before the election deadline, which is 5:00 p.m., Chicago time, on the fifth business day prior to the effective time of the merger (we refer to this date as the "election deadline"). Your election will be properly made only if you have submitted a properly completed election form to First Mid's exchange agent by the election deadline. The election form also serves as a letter of transmittal, so you should send the election form and your stock certificates to the exchange agent prior to the election deadline. The form of merger consideration actually paid to SCB stockholders is subject to proration and may differ from their elections. See "Summary-Election and Allocation of Cash Consideration and Stock Consideration" on page 12 and "Description of the Merger Agreement-Election and Exchange Procedures" on page 68 for a description of the election mechanics and the distribution of merger consideration.

Q: How will the aggregate cash consideration and stock consideration be distributed among SCB stockholders?

A: The amount of cash and/or First Mid common stock actually received by each SCB stockholder will depend upon the cash and stock elections made by all SCB stockholders. Overall elections are subject to proration such that, depending on the number of shares of SCB common stock electing shares of First Mid common stock, between 19% and 32.5% of the shares of SCB common stock will be exchanged for cash, and between 67.5% and 81% will be exchanged for First Mid common stock. The form of merger consideration actually paid to SCB stockholders is subject to proration and may differ from their elections. The maximum number of shares of SCB common stock and equity award equivalent shares that will be converted into cash consideration will equal 32.5% of the number of shares of SCB common stock outstanding immediately prior to the effective time of the merger (treating equity award equivalent shares as outstanding shares), resulting in 67.5% of such number of shares of SCB common stock receiving cash consideration. The maximum number of shares of SCB common stock to be converted into stock

consideration will equal 81% of the number of shares of SCB common stock outstanding immediately prior to the effective time of the merger (treating equity award equivalent shares as outstanding shares), resulting in 19% of such amount of shares of SCB common stock receiving cash consideration. The merger agreement provides that if more than 67.5% of the outstanding shares of SCB common stock elects to receive First Mid common stock as consideration from First Mid in the merger, the percentage electing such stock consideration in the merger can rise to be up to 81% of the shares of SCB common stock, with the percentage of shares of SCB common stock receiving cash from First Mid decreasing pro rata. If more than 81% of the outstanding shares of SCB elects such stock consideration, such elections will be subject to proration. See “Summary-Election and Allocation of Cash Consideration and Stock Consideration” on page 12, “Description of the Merger Agreement-Allocation Procedures and Proration” on page 67 and “Description of the Merger Agreement-Election and Exchange Procedures” on page 68 for a description of the election mechanics and the distribution of merger consideration.

Q: If I am a SCB stockholder, what happens if I don’t make an election for cash or First Mid common stock by the election deadline?

A: If you fail to make a proper election prior to the election deadline, you will be deemed to have made an election to receive stock consideration.

Q: Will SCB stockholders receive stock certificates representing the shares of First Mid common stock that they receive as stock consideration?

A: No. Stock consideration will be issued as book-entry shares of First Mid common stock. If you receive stock consideration in the merger and would prefer to hold your First Mid common stock in certificated form, following completion of the merger, you may request stock certificates from the Exchange Agent.

Q: Is the merger consideration subject to adjustment?

A: In addition to being subject to proration, including if more than 67.5% of the shares of SCB common stock elect to be exchanged for First Mid common stock, such that up to 81% of the shares of SCB common stock may elect to receive First Mid common stock, the merger consideration is subject to potential adjustment in four circumstances. First, if the consolidated balance sheet delivered by SCB to First Mid as of the last day of the month preceding the closing date of the merger, or as of three business days prior to the closing date of the merger if such date is more than three business days following the last day of the preceding month, reflects consolidated stockholders’ equity less than \$71,161,583, for every \$50,000 shortfall thereof, the cash consideration will be reduced by \$0.216 per share. As of June 30, 2018, SCB’s consolidated stockholders’ equity as computed in accordance with generally accepted accounting principles (“GAAP”) was \$71,253,538. As of the date of this proxy statement/prospectus, the parties are not aware of any existing facts or circumstances that would cause the consolidated stockholders’ equity included in the closing consolidated balance sheet to be less than \$71,161,583. Second, if at any time during the five business day period commencing on the fifteenth business day immediately preceding the effective time of the merger, the average closing price of a share of First Mid common stock is less than \$32.6248 and decreases by more than 15% in relation to the Nasdaq Bank Index, SCB will have the right to terminate the merger agreement unless First Mid elects to increase the exchange ratio pursuant to the formula described in the section entitled “Description of the Merger Agreement-Merger Consideration and Special Cash Dividend” on page 63. Third, if, prior to the effective time, the number of shares of First Mid common stock are changed into a different number of shares or a different class of shares pursuant to any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereof shall be declared with a record date within such period, an appropriate and proportionate adjustment shall be made to the exchange ratio so as to provide the holders of SCB common stock with the same economic effect as contemplated by the merger agreement prior to such event. Fourth, if any of the foregoing adjustments to the exchange ratio would require First Mid to issue more than 19.9% of the issued and outstanding shares of First Mid common stock, as of June 12, 2018, as merger consideration and in connection with First Mid’s sale of 947,368 shares of First Mid common stock on June 15, 2018 to, in part,



finance all or a portion of the cash consideration, First Mid shall have the right to adjust the ratio so that First Mid would not be required to issue more than 19.9% of its outstanding common stock and to increase the cash consideration to reflect, on a per share basis, the aggregate value of the total number of shares of First Mid common stock that otherwise would have been issuable pursuant to the terms of the merger agreement. As of the date of this proxy statement/prospectus, the parties are not aware of any facts or circumstances that would cause more than 19.9% of such amount of First Mid's common stock to be issued as merger consideration when added to the shares sold on June 15, 2018.

Q: What is the value of the per share merger consideration?

The per share value of the merger consideration constituting cash is \$307.93. The per share value of the merger consideration constituting First Mid common stock to be received by SCB stockholders will fluctuate as the market price of First Mid common stock fluctuates before the completion of the merger. This price will not be known at the time of the SCB special meeting and may be more or less than the current price of First Mid common stock or the price of First Mid common stock at the time of the special meeting. Based on the closing stock price of First

A: Mid common stock on the Nasdaq Global Select Market on June 12, 2018, the trading day of the public announcement of the merger, of \$39.69, the implied value of the per share merger consideration constituting First Mid common stock was \$318.42. Based on the closing stock price of First Mid common stock on the Nasdaq Global Select Market on August 20, 2018, the latest practicable date before the mailing of this proxy statement/prospectus, of \$41.09, the value of the per share merger consideration constituting First Mid common stock was \$329.66. We urge you to obtain current market quotations for shares of First Mid common stock.

Q: How will SCB stock options be treated in the merger?

SCB's outstanding stock options will be fully vested upon the effective time of the merger, and all outstanding SCB stock options that are unexercised prior to the effective time of the merger will be automatically cancelled and the holder of such SCB stock option will receive a cash payment (without interest) equal to the product of (a) the excess, if any, of \$307.93 over the exercise price per share of such SCB stock option, as such exercise price per share is reduced immediately prior to closing by an amount equal to the special cash dividend per share amount of approximately \$108.50, and (b) the number of shares of SCB common stock issuable upon exercise of such SCB

A: stock option (we refer to this amount as the "option consideration"). As of the effective time of the merger, all SCB stock options, whether or not vested or exercisable, will no longer be outstanding and shall automatically cease to exist, and the holder of SCB stock options will cease to have any rights with respect to such SCB stock option, except the right to receive the option consideration; provided that, if the exercise price of such SCB stock option, as reduced immediately prior to closing by an amount equal to the special cash dividend per share amount, is equal to or greater than \$307.93, such SCB stock option shall be cancelled without any payment of option consideration being made. The option consideration will be paid in cash and will not be subject to proration.

Q: Why do SCB and First Mid want to engage in the merger?

SCB believes that the merger will provide SCB stockholders with substantial benefits, and First Mid believes that the merger will further its strategic growth plans. To review the reasons for the merger in more detail, see "The

A: Merger-SCB's reasons for the merger and recommendation of the board of directors" on page 38 and "The Merger-First Mid's reasons for the merger" on page 51.

Q: In addition to approving the merger agreement, what else are SCB stockholders being asked to vote on?

In addition to the merger agreement and the transactions contemplated therein, SCB is also soliciting proxies from holders of its common stock with respect to a proposal to adjourn the SCB special meeting to permit further

A: solicitation in the event that an insufficient number of votes are cast to approve the merger agreement and the transactions contemplated therein. Completion of the merger is not conditioned upon approval of the SCB adjournment proposal.

Q: What does the SCB board of directors recommend?

SCB's board of directors has determined that the merger agreement and the transactions contemplated therein are in the best interests of SCB and its stockholders. SCB's board of directors unanimously recommends that you vote "FOR" the approval of the merger agreement and the transactions contemplated therein, and "FOR" the approval to

A: adjourn the special meeting to permit further solicitation in the event that an insufficient number of votes are cast to approve the merger agreement and the transactions contemplated therein. To review the reasons for the merger in more detail, see "The Merger-SCB's reasons for the merger and recommendation of the board of directors" on page 38.

Q: Do any of SCB's executive officers or directors have interests in the merger that may differ from those of the SCB stockholders?

The interests of some of the directors and executive officers of SCB may be different from those of SCB stockholders, and the directors and officers of SCB may be participants in arrangements that are different from, or

A: are in addition to, those of SCB stockholders. The members of the SCB's board of directors knew about these additional interests and considered them among other matters, when making its decision to approve the merger agreement, and in recommending that SCB's common stockholders vote in favor of adopting the merger agreement. See "The Merger-Interests of certain persons in the merger" on page 53.

Q: What vote is required to approve each proposal at the SCB special meeting?

Approval of the merger agreement and the transactions contemplated therein requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of SCB common stock entitled to vote. Abstentions, shares not voted and broker non-votes will have the same effect as a vote against the proposal to approve the merger

A: agreement. Approval of the SCB proposal to adjourn the special meeting requires the affirmative vote of a majority of the shares of SCB common stock present in person or represented by proxy and entitled to vote on the adjournment. Abstentions will have the same effect as a vote against the proposal to adjourn the special meeting, while shares not voted and broker non-votes will have no effect on the outcome of the proposal to adjourn the special meeting.

Q: Why is my vote important?

The merger cannot be completed unless the merger agreement is approved by SCB stockholders. If you fail to submit a proxy or vote in person at the special meeting, or vote to abstain, or you do not provide your broker, bank

A: or other fiduciary with voting instructions, as applicable, this will have the same effect as a vote against the approval of the merger agreement. The board of directors of SCB unanimously recommends that SCB's stockholders vote for "FOR" the proposal to approve the merger agreement.

Q: What do I need to do now? How do I vote?

You may vote at the special meeting if you own shares of SCB common stock of record at the close of business on the record date for the special meeting, August 20, 2018. Please review the instructions for each of your voting

A: options described on your proxy form. After you have carefully read and considered the information contained in this proxy statement/prospectus, please vote or submit your proxy to vote by a

method described on your proxy form. This will enable your shares to be represented at the special meeting. You may also vote in person at the special meeting. If you do not vote by proxy and do not vote at the special meeting, this will make it more difficult to achieve a quorum for the meeting.

Q: If my shares of common stock are held in “street name” by my broker, bank or other fiduciary, will my broker, bank or other fiduciary automatically vote my shares for me?

A: No. Your broker, bank or other fiduciary cannot vote your shares without instructions from you. If your shares are held in “street name” through a broker, bank or other fiduciary, you must provide the record holder of your shares with instructions on how to vote the shares. Please follow the voting instructions provided by the broker, bank or other fiduciary. You may not vote shares held in street name by returning a proxy form directly to SCB, or by voting in person at the SCB special meeting, unless you provide a “legal proxy,” which you must obtain from your broker, bank or other fiduciary. Further, brokers, banks or other fiduciaries who hold shares of SCB common stock on behalf of their customers may not give a proxy to SCB to vote those shares with respect to any of the proposals without specific instructions from their customers, as brokers, banks and other fiduciaries do not have discretionary voting power on these matters. Failure to instruct your broker, bank or other fiduciary how to vote will have the same effect as a vote against adoption of the merger agreement.

Q: How will my proxy be voted?

A: If you properly submit your proxy to vote by a method described on your proxy form, your proxy will be voted in accordance with your instructions. If you sign, date and send in your proxy form, but you do not indicate how you want to vote, your proxy will be voted “FOR” approval of the merger agreement and the other proposals in the notice of the special meeting of the stockholders for SCB, as appropriate.

Q: Can I revoke my proxy and change my vote?

A: You may change your vote or revoke your proxy prior to the special meeting by filing with the corporate secretary of SCB, as appropriate, a duly executed revocation of proxy or submitting a new proxy with a later date. You may also revoke a prior proxy by voting in person at the applicable special meeting.

Q: Are there risks I should consider in deciding to vote on the approval of the merger agreement?

A: Yes, in evaluating the merger agreement and the transactions contemplated therein, you should read this proxy statement/prospectus carefully, including the factors discussed in the section titled “Risk Factors” beginning on page 18.

Q: What if I oppose the merger? Do I have dissenters’ rights?

A: SCB stockholders may assert appraisal rights (also referred to as dissenters’ rights) in connection with the merger and, upon complying with the requirements of the Illinois Business Corporation Act (which we refer to as the “IBCA”), receive cash in the amount of the “fair value” of their shares of SCB common stock instead of the merger consideration. This “fair value” could be more than the merger consideration but could also be less. See “The Merger-SCB stockholder dissenters’ rights.” A copy of the applicable section of the IBCA is attached as Appendix B to this document.

Q: What are the material tax consequences of the merger to U.S. holders of SCB Common Stock?

A: Each of Schiff Hardin LLP and Barack Ferrazzano Kirschbaum & Nagelberg LLP have delivered opinions, dated August 8, 2018, to the effect that the merger qualifies as a “reorganization” pursuant to Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the “Internal Revenue Code”). In addition, the completion of the merger is conditioned on receipt of a tax opinion from each of Schiff Hardin LLP and Barack Ferrazzano Kirschbaum & Nagelberg LLP, dated as of the closing date, to

the same effect as the opinions described in the preceding sentence. However, neither SCB nor First Mid has requested or received a ruling from the Internal Revenue Service that the merger will qualify as a reorganization. The U.S. federal income tax consequences of the merger to a SCB stockholder will depend on the relative mix of cash and First Mid common stock received by such SCB stockholder. SCB stockholders should not recognize any gain or loss for U.S. federal income tax purposes if they exchange their SCB shares solely for shares of First Mid common stock in the merger, except with respect to cash received in lieu of fractional shares of First Mid common stock. SCB stockholders will recognize gain or loss if they exchange their SCB shares solely for cash in the merger. SCB stockholders will recognize gain, but not loss, if they exchange their SCB shares for a combination of First Mid common stock and cash, but their taxable gain in that case will not exceed the cash they receive in the merger. The tax consequence of the merger to each SCB stockholder will depend on such SCB stockholder's own situation. You should consult with your tax advisor for the specific tax consequences of the merger to you. See "Material U.S. Federal Income Tax Consequences of the Merger and Special Cash Dividend" on page 58.

Q: What are the material tax consequences of the special cash dividend to U.S. holders of SCB Common Stock?

A: Although the matter is not free from doubt and no ruling will be obtained from the Internal Revenue Service in this respect, SCB intends to take the position (and this discussion assumes) that the special cash dividend will be treated as a dividend for U.S. income tax purposes and not as cash consideration received pursuant to the merger. See "Material U.S. Federal Income Tax Consequences of the Merger and Special Cash Dividend" on page 58.

Q: When and where is the SCB special meeting?

A: The SCB special meeting will take place on October 9, 2018, at 7:00 p.m., local time, at Soy Capital Bank and Trust Company, 455 North Main Street, Decatur, Illinois 62523.

Q: Who may attend the SCB special meeting?

A: Only SCB stockholders on the record date, which is August 20, 2018, may attend the special meeting. If you are a stockholder of record, you will need to present the proxy form that you received or another proof of identification in order to be admitted into the meeting.

Q: Where should I send my SCB stock certificates?

A: An election form and letter of transmittal will be sent to you under separate cover as soon as practicable after the mailing of this proxy statement/prospectus but in no event later than two weeks thereof. After you have completed and signed the election form, please send the election form and your SCB stock certificates to the exchange agent for the merger, Computershare Trust Company, N.A. (who we refer to as the "exchange agent"), in the envelope provided with the election form. Do not send your stock certificates to First Mid or SCB.

Q: Whom may I contact if I cannot locate my SCB stock certificate(s)?

A: If you are unable to locate your original SCB stock certificate(s), you should promptly contact Susan Seitz at SCB at (217) 429-8741 to find out how to replace your missing or lost stock certificates. If you hold your shares in certificate form, please confirm that you have all of your certificates so they can be delivered in a timely manner once the merger is approved.

Q: What should I do if I hold my shares of SCB common stock in book-entry form?

A: You should follow the instructions set forth in the election form which will be sent to you under separate cover at a later date with respect to shares of SCB common stock held in book-entry form.

Q: What should I do if I receive more than one set of voting materials?

SCB stockholders may receive more than one set of voting materials, including multiple copies of this proxy statement/prospectus and multiple proxy forms or voting instruction cards. For example, if you hold shares of SCB common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold such shares. If your shares of SCB common stock are registered in more than one name, you may receive more than one proxy form. All joint owners must sign the proxy form. Please complete, sign, date and return each proxy form and voting instruction card that you receive or otherwise follow the voting instructions set forth in this proxy statement/prospectus to ensure that you vote every share of SCB common stock that you own.

Q: When is the merger expected to be completed?

We will try to complete the merger as soon as reasonably possible. Before that happens, the merger agreement must be approved by stockholders of SCB and we must obtain the necessary regulatory approvals. Assuming SCB stockholders vote to approve the merger and adopt the merger agreement and we obtain the other necessary approvals and satisfaction or waiver of the other conditions to the closing described in the merger agreement, we expect to complete the merger in late 2018. See “Description of the Merger Agreement-Conditions to completion of the merger” on page 74.

Q: Is completion of the merger subject to any conditions besides stockholder approval?

Yes. The transaction must receive the required regulatory approvals and there are other standard closing conditions that must be satisfied. See “Description of the Merger Agreement-Conditions to completion of the merger” on page 74.

Q: What happens if the merger is not completed?

Neither SCB nor First Mid can assure you of when or if the merger will be completed. If the merger is not completed, SCB stockholders will not receive any consideration for their shares of SCB common stock and will continue to be holders of SCB common stock. Each of SCB and First Mid will remain independent companies. Under certain circumstances, SCB may be required to pay First Mid a fee with respect to the termination of the merger agreement, as described under “Description of the Merger Agreement-Termination fee” on page 77.

Q: Who can answer my other questions?

If you have more questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy form, you should contact Gretchen K. Murphy, Senior Vice President, at (217) 421-9621.

## SUMMARY

This summary highlights selected information in this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger more fully, you should read this entire proxy statement/prospectus carefully, including the appendices and the documents referred to or incorporated in this proxy statement/prospectus. A copy of the merger agreement is attached as Appendix A to this proxy statement/prospectus and is incorporated by reference herein. See “Incorporation of Certain First Mid Documents by Reference” and “Where You Can Find More Information” beginning on pages 87 and 86, respectively.

Information about First Mid and SCB

First Mid-Illinois Bancshares, Inc.  
1421 Charleston Avenue  
Mattoon, Illinois 61938  
Telephone: (217) 258-0463

First Mid-Illinois Bancshares, Inc. is a Delaware corporation and registered financial holding company. First Mid is engaged in the business of banking its wholly owned subsidiaries, First Mid Bank & Trust, N.A., a nationally chartered commercial bank headquartered in Mattoon, Illinois and formerly known as First Mid-Illinois Bank & Trust, N.A. (“First Mid Bank”), and First Bank & Trust, IL, an Illinois chartered bank, which was acquired by First Mid on May 1, 2018 and is expected to be merged with and into First Mid Bank in the third quarter of 2018. First Mid provides data processing services to affiliates through another wholly-owned subsidiary, Mid-Illinois Data Services, Inc. First Mid offers insurance products and services to customers through its wholly-owned subsidiary, The Checkley Agency, Inc. doing business as First Mid Insurance Group. First Mid also wholly owns four statutory business trusts, First Mid-Illinois Statutory Trust I, First Mid-Illinois Statutory Trust II, Clover Leaf Statutory Trust I, and FBTC Statutory Trust I, each of which is an unconsolidated subsidiary of First Mid.

As of June 30, 2018, First Mid had total assets of approximately \$3.4 billion, total gross loans, including loans held for sale, of approximately \$2.4 billion, total deposits of approximately \$2.7 billion and total stockholders’ equity of approximately \$411.3 million.

Merger Sub is an Illinois limited liability company and a wholly-owned subsidiary of First Mid formed on June 1, 2018, for the purpose of effecting the merger, pursuant to the merger agreement.

First Mid common stock is traded on the Nasdaq Global Select Market under the ticker symbol “FMBH.”

SCB Bancorp, Inc.  
455 North Main Street  
Decatur, Illinois 62523  
(217) 421-9621

SCB, headquartered in Decatur, Illinois, is an Illinois corporation and a privately-held, \$438 million asset bank holding company for Soy Capital Bank and Trust Company (“Soy Capital Bank”), which provides community banking services primarily in Macon, McLean, Kankakee, Peoria, Champaign, and surrounding counties. In addition, it operates an insurance division under the name J.L. Hubbard Insurance and Bonds and is the largest farm management company in the state of Illinois with approximately 248,000 acres under management.

As of June 30, 2018, SCB had total assets of approximately \$476,055,139.00 total gross loans, including loans held for sale, of approximately \$255,932,813.00, total deposits of approximately \$363,187,985.00 and total stockholders’ equity of approximately \$71,253,538.00.

SCB’s common stock is not traded on any established public trading market.

The merger and the merger agreement (See page 63)

First Mid's acquisition of SCB is governed by a merger agreement. The merger agreement provides that, if all of the conditions set forth in the merger agreement are satisfied or waived, SCB will merge with and into a wholly-owned subsidiary of First Mid with First Mid's subsidiary as the surviving company. After the consummation of the merger, Soy Capital Bank will be a wholly-owned subsidiary of First Mid. At a date following the completion of the merger, First Mid intends to merge Soy Capital Bank with and into First Mid Bank, with First Mid Bank as the surviving bank. At such time, Soy Capital Bank's banking offices will become banking offices of First Mid Bank. Until the banks are merged, First Mid will own and operate Soy Capital Bank and First Mid Bank as separate bank subsidiaries. The merger agreement is included as Appendix A to this proxy statement/prospectus and is incorporated by reference herein. We urge you to read the merger agreement carefully and fully, as it is the legal document that governs the merger.

What SCB stockholders will receive as consideration in the merger (See page 63)

If the merger is completed, each share of SCB common stock issued and outstanding immediately prior to the effective time of the merger (other than shares owned by SCB as treasury stock and any dissenting shares) will be converted into the right to receive (a) \$307.93 in cash or (b) 8.0228 of First Mid common stock, subject to certain adjustments and proration, as set forth in the merger agreement. Based on the closing price of First Mid's common stock of \$39.69 on June 12, 2018, and the 225,825 shares of SCB common stock, and 920 shares of SCB common stock able to be acquired pursuant to an outstanding debenture, outstanding as of June 12, 2018, the date of the merger agreement, and assuming approximately 1,875 equity award equivalent shares (which are shares of SCB common stock underlying the 3,672 outstanding SCB stock options being cashed out at the closing of the merger), assuming that 67.5% of these shares and equity award equivalent shares will be converted into stock consideration, and assuming no proration or adjustments to the merger consideration, SCB stockholders are expected to receive total aggregate merger consideration from First Mid of approximately \$72 million, consisting of 32.5% cash and 67.5% First Mid common stock, subject to receipt of cash in lieu of fractional shares, plus the \$25 million special cash dividend paid by SCB, for total aggregate merger consideration of approximately \$97 million. Only whole shares of First Mid common stock will be issued in the merger. As a result, cash will be paid instead of any fractional shares in an amount, rounded to the nearest whole cent, determined by multiplying the Closing First Mid Common Stock Price by the fractional share of First Mid Common Stock to which such former holder would otherwise be entitled. Shares of SCB common stock held by SCB stockholders who elect to exercise their dissenters' rights will not be converted into merger consideration.

Special cash dividend to be received by SCB stockholders (See page 63)

Immediately prior to the closing of the merger, SCB will pay a special cash dividend to its stockholders in the aggregate amount of \$25 million (which we refer to as the "special cash dividend"). We use the term "special cash dividend per share amount" to mean the portion of the special cash dividend payable with respect to each share of SCB common stock issued and outstanding immediately prior to the closing of the merger which will be approximately \$108.50 per share and is calculated by dividing (i) \$25 million by (ii) a sum equal to (A) the number of shares of SCB common stock issued and outstanding immediately prior to the closing of the merger, plus (B) the number of SCB stock options issued and outstanding immediately prior to the closing of the merger, plus (C) the 920 shares of SCB common stock that may be acquired pursuant to an outstanding debenture. Assuming 226,745 shares of SCB common stock, and 3,672 options to purchase shares of SCB common stock, in each case outstanding as of immediately prior to the closing, this will result in each share of SCB common stock receiving approximately \$108.50 in cash in the form of the special cash dividend, and the exercise price for each option to acquire shares of SCB common stock being reduced by approximately \$108.50 as a result of the special cash dividend.





## Potential adjustment of merger consideration (See page 67)

In addition to being subject to proration, including if more than 67.5% of the shares of SCB common stock elect to be exchanged for First Mid common stock, such that up to 81% of the shares of SCB common stock may elect to receive First Mid common stock, the merger consideration is subject to potential adjustment in four circumstances. First, if the consolidated balance sheet delivered by SCB to First Mid as of the last day of the month preceding the closing date of the merger, or as of three business days prior to the closing date of the merger if such date is more than three business days following the last day of the preceding month, reflects consolidated stockholders' equity less than \$71,161,583 (as computed and adjusted in accordance with the merger agreement), for every \$50,000 shortfall thereof, the cash consideration will be reduced by \$0.216 per share. As of June 30, 2018, SCB's consolidated stockholders' equity as computed in accordance with generally accepted accounting principles ("GAAP") was \$71,253,538. As of the date of this proxy statement/prospectus, the parties are not aware of any existing facts or circumstances that would cause the consolidated stockholders' equity included in the closing consolidated balance sheet to be less than \$71,161,583. Second, if at any time during the five business day period commencing on the fifteenth business day preceding the closing date of the merger, the average closing price of a share of First Mid common stock is less than \$32.6248 and decreases by more than 15% in relation to the Nasdaq Bank Index, SCB will have the right to terminate the merger agreement unless First Mid elects to increase the exchange ratio pursuant to the formula described in the section of the proxy statement/prospectus entitled "Description of the Merger Agreement-Merger Consideration and Special Cash Dividend". Third, if, prior to the effective time, the number of shares of First Mid common stock are changed into a different number of shares or a different class of shares pursuant to any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereof shall be declared with a record date within such period, an appropriate and proportionate adjustment shall be made to the exchange ratio so as to provide the holders of SCB common stock with the same economic effect as contemplated by the merger agreement prior to such event. Fourth, if any of the foregoing adjustments to the exchange ratio would require First Mid to issue more than 19.9% of the issued and outstanding shares of First Mid common stock, as of June 12, 2018, as merger consideration and in connection with First Mid's sale of 947,368 shares of First Mid common stock on June 15, 2018 to, in part, finance all or a portion of the cash consideration, First Mid shall have the right to adjust the ratio so that First Mid would not be required to issue more than 19.9% of its outstanding common stock and to increase the cash consideration to reflect, on a per share basis, the aggregate value of the total number of shares of First Mid common stock that otherwise would have been issuable pursuant to the terms of the merger agreement. As of the date of this proxy statement/prospectus, the parties are not aware of any facts or circumstances that would cause more than 19.9% of such amount of First Mid's common stock to be issued as merger consideration when added to the shares sold on June 15, 2018.

## Treatment of SCB stock options (See page 66)

SCB's outstanding stock options will be fully vested upon the effective time of the merger, and all outstanding SCB stock options that are unexercised prior to the effective time of the merger will be automatically cancelled and the holder of such SCB stock option will receive a cash payment (without interest) equal to the product of (a) the excess, if any, of \$307.93 over the exercise price per share of such SCB stock option, as such exercise price per share is reduced immediately prior to closing by an amount equal to the special cash dividend per share amount, and (b) the number of shares of SCB common stock issuable upon exercise of such SCB stock option (we refer to this amount as the "option consideration"). As of the effective time of the merger, all SCB stock options, whether or not vested or exercisable, will no longer be outstanding and shall automatically cease to exist, and the holder of SCB stock options will cease to have any rights with respect to such SCB stock option, except the right to receive the option consideration; provided that, if the exercise price of such SCB stock option, as reduced immediately prior to closing by an amount equal to the special cash dividend per share amount, is equal to or greater than \$307.93, such SCB stock option shall be cancelled without any payment of option consideration being made. The option consideration will be paid in cash and will not be subject to proration. We use the term "equity award equivalent shares" to refer to the number of shares equal to (x) the aggregate amount of the option consideration, divided by (y) \$307.93.



Election and allocation of cash consideration and stock consideration (See page 68)

SCB stockholders are offered the opportunity to elect to receive their merger consideration in the form of cash or First Mid common stock for each share of SCB common stock that they hold. We refer to each share for which a stock election has been made as a “stock electing share” and each share for which a cash election has been made as a “cash electing share.” SCB stockholders who wish to make an election must complete the election form which is being sent to you under separate cover as soon as practicable after the mailing of this proxy statement/prospectus but in no event later than two weeks thereof. For an election to be valid, a properly executed election form must be received by the exchange agent before the election deadline, which is 5:00 p.m., Chicago time, on the fifth business day prior to the effective time of the merger.

Because the cash consideration and the stock consideration to be paid in the merger are limited, SCB stockholders may actually receive an amount of cash and/or number of shares of First Mid common stock that is different from what they elect to receive. The amount of cash and/or number of shares received by each SCB stockholder will depend on, among other factors:

- ☐ The number of equity award equivalent shares immediately prior to the merger;
- ☐ The number of stock-electing shares;
- ☐ The number of cash-electing shares; and
- ☐ Any adjustment to the merger consideration pursuant to the merger agreement.

All equity award equivalent shares will receive cash consideration at the time of the merger and will not be subject to proration.

Material U.S. federal income tax consequences of the merger and the special cash dividend (See page 58)

The U.S. federal income tax consequences of the merger to a SCB stockholder will depend on the relative mix of cash and First Mid common stock received by such SCB stockholder. SCB stockholders should not recognize any gain or loss for U.S. federal income tax purposes if they exchange their SCB shares solely for shares of First Mid common stock in the merger, except with respect to cash received in lieu of fractional shares of First Mid common stock. SCB stockholders will recognize gain or loss if they exchange their SCB shares solely for cash in the merger. SCB stockholders will recognize gain, but not loss, if they exchange their SCB shares for a combination of First Mid common stock and cash, but their taxable gain in that case will not exceed the cash they receive in the merger. The tax consequences of the merger to each SCB stockholder will depend on such SCB stockholder’s own situation. SCB stockholders should consult with their own tax advisors for a full understanding of the tax consequences of the merger to them. Each of Schiff Hardin LLP and Barack Ferrazzano Kirschbaum & Nagelberg LLP have delivered tax opinions, dated August 8, 2018, to the effect that the merger qualifies as a reorganization under Section 368(a) of the Internal Revenue Code. In addition, the completion of the merger is conditioned on receipt of a tax opinion from each of Schiff Hardin LLP and Barack Ferrazzano Kirschbaum & Nagelberg LLP, dated the closing date, to the same effect as the opinions described in the preceding sentence. The opinions will not bind the Internal Revenue Service, which could take a different view.

Although the matter is not free from doubt and no ruling will be obtained from the Internal Revenue Service in this respect, SCB intends to take the position (and this discussion assumes) that the special cash dividend will be treated as a dividend for U.S. federal income tax purposes and not as cash consideration received pursuant to the merger.

See “Material U.S. Federal Income Tax Consequences of the Merger and Special Cash Dividend” for a more detailed discussion of the tax consequences of the merger and special cash dividend.

Opinion of financial advisor to SCB (See page 40)

At the June 11, 2018, meeting of the SCB board of directors, a representative of Piper Jaffray & Co. (which we refer to as “Piper Jaffray”) rendered Piper Jaffray’s oral opinion, which was subsequently confirmed by delivery of a written opinion to the SCB board of directors, dated June 11, 2018, as to the fairness, as of such date, from a financial point of view, to the holders of SCB’s outstanding common stock of the aggregate consideration to be received by such holders pursuant to the merger, after giving effect to the payment of the special cash dividend, and based upon and subject to the qualifications, assumptions and other matters considered in connection with the preparation of its opinion.

The full text of the written opinion of Piper Jaffray, dated June 11, 2018, which sets forth, among other things, the various qualifications, assumptions and limitations on the scope of the review undertaken, is attached as Appendix D to this document. Piper Jaffray provided its opinion for the information and assistance of the SCB board of directors (solely in its capacity as such) in connection with and for the purposes of its consideration of the merger and its opinion only addresses whether the aggregate consideration to be received by the holders of the common stock pursuant to the merger, after giving effect to the payment of the special cash dividend, was fair, from a financial point of view, to such holders. The opinion of Piper Jaffray did not address any other term or aspect of the merger agreement or the merger contemplated thereby. The Piper Jaffray opinion does not constitute a recommendation to the SCB board of directors or any holder of SCB common stock as to how the board of directors, such stockholder or any other person should act, vote or make any election with respect to the merger agreement, the merger, the form of merger consideration or any other matter.

SCB’s reasons for the merger; board recommendation to SCB’s stockholders (See page 38)

SCB’s board of directors believes that the merger agreement and the transactions contemplated therein are in the best interests of SCB and its stockholders. SCB’s board of directors unanimously recommends that SCB stockholders vote “FOR” the proposal to approve the merger agreement and “FOR” adjournment of the SCB special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement. See the section entitled “The Merger-SCB’s reasons for the merger and recommendation of the board of directors” beginning on page 38 of this proxy statement/prospectus.

Interests of officers and directors of SCB in the merger may be different from, or in addition to, yours (See page 53)

The interests of some of the directors and executive officers of SCB may be different from those of SCB stockholders, and the directors and officers of SCB may be participants in arrangements that are different from, or are in addition to, those of SCB stockholders. The members of the SCB board of directors knew about these additional interests and considered them among other matters, when making its decision to approve the merger agreement, and in recommending that SCB’s common stockholders vote in favor of adopting the merger agreement. See “The Merger-Interests of certain persons in the merger” on page 53.

SCB stockholders will have dissenters’ rights in connection with the merger (See page 56)

SCB stockholders may assert dissenters’ rights in connection with the merger and, upon complying with the requirements of the IBCA, receive cash in the amount of the “fair value” of their shares of SCB common stock instead of the merger consideration. This “fair value” could be more than the merger consideration but could also be less. See “The Merger-SCB stockholder dissenters’ rights” on page 56.

A copy of the applicable sections of the IBCA is attached as Appendix B to this proxy statement/prospectus. You should read the statute carefully and consult with your legal counsel if you intend to exercise these rights.

The merger and the performance of the combined company are subject to a number of risks (See page 18)

There are a number of risks relating to the merger and to the businesses of First Mid, SCB and the combined company following the merger. See the “Risk Factors” beginning on page 18 of this proxy statement/prospectus for a discussion of these and other risks relating to the merger. You should also consider the other information in this proxy statement/prospectus and the documents First Mid has filed with the SEC and which are incorporated by reference into this proxy statement/prospectus. See “Incorporation of Certain First Mid Documents by Reference” and “Where You Can Find More Information” beginning on pages 87 and 86, respectively, of this proxy statement/prospectus. SCB stockholder approval will be required to complete the merger and approve the other proposals set forth in the notice (See page 31)

Approval by SCB’s stockholders at SCB’s special meeting of stockholders on October 9, 2018 is required to complete the merger. The presence, in person or by proxy, of a majority of the shares of SCB common stock entitled to vote on the merger agreement is necessary to constitute a quorum at the meeting. Each share of SCB common stock outstanding on the record date entitles its holder to one vote on the merger agreement and any other proposal listed in the notice. Approval of the merger agreement and the transactions contemplated therein requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of SCB common stock entitled to vote. Abstentions, shares not voted and broker non-votes will have the same effect as a vote against the merger proposal. Approval of the proposal to adjourn the special meeting requires the affirmative vote of a majority of the shares of SCB common stock present in person or represented by proxy and entitled to vote. Abstentions will have the same effect as a vote against the proposal to adjourn the special meeting, while shares not voted and broker non-votes will have no effect on the outcome of the proposal to adjourn the special meeting. As of the record date of August 20, 2018, SCB directors and executive officers held approximately 14% of the outstanding shares of SCB common stock entitled to vote at the special meeting.

Completion of the merger is subject to regulatory approvals (See page 53)

The merger cannot proceed without obtaining all requisite regulatory approvals. First Mid and SCB have agreed to take all appropriate actions necessary to obtain the required approvals. The merger of First Mid and SCB is subject to prior approval of the Board of Governors of the Federal Reserve System (which we refer to as the “Federal Reserve”) and the Illinois Department of Financial and Professional Regulation (which we refer to as the “IDFPR”). First Mid submitted applications with the Federal Reserve and the IDFPR on July 31, 2018, seeking the necessary approvals. The merger may not be consummated until at least 15 days after receipt of Federal Reserve approval, during which time the United States Department of Justice may challenge the merger on antitrust grounds. The commencement of an antitrust action would stay the effectiveness of the Federal Reserve’s approval, unless a court specifically orders otherwise.

At a date following the completion of the merger, First Mid intends to merge Soy Capital Bank with and into First Mid Bank, with First Mid Bank as the surviving bank. The bank merger will be subject to approval by the Office of the Comptroller of the Currency (which we refer to as the “OCC”). First Mid intends to file an application with the OCC seeking this approval in the near future.

While First Mid knows of no reason why the approval of any of the applications would be denied or unduly delayed, it cannot assure you that all regulatory approvals required to consummate the merger and the bank merger will be obtained or obtained in a timely manner.

Conditions to the merger (See page 74)

Closing Conditions for the Benefit of First Mid. First Mid’s obligations to close the merger are subject to fulfillment of certain conditions, including:

accuracy of representations and warranties of SCB in the merger agreement as of the closing date of the merger, except as otherwise set forth in the merger agreement;

performance by SCB in all material respects of its obligations under the merger agreement;

approval of the merger agreement and the transactions contemplated therein at the meeting of SCB stockholders;

execution and delivery of the articles of merger, in form suitable for filing with the Illinois Secretary of State;

no order, injunction, decree, statute, rule, regulation or other legal restraint or prohibition preventing or making illegal the consummation of the merger or any of the other transactions contemplated by the merger agreement;

receipt of all necessary regulatory approvals;

the registration statement, of which this proxy statement/prospectus is a part, concerning First Mid common stock issuable pursuant to the merger agreement having been declared effective by the SEC and continuing to be effective as of the effective time of the merger;

- receipt of a certificate signed on behalf of SCB certifying (i) the accuracy of the representations and warranties of SCB in the merger agreement and (ii) performance by SCB in all material respects of its obligations under the merger agreement;

receipt of a tax opinion from its tax counsel that (i) the merger constitutes a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code and (ii) each of First Mid and SCB will be a party to such reorganization within the meaning of Section 368(b) of the Internal Revenue Code; and

no material adverse change in SCB or business conduct by SCB outside of the ordinary course of business of SCB, except as required under the merger agreement, or inconsistent with prudent banking practices since June 12, 2018.

Closing Conditions for the Benefit of SCB. SCB’s obligations to close the merger are subject to fulfillment of certain conditions, including:

- accuracy of representations and warranties of First Mid and Merger Sub in the merger agreement as of the closing date of the merger, except as otherwise set forth in the merger agreement;

performance by each of First Mid and Merger Sub in all material respects of its respective obligations under the merger agreement;

approval of the merger agreement and the transactions contemplated therein at the meeting of SCB stockholders;

execution and delivery of the articles of merger, in form suitable for filing with the Illinois Secretary of State;

no order, injunction, decree, statute, rule, regulation or other legal restraint or prohibition preventing or making illegal the consummation of the merger or any of the other transactions contemplated by the merger agreement;

receipt of all necessary regulatory approvals;

the registration statement, of which this proxy statement/prospectus is a part, concerning First Mid common stock issuable pursuant to the merger agreement having been declared effective by the SEC and continuing to be effective as of the effective time of the merger;

- receipt of a certificate signed on behalf of First Mid certifying (i) the accuracy of representations and warranties of First Mid and Merger Sub in the merger agreement and (ii) performance by each of First Mid and Merger Sub in all material respects of its respective obligations under the merger agreement;

receipt of a tax opinion from its tax advisor that (i) the merger constitutes a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code and (ii) each of First Mid and SCB will be a party to such reorganization within the meaning of Section 368(b) of the Internal Revenue Code; and no material adverse change in First Mid since June 12, 2018.

How the merger agreement may be terminated by First Mid and SCB (See page 75)

First Mid and SCB may mutually agree to terminate the merger agreement and abandon the merger at any time. Subject to conditions and circumstances described in the merger agreement, either First Mid or SCB may terminate the merger agreement as follows:

any regulatory authority has denied approval of any of the transactions contemplated by the merger agreement or issued a final nonappealable order that has the effect of making consummation of the merger illegal or otherwise preventing or prohibiting consummation of the merger, or any application for a necessary regulatory approval has been withdrawn at the request of a regulatory authority, provided that such right to terminate is not available to a party whose failure to perform or observe the covenants of the merger agreement has been the cause of the denial or withdrawal of regulatory approval;

the merger is not completed by March 12, 2019 (which we refer to as the “outside date”), provided that such right to terminate is not available to a party whose failure to fulfill any of its obligations under the merger agreement has resulted in the failure of the merger to be completed before such date;

approval of the SCB stockholders necessary for the merger is not obtained; or

any state or federal law, rule or regulation is adopted or issued and becomes effective and has the effect of prohibiting the merger.

In addition, SCB may terminate the merger agreement as follows:

if SCB is not in material breach of the merger agreement, and any of the representations or warranties of First Mid are or become untrue or inaccurate such that the conditions set forth in the merger agreement would not be satisfied or there has been a breach by First Mid of any of its covenants or agreements in the merger agreement causes it to fail to perform in all material respects all agreements required to be performed by it under the merger agreement, and, in either such case, such breach has not been, or cannot be, cured prior to the earlier of two business days before the outside date or thirty days after notice to First Mid from SCB;

prior to SCB’s meeting of stockholders, in order to enter into an agreement with respect to an unsolicited superior proposal from a third party, provided that First Mid be provided with an opportunity, pursuant to procedures set forth in the merger agreement, to make an offer that is more favorable to the SCB stockholders, and further provided that the termination fee is paid by SCB to First Mid; or

if at any time during the five business day period commencing on the fifteenth business day immediately preceding the effective time of the merger, the average closing price of a share of First Mid common stock is less than \$32.6248 and decreases by more than 15% in relation to the Nasdaq Bank Index, SCB will have the right to terminate the merger agreement unless First Mid elects to increase the exchange ratio pursuant to the formula described in the section entitled “The Merger Agreement-Merger Consideration.”

In addition, First Mid may terminate the merger agreement as follows:

if First Mid is not in material breach of the merger agreement, and any of the representations or warranties of SCB are or become untrue or inaccurate such that the conditions set forth in the merger agreement would not be satisfied or there has been a breach by SCB of any of its covenants or

agreements in the merger agreement causes it to fail to perform in all material respects all agreements required to be performed by it under the merger agreement, and, in either such case, such breach has not been, or cannot be, cured prior to the earlier of two business days before the outside date or thirty days after notice to SCB from First Mid; or prior to SCB's stockholders meeting if SCB's board of directors (i) approves or recommends, or proposes publicly to approve or recommend, any acquisition of SCB by a third-party, and/or permits SCB to enter into an acquisition agreement with a third party or (ii) recommends that the stockholders of SCB tender their shares of SCB common stock in an tender offer or exchange offer for SCB common stock has commenced (other than by First Mid or its affiliates) or fails to recommend rejection of such offer within ten business days after its commencement.

A termination fee may be payable by SCB under some circumstances (See page 77)

SCB has agreed to pay First Mid a termination fee of \$2,850,000 if the merger agreement is terminated under certain circumstances, including if First Mid terminates the merger agreement because SCB breaches its covenant not to solicit an acquisition proposal from a third party or if SCB terminates the merger agreement in order to enter into an agreement for a superior proposal.

Voting agreement (See page 69)

On June 12, 2018, the directors of SCB agreed to vote all of their shares of SCB common stock in favor of the merger agreement at the special meeting of SCB stockholders. The voting agreement covers 17,792 shares of SCB common stock, constituting approximately 7.8% of SCB's outstanding shares of common stock as of June 12, 2018. This voting agreement terminates if the merger agreement is terminated in accordance with its terms. A copy of the form of voting agreement is attached to this proxy statement/prospectus as Appendix C.

Accounting treatment of the merger (See page 52)

For accounting and financial reporting purposes, the merger will be accounted for under the acquisition method of accounting for business combinations in accordance with accounting principles generally accepted in the United States (which we refer to as "GAAP").

Certain differences in First Mid stockholder rights and SCB stockholder rights (See page 81)

Because they will receive First Mid common stock, SCB stockholders will become First Mid stockholders as a result of the merger. Their rights as stockholders after the merger will be governed by First Mid's certificate of incorporation and bylaws. The rights of First Mid stockholders are different in certain respects from the rights of SCB's stockholders. The material differences are described later in this proxy statement/prospectus.

Management of First Mid after the merger (See page 77)

The First Mid executive officers will remain the same following the merger. Although not required by the merger agreement, and subject to analysis of compliance with applicable corporate governance, Nasdaq and SEC requirements and rules, the First Mid board of directors is currently contemplating appointing Robert C. Smith, who currently serves as the President of SCB and as a member of the SCB board of directors, to serve on the First Mid board of directors at some time following his retirement which is anticipated to occur on or about December 31, 2018. No formal action has been taken by the First Mid board of directors with respect to such currently contemplated appointment. SCB will be merged with and into Merger Sub, the sole member of which is First Mid.

First Mid shares will be listed on Nasdaq (See page 77)

The shares of First Mid common stock to be issued pursuant to the merger will be listed on the Nasdaq Global Select Market under the symbol "FMBH."



Risk Factors (See page 18)

You should consider all the information contained or incorporated by reference into this proxy statement/prospectus in deciding how to vote for the proposals presented. In particular, you should consider the factors described under “Risk Factors.”

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## SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF FIRST MID

The following table summarizes selected historical consolidated financial data of First Mid for the periods and as of the dates indicated. This information has been derived from First Mid's consolidated financial statements filed with the SEC. Historical financial data as of and for the six months ended June 30, 2018 and June 30, 2017 are unaudited and include, in management's opinion, all normal recurring adjustments considered necessary to present fairly the results of operations and financial condition of First Mid. You should not assume the results of operations for past periods and for the six months ended June 30, 2018 and June 30, 2017 indicate results for any future period.

You should read this information in conjunction with First Mid's consolidated financial statements and related notes thereto included in First Mid's Annual Report on Form 10-K for the year ended December 31, 2017, as amended, and in First Mid's Quarterly Report on Form 10-Q for the six months ended June 30, 2018, which are incorporated by reference into this prospectus supplement and the accompanying prospectus. See "Incorporation of Certain Documents by Reference" and "Where You Can Find More Information" beginning on pages 87 and 86, respectively, of this proxy statement/prospectus.

	(Unaudited)						
	As of and for six months		As of and for year ended December 31,				
	ended June 30,		2017	2016	2015	2014	2013
	2018	2017	2017	2016	2015	2014	2013
	(in thousands, except per share data)						
<b>Results of Operations</b>							
Interest income	\$55,289	\$49,628	\$99,555	\$75,496	\$59,251	\$54,734	\$53,459
Interest expense	4,640	2,903	6,482	4,292	3,499	3,252	3,535
Net interest income	50,649	46,725	93,073	71,204	55,752	51,482	49,924
Provision for loan losses	2,932	3,562	7,462	2,826	1,318	629	2,193
Net interest income after provision for loan losses	47,717	43,163	85,611	68,378	54,434	50,853	47,731
Other income	15,848	15,465	30,336	26,912	20,544	18,369	19,341
Other expense	39,170	37,157	74,221	61,510	49,248	44,507	43,504
Income before income taxes	24,395	21,471	41,726	33,780	25,730	24,715	23,568
Income taxes	5,968	7,007	15,042	11,940	9,218	9,254	8,846
Net income	18,427	14,464	26,684	21,840	16,512	15,461	14,722
Preferred stock dividends	—	—	—	825	2,200	4,152	4,417
Net income available to common stockholders	18,427	14,464	26,684	21,015	14,312	11,309	10,305
<b>Balance Sheet Items</b>							
Total assets	\$3,369,473	\$2,825,304	\$2,841,539	\$2,884,535	\$2,114,499	\$1,607,103	\$1,605,498
Total gross loans,	2,376,683	1,825,634	1,939,501	1,825,992	1,281,889	1,062,406	982,804

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including loans held for sale								
Deposits	2,670,864	2,289,406	2,274,639	2,329,887	1,732,568	1,272,077	1,287,616	
Total liabilities	2,958,147	2,524,413	2,533,575	2,603,862	1,909,490	1,442,187	1,456,117	
Stockholders' equity	411,326	300,891	307,964	280,673	205,009	164,916	149,381	
Per Common Share Data								
Basic earnings per common share	\$ 1.38	\$ 1.16	\$ 2.13	\$ 2.07	\$ 1.84	\$ 1.88	\$ 1.74	
Diluted earnings per common share	1.38	1.16	2.13	2.05	1.81	1.85	1.73	
Common dividends declared	0.34	0.32	0.66	0.62	0.59	0.55	0.46	
Tangible book value (1)	20.20	18.50	18.73	16.84	15.09	15.63	11.75	
Performance Ratios								
Return on average assets	1.23	% 1.02	% 0.94	% 0.94	% 0.91	% 0.97	% 0.94	%
Return on average common equity	11.06	% 9.96	% 8.92	% 9.30	% 8.97	% 10.34	% 10.11	%
Net interest margin	3.66	% 3.58	% 3.57	% 3.28	% 3.27	% 3.43	% 3.38	%

(1) Total common equity less goodwill and intangible assets divided by shares outstanding as of period end.

## COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION

First Mid common stock trades on the Nasdaq Global Select Market under the symbol “FMBH”. The following table sets forth the high and low reported trading prices per share of First Mid common stock, and the cash dividends declared per share for the periods indicated since January 1, 2016.

	First Mid		Dividend Declared (per share)
	High	Low	
For the calendar quarter ended:			
2016			
March 31, 2016	26.40	23.32	—
June 30, 2016	26.00	23.02	0.30
September 30, 2016	27.69	22.95	0.16
December 31, 2016	36.80	25.80	0.16
2017			
March 31, 2017	35.17	28.37	—
June 30, 2017	37.78	31.73	0.32
September 30, 2017	38.76	31.05	—
December 31, 2017	42.03	35.30	0.34
2018			
March 31, 2018	40.12	34.13	—
June 30, 2018	42.46	30.01	0.34

The following table sets forth the cash dividends declared per share for the semi annual periods indicated for SCB common stock.

	Dividend Declared (per share)
For the semi-annual period ended:	
2016	
June 30, 2016	\$2.60
December 31, 2016	\$2.70
2017	
June 30, 2017	\$2.70
December 31, 2017	\$2.80
2018	
June 30, 2018	\$2.80

The following table presents the closing price of First Mid common stock on June 12, 2018, the trading day of public announcement of the merger agreement, and August 20, 2018, the last practicable trading day prior to the mailing of this proxy statement/prospectus. The table also sets forth the implied per share value of the merger consideration constituting First Mid common stock proposed for each share of SCB common stock as of the same two dates. This implied value was calculated by determining the value obtained by multiplying the closing sale price of First Mid common stock on the relevant date by the exchange ratio of 8.0228.

	First Mid Closing Price	Implied Per Share Value
June 12, 2018	\$39.69	\$318.42
August 20, 2018	\$41.09	\$329.66

The outstanding shares of SCB common stock are privately held and are not traded on any established public trading market. The last transaction known by SCB's management to occur prior to the date of this proxy statement/prospectus was May 25, 2018 and the sale price was \$315.00 per share.

The above tables show only historical information and may not provide meaningful information to SCB stockholders in determining whether to approve the merger agreement. SCB stockholders are urged to obtain current market quotations for shares of First Mid common stock and to review carefully the other information contained in this proxy statement/prospectus or incorporated by reference into this proxy statement/prospectus in considering whether to approve the merger agreement. The market price of First Mid common stock will fluctuate between the date of this proxy statement/prospectus and the date of completion of the merger. No assurance can be given concerning the market price of First Mid common stock before or after the effective time of the merger. Changes in the market price of First Mid common stock prior to the completion of the merger will affect the per share market value of the merger consideration constituting First Mid common stock that SCB stockholders will receive upon completion of the merger.

## RISK FACTORS

In addition to general investment risks and the other information contained in or incorporated by reference into this proxy statement/prospectus, including the matters addressed under the section “Special Note Regarding Forward-Looking Statements” beginning on page 28 you should carefully consider the following risk factors in deciding how to vote for the proposals presented in this proxy statement/prospectus. You should also consider the other information in this proxy statement/prospectus and the other documents incorporated by reference into this proxy statement/prospectus. See “References to Additional Information” in the forepart of this proxy statement/prospectus and the sections of this proxy statement/prospectus entitled “Incorporation of Certain First Mid Documents by Reference” beginning on page 87 and “Where You Can Find More Information” beginning on page 86.

### Risks Related to the Merger and First Mid’s Business Upon Completion of the Merger

**The Value of the Merger Consideration that Constitutes First Mid Common Stock will Fluctuate Based on the Price of First Mid Common Stock.**

The merger consideration that SCB stockholders will receive as First Mid common stock is a fixed number of shares of First Mid common stock; it is not a number of shares of First Mid common stock with a particular fixed market value. The market value of shares of First Mid common stock at the effective time of the merger may vary significantly from its value on the date the merger agreement was executed or at other dates, including the date on which SCB stockholders vote on the adoption of the merger agreement. The market price of First Mid’s common stock could be subject to significant fluctuations due to changes in sentiment in the market regarding First Mid’s operations or business prospects, including market sentiment regarding First Mid’s entry into the merger agreement. These risks may be affected by, among other things:

- operating results that vary from the expectations of First Mid management or of securities analysts and investors;
- operating and securities price performance of companies that investors consider to be comparable to First Mid;
- announcements of strategic developments, acquisitions, dispositions, financings, and other material events by First Mid or its competitors; and
- changes in global financial markets and economies and general market conditions, such as interest or foreign exchange rates, stock, commodity, credit or asset valuations or volatility.

Stock price changes may also result from a variety of other factors, many of which are outside of the control of First Mid, including changes in the business, operations or prospects of First Mid, regulatory considerations, and general business, market, industry or economic conditions. Accordingly, at the time of the SCB special meeting, SCB stockholders will not know or be able to calculate the market value of the First Mid common stock they would receive upon the completion of the merger.

**SCB Stockholders May Receive a Form of Consideration Different from what they Elect.**

Although each holder of SCB common stock may elect to receive as consideration only shares of First Mid common stock, only cash or a combination of First Mid common stock and cash, the pool of the aggregate cash and shares of First Mid common stock representing merger consideration for all SCB stockholders consists of a fixed range and, subject to the election and proration provisions in the merger agreement, no more than 32.5% of the outstanding shares of SCB common stock (treating equity award equivalent shares as outstanding and as electing and receiving cash consideration) will be exchanged for cash and no more than 81% of the outstanding shares of SCB common stock will be exchanged for First Mid common stock. As a result, if either the aggregate cash elections or stock elections exceed the applicable limitations, SCB stockholders who elect the consideration that exceeds the applicable limitation will receive some of their merger consideration in the form that they did not elect.

The Market Price of First Mid Common Stock after the Merger May be Affected by Factors Different from Those Affecting the Shares of SCB or First Mid Currently.

Upon completion of the merger, holders of SCB common stock will become holders of First Mid common stock. First Mid's business differs in important respects from that of SCB and they currently operate in different markets. Accordingly, the results of operations of the combined company and the market price of First Mid common stock after the completion of the merger may be affected by factors different from those currently affecting the independent results of operations of each of First Mid and SCB. For a discussion of the business and market of First Mid and of some important factors to consider in connection with its business, please see the documents incorporated by reference in this proxy statement/prospectus and referred to under "Incorporation of Certain First Mid Documents by Reference." SCB Stockholders Will Have a Reduced Ownership and Voting Interest After the Merger and Will Exercise Less Influence Over Management.

SCB stockholders currently have the right to vote in the election of the SCB board of directors and on other matters requiring stockholder approval under Illinois law and SCB's articles of incorporation and bylaws. Upon the completion of the merger, each SCB stockholder will become a stockholder of First Mid with a percentage ownership of First Mid that is smaller than such stockholder's percentage ownership of SCB. Additionally, although First Mid currently contemplates appointing Robert C. Smith, who currently serves as the President of SCB and as a member of the SCB board of directors, to serve on the First Mid board of directors at some time following his retirement which is anticipated to occur on or about December 31, 2018, it is not required to do so and there is no guarantee that any of the members of SCB's board of directors will be members of the First Mid board of directors after completion of the merger. Based on the number of issued and outstanding shares of First Mid common stock and SCB common stock on June 12, 2018, plus the 947,368 shares of stock issued by First Mid on June 15, 2018, and the exchange ratio of 8.0228, and assuming no adjustment in the number of shares of First Mid common stock to be issued as merger consideration pursuant to the merger agreement, and depending on the percentage of SCB shares of common stock electing stock consideration, stockholders of SCB, as a group, will receive shares in the merger constituting between approximately 7.5% and 8.9% of First Mid's issued and outstanding common stock immediately after the merger (without giving effect to any First Mid common stock held by SCB stockholders prior to the merger). Because of this, current SCB stockholders, as a group, will have less influence on the board of directors, management and policies of First Mid (as the combined company following the merger) than they now have on the board of directors, management and policies of SCB.

First Mid May Fail to Realize the Anticipated Benefits of the Merger.

First Mid and SCB have operated and, until the completion of the merger, will continue to operate, independently. The success of the merger, including anticipated benefits and cost savings, will depend on, among other things, First Mid's ability to combine the businesses of First Mid and SCB in a manner that permits growth opportunities, including, among other things, enhanced revenues and revenue synergies, an expanded market reach and operating efficiencies, and does not materially disrupt the existing customer relationships of First Mid or SCB nor result in decreased revenues due to any loss of customers. If First Mid is not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy and could have an adverse effect on the surviving company's business, financial condition, operating results and prospects.

Certain employees may not be employed by First Mid after the merger. In addition, employees that First Mid wishes to retain may elect to terminate their employment as a result of the merger, which could delay or disrupt the integration process. It is possible that the integration process could result in the disruption of First Mid's or SCB's ongoing businesses or cause inconsistencies in standards, controls, procedures and policies that adversely affect the ability of First Mid or SCB to maintain relationships with customers and employees or to achieve the anticipated benefits and cost savings of the merger.

Among the factors considered by the boards of directors of First Mid and SCB in connection with their respective approvals of the merger agreement were the benefits that could result from the merger. There can be no assurance that these benefits will be realized within the time periods contemplated or at all.

**Regulatory Approvals May Not Be Received, May Take Longer than Expected or May Impose Conditions that Are Not Presently Anticipated or Cannot Be Met.**

Before the transactions contemplated in the merger agreement can be completed, various approvals must be obtained from bank regulatory agencies and other governmental authorities. In deciding whether to grant antitrust or regulatory clearances, the relevant governmental entities will consider a variety of factors, including the regulatory standing of each of the parties. An adverse development in either party's regulatory standing or other factors could result in an inability to obtain one or more of the required regulatory approvals or delay their receipt. The terms and conditions of the approvals that are granted may impose requirements, limitations or costs or place restrictions on the conduct of the combined company's business. First Mid and SCB believe that the merger should not raise significant regulatory concerns and that First Mid will be able to obtain all requisite regulatory approvals in a timely manner. Despite the parties' commitments to use their reasonable and diligent efforts to comply with conditions imposed by regulatory entities, under the terms of the merger agreement, First Mid and SCB will not be required to take actions that would reasonably be expected to materially restrict or burden First Mid following the merger. There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying the completion of the merger, imposing additional material costs on or materially limiting the revenues of the combined company following the merger or otherwise reduce the anticipated benefits of the merger if the merger were consummated successfully within the expected timeframe. In addition, neither First Mid nor SCB can provide assurance that any such conditions, terms, obligations or restrictions will not result in the delay or abandonment of the merger. Additionally, the completion of the merger is conditioned on the absence of certain orders, injunctions or decrees by any court or regulatory agency of competent jurisdiction that would prohibit or make illegal the completion of the merger.

**The Merger Agreement May Be Terminated in Accordance with Its Terms and the Merger May Not Be Completed.**

The merger agreement is subject to a number of conditions which must be fulfilled in order to complete the merger. Those conditions include, among other things: approval of the merger agreement and the transactions it contemplates by SCB stockholders, receipt of certain requisite regulatory approvals, absence of orders prohibiting completion of the merger, effectiveness of the registration statement of which this proxy statement/prospectus is a part, the accuracy of the representations and warranties by both parties (subject to the materiality standards set forth in the merger agreement) and the performance by both parties of their covenants and agreements, and the receipt by both parties of legal opinions from their respective tax counsels. These conditions to the closing of the merger may not be fulfilled in a timely manner or at all, and, accordingly, the merger may not be completed. In addition, the parties can mutually decide to terminate the merger agreement at any time, before or after stockholder approval, or First Mid or SCB may elect to terminate the merger agreement in certain other circumstances.

**Termination of the Merger Agreement could Negatively Impact First Mid.**

First Mid has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement. If the merger is not completed, First Mid would have to recognize these expenses without realizing the expected benefits of the merger and First Mid's businesses may be impacted adversely by the failure to pursue other beneficial opportunities due to the focus of management on the merger, without realizing any of the anticipated benefits of completing the merger. Additionally, the market price of First Mid's common stock could decline to the extent that the market prices since the announcement of the merger reflect a market assumption that the merger will be completed.



#### Termination of the Merger Agreement Could Negatively Impact SCB.

If the merger is not completed for any reason, including as a result of SCB stockholders declining to approve the merger agreement, the ongoing business of SCB may be adversely impacted and, without realizing any of the anticipated benefits of completing the merger, SCB would be subject to a number of risks, including the following:

• SCB may experience negative reactions from its customers, vendors and employees;

• SCB will have incurred substantial expenses and will be required to pay certain costs relating to the merger, whether or not the merger is completed;

• The merger agreement places certain restrictions on the conduct of SCB's businesses prior to completion of the merger. Such restrictions, the waiver of which is subject to the consent of First Mid (not to be unreasonably withheld, conditioned or delayed), may prevent SCB from making certain acquisitions or taking certain other specified actions during the pendency of the merger; and

• Matters relating to the merger (including integration planning) will require substantial commitments of time and resources by SCB management, which would otherwise have been devoted to other opportunities that may have been beneficial to SCB as an independent company.

If the merger agreement is terminated and the SCB board of directors seeks another merger or business combination, SCB stockholders cannot be certain that SCB will be able to find a party willing to offer equivalent or more attractive consideration than the consideration First Mid has agreed to provide in the merger, or that such other merger or business combination will be completed. Additionally, if the merger agreement is terminated and the SCB board of directors seeks another merger or business combination, under certain circumstances SCB may be required to pay First Mid a termination fee of \$2,850,000.

#### SCB Will Be Subject to Business Uncertainties and Contractual Restrictions While the Merger Is Pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on SCB and, consequently, on First Mid. These uncertainties may impair SCB's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with SCB to seek to change existing business relationships with SCB. Retention of certain employees may be challenging during the pendency of the merger, as certain employees may experience uncertainty about their future roles. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the business, First Mid's business following the merger could be negatively impacted. In addition, the merger agreement restricts SCB from making certain transactions and taking other specified actions without the consent of First Mid until the merger occurs. These restrictions may prevent SCB from pursuing attractive business opportunities that may arise prior to the completion of the merger.

#### SCB Directors and Officers May Have Interests in the Merger Different From the Interests of SCB Stockholders.

The interests of some of the directors and executive officers of SCB may be different from those of SCB stockholders, and the directors and officers of SCB may be participants in arrangements that are different from, or are in addition to, those of SCB stockholders. The members of the SCB's board of directors knew about these additional interests and considered them among other matters, when making its decision to approve the merger agreement, and in recommending that SCB's common stockholders vote in favor of adopting the merger agreement. Such interests include, among others:

• the receipt of certain change in control benefits;

• extending offers of employment to certain named executive officers;

• entering into a severance and retention arrangement with certain named executive officers; and

the currently contemplated appointment of Robert C. Smith to First Mid's board of directors at some time following completion of the merger.

These interests are more fully described in this proxy statement-prospectus under the heading "The Merger-Interests of certain persons in the merger" on page 53.

**The Merger Agreement Contains Provisions that May Discourage Other Companies from Trying to Acquire SCB for Greater Merger Consideration.**

The merger agreement contains provisions that may discourage a third party from submitting a business combination proposal to SCB that might result in greater value to SCB's stockholders than the proposed merger with First Mid or may result in a potential competing acquirer proposing to pay a lower per share price to acquire SCB than it might otherwise have proposed to pay absent such provisions. These provisions include a general prohibition on SCB from soliciting, or, subject to certain exceptions relating to the exercise of fiduciary duties by SCB's board of directors, entering into discussions with any third party regarding any acquisition proposal or offers for competing transactions. SCB also has an unqualified obligation to submit the proposal to approve the merger to a vote by its stockholders, even if SCB receives an alternative acquisition proposal that its board of directors believes is superior to the merger, unless the merger agreement has been terminated in accordance with its terms. In addition, SCB may be required to pay First Mid a termination fee of \$2,850,000 upon termination of the merger agreement in certain circumstances involving acquisition proposals for competing transactions. See "Description of the Merger Agreement-Termination" beginning on page 75 and "Description of the Merger Agreement-Termination fee" beginning on page 77.

**The Opinion of SCB's Financial Advisor Will Not Reflect Changes in Circumstances Between the Signing of the Merger Agreement and the Completion of the Merger.**

SCB has not obtained an updated opinion from its financial advisor as of the date of this proxy statement/prospectus. Changes in the operations and prospects of SCB or First Mid, general market and economic conditions and other factors that may be beyond the control of SCB and First Mid, and on which SCB's financial advisor's opinion was based, may significantly alter the value of SCB or First Mid or the price of SCB common stock or First Mid common stock by the time the merger is completed. The opinion does not speak as of the time the merger will be completed or as of any date other than the date of such opinion. Because SCB does not currently anticipate asking its financial advisor to update its opinion, the opinion will not address the fairness of the merger consideration from a financial point of view at the time the merger is completed.

**First Mid and SCB Will Incur Transaction and Integration Costs in Connection with the Merger.**

Each of First Mid and SCB has incurred and expects that it will incur significant, non-recurring costs in connection with consummating the merger. In addition, First Mid will incur integration costs following the completion of the merger as First Mid integrates the businesses of the two companies, including facilities and systems consolidation costs and employment-related costs. There can be no assurances that the expected benefits and efficiencies related to the integration of the businesses will be realized to offset these transaction and integration costs over time. See the risk factor entitled "-First Mid May Fail to Realize the Anticipated Benefits of the Merger" on page 23. First Mid and SCB may also incur additional costs to maintain employee morale and to retain key employees. First Mid and SCB will also incur significant legal, financial advisor, accounting, banking and consulting fees, fees relating to regulatory filings and notices, SEC filing fees, printing and mailing fees and other costs associated with the merger.

**The Shares of First Mid Common Stock to be Received by SCB Common Stockholders as a Result of the Merger Will Have Different Rights from the Shares of SCB Common Stock.**

Upon completion of the merger, SCB common stockholders will receive merger consideration constituting First Mid common stock and will become First Mid stockholders and their rights as stockholders will be governed by the DGCL and First Mid's certificate of incorporation and bylaws. The rights associated with SCB common

stock are different from the rights associated with First Mid common stock. Please see “Comparison of Rights of First Mid Stockholders and SCB Stockholders” beginning on page 81 for a discussion of the different rights associated with First Mid common stock.

This Proxy Statement/Prospectus Contains Limited Financial Information on which to Evaluate the Merger.

This proxy statement/prospectus contains limited historical financial information about SCB and does not contain pro forma combined financial information about First Mid and SCB after giving effect to the merger. The financial condition of the combined company following the merger will impact the price of First Mid’s common stock after the merger.

Lawsuits that May Be Filed against SCB and First Mid Could Result in an Injunction Preventing the Completion of the Merger or a Judgment Resulting in the Payment of Damages.

Plaintiffs may file lawsuits against First Mid, SCB and/or the directors and officers of either company in connection with the merger. The outcome of any such litigation is uncertain. If the cases are not resolved, these lawsuits could prevent or delay completion of the merger and result in substantial costs to First Mid, including any costs associated with the indemnification of directors and officers. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect First Mid’s business, financial condition, results of operations and cash flows.

Risks Relating to First Mid’s Business

You should read and consider risk factors specific to First Mid’s business that will also affect the combined company after the merger. These risks are described in the sections entitled “Risk Factors” in First Mid’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as amended, and in other documents incorporated by reference into this proxy statement/prospectus. Please see the sections entitled “Incorporation of Certain First Mid Documents by Reference” and “Where You Can Find More Information” beginning on pages 87 and 86 of this proxy statement/prospectus, respectively, for the location of information incorporated by reference into this proxy statement/prospectus.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus, and the documents to which this proxy statement/prospectus refer, contain certain forward-looking statements, such as discussions of pricing and fee trends, credit quality and outlook, liquidity, new business results, expansion plans, anticipated expenses and planned schedules of First Mid and SCB. Such forward-looking statements are intended to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies and expectations of First Mid and SCB, are identified by use of the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project,” or similar expressions. Actual results could differ materially from the results indicated by these statements because the realization of those results is subject to many risks and uncertainties, including, among other things,

• the possibility that any of the anticipated benefits of the proposed transactions between First Mid and SCB will not be realized or will not be realized within the expected time period;

• the risk that integration of the operations of SCB with First Mid will be materially delayed or will be more costly or difficult than expected;

• the inability to complete the proposed transactions due to the failure to obtain the required SCB stockholder approval;

• the failure to satisfy other conditions to completion of the proposed transactions, including receipt of required regulatory and other approvals;

• the failure of the proposed transactions to close for any other reason;

• the effect of the announcement of the transaction on customer relationships and operating results;

• the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events;

• changes in interest rates;

• general economic conditions and those in the market areas of First Mid and SCB;

• legislative/regulatory changes; monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve;

• the quality or composition of First Mid’s and SCB’s loan or investment portfolios and the valuation of those investment portfolios;

• success in raising capital by First Mid;

• demand for loan products; deposit flows;

• competition, demand for financial services in the market areas of First Mid and SCB; and

• accounting principles, policies and guidelines.

These risks and uncertainties should be considered in evaluations of forward-looking statements and undue reliance should not be placed on such statements. Additional information concerning First Mid, including additional factors and risks that could materially affect First Mid's financial results, are included in First Mid's filings with the SEC, including its Annual Reports on Form 10-K. Forward-looking statements speak only as of the date they are made. Except as required under the federal securities laws or the rules and regulations of the SEC, we do not undertake any obligation to update or review any forward-looking information, whether as a result of new information, future events or otherwise.

## NON-GAAP FINANCIAL INFORMATION

This proxy statement/prospectus contains certain financial information determined by methods other than in accordance with GAAP. These non-GAAP measures are used by First Mid's management, together with the related GAAP measures, in analysis of First Mid's performance and in making business decisions. Management also uses these measures for peer comparisons.

The non-GAAP disclosures contained herein should not be viewed as substitutes for the results determined to be in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

## INFORMATION ABOUT THE SPECIAL MEETING OF SCB STOCKHOLDERS

### Purpose

SCB stockholders are receiving this proxy statement/prospectus because on August 20, 2018, the record date for a special meeting of stockholders to be held on October 9, 2018, at Soy Capital Bank and Trust Company, 455 North Main Street, Decatur, Illinois 62523 at 7:00 p.m., local time, they owned shares of the common stock of SCB, and the board of directors of SCB is soliciting proxies for the matters to be voted on at this special meeting, as described in more detail below. Each copy of this proxy statement/prospectus was mailed to holders of SCB common stock on or about September 5, 2018, and is accompanied by a proxy form for use at the meeting and at any adjournment(s) of the meeting.

At the special meeting, the SCB board of directors will ask you to vote upon the following:

- a proposal to approve the merger agreement and the transactions contemplated therein; and
- a proposal to approve an adjournment of the special meeting to permit further solicitation in the event that an insufficient number of votes are cast to approve the merger agreement and the transactions contemplated therein.

When you sign the enclosed proxy form or otherwise vote pursuant to the instructions set forth on the proxy form, you appoint the proxy holder as your representative at the special meeting. The proxy holder will vote your shares as you have instructed on the proxy form, thereby ensuring that your shares will be voted whether or not you attend the special meeting. Even if you plan to attend the special meeting, we ask that you instruct the proxies how to vote your shares in advance of the special meeting just in case your plans change.

If you have not already done so, please complete, date and sign the accompanying proxy form and return it promptly in the enclosed, postage paid envelope or otherwise vote pursuant to the instructions set forth on the proxy form.

Instead of voting by mailing a proxy form, record stockholders can vote their shares of SCB common stock by returning the proxy form via fax to 217-429-8742 or via email attachment to [sseitz@soybank.com](mailto:sseitz@soybank.com). If you do not vote your shares as instructed on the proxy form, or if you do not attend and cast your vote at the special meeting, the effect will be a vote against the merger agreement and the transactions contemplated therein.

Record date, shares entitled to vote, required vote, quorum

The record date for the SCB special meeting is August 20, 2018. SCB's stockholders of record as of the close of business on that day will receive notice of and will be entitled to vote at the special meeting. As of the record date, there were 225,825 shares of SCB common stock outstanding and entitled to vote at the meeting. The outstanding shares are held by approximately 248 holders of record.

The presence, in person or by proxy, of a majority of the shares of SCB common stock entitled to vote on the merger agreement is necessary to constitute a quorum at the meeting. Each share of SCB common stock outstanding on the record date entitles its holder to one vote on the matters being brought before the special meeting.

To determine the presence of a quorum at the meeting, SCB will also count as present at the meeting broker non-votes, the shares of SCB common stock present in person but not voting, and the shares of common stock for which SCB has received proxies but with respect to which the holders of such shares have abstained or signed without providing instructions. Based on the number of shares of SCB common stock outstanding as of the record date, at least 112,913 shares need to be present at the special meeting, whether in person or by proxy, to constitute a quorum. Approval of the merger agreement and the transactions contemplated therein requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of SCB common stock entitled to vote. Abstentions,

shares not voted and broker non-votes will have the same effect as a vote against the proposal to approve the merger agreement. Approval of the SCB proposal to adjourn the special meeting requires the affirmative vote of a majority of the shares of SCB common stock present in person or represented by proxy and entitled to vote on the adjournment. Abstentions will have the same effect as a vote against the proposal to adjourn the special meeting, while shares not voted and broker non-votes will have no effect on the outcome of the proposal to adjourn the special meeting. As of the record date for the meeting, SCB's directors and executive officers beneficially owned a total of 31,531 shares, or approximately 14% of the outstanding shares, of SCB common stock. We anticipate that these individuals will vote their shares in favor of the merger agreement. Certain of these individuals have entered into a written agreement with First Mid that they will vote their shares in favor of the merger agreement, except as may be limited by their fiduciary obligations.

#### How to vote your shares

In addition to signing and returning your proxy form in the postage paid envelope provided, you can vote your shares of SCB common stock by returning the proxy form by fax to (217) 429-8742 or via email attachment to [sseitz@soybank.com](mailto:sseitz@soybank.com). You may also deliver your proxy form in person at the special meeting.

If you properly complete and timely submit your proxy, your shares will be voted as you have directed. You may vote for, against, or abstain with respect to the approval of the merger and the other proposals. If you are the record holder of your shares and submit your proxy without specifying a voting instruction, your shares will be voted as the SCB board of directors recommends and will be voted "FOR" approval of the merger agreement and the transactions contemplated therein, and "FOR" the adjournment of the special meeting to permit further solicitation in the event that an insufficient number of votes are cast to approve the merger agreement and the transactions contemplated therein. If you do not vote your shares as instructed on the proxy form, or if you do not attend and cast your vote at the special meeting, it will have no effect.

#### Shares held in "street name"

If you hold shares in "street name" with a broker, bank or other fiduciary, you will receive voting instructions from the holder of record of your shares. Under the rules of various national and regional securities exchanges, brokers, banks and other fiduciaries may generally vote your shares on routine matters, such as the ratification of an independent registered public accounting firm, even if you provide no instructions, but may not vote on non-routine matters, such as the matters being brought before the special meeting, unless you provide voting instructions. Shares for which a broker does not have the authority to vote are recorded as "broker non-votes" and are not counted in the vote by stockholders, but will count for purposes of a quorum. As a result, any broker non-votes will have the practical effect of a vote against the merger proposal and the adjournment proposal.

We therefore encourage you to provide directions to your broker, bank or other fiduciary as to how you want your shares voted on all matters to be brought before the special meeting. You should do this by carefully following the instructions your broker gives you concerning its procedures. Your broker, bank or other fiduciary may allow you to deliver your voting instructions via the telephone or the Internet. Please see the instruction form provided by your broker, bank or other fiduciary that accompanies this proxy statement. If you wish to change your voting instructions after you have returned your voting instruction form to your broker, bank or other fiduciary, you must contact your broker, bank or other fiduciary. If you want to vote your shares of SCB common stock held in street name in person at the special meeting, you will need to obtain a written proxy in your name from your broker, bank or other fiduciary.

#### Revocation of proxies

You may revoke your proxy at any time before it is voted by filing with the Secretary of SCB a duly executed revocation of proxy, submitting a new proxy with a later date; or voting in person at the special meeting. Attendance at the special meeting will not, in and of itself, constitute a revocation of a proxy.



All written notices of revocation and other communication with respect to the revocation of proxies should be addressed to: SCB Bancorp, Corporate Secretary, 455 North Main Street, Decatur, Illinois 62523. If you hold your shares in the name of a broker, bank or other fiduciary and desire to revoke your proxy, you will need to contact your broker, bank or other fiduciary to revoke your proxy.

Proxy solicitation

In addition to this mailing, proxies may be solicited by directors, officers or employees of SCB in person or by telephone or electronic transmission. None of such directors, officers or employees will be directly compensated for such services. SCB will pay the costs associated with the solicitation of proxies for the special meeting.

## THE SCB PROPOSALS

### Proposal 1-Approval of the Merger Agreement

At the SCB special meeting, stockholders of SCB will be asked to approve the merger agreement, pursuant to which SCB will merge with and into Merger Sub, a wholly owned subsidiary of First Mid, and the transactions contemplated therein. Merger Sub will be the surviving company in the merger and continue its corporate existence as a wholly-owned subsidiary of First Mid. Stockholders of SCB should read this proxy statement/prospectus carefully and in its entirety, including the appendices, for more detailed information concerning the merger agreement and the transactions contemplated therein. A copy of the merger agreement is attached to this proxy statement/prospectus as Appendix A.

For the reasons discussed in this proxy statement/prospectus, the board of directors of SCB unanimously determined that the merger agreement and the transactions contemplated therein are in the best interests of SCB and its stockholders, and unanimously adopted and approved the merger agreement. The board of directors of SCB unanimously recommends that SCB stockholders vote "FOR" approval of the merger agreement and the transactions contemplated therein.

### Proposal 2-Adjournment of the Special Meeting

If, at the SCB special meeting, the number of shares of SCB common stock cast in favor of the merger agreement is insufficient to approve the merger agreement and the transactions contemplated therein, SCB intends to move to adjourn the SCB special meeting in order to enable the board of directors of SCB to solicit additional proxies for approval of the merger agreement and the transactions contemplated therein. In this proposal, SCB is asking its stockholders to authorize the holder of any proxy solicited by the board of directors of SCB, on a discretionary basis, to vote in favor of adjourning the SCB special meeting to another time and place for the purpose of soliciting additional proxies.

The board of directors of SCB unanimously recommends a vote "FOR" the proposal to adjourn the special meeting.

## THE MERGER

This section of the proxy statement/prospectus describes material aspects of the merger. While First Mid and SCB believe that the description covers the material terms of the merger and the related transactions, this summary may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus, the attached Appendices and the other documents to which this proxy statement/prospectus refers for a more complete understanding of the merger. The agreement and plan of merger attached hereto as Appendix A, not this summary, is the legal document which governs the merger.

### General

The board of directors of SCB is using this proxy statement/prospectus to solicit proxies from the holders of SCB common stock for use at the SCB special meeting of stockholders at which SCB stockholders will be asked to vote on approval of the merger agreement and thereby approve the merger. When the merger is consummated, SCB will merge with and into Merger Sub, a wholly owned subsidiary of First Mid. Merger Sub will be the surviving company in the merger and continue its existence as a wholly-owned subsidiary of First Mid, which will result in Soy Capital Bank being a wholly-owned indirect subsidiary of First Mid. Upon consummation of the merger, the separate corporate existence of SCB will terminate. The merger is anticipated to be completed in late 2018. At a date following the completion of the merger, First Mid intends to merge Soy Capital Bank with and into First Mid Bank, with First Mid Bank as the surviving bank. At such time, Soy Capital Bank's banking offices will become banking offices of First Mid Bank. Until the banks are merged, First Mid will own and operate Soy Capital Bank and First Mid Bank as separate bank subsidiaries. Under the merger agreement, the officers and directors of First Mid serving at the effective time of the merger will continue to serve as the officers and directors of First Mid after the merger is consummated. If the merger is completed, each share of SCB common stock which SCB stockholders own immediately before the completion of the merger will be converted into the right to receive, at the election of each stockholder, either (a) \$307.93 in cash or (b) 8.0228 shares of common stock, par value \$4.00 per share, of First Mid, less any applicable taxes required to be withheld and subject to certain adjustments and proration as set forth in the merger agreement. Overall elections are subject to proration such that, depending on the number of shares of SCB common stock electing shares of First Mid common stock, between 19% and 32.5% of the shares of SCB common stock will be exchanged for cash, and between 67.5% and 81% will be exchanged for First Mid common stock. Additionally, SCB's outstanding stock options will be fully vested upon consummation of the merger, and all outstanding SCB stock options that are unexercised prior to the closing will be cashed out pursuant to the terms of the merger agreement. Only whole shares of First Mid common stock will be issued in the merger. As a result, cash will be paid instead of any fractional shares in an amount, rounded to the nearest whole cent, determined by multiplying the Closing First Mid Common Stock Price by the fractional share of First Mid Common Stock to which such former holder would otherwise be entitled. Shares of SCB common stock held by SCB stockholders who elect to exercise their dissenters' rights will not be converted into merger consideration.

In addition, immediately prior to the closing of the merger, SCB will pay a special cash dividend to its stockholders in the aggregate amount of \$25 million. Assuming 226,745 shares of SCB common stock (based on 225,825 shares outstanding and 920 shares able to be acquired pursuant to an outstanding debenture outstanding as of June 12, 2018), and 3,672 options to purchase shares of SCB common stock, in each case outstanding as of immediately prior to the closing, this will result in each share of SCB common stock receiving approximately \$108.50 in cash in the form of the special cash dividend, and the exercise price for each option to acquire shares of SCB common stock being reduced by approximately \$108.50 as a result of the special cash dividend.

### Background of the merger

SCB's board of directors and management have regularly reviewed and discussed SCB's business strategy, performance and opportunities in the context of the economic environment, developments in the regulation of financial institutions and the competitive landscape. In connection with SCB's evaluation of strategic alternatives, members of management and the board of directors have had, over the years, communications with representatives of other financial institutions

and have updated the board regarding these discussions. While the primary focus in past years has been on looking for bank and financial related acquisitions which would complement SCB's current operations, the SCB board has always recognized that its fiduciary duty to its stockholders encompassed

consideration of a business combination, merger or sale of SCB that might offer enhanced value to its stockholders and greater market liquidity.

First Mid's board of directors and management regularly review and discuss acquisition opportunities and strategies for growth as part of its ongoing efforts to strengthen its businesses and improve its operations and performance in order to create value for its stockholders, including reviewing strategic alternatives with its investment banking and financial advisor FIG Partners, LLC (which we refer to as "FIG") and its legal counsel Schiff Hardin LLP (which we refer to as "Schiff Hardin"). Among other things, these discussions have included dialogue about possible strategic opportunities for growth available to First Mid and potential acquisitions or business combinations involving various other financial institutions.

Beginning in 2016, Robert C. Smith, the Chief Executive Officer of SCB, and Joseph R. Dively, Chairman and Chief Executive Officer of First Mid, met informally to discuss the general nature of their respective businesses and the industry as a whole, including the opportunities and challenges faced by banks in the current environment and opportunities where the two organizations could work together. Through these meetings, Mr. Smith and Mr. Dively gained insight and historical perspective on the other organization. On subsequent occasions in 2016, Mr. Smith and Mr. Dively continued discussions on how SCB and First Mid could work together to offer enhanced value to SCB's and First Mid's stockholders and create greater market liquidity for both companies. Throughout these meetings, Mr. Dively expressed First Mid's interest in exploring a strategic transaction if SCB had an interest.

On May 2, 2017, representatives of Piper Jaffray & Co. (which we refer to as "Piper Jaffray") met with Mr. Smith and Mr. William P. Shade, III, Chairman of SCB and Soy Capital Bank (who we refer to as "Mr. William Shade") in Decatur, Illinois to discuss SCB's strategic alternatives, both as an acquiror and as a seller, as well as its prospects and stock valuation as an independent company. SCB and Piper Jaffray also discussed the potential value that could be achieved for SCB's stockholders in a change in control transaction. On the same day, Piper Jaffray met with Mr. Dively and other members of the First Mid management team at First Mid's headquarters in Mattoon, Illinois to discuss First Mid's interest in pursuing a possible strategic combination with SCB. On June 13, 2017, Mr. Dively and Mr. Smith met to discuss Mr. Dively's continued interest in merging SCB with First Mid.

On October 25, 2017, Mr. William Shade and Mr. Smith met with Mr. Dively at which time Mr. Dively indicated his continued interest in exploring a possible merger of SCB with First Mid due to the companies' common cultures and values as well as SCB's diversified income from its farm management and insurance agency businesses which could complement First Mid's independent insurance agency and farm management divisions. Mr. William Shade, Mr. Smith and Mr. Dively also discussed the market prices of recently completed transactions and stock and cash splits. On November 2, 2017, Mr. Smith called Mr. Dively to discuss a possible strategic transaction and what would be required to begin the due diligence process. Accordingly, Mr. Dively provided an overview of the due diligence that First Mid would have to complete in connection with the transaction and provided a preliminary list of due diligence requests. On November 15, 2017, Mr. Dively and Mr. Smith discussed the execution of a confidentiality agreement to allow First Mid to begin its initial due diligence review of SCB. The next day, Mr. William Shade and Mr. Smith led a discussion in executive session with members of the SCB board of directors about their October 25, 2017 meeting with Mr. Dively, which included a discussion of First Mid's business lines and practices. All executive sessions are attended by all members of the SCB board of directors other than directors Andrew R. Cave, who serves as the president of Soy Capital Bank, and Kevin J. Breheny, the former president of J.L. Hubbard Insurance and Bonds. After the discussion concluded, the board authorized Mr. William Shade and Mr. Smith to enter into a confidentiality agreement with First Mid to determine the valuation of a merger with SCB. On November 21, 2017, First Mid entered into a standard confidentiality agreement allowing First Mid to begin its initial diligence review of SCB. Over the next week, SCB started uploading the requested due diligence materials to an on-line data room and made the data room available to First Mid and its representatives. On November 30, 2017, Mr. Smith called Mr. Dively to confirm that due diligence materials were being uploaded to the data room.

On December 11, 2017, Mr. Dively contacted Mr. Smith to discuss First Mid's announcement of its proposed acquisition of First BancTrust Corporation ("First Bank"). On December 12, 2017, Mr. Dively and members of the First Mid management team met with Mr. Smith and Kevin M. Voss, Executive Vice President and Chief Financial Officer of Soy Capital Bank, to discuss Soy Capital Bank's history, organizational structure and



lines of business. Mr. Smith and Mr. Voss also answered any outstanding questions the First Mid management team had in connection with their due diligence review.

On January 10, 2018, Mr. Dively discussed with Mr. Smith and Mr. William Shade the outstanding due diligence items First Mid required to complete its review and prepare a non-binding letter of intent. A week later, Mr. Smith and Mr. William Shade called Mr. Dively to discuss the additional materials added to the data room and next steps for a possible transaction.

On January 18, 2018, the members of the SCB board met in executive session to discuss the possible transaction with First Mid and the potential impact such a transaction would have on its customers and its stockholders. After considerable discussion, the board of directors authorized Mr. William Shade and Mr. Smith to engage Piper Jaffray as SCB's financial advisor. On January 26, 2018, SCB entered into an engagement letter with Piper Jaffray.

Over the next month, SCB's management team worked with Piper Jaffray to refine the valuation analysis of SCB's common stock in connection with pursuing a possible merger partner. Piper Jaffray and FIG had multiple discussions over the next few weeks about their respective acquisition models and assumptions. On February 22, 2018, FIG verbally indicated a proposed deal value of \$95 million dollars, with the merger consideration to be paid with a mix of First Mid common stock and cash, as well as a special cash dividend to be paid to SCB stockholders in the aggregate amount of \$25 million. Mr. Dively verbally confirmed the proposed deal valuation in a phone call with Mr. William Shade.

On March 1, 2018, First Mid submitted a preliminary non-binding letter of intent indicating an overall valuation of \$95 million. First Mid proposed acquiring all of the shares of SCB common stock for \$70 million, \$47.5 million to be paid in First Mid common stock and \$22.5 million to be paid in cash, with a special cash dividend to be paid to SCB stockholders in the aggregate amount of \$25 million. The proposal also contained other standard and customary preliminary terms, including a term that SCB would grant First Mid an exclusivity period during which SCB agreed not to discuss a possible transaction with another financial institution.

On the same day, the SCB board of directors met in executive session to review the non-binding letter of intent submitted by First Mid. Representatives from Piper Jaffray were also invited to the meeting to discuss the recent stock market performance of peer banks and a summary of financial and pricing information for comparable strategic transactions. The SCB board of directors also discussed with Piper Jaffray the likelihood of finding another merger partner that would offer superior stockholder value and whether such parties should be approached prior to executing a non-binding letter of interest from FMBH. After an extensive discussion of the non-binding letter of intent, the SCB board of directors decided not to approach other parties and authorized the management team to execute the non-binding letter of intent and to move forward with First Mid to complete a definitive merger agreement. The SCB board of directors based this decision on, among other things, the strength of First Mid's proposed merger consideration, the willingness of First Mid to structure the merger consideration with a mix of cash and First Mid common stock, the perceived lack of other viable merger candidates, the importance of maintaining confidentiality and protecting SCB's franchise value and the likelihood that a definitive agreement could be quickly finalized with First Mid. The SCB board of directors also considered First Mid's track record of accomplishing mergers successfully as First Mid had recently acquired First Clover Leaf Financial Corp. in 2016 and was in the process of acquiring First Bank. On March 5, 2018, Mr. William Shade executed and returned the non-binding letter of intent to First Mid, which included a 60 day exclusivity period in favor of First Mid.

Over the next several weeks, First Mid and SCB continued conducting comprehensive due diligence on one another's respective organizations. On March 14, 2018, First Mid and SCB amended the November 21, 2017 confidentiality agreement to reflect additional SCB customer information being shared with First Mid. On the same day, Mr. Smith and Mr. William Shade met with Mr. Dively, Michael L. Taylor, Senior Executive Vice President and Chief Operating Officer of First Mid Bank, and Matthew K. Smith, Executive Vice President and Chief Financial Officer of First Mid Bank, as part of the due diligence process to discuss outstanding due diligence requests and key terms for the merger agreement. The discussion also included the cultures of the two companies and the compensation plan SCB uses for its employees.



On March 22, 2018, Mr. William Shade delivered a proposed amendment to the non-binding letter of intent to extend the exclusivity period to be 90 days from the March 5, 2018 date of the letter of intent and outline specific points to be resolved and included in the merger agreement. On March 27, 2018, SCB and First Mid executed the amendment to the non-binding letter of intent and extended the exclusivity period.

On April 6, 2018, Mr. William Shade sent Mr. Dively a letter providing some high level financial details for the first quarter of the fiscal year and listed the remaining open items to be settled in the merger agreement. During the week of April 9th, First Mid conducted a loan credit review. On April 10, 2018, Mr. Dively and Mr. Smith met to discuss the open items to be negotiated and the next course of action.

On April 17, 2018, Mr. William Shade called Mr. Dively to discuss the status of the transaction and the remaining items subject to ongoing negotiations. On April 19, 2018, Mr. William Shade and Mr. Smith gave an update to an executive session of the SCB board of directors on the progress of negotiations with First Mid.

On April 26, 2018 and May 1, 2018, members of the First Mid management team met with key senior officers of Soy Capital Bank, its Agricultural Services division, the Trust division and its commercial lending division as well as key senior officers of J.L. Hubbard Insurance and Bonds, Soy Capital Bank's wholly owned insurance subsidiary, to discuss the business and outlook of each division.

On April 30, 2018, First Mid and Schiff Hardin provided SCB and Mr. Thomas M. Shade, SCB's legal counsel (who we refer to as "Mr. Tom Shade"), with an initial draft merger agreement for the proposed transaction. On the same day, Piper Jaffray provided FIG with a reverse due diligence request list for First Mid. Over the course of the following weeks, the parties and their respective legal advisors exchanged drafts of the merger agreement and disclosure schedules thereto, several of which were shared with the board of directors of each of First Mid and SCB, and worked toward finalizing the terms of the transaction, including: the representations and warranties to be given by the parties; the operational covenants regarding SCB's actions between signing of the merger agreement and the closing of a transaction; a mechanism to adjust the level of merger consideration in the event that SCB does not meet a certain level of adjusted minimum tangible equity; the inclusion of a double-trigger termination provision and the different thresholds affecting termination; the level of severance and other rights of SCB employees leading up to, and following, the proposed transaction; the treatment of various compensation arrangements for SCB employees and directors; and the provisions regarding a termination fee and SCB's ability to pursue other transactions if necessary to satisfy the SCB board of directors' fiduciary duties. During this period of negotiation, the parties and their representatives continued to conduct ongoing, reciprocal comprehensive due diligence.

Beginning in early May 2018, members of First Mid's management team had discussions with different key employees of Soy Capital Bank to complete First Mid's due diligence process. On May 11, 2018, SCB and Piper Jaffray were granted access to an online data room which contained reverse due diligence documents uploaded on behalf of First Mid.

At a special meeting on May 17, 2018, the SCB board of directors met and reviewed the principal terms of the draft merger agreement with Mr. Tom Shade and Piper Jaffray. The SCB board of directors discussed the transaction at length, including the pricing and exchange ratios, the necessary regulatory approval requirements, the possible termination fees that may be incurred and certain rights provided to SCB in the event of a substantial decrease in the price of First Mid's common stock prior to closing. Representatives from Piper Jaffray discussed and reviewed the recent stock market performance for similarly situated banks and presented a summary of financial and pricing information for comparable merger and acquisition transactions. The SCB board of directors also reviewed First Mid's recent financial performance, stock performance and trading volume. Representatives from Piper Jaffray also discussed in detail the sale process to date and answered questions about the proposed terms of the transaction. Following further discussion and questions and answers, the SCB board unanimously agreed that Mr. William Shade, Mr. Smith and Mr. Tom Shade should continue negotiating a final merger agreement for consideration by the board of directors at a special meeting scheduled for June 11, 2018.

Between May 17, 2018 and June 11, 2018, Schiff Hardin, Mr. Tom Shade, FIG and Piper Jaffray discussed and negotiated the final aspects of the merger agreement and its schedules. This included the management teams of First Mid and SCB having various discussions with their respective advisors.





On May 22, 2018, at the regularly scheduled monthly meeting of the First Mid board of directors, the board discussed the specifics of the proposed transaction and reviewed the merger agreement. Representatives from Schiff Hardin and FIG joined the meeting via telephone and reviewed in detail the proposed final terms of the merger agreement with the board. FIG also reviewed with the board the financial aspects of the transaction. After asking questions of FIG, Schiff Hardin and First Mid's management, the board discussed the terms of the merger agreement and the fiduciary duties the board of directors owes the First Mid stockholders. Following this discussion and consideration, the board determined that the merger agreement and the transactions contemplated thereby, including the issuance of shares of First Mid common stock to SCB stockholders, were advisable and in the best interests of First Mid and its stockholders, subject to the board's consideration of any changes to the proposed terms of the merger and the merger agreement prior to the signing of the merger agreement.

On May 29, 2018, Mr. William Shade met with members of First Mid's management team to discuss the announcement of the definitive merger agreement and the communication plan for discussing the transaction with SCB employees and its customers. A week later, on June 7, 2018, SCB and Piper Jaffray engaged in a reverse due diligence conference call with First Mid and FIG, which included the review of documents previously provided to SCB by First Mid and updates on First Mid's operating strategy, financial results, capital management and credit quality.

On June 11, 2018, the SCB board of directors held a special meeting to discuss the proposed transaction and to review the merger agreement. Members of management were present in person and representatives from Piper Jaffray and Mr. Tom Shade participated via telephone. Mr. Tom Shade reviewed in detail the final terms of the merger agreement with the SCB board. Representatives of Piper Jaffray reviewed its financial analysis of the proposed transaction and rendered its oral opinion (subsequently delivered in writing at the conclusion of the meeting), as described in the section titled "Opinion of Financial Advisor to SCB" beginning on page 40, that as of that date, and based upon and subject to the assumptions, considerations, qualifications and limitations set forth in the written opinion, the aggregate merger consideration, including the special cash dividend to be paid immediately prior to closing, was fair, from a financial point of view, to the stockholders of SCB common stock. Following extensive discussion and questions and answers, including consideration of the factors described under "SCB's Reasons for the Merger", the SCB board determined that the merger agreement and the transactions contemplated thereby was advisable and in the best interests of SCB and its stockholders. The SCB board of directors then unanimously approved the merger agreement and the transactions contemplated thereby.

On June 12, 2018, the First Mid board of directors was provided with an update on the terms of the proposed transaction and the status of the merger agreement. The board was also provided with and reviewed a resolution of the board to be adopted by written consent approving the terms of the proposed transaction and the merger agreement. After a review of these materials, and an opportunity to discuss any questions or concerns the board had with respect to the proposed transaction and the merger agreement, the board determined that the merger agreement and the transactions contemplated thereby, including the issuance of shares of First Mid common stock to SCB stockholders, were advisable and in the best interests of First Mid and its stockholders, and thereafter unanimously approved the merger agreement and the transactions contemplated thereby.

On June 12, 2018, First Mid and SCB executed the merger agreement and First Mid executed the voting agreement entered into with all of the directors of SCB. After the closing of the market on June 12, 2018, First Mid and SCB issued a joint press release announcing the execution of the merger agreement.  
SCB's reasons for the merger and recommendation of the board of directors

At its meeting on June 11, 2018, the SCB board of directors unanimously determined that the merger agreement and the transactions contemplated therein, including the merger, were in the best interests of SCB and its stockholders and recommended that SCB's stockholders vote "FOR" the merger proposal. In deciding to approve the merger agreement and the transactions contemplated therein, the SCB board of directors consulted with SCB's executive management, its financial advisors, and its legal counsel and considered a number of factors. While all of the reasons considered were of importance, the board determined that First Mid's commitment to the community and its particular understanding and appreciation for the insurance, farm management and agricultural lending components of Soy Capital Bank's

operations and its desire to expand those divisions were particularly important. In addition, First Mid's size offered greater opportunities to deal with customer expectations related to technology,

address increasing regulatory requirements and effectively compete in an environment with changing marketplace demographics and untaxed credit union competition.

Other material factors supporting the board's determination include, in no certain order:

- the combined company may have a sufficient size and scale to more efficiently compete in a highly competitive industry;
- the combined company's potential to increase stockholder value and to create opportunities for enhanced earnings and potential dividends;
- increased liquidity for SCB's stockholders resulting from the merger, and the fact that First Mid's common shares are traded on the NASDAQ Stock Market;
- the current and prospective business and economic environment in which SCB operates, including local and regional economic conditions;
- the continuing consolidation in the financial services industry;
- the uncertainties in the economic climate going forward;
- the business, earnings, operations, financial condition, management, prospects, capital levels and asset quality of First Mid;
- the form and amount of merger consideration, and the ability of SCB's stockholders to participate in the future performance of the combined company;
- SCB's board of directors' belief that First Mid is a high-quality financial services company with a compatible business culture and shared approach to customer service and increasing stockholder value;
- economies of scale with respect to overhead and operating expenses of the combined company;
  - the effect of the merger on SCB's employees, including the prospects for continued employment and the other benefits agreed to be provided by First Mid to SCB's employees;
- the effect of the merger on SCB's customers and the communities in which they conduct business; and
- the financial analyses of Piper Jaffray, SCB's independent financial advisor, and its written opinion, dated as of June 11, 2018, delivered to the SCB board of directors to the effect that, as of that date, and subject to and based on the various assumptions, considerations, qualifications and limitations set forth in the opinion, the merger consideration was fair, from a financial point of view, to SCB's stockholders.

The SCB board of directors also considered a variety of potential risks and uncertainties in its deliberations concerning the merger agreement and the transactions contemplated therein, including the following, which are not presented in order of priority:

- SCB would lose the autonomy associated with being an independent financial institution;
- the fact that, while SCB expects that the merger will be consummated, there can be no assurance that all conditions to the parties' obligations to complete the merger will be satisfied, including the risks that necessary regulatory or stockholder approvals might not be obtained and, as a result, the Merger may not be consummated;
- the risk that any potential benefits and synergies sought in the merger may not be realized or may not be realized within the expected time period, and the risks associated with the integration of the two companies;
  - the restrictions on the conduct of SCB's business prior to the completion of the merger, which are customary for merger agreements such as the merger agreement between SCB and First Mid, but

which, subject to specific exceptions, could delay or prevent SCB from undertaking business opportunities that may arise or any other action it would otherwise take with respect to the operations of SCB absent the pending completion of the merger;

the significant risks and costs involved in entering into and completing the merger, of failing to complete the merger in a timely manner, or at all, including as a result of any failure to obtain required regulatory approvals, such as the risks and costs relating to diversion of management and employee attention, potential employee attrition, and the potential effect on business and customer relationships;

the fact that SCB would be prohibited from affirmatively soliciting acquisition proposals after execution of the merger agreement, and the possibility that the \$2,850,000 termination fee payable by SCB upon the termination of the Merger Agreement under certain circumstances could discourage other potential acquirers from making a competing bid to acquire SCB;

the possibility of litigation in connection with the merger; and

the possibility that the market value of the First Mid common stock that constitutes merger consideration may decline between the date of the merger agreement (when the share ratios were fixed) and the date of closing.

The SCB board of directors was also aware that some SCB officers and directors may have financial interests in the merger that are different from, or are in addition to, the interests of SCB stockholders and took those interests into consideration in its review of the merger. See “The Merger-Interests of certain persons in the merger” on page 53. The above discussion of the information and factors considered by SCB’s board of directors is not intended to be exhaustive, but includes a description of material factors considered by the SCB board of directors. In view of the wide variety of factors considered by the SCB board of directors in connection with its evaluation of the merger, the SCB board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered. In considering the factors described above, individual directors may have given differing weights to different factors. SCB’s board of directors unanimously made its determination with respect to the merger based on the conclusion reached by its members based on the factors that each of them considered appropriate, that the merger is in the best interests of SCB’s stockholders.

After considering the foregoing and other relevant factors and risks, and their overall impact on the stockholders and other constituencies of SCB, the SCB board of directors concluded that the anticipated benefits of the merger outweighed the anticipated risks of the transaction. Accordingly, SCB’s board of directors unanimously approved the merger agreement and the merger, and the board of directors unanimously recommends that SCB stockholders vote “FOR” approval of the merger agreement and the transactions contemplated therein.

Opinion of Financial Advisor to SCB

By letter dated January 26, 2018, SCB retained Piper Jaffray to act as its financial advisor in connection with a potential transaction. In its capacity as financial advisor, Piper Jaffray provided a fairness opinion to the SCB board of directors in connection with its consideration of the merger. At the meeting of the SCB board of directors on June 11, 2018, Piper Jaffray rendered its oral opinion to the SCB board, which was subsequently confirmed in writing by delivery of Piper Jaffray’s written opinion dated the same date, that, based upon and subject to the various factors, assumptions and limitations set forth in such opinion, Piper Jaffray representatives’ experience as investment bankers, Piper Jaffray’s work as described in such opinion and other factors Piper Jaffray deemed relevant, as of such date, and after giving effect to the payment of the special cash dividend, the aggregate consideration to be received by the SCB stockholders pursuant to the merger was fair, from a financial point of view, to those stockholders. The Piper Jaffray written opinion dated June 11, 2018 is sometimes referred to herein as the “Piper Jaffray Opinion.”

The Piper Jaffray Opinion was provided for the information and assistance of the SCB board in connection with its consideration of the merger. The Piper Jaffray Opinion did not address the merits of SCB’s underlying decision to engage in the merger or the relative merits of the merger compared to any

alternative business strategy or transaction in which SCB might engage. The Piper Jaffray Opinion does not constitute a recommendation to the SCB board or any holder of SCB common stock as to how any SCB board member or such holder should act, vote or make any election with respect to the merger agreement, the merger, the form of merger consideration or any other matter.

The full text of the Piper Jaffray Opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken in rendering its opinion, is attached as Appendix D to this proxy statement/prospectus and is incorporated herein by reference. The summary of the Piper Jaffray Opinion set forth herein is qualified in its entirety by reference to the full text of the opinion. SCB common stockholders should read the full text of the opinion carefully and in its entirety. The Piper Jaffray Opinion was reviewed and approved by the fairness opinion committee of Piper Jaffray. Piper Jaffray provided its opinion to the SCB board of directors on June 11, 2018 in connection with and for the purposes of the SCB board's consideration of the merger. The Piper Jaffray Opinion addressed only the fairness, from a financial point of view, as of June 11, 2018, of the aggregate consideration to be received by the SCB stockholders pursuant to the merger, after giving effect to the payment of the special cash dividend. Piper Jaffray expressed no view or opinion as to any other terms or aspects of the merger agreement, the merger or any other transactions contemplated by the merger agreement, including any legal, accounting and tax matters relating to the merger. Piper Jaffray did not express any opinion as to the compensation to be received in the merger by officers, directors or employees of SCB or any class of such persons, other than in their capacity as SCB stockholders.

In arriving at its opinion, Piper Jaffray:

- (i) reviewed and analyzed the financial terms of a draft of the merger agreement dated June 10, 2018;
- (ii) reviewed and analyzed certain financial and other data with respect to SCB and First Mid which was publicly available;
- (iii) reviewed and analyzed certain information, including historical operating data and financial forecasts, relating to the business, earnings, cash flow, assets, liabilities and prospects of SCB and First Mid that were publicly available, as well as those that were furnished to Piper Jaffray by SCB, including the analyses and forecasts regarding certain cost savings expected to result from the merger (which we refer to as the "synergies");
- (iv) conducted discussions with members of senior management and representatives of SCB and First Mid concerning the matters described in clauses (ii) and (iii) above, as well as their respective businesses and prospects before and after giving effect to the merger and the synergies;
- (v) reviewed the current and historical reported prices and trading activity of First Mid common stock;
- (vi) compared the financial performance of SCB and First Mid with that of certain other publicly traded companies that Piper Jaffray deemed relevant;
- (vii) reviewed the financial terms, to the extent publicly available, of certain business combination transactions that Piper Jaffray deemed relevant;
- (viii) performed a discounted cash flow analysis for each of SCB and First Mid on a standalone basis; and
- (ix) conducted such other analyses, examinations and inquiries and considered such other financial, economic and market criteria as deemed necessary by Piper Jaffray in arriving at its opinion.

Piper Jaffray relied upon and assumed, without assuming liability or responsibility for independent verification, the accuracy and completeness of all information that was publicly available or was furnished, or otherwise made available, to Piper Jaffray or discussed with or reviewed by Piper Jaffray. Piper Jaffray further relied upon the assurances of the management of SCB that the financial information provided was prepared on a reasonable basis in accordance with industry practice, and that they were not aware of any information or facts that would make any information provided to Piper Jaffray incomplete, inaccurate or misleading. In particular, for the purposes of the Piper Jaffray Opinion, Piper Jaffray assumed with respect to financial forecasts, estimates and other forward-looking information (including the synergies) reviewed by Piper Jaffray, that such information was reasonably prepared based on assumptions reflecting the best available estimates and judgments of the management



of SCB as of the time they were prepared as to the expected future results of operations and financial condition of SCB and First Mid, as applicable, to which such financial forecasts, estimates and other forward-looking information (including the synergies) relate. Piper Jaffray expressed no opinion as to any such financial forecasts, estimates or forward-looking information (including the synergies) or the assumptions on which they were based. Piper Jaffray further assumed that the merger would qualify as a reorganization in accordance with Section 368(a) of the Internal Revenue Code. Piper Jaffray relied, with SCB's consent, on advice of the outside counsel and the independent accountants to SCB, and on the assumptions of the management of SCB, as to all accounting, legal, tax and financial reporting matters with respect to SCB and the merger agreement.

In arriving at the opinion, Piper Jaffray assumed that the executed merger agreement would be in all material respects identical to the last draft reviewed by Piper Jaffray. Piper Jaffray relied upon and assumed, without independent verification, that (i) the representations and warranties of all parties to the merger agreement and all other related documents and instruments that are referred to therein were true and correct, (ii) each party to such agreements would fully and timely perform all of the covenants and agreements required to be performed by such party, (iii) the merger would be consummated pursuant to the terms of the merger agreement without amendments thereto, (iv) all conditions to the consummation of the merger would be satisfied without waiver by any party of any conditions or obligations thereunder and (v) the terms and conditions of the merger agreement would not result in any adjustment to the merger consideration that would have been material to Piper Jaffray's analysis. Additionally, Piper Jaffray assumed that all the necessary regulatory approvals and consents required for the merger would be obtained in a manner that would not adversely affect SCB, First Mid or the contemplated benefits of the merger.

In arriving at its opinion, Piper Jaffray did not perform any appraisals or valuations of any specific assets or liabilities (fixed, contingent or other) of SCB or First Mid, and was not furnished or provided with any such appraisals or valuations, nor did Piper Jaffray evaluate the solvency of SCB or First Mid under any state or federal law relating to bankruptcy, insolvency or similar matters. The analyses performed by Piper Jaffray in connection with the opinion were going concern analyses. Piper Jaffray expressed no opinion regarding the liquidation value of SCB, First Mid or any other entity. Piper Jaffray assumed that there had been no material change in the respective assets, financial condition, results of operations, business or prospects of SCB or First Mid since the date of the most recent financial data made available to Piper Jaffray. Piper Jaffray did not: (i) conduct a review of any individual credit files of SCB or First Mid, nor did Piper Jaffray evaluate the adequacy of the loan or lease reserves of SCB or First Mid, (ii) conduct a review of any credit mark which may be taken in connection with the merger, nor did Piper Jaffray evaluate the adequacy of any contemplated credit mark to be so taken, or (iii) conduct a review of the collectability of any asset or the future performance of any loan of SCB or First Mid. Piper Jaffray assumed, with SCB's consent, that the respective allowances for loan and lease losses for SCB and First Mid, and the credit mark were adequate to cover such losses and would be adequate for First Mid on a pro forma basis assuming completion of the merger. Accordingly, Piper Jaffray expressed no opinion with respect to the foregoing. In particular, Piper Jaffray did not undertake an independent analysis of any pending or threatened litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which SCB, First Mid or any of their affiliates was a party or may be subject, and at the direction of SCB and with its consent, the opinion makes no assumption concerning, and therefore does not consider, the possible assertion of claims, outcomes or damages arising out of any such matters. Piper Jaffray also assumed that neither SCB nor First Mid was party to any material pending transaction, including without limitation any financing, recapitalization, acquisition or merger, divestiture or spin-off, other than the merger.

The Piper Jaffray Opinion was necessarily based upon the information available to Piper Jaffray and facts and circumstances as they existed and were subject to evaluation on the date of the Piper Jaffray Opinion; events occurring after that date could materially affect the assumptions used in preparing the Piper Jaffray Opinion. Piper Jaffray did not express any opinion as to the value or trading price of SCB common stock or First Mid common stock following announcement of the merger or at any future time. Piper Jaffray has not undertaken to reaffirm or revise its opinion or otherwise comment upon any events occurring after the date of the opinion and does not have any obligation to update, revise or reaffirm its opinion.

Pursuant to Piper Jaffray's January 26, 2018 engagement letter, SCB agreed to pay a fairness opinion cash fee of \$100,000 to Piper Jaffray upon delivery of Piper Jaffray's fairness opinion, which fee was not contingent on the



conclusions reached in such opinion or the consummation of the merger. Of this amount, \$50,000 will be credited against, and thereby reduce, any transaction fee payable to Piper Jaffray. SCB has also agreed to pay to Piper Jaffray a fee equal to 1.00% of the aggregate transaction value paid upon closing of the merger. In addition,

SCB has agreed to reimburse Piper Jaffray for certain expenses incurred in connection with its services and indemnify Piper Jaffray for certain liabilities, including liabilities arising under the federal securities laws. Except as disclosed above, there are no material relationships that existed during the two years prior to the date of the Piper Jaffray Opinion or that are mutually understood to be contemplated, in which any compensation was received or is intended to be received as a result of the relationship between Piper Jaffray and any party to the merger agreement.

Piper Jaffray has, in the past, provided financial advisory and financing services to SCB and may continue to do so and has received, and may receive, fees for the rendering of such services. In the ordinary course of business, Piper Jaffray and its affiliates may actively trade securities of First Mid for its own account or the account of its customers and, accordingly, may at any time hold a long or short position in such securities. Piper Jaffray may also, in the future, provide investment banking and financial advisory services to SCB, First Mid or entities that are affiliated with SCB or First Mid, for which Piper Jaffray would expect to receive compensation.

Consistent with applicable legal and regulatory requirements, Piper Jaffray has adopted policies and procedures to establish and maintain the independence of its research department and personnel. As a result, Piper Jaffray's research analysts may hold opinions, make statements or recommendations, and/or publish research reports with respect to First Mid and the merger and other participants in the merger that differ from the views of Piper Jaffray's investment banking personnel.

Piper Jaffray was not requested to opine as to, and the Piper Jaffray Opinion does not address, the basic business decision to proceed with or effect the merger, the merits of the merger relative to any alternative transaction or business strategy that may be available to SCB, First Mid's ability to fund or issue the merger consideration, any other terms contemplated by the merger agreement or the fairness of the merger to any other class of securities, creditor or other constituency of SCB. Furthermore, Piper Jaffray expressed no opinion with respect to the amount or nature of compensation to any officer, director or employee of any party to the merger, or any class of such persons, relative to the consideration to be received by holders of SCB common stock in the merger or with respect to the fairness of any such compensation, including whether such payments are reasonable in the context of the merger.

Set forth below is a summary of the material financial analyses performed by Piper Jaffray in connection with rendering its opinion, as delivered to the SCB board of directors in connection with its meeting on June 11, 2018. The order of analyses described does not represent relative importance or weight given to those analyses by Piper Jaffray. Some of the summaries of the financial analyses include information presented in tabular format. To fully understand the summary of the analyses used by Piper Jaffray, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the analysis.

For purposes of its analyses, Piper Jaffray reviewed a number of financial and operating metrics, including those referred to below.

**Summary of Proposal.** Piper Jaffray reviewed the financial terms of the merger. Using a transaction value of \$98.1 million (inclusive of the special cash dividend), based on First Mid's June 8, 2018 closing stock price of \$40.08, and a fully diluted number of shares outstanding of SCB common stock provided by SCB management, Piper Jaffray calculated an implied per share transaction value of \$429.13 per share (inclusive of the stock and cash merger consideration plus the special cash dividend). Based on SCB's financial statements dated as of March 31, 2018, which were the most recent financial statements available at the time of Piper Jaffray's analysis, Piper Jaffray calculated the implied transaction value multiples set forth in the table below. The terms used in the tables include the following:

Book Value, which means SCB's total stockholders' equity as of March 31, 2018;

Tangible Book Value and Tangible Common Equity, each of which refers to SCB's total stockholders' equity less the value of any intangible assets, including goodwill, as of March 31, 2018;

Tangible Capital, which means Tangible Book Value, minus the amount of the special cash dividend;

Last Twelve Months Earnings (referred to as "LTM Earnings"), which means SCB's net income for the twelve month period ended March 31, 2018;

Pre-Tax Last Twelve Months Earnings (referred to as “Pre-Tax LTM Earnings”), which means LTM Earnings, before the deduction of income tax expense;

2018 Estimated Earnings, which mean the earnings estimated by SCB for 2018;

2019 Estimated Earnings, which mean the earnings estimated by SCB for 2019; and

Core Deposit Premium, which means the quotient of (i) the implied transaction value for SCB (including the special cash dividend), less Tangible Book Value, and (ii) aggregate core deposits (excluding time and open accounts greater than \$250,000), expressed as a percentage.

Price / Book Value <sup>(1)</sup> 138%

Price / Tangible Book Value <sup>(1)</sup> 155%

Adjusted Price / Tangible Capital <sup>(2)</sup> 192%

Price / LTM Earnings - Reported <sup>(1)</sup> 22.5x

Price / Pre-Tax LTM Earnings<sup>(1)</sup> 15.1x

Price / 2018 Estimated Earnings <sup>(1)(3)</sup> 20.6x

Price / 2019 Estimated Earnings <sup>(1)(3)</sup> 20.0x

Core Deposit Premium <sup>(1)(4)</sup> 11.4%

(1) Before deduction of special cash dividend.

(2) After deduction of special cash dividend from both numerator and denominator.

(3) Based on SCB management guidance.

Core deposit premium defined as the implied transaction value (\$98.1mm) less tangible common equity divided by (4) core deposits; core deposits defined as total deposits less jumbo deposits (jumbo deposits defined as time and open accounts greater than \$250,000)

Pro Forma Contribution at Announcement. Piper Jaffray analyzed the relative contribution of certain balance sheet and income statement items of SCB and First Mid and compared those relative contributions to the implied pro forma ownership of SCB and First Mid common stockholders on an as-if 100% stock transaction basis. This analysis excluded any acquisition-related accounting adjustments or cost synergies projected to be achieved through the merger. The balance sheet items were based on March 31, 2018 financial information, and the projected income statement items were based on consensus analyst estimates, in the case of First Mid, and SCB management projections, in the case of SCB. The results of Piper Jaffray’s analysis are set forth in the following table:

	First Mid as % of Total	SCB as % of Total
<b>BALANCE SHEET</b>		
Total Assets	88.4%	11.6%
Gross Loans	90.1%	9.9%
Deposits	89.5%	10.5%
Core Deposits	89.4%	10.6%
Common Equity	83.8%	16.2%
Tangible Common Equity	81.0%	19.0%
<b>PROJECTED INCOME STATEMENT</b>		
2018 Estimated Earnings (excluding synergies)	89.1%	10.9%
2019 Estimated Earnings (excluding synergies)	89.7%	10.3%
2020 Estimated Earnings (excluding synergies)	90.2%	9.8%

Pro Forma Ownership (as-if 100% stock transaction) <sup>(1)</sup> 85.4% 14.6%

Pro Forma Ownership (proposed deal mix) 92.0% 8.0%

Note: Financials at time of announcement are not adjusted for special cash dividend

Note: First Mid financials shown pro forma for First BancTrust acquisition

Note: Does not include purchase accounting adjustments or synergies

(1) Assumes total consideration of First Mid common stock with a value of \$98.1 million (inclusive of the special cash dividend), based on the closing price of First Mid common stock on June 8, 2018

SCB Comparable Public Trading Group Analysis. Using publicly available information, Piper Jaffray compared selected financial and market data of SCB with similar data for companies Piper Jaffray deemed comparable to SCB for purposes of its analysis.

The comparable group as determined by Piper Jaffray for purposes of its analysis consisted of banks which are exchange traded (Nasdaq or NYSE), excluding mutual holding companies, and are headquartered in Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin with assets between \$250 million and \$1 billion, and tangible common equity to tangible asset ratios greater than 8.0%. The group was comprised of the following companies and is referred to herein as the “SCB Comparable Public Trading Group”:

SCB Comparable Public Trading Group

First Savings Financial Group	SB Financial Group Inc.	HopFed Bancorp Inc.
Guaranty Federal Bancshares, Inc.	First Capital Inc.	HMN Financial Inc.
IF Bancorp, Inc.	United Bancorp Inc.	Citizens First Corp.
Poage Bankshares Inc.	Equitable Financial Corp.	Ottawa Bancorp Inc.

In all instances, multiples were based on closing stock prices on June 8, 2018. For each of the following analyses performed by Piper Jaffray, financial and market data for the selected companies were based on the selected companies’ filings with the SEC and information Piper Jaffray obtained from SNL Financial. The multiples and ratios for each of the selected companies were based on the most recent publicly available information. Throughout Piper Jaffray’s analysis of SCB and the tables below, the high and the low bounds of the ranges presented represented the 75<sup>th</sup> and 25<sup>th</sup> percentile values, respectively.

With respect to the SCB Comparable Public Trading Group table below, the information Piper Jaffray presented included the following:

• LTM Core ROAA, which means last twelve months core net income (excludes securities gains or losses) divided by average assets;

• LTM Core ROAE, which means last twelve months core net income (excludes securities gains or losses) divided by average equity;

• NIM, which means net interest income divided by average earnings assets;

• Efficiency Ratio, which means noninterest expense divided by operating revenue;

• NPAs / Assets, which means nonperforming assets divided by total assets;

• TCE / TA, which means that ratio of (i) stockholders’ equity less intangible assets, goodwill and preferred equity to (ii) total assets less intangible assets and goodwill;

• Price / Book, which means the multiple of price to book value;

• Price / TBV, which means the multiple of price to tangible book value;

• Price / LTM EPS, which means the multiple of price to last twelve months earnings per share;

• Price / Pre-Tax LTM EPS, which means the multiple of price to last twelve months earnings per share, before the deduction of income tax expense; and

• Core Deposit Premium, which means the premium over tangible common equity as a percentage of core deposits.

Results of Piper Jaffray's analysis were presented for the SCB Comparable Public Trading Group, as shown in the following table:

SCB Comparable Public Trading Group

	SCB as of and for the period ended March 31, 2018	Deal Multiple	High	Median	Low
LTM Core ROAA	1.00%	n/a	0.96%	0.68%	0.37%
LTM Core ROAE	6.18%	n/a	9.64%	6.50%	2.42%
NIM	2.66%	n/a	3.80%	3.69%	3.54%
Efficiency Ratio	77%	n/a	74%	71%	68%
NPAs / Assets	2.65%	n/a	1.23%	0.94%	0.46%
TCE / TA	14.6%	n/a	11.7%	9.8%	9.3%
Price / Book	n/a	1.38x	1.48x	1.20x	1.01x
Price / TBV	n/a	1.55x	1.58x	1.30x	1.05x
Price / LTM EPS	n/a	22.5x	20.9x	17.2x	15.9x
Price / Pre-Tax LTM EPS	n/a	15.1x	17.2x	12.4x	10.8x
Core Deposit Premium	n/a	11.4%	6.4%	4.0%	0.9%

Note: SCB financials are not adjusted for special cash dividend

Based on the analysis above, Piper Jaffray then applied the range of multiples to the applicable metrics of SCB. The analysis indicated the following implied values of SCB common stock, as compared to the implied transaction value of \$98.1 million (inclusive of the special cash dividend):

SCB Implied Deal Value Based on Comparable

Public Trading Group Multiples

	Low - High
Price / Book	\$71.5mm - \$104.6mm
Price / TBV	\$66.0mm - \$98.7mm
Price / LTM Reported EPS	\$69.0mm - \$90.4mm
Price / Pre-Tax LTM EPS	\$69.6mm - \$110.7mm
Core Deposit Premium	\$65.4mm - \$82.6mm

Note: Implied transaction value assumes the inclusion of the special cash dividend

SCB Comparable M&A Transactions Analysis. Using publicly available information, Piper Jaffray compared the proposed financial terms of the merger to publicly available financial terms of a group of merger and acquisition transactions selected by Piper Jaffray involving companies in the depository industry.

The transactions group selected by Piper Jaffray for purposes of its analysis includes 24 selected transactions announced since January 1, 2017 with announced deal values and seller headquartered in Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin with assets between \$250 million to \$1 billion, LTM ROAA greater than 0.00%, and TE/TA greater than 8.0%. The group was comprised of the following transactions and is referred to herein as the "SCB Comparable M&A Transactions":

Buyer / Seller

German American Bancorp, Inc./ First Security Inc.  
Stifel Financial Corp./ Business Bancshares Inc.  
Capitol Federal Financial Inc./ Capital City Bancshares Inc.  
QCR Holdings Inc./ Springfield Bancshares Inc.  
Civista Bancshares Inc./ United Community Bancorp  
CNB Bank Shares Inc./ Jacksonville Bancorp  
Mackinac Financial Corporation/ First Federal of Northern Michigan Bancorp  
Old Second Bancorp Inc./ Greater Chicago Financial Corporation  
LCNB Corp./ Columbus First Bancorp Inc.  
Equity Bancshares Inc./ Kansas Bank Corp.  
First Mid-Illinois Bancshares/ First BancTrust Corp.  
Independent Bank Corp./ TCSB Bancorp Inc.  
Investor group/ Bancorp of Lexington Inc.  
Heartland Financial USA Inc./ Signature Bancshares Inc.  
Peoples Bancorp Inc./ ASB Financial Corp.  
MutualFirst Financial Inc./ Universal Bancorp  
First American Bank Corp./ Southport Financial Corp.  
Horizon Bancorp/ Wolverine Bancorp Inc.  
QCR Holdings Inc./ Guaranty B&TC & certain assets  
Citizens Community Bancorp/ Wells Financial Corp.  
Topeka Bancorp Inc./ Kaw Valley Bancorp Inc.  
First Busey Corp./ Mid Illinois Bancorp Inc.  
Midland States Bancorp Inc./ Centru Financial Corporation  
First Merchants Corp./ Arlington Bank

With respect to the SCB Comparable M&A Transactions, the information Piper Jaffray presented included the following:

• LTM ROAA;

• NPAs / Assets;

• TE / TA, which means the ratio of (i) stockholders' equity (including preferred equity), less intangible assets, goodwill and preferred equity to (ii) total assets less intangible assets and goodwill;

• TCE / TA;

• Price / Book;

• Price / TBV;

• Price / Core Tangible Book (at 8% TCE/TA);

• Price / LTM EPS; and

• Core Deposit Premium.

Results of Piper Jaffray's analysis were presented for the SCB Comparable M&A Transactions, as shown in the following table:

SCB Comparable M&A Transactions

	SCB as of and for the period ended March 31, 2018	Deal Multiple	High	Median	Low
LTM ROAA	1.00%	n/a	0.98%	0.85%	0.69%
NPAs / Assets	2.65%	n/a	1.45%	1.04%	0.39%
TE / TA	14.62%	n/a	11.90%	10.85%	9.63%
TCE / TA	14.62%	n/a	11.58%	9.87%	8.39%
Price / Book	n/a	1.38x	1.83x	1.51x	1.39x
Price / TBV	n/a	1.55x	1.83x	1.55x	1.41x
Price / Core Tangible Book	n/a	2.02x	2.00x	1.77x	1.57x
Price / LTM EPS - Reported	n/a	22.5x	26.8x	20.1x	17.1x
Core Deposit Premium	n/a	11.4%	12.7%	9.8%	6.7%

Note: SCB financials are not adjusted for special cash dividend

Based on the analysis above, Piper Jaffray then applied the range of multiples to the applicable metrics of SCB. The analysis indicated the following implied values of SCB common equity, as compared to the implied transaction value of \$98.1 million (inclusive of the special cash dividend):

SCB Implied Deal Value

Based on Comparable M&A Transaction Group  
Multiples (at announcement)

	Low - High
Price / Book	\$97.9mm - \$129.0mm
Price / TBV	\$88.2mm - \$114.3mm
Price / Core Tangible Book	\$80.7mm - \$94.4mm
Price / LTM EPS - Reported	\$74.1mm - \$116.2mm
Core Deposit Premium	\$83.4mm - \$102.1mm

Note: Implied deal value assumes the inclusion of special cash dividend

SCB Discounted Cash Flow Analysis. Piper Jaffray calculated a range of implied values for SCB common stock by estimating the present value of cash flows SCB could provide to holders of SCB common stock through 2022 and using the terminal multiple approach to determine a terminal value.

The following assumptions were used:

- financial forecasts from 2018 - 2022 provided by SCB management;
- maintenance of a 10.00% tangible common equity-to-tangible asset ratio;
- discount rates range from 14.0% to 16.0%;
- terminal multiple applied to LTM Pre-Tax earnings ranged from 11.0x to 13.0x; and
- asset growth of 3.0% from 2018-2022.



The discounted cash flow calculations resulted in the below valuation ranges:

Discount Rate	Terminal Multiple (Pre-Tax LTM P/E)	11.0x	12.0x	13.0x
14.0%		\$73.8mm	\$77.6mm	\$81.4mm
15.0%		\$71.8mm	\$75.4mm	\$79.1mm
16.0%		\$69.9mm	\$73.4mm	\$76.9mm

The discounted cash flow analysis is a widely used valuation methodology that relies on numerous assumptions, including asset growth rates, earnings growth rates, discount rates, and terminal multiples, and the results of such methodology are highly dependent on these assumptions. Except for the financial forecasts from 2018 - 2022 provided by SCB management, these other assumptions were determined by Piper Jaffray for purposes of its discounted cash flow analysis. The analysis does not purport to be indicative of the actual values or expected values of SCB. In addition, the analysis relates only to the potential value achieved by SCB as a stand-alone entity based on assumptions described herein. Therefore, the analysis is not intended to, and does not purport to, reflect values achieved on a post-merger basis with First Mid.

**First Mid Comparable Public Trading Group Analysis.** Using publicly available information, Piper Jaffray compared financial data of First Mid to its peers sourced from First Mid's most recent proxy filing, dated March 16, 2018. The comparable public trading is comprised of the 8 following companies and is referred to herein as the "First Mid Comparable Public Trading Group":

First Mid Comparable Public Trading Group

Stock Yards Bancorp, Inc.    QCR Holdings, Inc.                      Mercantile Bank Corporation

Horizon Bancorp, Inc.        German American Bancorp, Inc.    Farmers National Banc Corp.

Ames National Corporation    Southern Missouri Bancorp, Inc.

In all instances, multiples were based on closing stock prices on June 8, 2018. For each of the following analyses performed by Piper Jaffray, financial and market data and earnings per share estimates for the selected companies were based on the selected companies' filings with the SEC and information Piper Jaffray obtained from SNL Financial. The multiples and ratios for each of the selected companies were based on the most recent publicly available information. Throughout Piper Jaffray's analysis of First Mid, the high and the low bounds of the ranges presented represented the 80<sup>th</sup> and 20<sup>th</sup> percentile values, respectively.

With respect to First Mid Comparable Public Trading Group, the information Piper Jaffray presented included the following:

• LTM Core ROAA;

• LTM Core ROAE;

• NIM;

• Efficiency Ratio;

• C&I Loans / Total Loans

• NPAs / Assets;

• TCE / TA;

• Price / Book;

• Price / TBV;

• Price / LTM EPS;

• Price / Pre-Tax LTM EPS

• Price / Estimated 2018 EPS (based on consensus analyst estimates)

• Price / Estimated 2019 EPS (based on consensus analyst estimates)

• Core Deposit Premium.



Results of Piper Jaffray's analysis were presented for First Mid Comparable Public Trading Group, as shown in the following table, in which the \$40.08 per share market valuation is used to calculate the implied First Mid multiples:  
First Mid Comparable Public Trading Group

	First Mid as of and for the period ended March 31, 2018	High	Median	Low
LTM Core ROAA	1.08%	1.29%	1.16%	1.12%
LTM Core ROAE	9.94%	12.22%	11.59%	10.04%
NIM	3.70%	3.86%	3.76%	3.69%
Efficiency Ratio	55%	59%	59%	56%
C&I Loans / Total Loans	27.0%	31.7%	26.9%	17.6%
NPAs / Assets	0.70%	0.68%	0.47%	0.35%
TCE / TA	8.7%	10.2%	9.7%	8.8%
Price / Book	1.64x	2.16x	1.83x	1.72x
Price / TBV	2.11x	2.67x	2.19x	1.92x
Price / LTM EPS	17.4x	20.8x	19.1x	17.7x
Price / Pre-Tax LTM EPS	13.2x	16.1x	14.8x	12.8x
Price / Estimated 2018 EPS	13.1x	16.8x	15.2x	14.6x
Price / Estimated 2019 EPS	13.5x	15.3x	14.0x	12.9x
Core Deposit Premium	14.9%	21.4%	14.2%	11.5%

Based on the analysis above, Piper Jaffray then applied the range of multiples to the applicable metrics of First Mid. The analysis indicated the following implied equity values per share of First Mid common stock:

First Mid Implied Per Share Price based on  
Comparable Public Trading Group Multiples

	Low - High
Price / Book	\$43.71 - \$55.09
Price / TBV	\$35.90 - \$49.88
Price / 2018 Estimated EPS	\$39.61 - \$45.64
Price / 2019 Estimated EPS	\$38.42 - \$45.30
Core Deposit Premium	\$39.64 - \$57.69

First Mid Discounted Cash Flow Analysis. Piper Jaffray calculated a range of implied values for First Mid common stock by estimating the present value of cash flows First Mid could provide to common equity holders through 2022 and using the terminal multiples approach to determine a terminal value. The following assumptions were used:

- financial forecasts from 2018 - 2019 per consensus analyst estimates;
- earnings growth rate of 9.0% from 2020 - 2023;
- 2018 - 2022 asset growth rate of 5.0%;
- maintenance of a 9.00% tangible common equity-to-tangible asset ratio;
- discount rates range from 11.0% to 13.0%; and
- terminal multiple applied to final year (2023) earnings ranged from 14.0x to 16.0x.

The calculations resulted in a range of implied values of \$38.46 to \$46.86 per share, as compared to the \$40.08 per share market valuation, based on June 8, 2018 closing prices.

Discount Terminal Multiple

Rate	(Fwd P/E)		
	14.0x	15.0x	16.0x
11.0%	\$41.75	\$44.30	\$46.86
12.0%	\$40.06	\$42.51	\$44.96
13.0%	\$38.46	\$40.81	\$43.15

The discounted cash flow analysis is a widely used valuation methodology that relies on numerous assumptions, including asset growth rates, earnings growth rates, discount rates, and terminal multiples, and the results of such methodology are highly dependent on these assumptions. These assumptions were determined by Piper Jaffray and reviewed with SCB management, for purposes of its discounted cash flow analysis. The analysis does not purport to be indicative of the actual values or expected values of First Mid. In addition, the analysis relates only to the potential value achieved by First Mid as a stand-alone entity based on assumptions described herein. Therefore, the analysis is not intended to, and does not purport to, reflect values, including on a post-merger basis.

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by Piper Jaffray. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Piper Jaffray believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the processes underlying the analyses and its opinion. In arriving at its opinion, Piper Jaffray did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, Piper Jaffray considered the totality of the factors and analyses performed in determining its opinion. In performing its analyses, Piper Jaffray made numerous assumptions with respect to industry performance, general business, economic, monetary, regulatory, market and other conditions and other matters, many of which are beyond SCB's, First Mid's, or Piper Jaffray's control. In addition, analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and the analyses used or performed by Piper Jaffray are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, Piper Jaffray's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold, and the range of valuations resulting from any individual analysis described above should not be taken to be Piper Jaffray's view of SCB's or First Mid's actual value. None of the selected companies reviewed is identical to SCB or First Mid. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that Piper Jaffray considered to be similar to those of SCB or First Mid, as applicable, for purposes of its analysis. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to SCB or First Mid, as applicable. The analyses of Piper Jaffray and its opinion were among a number of factors taken into consideration by the board of directors of SCB in making its determination to approve the merger agreement, and the analyses described above should not be viewed as determinative of the decision of the SCB board of directors to approve the merger agreement.

First Mid's reasons for the merger

First Mid's board of directors believes that the merger is in the best interests of First Mid and its stockholders. In deciding to approve the agreement and the transactions contemplated therein, including the issuance of First Mid common stock in connection with the merger, First Mid's board of directors after consulting with its management as well as its legal and financial advisors, considered a number of factors, including the following, which are not presented in order of priority:



its knowledge of First Mid's business, operations, financial condition, earnings and prospects and of SCB's business, operations, financial condition, earnings and prospects, taking into account the results of First Mid's comprehensive due diligence process and loan review of SCB;

the opportunity for First Mid to deepen its presence in the growing Decatur, Peoria and Champaign-Urbana markets;

the ability to enhance First Mid's revenue diversification with the addition of SCB's complementary business lines in insurance, agricultural and trust services;

management's view that SCB's business, operations and commitment to community banking complement those of First Mid's and provide an opportunity to leverage existing operations for greater efficiencies and cost-savings and enhanced earnings per share;

management's belief that the combined institution will strengthen First Mid's ability to serve large customers and provide opportunities for loan growth;

the likelihood of a successful integration of SCB's business operations and workforce with those of First Mid and management's view that the integration will be facilitated by the similarities between the cultures and business philosophies of First Mid and SCB;

management's expectations regarding cost synergies, earnings accretion and internal rate of return;

the financial and other terms of the merger agreement, including the tax treatment, the split between stock and cash consideration and termination fee provisions, which it reviewed with its outside financial and legal advisors;

the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating SCB's business, operations and workforce with those of First Mid;

the potential risk of diverting management attention and resources from the operation of First Mid's business and towards the completion of the merger; and

the regulatory and other approvals required in connection with the merger and the expectation that such regulatory approvals will be received in a timely manner and without the imposition of unacceptable conditions.

The above discussion of the information and factors considered by First Mid's board of directors is not intended to be exhaustive, but includes a description of material factors considered by the First Mid board of directors. In view of the wide variety of factors considered by the First Mid board of directors in connection with its evaluation of the merger, the First Mid board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered. In considering the factors described above, individual directors may have given differing weights to different factors. First Mid's board of directors unanimously made its determination with respect to the merger based on the conclusion reached by its members based on the factors that each of them considered appropriate, that the merger is in the best interests of First Mid's stockholders.

#### Accounting treatment of the merger

For accounting and financial reporting purposes, the merger will be accounted for under the acquisition method of accounting for business combinations in accordance with GAAP. Under the acquisition method of accounting, the assets (including identifiable intangible assets) and liabilities (including executory contracts and other commitments) of SCB as of the effective time of the merger will be recorded at their respective fair values and added to those of First Mid. Any excess of purchase price over the fair values is recorded as goodwill. Consolidated financial statements of First Mid issued after the merger will reflect these fair values and will not be restated retroactively to reflect the historical consolidated financial position or results of operations of SCB.

## Regulatory approvals

The merger cannot proceed without obtaining all requisite regulatory approvals. First Mid and SCB have agreed to take all appropriate actions necessary to obtain the required approvals. The merger of First Mid and SCB is subject to prior approval of the Federal Reserve and the IDFP. First Mid submitted applications with the Federal Reserve and the IDFP on July 31, 2018, seeking the necessary approvals.

In reviewing that application, the Federal Reserve is required to consider the following:

competitive factors, such as whether the merger will result in a monopoly or whether the benefits of the merger to the public in meeting the needs and convenience of the community clearly outweigh the merger's anticompetitive effects or restraints on trade; and

banking and community factors, which includes an evaluation of:

the financial and managerial resources of First Mid, including its subsidiaries, and of SCB, and the effect of the proposed transaction on these resources;

management expertise;

internal control and risk management systems;

the capital of SCB;

the convenience and needs of the communities to be served; and

the effectiveness of SCB and First Mid in combating money laundering activities.

The application process includes publication and opportunity for comment by the public. The Federal Reserve may receive, and must consider, properly filed comments and protests from community groups and others regarding (among other issues) each institution's performance under the Community Reinvestment Act of 1977, as amended (which we refer to as the "Community Reinvestment Act"). The merger may not be consummated until at least 15 days after receipt of Federal Reserve approval, during which time the United States Department of Justice may challenge the merger on antitrust grounds. The commencement of an antitrust action would stay the effectiveness of the Federal Reserve's approval, unless a court specifically orders otherwise.

At a date following the completion of the merger, First Mid intends to merge Soy Capital Bank with and into First Mid Bank, with First Mid Bank as the surviving bank. The bank merger will be subject to approval by the OCC. First Mid Bank intends to file an application with the OCC seeking approval in the near future. Regulatory approval of the bank merger is not required to complete the merger of First Mid and SCB.

While First Mid knows of no reason why the approval of any of the applications would be denied or unduly delayed, it cannot assure you that all regulatory approvals required to consummate the merger and the bank merger will be obtained or obtained in a timely manner.

Interests of certain persons in the merger

General. In considering the recommendations of the SCB board of directors, SCB stockholders should be aware that certain directors and executive officers of SCB and Soy Capital Bank may have interests in the merger that are different from, or are in addition to, the interests of SCB stockholders generally. The SCB board of directors was aware of these interests to the extent these interests existed at the time the SCB board of directors approved the merger agreement and considered them, among other matters, in approving the merger agreement and determining to recommend to SCB stockholders to vote for approval of the merger agreement.

Stock Ownership. As of July 31, 2018, SCB's directors controlled, in the aggregate, 28,881 shares of SCB's common stock, representing approximately 12.8% of SCB's outstanding shares of common stock. Additionally, as of July 31, 2018, SCB's directors and executive officers collectively controlled 31,531 shares, constituting approximately 14.0% of the shares then outstanding.





Appointment to the Boards of Directors of First Mid-Illinois Bancshares and First Mid Bank. Under the merger agreement, First Mid will appoint one current director of SCB to the First Mid board of directors and, upon completion of the bank merger, will appoint one current director of Soy Capital Bank to the First Mid Bank board of directors.

Employment Related Agreement with Certain Executives. SCB and Soy Capital Bank have previously entered into an employment agreement with Robert C. Smith, and Soy Capital Bank has entered into an employment agreement with Andrew R. Cave and a Change in Control and Severance Agreement with Kevin M. Voss. The agreements provide for payments to each executive if his employment is terminated in certain circumstances, including in connection with the change in control as described below.

Robert C. Smith. SCB and Soy Capital Bank have previously entered into an employment agreement with Robert C. Smith, who is SCB's President and Soy Capital Bank's Vice Chairman and Chief Executive Officer. Under the agreement, if Mr. Smith's employment is terminated without cause following a change in control, or if Mr. Smith terminates his employment due to a reduction in salary or bonus or a 50% reduction in benefits that occurs within 24 months following a change in control, SCB would be obligated to pay him an amount equal to two times his annual salary, bonus and benefits (for the current year or preceding year, whichever is greater). Such amount would be paid in two equal annual installments beginning on the date of termination. This amount would total approximately \$967,000 as of December 31, 2018. The agreement contains one-year post termination restrictions that prohibit Mr. Smith from competing with SCB and Soy Capital Bank and soliciting customers and employees of SCB and Soy Capital Bank.

Andrew R. Cave. Soy Capital Bank has entered into an employment agreement with Mr. Cave, its President. Under the agreement, if Mr. Cave's employment is terminated by Soy Capital Bank for other than cause or by Mr. Cave for good reason within one year following the change in control, Soy Capital Bank would be obligated to pay him a lump sum equal to one and one-half (1-1/2) times the sum of his annual salary in effect at the time of termination (or if greater, at the time of the change in control) and the annual bonus paid to him for the year preceding the year in which the termination occurs (or if greater, the year preceding the year in which the change in control occurs). This amount would total approximately \$410,400 as of December 31, 2018, and it would be paid following Mr. Cave's execution of a release of claims. The agreement contains 18-month post-termination restrictive covenants that prohibit Mr. Cave from soliciting customers and employees of Soy Capital Bank and from providing any services of the type rendered by Mr. Cave for any client or customer of Soy Capital Bank.

Kevin M. Voss. Soy Capital Bank has entered into an employment agreement with Mr. Voss, its Executive Vice President and Chief Financial Officer. Under the agreement, if Mr. Voss's employment is terminated by Soy Capital Bank for other than cause or by Mr. Voss for good reason within one year following the change in control, Soy Capital Bank would be obligated to pay him a lump sum equal to one times the sum of his annual salary in effect at the time of termination (or if greater, at the time of the change in control) and the annual bonus paid to him for the year preceding the year in which the termination occurs (or if greater, the year preceding the year in which the change in control occurs). This amount would total approximately \$232,000 as of December 31, 2018, and it would be paid following Mr. Voss' execution of a release of claims. The agreement contains one year post-termination restrictive covenants that prohibit Mr. Voss from soliciting customers and employees of Soy Capital Bank and from providing any services of the type rendered by Mr. Voss for any client or customer of Soy Capital Bank.

Deferred Compensation Arrangements. Mr. Smith is a party to two deferred compensation arrangements with SCB, which are funded with bank-own life insurance policies. Under the "2010" arrangement, upon Mr. Smith's retirement, SCB will pay him \$20,000 per year for 15 years beginning on the later of age 67 or his retirement (subject to his repayment of \$20,000 for each year he retires prior to 66-1/2). Under the "1995" arrangement, upon Mr. Smith's retirement, SCB will pay him \$25,000 a year for 20 years beginning on the later of age 65 or his retirement (subject to his repayment of \$3,850 for each year he retires prior to 65). Under both arrangements, if SCB terminates Mr. Smith without cause or he terminates following a change in control of SCB, he will receive an amount equal to the guaranteed cash value of the insurance policies, grossed up for federal and state taxes, payable in 10 annual installments starting at age 67 (age 65 for the 1995 arrangement). This amount would be approximately \$400,995 as of December 31, 2018.



Split Dollar Life Insurance. SCB maintains a universal life insurance policy for Mr. Smith. Upon Mr. Smith's termination of employment and repayment of the premiums previously paid by SCB, ownership of the policy will be transferred to Mr. Smith. As of December 31, 2018 the net cash value (after subtracting premiums) would be approximately \$22,700.

Stock Options. The directors and executive officers of SCB hold outstanding stock options to purchase shares of SCB common stock that were granted to them by SCB under its stock option plans. In connection with the merger (i) the exercise price of the options will be reduced to reflect the special cash dividend that will be paid pursuant to the Merger Agreement; (ii) all options will be cancelled; and (iii) all option holders of options with an adjusted exercise price than the cash merger consideration will be entitled to receive a cash payment equal to the difference between the adjusted exercise price and the cash merger consideration (\$307.93), multiplied by the number of shares of common stock subject to the option. The cash amounts estimated to be received are:

Director/Executive	Amount
Kevin J. Breheny	\$28,962
Andrew R. Cave	\$6,187
Carl E. Curry	\$28,962
David W. Fedor	\$9,013
John K. Fischer	\$72,636
C. Malcolm Head	\$0
Kathleen D. Klein	\$4,564
William K. Lehman	\$6,084
Gretchen K. Murphy	\$72,636
Christopher T. Riley	\$1,623
Dr. Gayle Saunders	\$28,962
M. Joseph Schrodtt	\$28,962
William P. Shade III	\$28,962
Robert C. Smith	\$101,598
Brian R. Thompson	\$24,279
Kevin M. Voss	\$72,636
Rodney E. Weigelmann	\$61,315

Continued Director and Officer Liability Coverage. Pursuant to the terms of the merger agreement, First Mid agreed to maintain, for up to six years following the effective time, insurance coverage under the current policy of directors' and officers' liability insurance maintained by SCB for actions taken prior to the effective time of the merger. The cost of such insurance coverage shall not exceed 200% of the premiums SCB paid for its current policy term. Following the effective time, to the extent permitted by applicable law, First Mid has agreed to indemnify and hold harmless the current and former directors, officers and employees of SCB and its subsidiaries for all actions taken by them prior to the effective time of the merger.

Post-Merger Compensation Arrangements with First Mid. Since execution of the merger agreement, First Mid has engaged, and it expects to continue to engage, in discussions with certain of SCB executive officers regarding potential roles with the combined company after the consummation of the merger. As of the date of this proxy statement/prospectus, none of the executive officers and directors of SCB have entered into agreements or arrangements with First Mid or its affiliates regarding continued service with First Mid, or its affiliates after the effective time of the merger. However, prior to the effective time of the merger, such agreements or arrangements may be entered into, which could amend, terminate or otherwise modify the existing SCB arrangements with the executive officers that are described in this section and/or provide for the payment (or the right to future payment) of all or a portion of the benefits provided under such arrangements. Additionally, the First Mid board of directors is currently contemplating appointing Robert C. Smith, who currently serves as the President of SCB and as a member of the SCB board of directors, to serve on the First Mid board of directors at some time following his retirement which is

anticipated to occur on or about December 31, 2018. If appointed, the fees paid to Robert C. Smith will be the same as the director fees paid to similarly situated members of First Mid's board. No formal action has been taken by the First Mid board of directors with respect to such currently contemplated appointment.

## Restrictions on resale of First Mid common stock

The shares of First Mid common stock to be issued in connection with the merger will be registered under the Securities Act, and will be freely transferable, except for shares issued to any stockholder who may be deemed to be an “affiliate” of First Mid for purposes of Rule 144 under the Securities Act. Persons who may be deemed to be affiliates of First Mid include individuals or entities that control, are controlled by, or are under common control with First Mid and may include the executive officers, directors and significant stockholders of First Mid.

### SCB stockholder dissenters’ rights

**General.** Dissenters' rights with respect to SCB common stock are governed by Sections 11.65 and 11.70 of the Illinois Business Corporation Act of 1983, as amended (which we refer to as the “IBCA”). SCB stockholders have the right to dissent from the merger and to obtain payment of the fair value of their shares of SCB common stock in the event the merger is completed. Strict compliance with the dissent procedures is mandatory. Subject to the terms of the merger agreement, the parties could elect to terminate the merger agreement even if it is approved by SCB stockholders, thus terminating dissenters' rights available to SCB stockholders.

SCB urges any SCB stockholder who contemplates exercising his, her or its right to dissent to read carefully the provisions of Sections 11.65 and 11.70 of the IBCA, which are attached to this proxy statement/prospectus as Appendix B. A more detailed discussion of the provisions of the statute is included below. This discussion describes the steps that each SCB stockholder must take to exercise his, her or its right to dissent. Each SCB stockholder who wishes to dissent should read both the summary and the full text of the law. SCB cannot give any SCB stockholder legal advice. To completely understand this law, each SCB stockholder may want, and SCB encourages any SCB stockholder seeking to dissent, to consult with his, her or its legal counsel.

If you comply with the provisions of Sections 11.65 and 11.70 of the IBCA, then upon completion of the merger, you would be entitled to receive payment in cash from First Mid for the fair value of your shares of SCB common stock as of the closing date, with accrued interest. The term "fair value" means the proportionate interest of the stockholder in SCB, without discount for minority status or, absent extraordinary circumstances, lack of marketability, immediately before the closing of the merger excluding any appreciation or depreciation in anticipation of the merger, unless the exclusion would be inequitable. If First Mid and you cannot agree on the fair value of your dissenting shares or the accrued interest, then the IBCA provides for a judicial determination of these amounts. The value determined by an Illinois court may be more or less than the value of the consideration you may be entitled to receive under the merger agreement. If you desire to exercise dissenters' rights, you should refer to the statute in its entirety and should consult with legal counsel before taking any action to ensure that you comply strictly with the applicable statutory provisions.

If you desire to submit the written objection required by Sections 11.65 and 11.70 of the IBCA prior to the SCB special meeting, send or deliver such objection to SCB Bancorp, Inc., Corporate Secretary, 455 North Main Street, Decatur, Illinois 62523. SCB urges any stockholder who wishes to dissent to act carefully. SCB cannot and does not accept the risk of late or undelivered written objections. SCB stockholders bear the risk of non-delivery and of untimely delivery.

**Summary of Sections 11.65 and 11.70 of the IBCA.** To exercise dissenters' rights under Sections 11.65 and 11.70 of the IBCA and be entitled to appraisal and payment of the fair value of his, her or its dissenting shares under the IBCA, a SCB stockholder must:

- before the vote on the merger is taken, deliver to SCB a written demand for payment of your shares of SCB common stock;
- not vote in favor of the merger (note, however, that solely a vote, in person or by proxy, against approval of the merger agreement will not constitute a written demand for appraisal); and
- continue to hold your shares of SCB common stock through the effective time of the merger.

Your failure to vote against the proposal to approve the merger agreement will constitute a waiver of your dissenters' rights under the IBCA. However, a vote against approval of the merger agreement will not by itself be sufficient to satisfy your obligations if you are seeking an appraisal. You must follow the procedures set forth in Sections 11.65 and 11.70 of the IBCA to obtain dissenters' rights.

Each outstanding share of SCB common stock for which a legally sufficient demand in accordance with Sections 11.65 and 11.70 of the IBCA has been made and that was not voted in favor of approval of the merger will, after the effective time of the merger, represent only the rights of a dissenting stockholder under the IBCA. This includes the right to obtain payment for the fair value of those dissenting shares as provided under the IBCA.

If you make a legally sufficient demand, within 10 days after the effective date of the merger or 30 days after you have delivered your written demand for payment, whichever is later, First Mid will send to you a statement setting forth its opinion as to the fair value of your shares, as well as certain financial statements and a commitment to pay to you the estimated fair value for your dissenting shares. If you do not agree with the opinion of First Mid as to the estimated fair value of the dissenting shares, then within 30 days of your receipt of First Mid's valuation statement, you must notify First Mid of your estimated fair value of your dissenting shares and demand the difference between your estimated fair value and the amount of the proposed payment by First Mid.

If within 60 days from delivery of First Mid's notice to the dissenting stockholders you and First Mid have not agreed in writing to the fair value of your dissenting shares, First Mid will either pay the difference in value demanded by you, or file a petition in the circuit court requesting the court to determine the fair value of the dissenting shares. First Mid will be required to then make all dissenters to the merger a party to this proceeding. If First Mid does not commence the action, you are permitted by law to commence an action.

In a proceeding brought by First Mid to determine value, the court will determine the costs of the proceeding, including the reasonable compensation of expenses of the appraisers appointed by the court and excluding fees and expenses of counsel and experts for the respective parties. If the fair value of the dissenting shares as determined by the court materially exceeds the price that First Mid estimated to be the fair value of the shares of SCB common stock or if no estimate was given, then all or any part of the costs may be assessed against First Mid. If the amount that any dissenter estimated to be the fair value of the dissenting shares materially exceeds the fair value of the shares of SCB common stock as determined by the court, then all or any part of the costs may be assessed against that dissenter. The costs may also be awarded to the dissenter if the court finds that First Mid did not substantially comply with the procedure to dissent in the statute. In addition, costs can be assessed against either party if the court finds that that party acted arbitrarily, vexatiously or not in good faith with respect to the dissenter's rights.

A share of SCB common stock for which you have properly exercised your dissenters' rights and followed the correct procedures in the IBCA will no longer constitute a share of the common stock of SCB. None of these dissenting shares after the effective time of the merger will be entitled to vote for any purpose or receive any dividends or other distributions. If, however, you, as the holder of the shares of SCB common stock fail to properly perfect, effectively withdraw, waive or lose or otherwise become ineligible to exercise dissenters' rights under the IBCA, then at that time the shares held by you will again constitute issued and outstanding shares of SCB common stock.

The foregoing does not purport to be a complete statement of the provisions of IBCA relating to statutory dissenters' rights and is qualified in its entirety to the dissenters rights provisions, which are reproduced in full in Appendix B to this proxy statement/prospectus and which are incorporated herein by reference. If any SCB stockholder intends to dissent, or if such stockholder believes that dissenting might be in his, her or its best interests, such stockholder should read Appendix B carefully.

## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER AND THE SPECIAL CASH DIVIDEND

The following summary describes the material U.S. federal income tax consequences of the merger to U.S. holders (as defined below) of SCB common stock. The summary is based upon the Internal Revenue Code, applicable U.S. Treasury regulations, judicial decisions and administrative rulings and practice, all as in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. This summary does not address any tax consequences of the merger under state, local or foreign laws, or any federal laws other than those pertaining to income tax.

For purposes of this discussion, the term “U.S. holder” means a beneficial owner that is: an individual citizen or resident of the United States; a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or any of its political subdivisions; a trust that (1) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or an estate that is subject to U.S. federal income taxation on its income regardless of its source.

This discussion addresses only those U.S. holders of SCB common stock that hold their SCB common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code and does not address all the U.S. federal income tax consequences that may be relevant to particular holders of SCB common stock in light of their individual circumstances or to holders of SCB common stock that are subject to special rules, such as non-U.S. holders (as defined below) (except to the extent discussed under the subheading “Tax Implications to Non-U.S. Stockholders” below); financial institutions; qualified insurance plans; qualified retirement plans and individual retirement accounts; investors in pass-through entities; persons who are subject to alternative minimum tax; insurance companies; mutual funds; tax-exempt organizations; dealers or brokers in securities or currencies; traders in securities that elect to use a mark-to-market method of accounting; persons that hold SCB common stock as part of a straddle, hedge, constructive sale or conversion or other integrated transaction; regulated investment companies; real estate investment trusts; persons whose “functional currency” is not the U.S. dollar; U.S. expatriates or certain former citizens or long-term residents of the United States; and holders who acquired their shares of SCB common stock through the exercise of an employee stock option or otherwise as compensation.

If a partnership (or other entity that is taxed as a partnership for federal income tax purposes) holds SCB common stock, the tax treatment of a partner in that partnership generally will depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. Partnerships and partners in partnerships should consult their own tax advisors about the tax consequences of the merger to them.

The parties intend for the merger to be treated as a “reorganization” for U.S. federal income tax purposes. Each of Barack Ferrazzano Kirschbaum & Nagelberg LLP and Schiff Hardin LLP have delivered opinions, dated August 8, 2018, and filed as exhibits to the registration statement of which this proxy statement/prospectus is a part, to the effect that, subject to the exceptions, qualifications and limitations set forth therein, (i) the merger will constitute a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code, and (ii) SCB and First Mid will each be a party to such reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

Additionally, it is a condition to SCB’s obligation to complete the merger that SCB receive an opinion from Barack Ferrazzano Kirschbaum & Nagelberg LLP, dated the closing date of the merger, and it is a condition to First Mid’s obligation to complete the merger that First Mid receive an opinion from Schiff Hardin LLP, dated the closing date of the merger, each to the same effect as the opinions described in the preceding sentence. These conditions are waivable, and First Mid and SCB undertake to recirculate and resolicit if either of these conditions is waived and the change in tax consequences is material. These opinions are and will be based upon representation letters provided by First Mid and SCB and upon customary factual assumptions. Neither First Mid nor SCB has sought, and neither of them will seek, any ruling from the Internal Revenue Service regarding any matters relating to the merger, and the opinions described above will not be binding on the Internal Revenue Service or any court. Consequently, there can be no assurance that the Internal Revenue Service will not assert, or that a court would not sustain, a position contrary to any of the conclusions set forth below. In addition, if any of the representations or assumptions upon which the opinions are based are inconsistent with the actual facts, the U.S. federal income tax consequences of the merger could

be adversely affected.

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The actual tax consequences of the merger to you may be complex and will depend upon your specific situation and upon factors that are not within the control of First Mid or SCB. You should consult with your own tax advisor as to the tax consequences of the merger in light of your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws.

The following discussion summarizes the material U.S. federal income tax consequences of the merger to U.S. holders, assuming the merger qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

**Tax Consequences of the merger for U.S. holders of SCB common stock.** The U.S. federal income tax consequences of the merger to a U.S. holder will depend on whether such U.S. holder receives cash, shares of First Mid common stock or a combination of cash and stock in exchange for such U.S. holder's SCB common stock. At the time a SCB stockholder makes a cash or stock election pursuant to the terms of the merger agreement, such stockholder will not know whether, and to what extent, the proration provisions of the merger agreement will alter the mix of consideration such stockholder will receive. As a result, the tax consequences to such stockholder will not be ascertainable with certainty until such stockholder knows the precise amount of cash and shares of First Mid common stock that such stockholder will receive pursuant to the merger.

**Exchange of SCB common stock solely for First Mid common stock.** Except as discussed below, see “-Cash in Lieu of Fractional Shares of First Mid Common Stock,” a U.S. holder who exchanges all of its shares of SCB common stock solely for shares of First Mid common stock pursuant to the merger will not recognize gain or loss in connection with such exchange. A U.S. holder's aggregate tax basis in the First Mid common stock received in the merger in exchange for its SCB common stock, including any fractional shares deemed received by the U.S. holder under the treatment discussed below in “-Cash in Lieu of Fractional Shares of First Mid Common Stock,” generally will equal such U.S. holder's aggregate tax basis in the First SCB common stock surrendered by such U.S. holder in the merger. The holding period for the shares of First Mid common stock received by such U.S. Holder in the merger in exchange for its SCB common stock, including any fractional shares deemed received by the U.S. holder under the treatment discussed below in “-Cash in Lieu of Fractional Shares of First Mid Common Stock,” generally will include the holding period for the shares of SCB common stock exchanged therefor.

**Exchange of SCB common stock solely for cash.** A U.S. holder who exchanges all of its shares of SCB common stock solely for cash pursuant to the merger generally will recognize capital gain or loss equal to the difference between the amount of cash received by such U.S. holder and the U.S. holder's adjusted tax basis in the SCB common stock exchanged therefor. Any capital gain or loss generally will be long-term capital gain or loss if the U.S. holder held the shares of SCB common stock for more than one year at the effective time of the merger.

**Exchange of SCB common stock for a combination of First Mid common stock and cash.** Except as discussed below, a U.S. holder who exchanges its shares of SCB common stock for a combination of First Mid common stock and cash pursuant to the merger will recognize gain (but not loss) equal to the lesser of (i) the excess, if any, of the amount of cash plus the fair market value of any First Mid common stock received in the merger, over such U.S. holder's adjusted tax basis in the shares of SCB common stock surrendered by such U.S. holder in the merger and (ii) the amount of cash received by such U.S. holder in the merger (other than cash received in lieu of fractional shares of First Mid common stock).

For purposes of this calculation, the fair market value of First Mid common stock is based on the trading price of that stock on the date of the merger, rather than the methodology used in calculating the number of shares of First Mid common stock to be issued to the stockholder. In the case of any U.S. holder who acquired different blocks of SCB common stock at different times and at different prices, any realized gain or loss will be determined separately for each identifiable block of shares exchanged in the merger. A loss realized on the exchange of one block of shares cannot be used to offset a gain realized on the exchange of another block of shares, but a U.S. holder will generally be able to reduce its capital gains by capital losses in determining its income tax liability. Such U.S. holder should consult its tax advisor prior to the exchange with regard to identifying the basis or holding periods of the particular shares of First Mid common stock received in the merger.

In addition, U.S. Treasury regulations under Section 358 of the Internal Revenue Code provide that where a stockholder surrenders shares of target stock in an exchange and receives cash and shares of acquiror stock, then, to



the extent the terms of the exchange specify that shares of acquirer stock or cash are received in exchange for a particular share of target stock surrendered, the terms of the exchange shall control for the purpose of determining the gain to the extent the terms of the exchange are economically reasonable. Therefore, a U.S. holder might be permitted to calculate the amount of taxable gain separately for each share of SCB common stock surrendered in the merger based on the specific consideration received for such share. This result might be permitted if the stockholder designates, on the election form (and as specifically authorized by the merger agreement), specific shares of SCB common stock to be exchanged for cash or to be exchanged for First Mid common stock, as the case may be. Such a designation might result in less taxable gain to a U.S. holder even if the holder holds a single block of SCB common stock with a uniform tax basis. However, it is unclear whether a designation described in this paragraph will be treated as satisfying the requirements of the U.S. Treasury regulations, and whether the proration provisions of the merger agreement may affect such designation, and therefore there can be no assurance that the IRS would not successfully challenge a U.S. holder that reports taxable gain on the basis of such a designation. U.S. holders therefore should consult with their tax advisors with respect to the advisability, including any benefits or risks, of making an express designation in their election form.

Generally, a U.S. holder's aggregate tax basis in the First Mid common stock received by such U.S. holder in the merger in exchange for its SCB common stock, including any fractional shares deemed received by the U.S. holder under the treatment discussed below in "-Cash in Lieu of Fractional Shares of First Mid Common Stock," will equal such U.S. holder's aggregate tax basis in the SCB common stock surrendered in the merger, increased by the amount of taxable gain or dividend income (see below), if any, recognized by such U.S. holder in the merger (other than with respect to cash received in lieu of fractional shares of First Mid common stock), and decreased by the amount of cash, if any, received by such U.S. holder in the merger (other than cash received in lieu of fractional shares of First Mid common stock). The holding period for the shares of First Mid common stock received in the merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below in "-Cash in Lieu of Fractional Shares of First Mid Common Stock," generally will include the holding period for the shares of SCB common stock exchanged therefor.

Any capital gain generally will be long-term capital gain if the U.S. holder held the shares of SCB common stock for more than one year at the effective time of the merger. The deductibility of capital losses is subject to limitations. It is possible that all or part of the gain that a U.S. holder of SCB common stock recognizes could be treated as dividend income rather than capital gain. The gain recognized in the merger generally will be treated as capital gain, and not a dividend, if the deemed redemption associated with payment of cash to a holder of SCB common stock results in a meaningful reduction in such holder's deemed percentage share ownership of First Mid relative to what its percentage ownership would have been if it had received solely shares of First Mid common stock rather than a combination of cash and shares of First Mid common stock in the merger. The Internal Revenue Service has ruled that a stockholder in a publicly held corporation whose relative stock interest is minimal and who exercises no control with respect to corporate affairs is generally considered to have a meaningful reduction if that stockholder has a relatively minor (e.g., approximately 3%) reduction in its percentage stock ownership as a result of the deemed redemption. These rules are complex and dependent upon specific factual circumstances particular to each U.S. holder. Each U.S. holder that owns First Mid common stock before the effective time of the merger should consult its tax advisor as to the application of these rules to the particular facts relevant to such U.S. holder.

**Cash in Lieu of Fractional Shares of First Mid Common Stock.** A U.S. holder who receives cash instead of a fractional share of First Mid common stock will be treated as having received the fractional share of First Mid common stock pursuant to the merger and then as having exchanged the fractional share of First Mid common stock for cash in a redemption by First Mid. In general, this deemed redemption will be treated as a sale or exchange, and a U.S. holder will recognize gain or loss equal to the difference between (i) the amount of cash received by such U.S. holder and (ii) the portion of the basis of the shares of SCB common stock allocable to such fractional interest. Such gain or loss generally will constitute capital gain or loss and will be long-term capital gain or loss if the U.S. holder's holding period for the SCB common stock exchanged by such U.S. Holder is greater than one year as of the effective time of the merger.

Tax Consequences of Special Cash Dividend. Immediately prior to the closing of the merger, SCB will pay the special cash dividend to its shareholders. Although the matter is not free from doubt and no ruling from the Internal Revenue Service or opinion will be obtained in this respect, SCB intends to take the position (and this

discussion assumes) that the special cash dividend will be treated as a distribution from SCB for U.S. income tax purposes and not as cash consideration received pursuant to the merger.

The special cash dividend generally will be included in a U.S. holder's income as ordinary dividend income to the extent of SCB's current and accumulated earnings and profits. However, with respect to the special cash dividend received by individuals, such dividends are generally taxed at the lower applicable long-term capital gains rates, provided certain holding period requirements are satisfied and subject to other applicable limitations. Special cash dividend distribution in excess of SCB's current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of a U.S. holder's adjusted tax basis in SCB's common stock, calculated on a share-by-share basis, and thereafter as capital gain from the sale or exchange of such common stock. Special dividends received by a corporation may be eligible for a dividends received deduction, subject to applicable limitations and conditions. The determination of SCB's earnings and profits entails complex factual and legal analysis which will not be completed until after the Effective Time of the Merger. U.S. holders should consult their tax advisors for the potential U.S. federal income tax consequences to them if the special cash dividend were treated as additional cash received in connection with the Merger and not as a distribution.

**Medicare Tax on Unearned Income.** A U.S. holder that is an individual is subject to a 3.8% tax on the lesser of (i) his or her "net investment income" for the relevant taxable year or (ii) the excess of his or her modified adjusted gross income for the taxable year over a certain threshold (between \$125,000 and \$250,000 depending on the individual's U.S. federal income tax filing status). A similar regime applies to estates and trusts. Net investment income generally would include any capital gain incurred in connection with the merger.

**Backup Withholding and Information Reporting.** Payments of cash to a U.S. holder of SCB common stock pursuant to the merger may, under certain circumstances, be subject to information reporting and backup withholding unless the holder provides proof of an applicable exemption satisfactory to First Mid and the exchange agent or, in the case of backup withholding, furnishes its taxpayer identification number and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a U.S. holder under the backup withholding rules are not additional tax and generally will be allowed as a refund or credit against the U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

A U.S. holder of SCB common stock, as a result of having received First Mid common stock in the merger, will be required to retain records pertaining to the merger. In addition, each U.S. holder of SCB common stock who is a "significant holder" will be required to file a statement with such holder's U.S. federal income tax return in accordance with Treasury Regulations Section 1.368-3(b) setting forth such holder's basis in the SCB common stock surrendered and the fair market value of the First Mid common stock and cash received in the merger. A "significant holder" is a holder of SCB common stock who, immediately before the merger, owned at least 5% of the vote or value of the outstanding stock of SCB or securities of SCB with a basis for federal income taxes of at least \$1 million.

**Tax Implications to Non-U.S. Stockholders.** For purposes of this discussion, the term "non-U.S. holder" means a beneficial owner of SCB common stock (other than an entity treated as a partnership for U.S. federal income tax purposes) that is not a U.S. holder. The rules governing the U.S. federal income taxation of non-U.S. holders are complex, and no attempt will be made herein to provide more than a limited summary of those rules. Any gain a non-U.S. holder recognizes from the exchange of SCB common stock for First Mid common stock and cash in the merger and any capital gain from the sale or exchange of SCB common stock described above under

"-Tax Consequences of Special Cash Dividend" generally will not be subject to U.S. federal income taxation unless (a) the gain is effectively connected with a trade or business conducted by the non-U.S. holder in the United States, or (b) in the case of a non-U.S. holder who is an individual, such stockholder is present in the United States for 183 days or more in the taxable year of the sale and other conditions are met. Non-U.S. holders described in (b) above will be subject to a flat 30% tax on any gain recognized, which may be offset by U.S. source capital losses.

Generally, but subject to the discussion above under "-Tax Consequences of Special Cash Dividend" and the discussion below under "-The Foreign Account Tax Compliance Act ("FATCA")," the special cash dividend paid

to non-U.S. holders will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable United States income tax treaty. In order to obtain the benefit of any applicable United States income tax treaty, a non-U.S. holder will have to provide certain Internal Revenue Service forms (e.g., Form W-8BEN).

Except as may be otherwise provided in an applicable United States income tax treaty, a non-U.S. holder that conducts a trade or business within the United States generally will be taxed at ordinary United States federal income tax rates (on a net income basis) on dividends that are effectively connected with the conduct of such trade or business and such dividends will not be subject to the withholding described above. A foreign corporation may also be subject to a 30% "branch profits tax" unless a lower rate applies under an applicable United States income tax treaty.

If any gain or dividend income a non-U.S. holder recognizes from the exchange of SCB common stock for First Mid common stock and cash in the merger or from the special cash dividend the non-U.S. holder receives is effectively connected with the conduct of such trade or business, then the gain or the dividend income will be subject to U.S. federal income tax at graduated rates for non-U.S. holders other than corporations and the flat corporate rate (currently 21%) for non-U.S. holders that are corporations (including, if applicable, special lower rates that may be applicable to certain gain and dividends). If the non-U.S. holder is eligible for the benefits of a tax treaty between the United States and the non-U.S. holder's country of residence, any effectively connected gain or dividend income would generally be subject to U.S. federal income tax only if it is also attributable to a permanent establishment or fixed place of business maintained by the non-U.S. holder in the United States. Payment of the special cash dividend that is effectively connected with the U.S. trade or business, and therefore included in the gross income of a non-U.S. holder, will not be subject to the 30% withholding tax on dividends described above. To claim exemption from withholding for any effectively connected dividend or gain, the non-U.S. holder must certify its qualification, which can be done by providing Form W-8ECI. In addition, non-U.S. holders that are corporations (or treated as corporations for U.S. federal income tax purposes) may be subject to a branch profits tax equal to 30% (or a lesser rate under an applicable income tax treaty), referenced above, on their effectively connected earnings and profits for the taxable year, which would include such gain.

The Foreign Account Tax Compliance Act ("FATCA"). Subject to any intergovernmental agreement, a 30% withholding tax on the special cash dividend generally applies if paid to a foreign entity unless: (i) if the foreign entity is a "foreign financial institution," it undertakes certain due diligence, reporting, withholding and certification obligations, (ii) if the foreign entity is not a "foreign financial institution," it identifies certain of its U.S. investors or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption under FATCA. If withholding is required under FATCA on the special cash dividend paid to an SCB stockholder that otherwise would not be subject to withholding (or that otherwise would be entitled to a reduced rate of withholding) on such payment, such SCB stockholder generally will be required to seek a refund or credit from the Internal Revenue Service to obtain the benefits of such exemption or reduction. You should consult your tax advisor regarding the effect of FATCA based on your individual circumstances.

This discussion does not address tax consequences that may vary with, or are contingent upon, individual circumstances. Moreover, it does not address any non-income tax or any foreign, state or local tax consequences of the merger. Tax matters are very complicated, and the tax consequences of the merger to you will depend upon the facts of your particular situation. Accordingly, we strongly urge you to consult with a tax advisor to determine the particular federal, state, local or foreign tax consequences to you of the merger and the special cash dividend.

## DESCRIPTION OF THE MERGER AGREEMENT

The following is a summary of the material terms of the merger agreement. This summary does not purport to describe all the terms of the merger agreement and is qualified by reference to the complete text of the merger agreement, which is attached as Appendix A to this proxy statement/prospectus and is incorporated by reference into this proxy statement/prospectus. You should read the merger agreement completely and carefully as it, rather than this description, is the legal document that governs the merger.

The text of the merger agreement has been included to provide you with information regarding its terms. The terms of the merger agreement (such as the representations and warranties) are intended to govern the contractual rights and relationships, and allocate risks, between the parties in relation to the merger. The merger agreement contains representations and warranties that First Mid and SCB made to each other as of specific dates. The representations and warranties were negotiated between the parties with the principal purpose of setting forth their respective rights with respect to their obligations to complete the merger. The statements embodied in those representations and warranties may be subject to important limitations and qualifications as set forth therein, including a contractual standard of materiality different from that generally applicable under federal securities laws.

### General

Subject to the terms and conditions of the merger agreement and in accordance with Illinois law, SCB will merge with and into Merger Sub, a wholly owned subsidiary of First Mid. Merger Sub will be the surviving company in the merger and continue its corporate existence as a wholly-owned subsidiary of First Mid. Upon consummation of the merger, the separate corporate existence of SCB will terminate. The merger is anticipated to be completed in late 2018. After the merger is completed, First Mid plans to merge Soy Capital Bank with and into First Mid Bank. At such time, Soy Capital Bank's banking offices will become banking offices of First Mid Bank. Until the banks are merged, First Mid will own and operate Soy Capital Bank and First Mid Bank as separate bank subsidiaries.

### Closing and effective time

**Closing.** The closing of the merger will take place on the fifth business day following the satisfaction or waiver of the conditions to closing set forth in the merger agreement, or at another time that both parties mutually agree upon. See “-Conditions to completion of the merger” for a more complete description of the conditions that must be satisfied prior to closing. The date of the completion of the merger sometimes is referred to in this proxy statement/prospectus as the “closing date.”

**Completion of the Merger.** The merger will become effective as of the date and time specified in the articles of merger that will be filed with the Illinois Secretary of State. The time at which the merger becomes effective is sometimes referred to in this proxy statement/prospectus as the “effective time.”

### Merger consideration and special cash dividend

If the merger is completed, each share of SCB common stock which SCB stockholders own immediately before the completion of the merger will be converted into the right to receive, at the election of each stockholder, either (a) \$307.93 in cash or (b) 8.0228 shares of common stock, par value \$4.00 per share, of First Mid, less any applicable taxes required to be withheld and subject to certain adjustments and proration as set forth in the merger agreement. Overall elections are subject to proration such that, depending on the number of shares of SCB common stock electing shares of First Mid common stock, between 19% and 32.5% of the shares of SCB common stock will be exchanged for cash, and between 67.5% and 81% will be exchanged for First Mid common stock. Additionally, SCB's outstanding stock options will be fully vested upon consummation of the merger, and all outstanding SCB stock options that are unexercised prior to the closing will be cashed out pursuant to the terms of the merger agreement. In addition, immediately prior to the closing of the merger, SCB will pay a special cash dividend to its stockholders in the aggregate amount of \$25 million (which we refer to as the special cash dividend). We use the

term “special cash dividend per share amount” to mean the portion of the special cash dividend payable with respect to each share of SCB common stock issued and outstanding immediately prior to the closing of the merger which will be approximately \$108.50 per share and is calculated by dividing (i) \$25 million by (ii) a sum equal to (A) the number of shares of SCB common stock issued and outstanding immediately prior to the closing of the merger, plus (B) the number of SCB stock options issued and outstanding immediately prior to the closing of the merger, plus (C) the 920 shares of SCB common stock that may be acquired pursuant to an outstanding debenture, to the extent not converted into issued and outstanding shares of SCB common stock immediately prior to the closing of the merger. Assuming 226,745 shares of SCB common stock (based on 225,825 shares outstanding and 920 shares able to be acquired pursuant to an outstanding debenture outstanding as of June 12, 2018), and 3,672 options to purchase shares of SCB common stock, in each case outstanding as of immediately prior to the closing, this will result in each share of SCB common stock receiving approximately \$108.50 in cash in the form of the special cash dividend, and the exercise price for each option to acquire shares of SCB common stock being reduced by approximately \$108.50 as a result of the special cash dividend.

Based on the closing price of First Mid’s common stock of \$39.69 on June 12, 2018, and the 225,825 shares of SCB common stock, and 920 shares of SCB common stock able to be acquired pursuant to an outstanding debenture, outstanding as of June 12, 2018, the date of the merger agreement, and assuming approximately 1,875 equity award equivalent shares (which are shares of SCB common stock underlying the 3,672 outstanding SCB stock options being cashed out at the closing of the merger), assuming no adjustments to the merger consideration, SCB stockholders are expected to receive total aggregate merger consideration from First Mid of approximately \$97 million (\$72 million from First Mid and \$25 million from the special cash dividend), if 67.5% of shares of SCB common stock elect stock consideration, and approximately \$97.3 million (\$72.3 million from First Mid and \$25 million from the special cash dividend) if 81% or more of shares of SCB common stock elect stock consideration, subject to receipt of cash in lieu of fractional shares. Shares of SCB common stock held by SCB stockholders who elect to exercise their dissenters’ rights will not be converted into merger consideration.

In addition to being subject to proration, including if more than 67.5% of the shares of SCB common stock elect to be exchanged for First Mid common stock, such that up to 81% of the shares of SCB common stock may elect to receive First Mid common stock, the merger consideration is subject to the following adjustments:

SCB Consolidated Stockholders’ Equity is Less than \$71,161,583. If the closing consolidated balance sheet delivered by SCB to First Mid as of the last day of the month preceding the closing date of the merger, or as of three business days prior to the closing date of the merger if such date is more than three business days following the last day of the preceding month, reflects consolidated stockholders’ equity (as computed and adjusted in accordance with the merger agreement) less than \$71,161,583, for every \$50,000 shortfall thereof, the cash consideration will be reduced by \$0.216 per share. As of June 30, 2018, SCB’s consolidated stockholders’ equity as computed in accordance with GAAP was \$ 71,253,538. As of the date of this proxy statement/prospectus, the parties are not aware of any existing facts or circumstances that would cause the consolidated stockholders’ equity included in the closing consolidated balance sheet to be less than \$71,161,583. For the purposes of this potential adjustment, the consolidated stockholders’ equity of SCB reflected on the closing consolidated balance sheet shall be computed and adjusted in accordance with the terms of the merger agreement to reflect that the following amounts (which amounts cannot be known until the date of the closing consolidated balance sheet) shall be disregarded, and not be taken into account or otherwise reduce such consolidated stockholders’ equity reflected on the closing consolidated balance sheet: (A) any changes to the valuation of the SCB’s investment portfolio attributed to ASC 320, whether upward or downward, from March 31, 2018 until the date of the closing consolidated balance sheet, (B) the aggregate fees and expenses of attorneys, accountants, consultants, financial advisors and other professional advisors incurred by SCB and its subsidiaries in connection with the merger agreement or the transactions contemplated thereby, (C) any amounts paid or payable to any director, officer or employee of SCB or any of its subsidiaries under any contract, severance arrangement, benefit plan or employment practice of SCB or any of its subsidiaries and all other payroll and non-payroll related costs and expenses incurred by SCB or any of its subsidiaries in connection with the merger agreement or the transactions contemplated thereby, (D) costs associated with the termination of SCB’s 401(k) plan, stock option





plans and any other employee benefit plan, (E) any costs associated with the termination of SCB's data processing agreement, (F) any negative provisions for loan losses taken by SCB from the date of the merger agreement until the date of the closing consolidated balance sheet, and (G) any other expenses incurred solely in connection with the transactions contemplated by the merger agreement, in each case incurred or to be incurred by SCB or any of its subsidiaries through the effective time of the merger in connection with the merger agreement and the transactions contemplated thereby.

**Decrease in Market Price of First Mid Common Stock.** If at any time during the five business day period commencing on the fifteenth business day preceding the closing date of the merger (which we refer to as the "determination date"), the average closing price of a share of First Mid common stock (we refer to such average closing price as the "First Mid market value") is less than \$32.6248 and decreases by more than 15% in relation to the Nasdaq Bank Index, SCB will have the right to terminate the merger agreement unless First Mid elects to increase the exchange ratio within five business days of SCB's notice of termination. First Mid may elect to increase the exchange ratio to equal the lesser of (i) a quotient, the numerator of which is equal to the product of (A) \$38.3821, (B) the exchange ratio and (C) the quotient of the average daily closing value of the Nasdaq Bank Index for the ten consecutive trading days immediately preceding the determination date divided by the average daily closing value of the Nasdaq Bank Index for the ten consecutive trading days immediately preceding June 12, 2018 minus 0.15 and the denominator of which is equal to the average daily closing sales price of First Mid for the ten consecutive trading days immediately preceding the determination date; or (ii) the quotient determined by dividing \$38.3821 by the First Mid market value on the determination date, and multiplying the quotient by the product of the exchange ratio and 0.85. If First Mid elects to increase the exchange ratio, the merger agreement will remain in effect in accordance with its terms, except that the consideration for the merger will be increased to reflect the revised exchange ratio. If First Mid declines to increase the exchange ratio, the merger will be abandoned. If First Mid or any company belonging to the Nasdaq Bank Index declares or effects a stock dividend, reclassification, recapitalization, split-up, combination, exchange of shares or similar transaction between June 12, 2018 and the determination date, the prices for the common stock of such company shall be appropriately adjusted for the purposes of adjusting the exchange ratio pursuant to this paragraph. **Reclassification, Recapitalization or other Readjustment to First Mid Common Stock.** If, prior to the effective time, the number of shares of First Mid common stock are changed into a different number of shares or a different class of shares because of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereof shall be declared with a record date within such period, an appropriate and proportionate adjustment shall be made to the exchange ratio so as to provide the holders of SCB common stock with the same economic effect as contemplated by the merger agreement prior to such event.

**Exchange Ratio Adjustment.** If any of the foregoing adjustments to the exchange ratio would require First Mid to issue more than 19.9% of the issued and outstanding shares of First Mid common stock, as of June 12, 2018, as merger consideration and in connection with First Mid's sale of 947,368 shares of First Mid common stock on June 15, 2018 to, in part, finance all or a portion of the cash consideration, First Mid shall have the right to adjust the ratio so that First Mid would not be required to issue more than 19.9% of its outstanding common stock and to increase the cash consideration to reflect, on a per share basis, the aggregate value of the total number of shares of First Mid common stock that otherwise would have been issuable pursuant to the terms of the merger agreement. As of the date of this proxy statement/prospectus, the parties are not aware of any facts or circumstances that would cause more than 19.9% of such amount of First Mid's common stock to be issued as merger consideration when added to the shares sold on June 15, 2018.

The market price of First Mid common stock will fluctuate before the completion of the merger and may also fluctuate between the completion of the merger and the time holders of SCB common stock receive any First Mid common stock. Holders of SCB common stock should obtain current stock price quotations for First Mid common stock before voting on the merger and before making an election for merger consideration.

No fractional shares of First Mid common stock will be issued in the merger. Instead, First Mid will pay to each holder of SCB common stock who would otherwise be entitled to a fractional share of First Mid common stock an amount in cash (without interest) rounded to the nearest whole cent, determined by multiplying the weighted average of the daily closing sales prices of a share of First Mid Common Stock as reported on the Nasdaq Global Select Market for the ten consecutive trading days immediately preceding the closing date of the merger by the fractional share of First Mid common stock to which such former holder would otherwise be entitled.

Holders of SCB common stock, even if they make a valid election in accordance with the election procedures described in this proxy statement/prospectus, will not know or be able to calculate until after the completion of the merger whether and to what extent they will be subject to the proration and redesignation procedures described below, and to what extent they will receive cash consideration and/or stock consideration in accordance with their election. Any holder of SCB common stock who does not make a valid election will be deemed to have made an election for stock consideration.

#### Treatment of SCB Stock Options

SCB's outstanding stock options will be fully vested upon the effective time of the merger, and all outstanding SCB stock options that are unexercised prior to the effective time of the merger will be automatically cancelled and the holder of each SCB stock option will receive a cash payment (without interest) equal to the product of (a) the excess, if any, of \$307.93 over the exercise price per share of such SCB stock option, as such exercise price per share is reduced immediately prior to closing by an amount equal to the special cash dividend per share amount, and (b) the number of shares of SCB common stock issuable upon exercise of such SCB stock option (we refer to this amount as the "option consideration"). As of the effective time of the merger, all SCB stock options, whether or not vested or exercisable, will no longer be outstanding and shall automatically cease to exist, and the holder of SCB stock options will cease to have any rights with respect to such SCB stock option, except the right to receive the option consideration; provided that, if the exercise price of such SCB stock option, as reduced immediately prior to closing by an amount equal to the special cash dividend per share amount, is equal to or greater than \$307.93, such SCB stock option shall be cancelled without any payment of option consideration being made. The option consideration will be paid in cash and will not be subject to proration. We use the term "equity award equivalent shares" to refer to the number of shares of SCB common stock underlying the outstanding SCB stock options being cashed out at the closing of the merger. The number of equity award equivalent shares will be equal to (x) the aggregate amount of the option consideration, divided by (y) \$307.93.

#### Stock Election

The merger agreement provides that each holder of SCB common stock who makes a valid election for stock consideration will have the right to receive, in exchange for each share of SCB common stock, subject to proration and redesignation as set forth in the merger agreement and described in this proxy statement/prospectus, a number of shares of First Mid common stock equal to the exchange ratio of 8.0228. We refer to each share for which a stock election has been made as a "stock electing share."

Even if a holder of SCB common stock makes a valid election for stock consideration, such stockholder may nevertheless receive a mix of cash and stock consideration. The allocation of the mix of consideration payable to SCB stockholders in the merger will not be known until after completion of the merger. The maximum number of shares of SCB common stock that will be converted into the right to receive stock consideration shall be an amount equal to 81% of the issued and outstanding shares of SCB common stock at the effective time of the merger (treating equity award equivalent shares as outstanding shares), resulting in 19% of such amount of SCB shares receiving cash consideration.

The merger agreement provides that if more than 67.5% of the outstanding shares of SCB common stock elects to receive First Mid common stock as consideration from First Mid in the merger, the percentage electing such stock consideration in the merger can rise to be up to 81% of the shares of SCB common stock, with the percentage of shares of SCB common stock receiving cash from First Mid decreasing pro rata.

#### Cash Election

The merger agreement provides that each holder of SCB common stock who makes a valid election for cash consideration will have the right to receive, in exchange for each share of SCB common stock, subject to proration and redesignation as set forth in the merger agreement and described in this proxy statement/prospectus, \$307.93 in cash. We refer to each share for which a cash election has been made as a “cash electing share.”

Even if a holder of SCB common stock makes a valid election for cash consideration, such stockholder may nevertheless receive a mix of cash and stock consideration. The allocation of the mix of consideration payable to SCB stockholders in the merger will not be known until after completion of the merger. The maximum number of shares of SCB common stock and equity award equivalent shares that will be converted into the right to receive cash consideration shall be an amount equal to 32.5% of the issued and outstanding shares of SCB common stock at the effective time of the merger (treating equity award equivalent shares as outstanding shares), resulting in 67.5% of such number of SCB shares receiving cash consideration.

#### Non-Election

Holders of SCB common stock who fail to make an election or whose elections are not received by the exchange agent by the election deadline or whose forms of election are improperly completed and/or not signed will be deemed to have made an election for stock consideration.

#### Dissenting Shares

Holders of SCB common stock who perfect their appraisal rights (also referred to as dissenters’ rights) under the IBCA (who we refer to as “dissenting stockholders”) will have the right to receive “fair value” of their shares of SCB common stock, determined as of the date of the meeting at which the merger is approved. This “fair value” could be more than the merger consideration but could also be less. Dissenting stockholders will not have the right to receive merger consideration in the merger and will only be entitled to their rights as dissenting stockholders under the IBCA. If any dissenting stockholder effectively withdraws or loses his, her or its right to dissenters’ rights of appraisal, such holder will have the right to receive merger consideration in the merger and will be deemed to have made an election for stock consideration, unless such holder properly submits an effective election form prior to the election deadline. See “The Merger - SCB stockholder dissenters’ rights.”

#### Allocation procedures and proration

As a result of the merger, SCB will be merged with and into Merger Sub. Each share of SCB common stock will then be converted into the right to receive cash or shares of First Mid common stock as each SCB stockholder elects, subject to the limitations described in this proxy statement/prospectus. The merger agreement provides that if more than 67.5% of the outstanding shares of SCB common stock elects to receive First Mid common stock as consideration from First Mid in the merger, the percentage electing such stock consideration in the merger can rise to be up to 81% of the shares of SCB common stock, with the percentage of shares of SCB common stock receiving cash from First Mid decreasing pro rata. Specifically, notwithstanding the election of SCB stockholders to receive cash or First Mid common stock: (i) the total number of shares of SCB common stock that will be converted into the right to receive First Mid common stock as consideration shall be no less than 67.5% and no more than 81% of the issued and outstanding shares of SCB common stock at the effective time of the merger (treating equity award equivalent shares as outstanding shares), which will depend on the number of shares of SCB common stock electing shares of First Mid common stock and (ii) the total number of shares of SCB common stock and equity award equivalent shares that will be converted into the right to receive cash consideration shall be no less than 19% and no more than 32.5% of the issued and outstanding shares of SCB common stock at the effective time of the merger (treating equity award equivalent shares as outstanding shares). First Mid shall cause its exchange agent to affect the following allocation and redesignation procedures no later than five business days after the election deadline.

Stock Electing Shares Greater than 81%. If the number of stock electing shares exceeds 81% of the issued and outstanding shares of SCB common stock at the effective time of the merger (treating equity award equivalent shares as outstanding shares), then:

▲ All cash electing shares shall be converted into the right to receive the cash consideration;

▲ All equity award equivalent shares shall be converted into the right to receive the cash consideration; and

All stock electing shares will be entitled to receive First Mid common stock only with respect to that number of stock electing shares held by such stockholder equal to the product obtained by multiplying (i) the number of stock electing shares held by such holder by (ii) a fraction, the numerator of which is 81% of the number of SCB common stock outstanding at the effective time of the merger (treating equity award equivalent shares as outstanding shares), and the denominator of which is the number of stock electing shares, with the remaining number of such holder's stock electing shares being converted into the right to receive the cash consideration.

Cash Electing Shares and Equity Award Equivalent Shares Greater than 32.5%. If the number of cash electing shares and equity award equivalent shares exceeds 32.5% of the issued and outstanding shares of SCB common stock at the effective time of the merger (treating equity award equivalent shares as outstanding shares), then:

▲ All stock electing shares shall be converted into the right to receive the stock consideration;

▲ All equity award equivalent shares shall be converted into the right to receive the cash consideration; and

All cash electing shares will be entitled to receive cash consideration only with respect to that number of cash electing shares held by such stockholder equal to the product obtained by multiplying (i) the number of cash electing shares held by such holder by (ii) a fraction, the numerator of which is 32.5% of the number of SCB common stock outstanding at the effective time of the merger (treating equity award equivalent shares as outstanding shares) minus the number of equity award equivalent shares, and the denominator is the number of cash electing shares, with the remaining number of such holder's cash electing shares being converted into the right to receive the First Mid common stock.

#### Election and exchange procedures

Election Form and Letter of Transmittal. An election form, that also serves as a letter of transmittal, with instructions for making an election as to the form of consideration that each holder of SCB common stock prefers to receive in the merger with respect to each share of SCB common stock held by such holder will be sent to you under separate cover as soon as practicable after the mailing of this proxy statement/prospectus but in no event later than two weeks thereof. First Mid and SCB will also send an election form to persons who become holders of SCB common stock after the record date for the SCB stockholder's meeting and the election deadline.

Each holder of SCB common stock who wishes to make an election to receive stock consideration or cash consideration in the merger must submit a properly completed and signed election form to the exchange agent at its designated office by the election deadline. The deadline for making your election will be 5:00 p.m., Chicago Time, on the fifth business day prior to the effective time of the merger, unless you are notified in writing of an earlier election deadline. First Mid will use reasonable efforts to provide notice to SCB stockholders of the anticipated election deadline at least five business days prior to the election deadline.

If your election is not timely and properly made, your shares of SCB stock will be treated as "no election shares" and you will be deemed to have made an election for stock consideration. Neither First Mid nor its exchange agent will be under any obligation to notify any person of any defects in an election form.

The election form also serves as a letter of transmittal. You must carefully follow the instructions in the election form and return a properly executed election form and your SCB stock certificates, if any, to the exchange agent in order to receive the merger consideration for your shares. First Mid stock certificates submitted for exchange must be in a form that is acceptable for transfer (as explained in the election form). Neither First Mid nor its exchange agent will be under any obligation to notify any person of any defects in an election form.

Holders of SCB common stock who cannot locate their stock certificates, should follow the instructions set forth in the election form for lost or stolen stock certificates. Holders of SCB common stock who hold their shares in book-entry form should follow the instructions set forth in the election form with respect to shares of SCB common stock held in book-entry form.

Exchange Agent. First Mid has engaged Computershare Trust Company, N.A. to act as its exchange agent to handle the exchange of SCB common stock for the merger consideration and the payment of cash for any fractional share interest.

SCB stockholders who surrender their stock certificates in connection with the timely and proper submission of an election form prior to the election deadline will automatically receive the merger consideration allocated to them as the result of the merger promptly following the allocation procedures described above. First Mid's exchange agent will issue by book-entry transfer shares of First Mid common stock and the cash representing the merger consideration, together with cash in lieu of fractional share interests. No interest will be paid on any cash payment.

SCB stockholders who do not return their stock certificates with their election form prior to the election deadline will receive appropriate transmittal materials and instructions from the exchange agent after the merger is complete.

Following the effective time of the merger, as soon as reasonably practicable after receipt of such transmittal materials, First Mid's exchange agent will deliver the merger consideration allocated to such SCB stockholders.

Until the certificates representing SCB common stock are surrendered for exchange, holders of such certificates will not receive the merger consideration or dividends or distributions on the First Mid common stock into which such SCB common stock have been converted. When the certificates are surrendered to First Mid's exchange agent, any unpaid dividends or other distribution will be paid without interest. In no event will First Mid, the exchange agent, or any other person be liable to any former holder of shares of SCB common stock for any amount delivered in good faith to a public official pursuant to applicable abandoned property, escheat or similar laws.

Holders of SCB common stock should follow the instructions in the election form for sending their stock certificates to the exchange agent.

#### Voting agreement

On June 12, 2018, the directors of SCB entered into a voting agreement with First Mid. Under this agreement, these stockholders have each agreed to vote, subject to their fiduciary duties, their respective shares of SCB common stock:

- in favor of the transactions contemplated by the merger agreement;
- against any action or agreement which would result in a breach of any term of, or any other obligation of SCB under the merger agreement; and
- against any action or agreement which would impede, interfere with or attempt to discourage the transactions contemplated by the merger agreement.

Furthermore, each of these stockholders agreed not to sell, assign or transfer any shares of SCB common stock that they own without the prior written consent of First Mid. The 17,792 shares of SCB common stock subject to the voting agreement represent approximately 7.8% of SCB's outstanding shares of common stock as of June 12, 2018. The voting obligations under the voting agreement will automatically terminate upon the earliest of the effective time, the termination of the merger agreement in accordance with its terms or March 12, 2019. A copy of the form of voting agreement is attached to this proxy statement/prospectus as Appendix C.

Conduct of business pending the merger

Conduct of Business of SCB. Under the merger agreement, SCB has agreed to certain restrictions on its activities and the activities of its subsidiaries until the merger is completed or the merger agreement is terminated. In general, SCB and its subsidiaries are required to conduct their business in the ordinary course of business and use commercially reasonable efforts to maintain and preserve intact its business organization and advantageous business relationships. The following is a summary of the more significant restrictions imposed upon SCB, subject to the exceptions set forth in the merger agreement. SCB will not, and will not permit its subsidiaries to, without First Mid's prior written consent:

effect a change in the capitalization of SCB or issue, grant, or sell any options, equity appreciation or purchase rights, warrants, conversion rights or other rights, securities or commitments obligating SCB to issue, sell or register any equity securities, or any securities or obligations conv