

FIRST MID BANCSHARES, INC.
(the “Company”)
Charter of the Audit Committee of the Board of Directors
As adopted January 21, 2020

Purpose

The Audit Committee is appointed by the Board of Directors to assist the Board in monitoring: (1) the integrity of the Company’s financial statements, (2) the Company’s compliance with legal and regulatory requirements, (3) the independent auditor’s qualifications and independence, and (4) the performance of the Company’s internal audit function and independent auditor.

The Audit Committee shall prepare the report required by the Securities and Exchange Commission (the “SEC”) to be included in the Company’s annual proxy statement.

Membership

The Audit Committee shall consist of no fewer than three members. Each member of the Audit Committee shall be determined by the Board to meet the independence and experience requirements of the Federal Deposit Insurance Corporation Act of 1991 and the regulations relating thereto (the “FDI Act”) and the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the applicable rules and regulations of the SEC, as well as, subject to certain permitted exceptions, the independence, experience, and other membership requirements of the NASDAQ Stock Market. Each member of the Audit Committee shall also be determined by the Board to be independent pursuant to the written criteria established by the Board for evaluating each member’s independence.

Each member of the Audit Committee shall, in the judgment of the Board, have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. No member of the Committee may have participated in the preparation of the financial statements of the corporation or any current subsidiary of the corporation at any time during the preceding three years. At least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or comparable experience or background which results in financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Additionally, at least (1) two members of the Audit Committee shall be an “audit committee financial expert” as defined by the SEC or (2) one member of the Audit Committee shall be an “audit committee financial expert” as defined by the SEC and one additional member of the Audit Committee shall have “banking or related financial management expertise” as required by section 36(g)(1)(C)(i) of the FDI Act.

Audit Committee members shall be appointed by the Board of Directors. Audit Committee members may be replaced by the Board.

Meetings

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly.

The Audit Committee shall meet with management, the head of the internal audit department, and the independent auditor in separate executive sessions periodically, but not less frequently than annually, to discuss anything the Audit Committee or these groups believe should be discussed. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee, and to provide pertinent information as necessary. If the Chair of the Audit Committee is not present at a given meeting, the members of the Audit Committee present at such meeting may designate a Chair for that meeting by unanimous vote.

Authority and Responsibilities

The Audit Committee shall have the sole authority and direct responsibility to appoint, retain or replace the independent auditor (subject, if applicable, to shareholder ratification). The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

The Audit Committee shall preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting, or other advisors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for (i) payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company, (ii) payment of compensation to any advisors employed by the Audit Committee, and (iii) payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee shall make regular reports to the Board of Directors. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the full Board for approval. The Audit Committee shall review the Audit Committee's own performance annually.

The Audit Committee shall:

Financial Statement and Disclosure Matters

- Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
- Establish a Disclosure Committee whose membership shall include, but not be limited to, the Audit Committee Chair, an audit committee financial expert, the Chief Executive Officer and the Chief Financial Officer for the purpose of reviewing and discussing with management and the independent auditor the Company's quarterly financial statements prior to the filing of the Company's Form 10-Q, including the results of the independent auditor's procedures with respect to the quarterly financial statements.
- Review and discuss reports from the independent auditor on:
 - All critical accounting policies and practices to be used.
 - All alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
 - Other material written communications between the independent auditor and management such as any management letter or schedule of unadjusted differences.
- Review and discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls, and any special steps adopted in light of material control deficiencies.
- Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
- Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, relating to the conduct of the audit.

- Review the disclosures and certification made by the Company's Chief Executive Officer and Chief Financial Officer under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002.

Oversight of the Company's Relationship with the Independent Auditor

- Obtain and review a report from the independent auditor regarding, and discuss with the independent auditor, at least annually, all relationships between the independent auditor and the Company (including the matters set forth in Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees). Review and evaluate at least annually the appointment, compensation, oversight, qualifications, performance and independence of the independent auditor, including considering whether the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- Ensure that engagement letters and any related agreements with the independent auditor do not contain certain limitation on liability provisions.
- Ensure the rotation of audit partners as required by Section 10A(j) of the Exchange Act.
- Recommend to the Board of Directors policies for the Company's hiring of employees or former employees of the independent auditor.
- Review with the independent auditor any audit problems or difficulties and management's response.
- Discuss with management and the independent auditor the scope of the annual audit, significant accounting policies, and audit conclusions regarding significant accounting estimates.

Oversight of the Company's Internal Audit Function

- Review the appointment, performance, and replacement of the head of the internal audit department.
- Review the significant reports to management prepared by the internal audit department and management's responses and follow-ups to these reports.
- Discuss with the independent auditor and management the internal audit department responsibilities, budget and staffing, and any recommended changes in the planned scope of the internal audit.

Compliance Oversight Responsibilities

- Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act regarding the detection of illegal activity has not been implicated.
- Obtain reports from management, the head of the internal audit department, and the independent auditor that the Company and its wholly-owned subsidiaries are in conformity

with applicable legal requirements and the Company's Codes of Ethics. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Codes of Ethics.

- Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
- Conduct an appropriate review and oversight of all related party transactions for potential conflict of interest situations on an ongoing basis.

Limitation of Audit Committee's Role

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

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