First Mid Bancshares, Inc. (FMBH)

Updated August 9th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	$37	**5 Year CAGR Estimate:**	10.5%	**Market Cap:**	$902.9 M
Fair Value Price:	$43	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	08/15/25
% Fair Value:	85%	**5 Year Valuation Multiple Estimate:**	3.2%	**Dividend Payment Date:**	08/29/25
Dividend Yield:	2.7%	**5 Year Price Target**	$55	**Years Of Dividend Growth:**	15
Dividend Risk Score:	C	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

First Mid Bancshares, Inc. (FMBH) is a 1982-founded financial holding company that offers a comprehensive range of banking and financial services through its American subsidiaries. Customers of the business include commercial, retail, and agricultural clients. The company provides deposit products, loans, wealth management, brokerage, Ag services, and insurance through a sizable network of locations across Texas, Illinois, and Missouri, as well as a loan production office in the greater Indianapolis area. First Mid is a company that prioritizes the community and has built a strong reputation in the communities it serves, and its total asset size is $6.7 billion.

On July 24th, 2025, the company announced results for the second quarter of 2025. First Mid Bancshares reported Q2 non-GAAP EPS of $0.99, beating the market's estimates by $0.07.

Adjusted net income reached $23.7 million driven by strong growth in net interest income and margin expansion. The net interest margin on a tax-equivalent basis rose 12 basis points to 3.72%, marking the fifth straight quarter of improvements. Loans grew 1.2% sequentially to $5.77 billion, while deposits climbed nearly 1% to $6.19 billion. Asset quality remained healthy, with nonperforming loans down to 0.38% of total loans and the allowance for credit losses at 1.23%. The Board also approved a $0.01 dividend increase, bringing the quarterly payout to $0.25 per share.

CEO Joe Dively credited the performance to disciplined credit management, a diversified loan mix, and strategic investments in technology aimed at sustaining growth. While noninterest income dipped from Q1 due to seasonal factors in wealth management and insurance, it was up 5.2% from last year on stronger insurance commissions. Expenses remained well-managed, with the adjusted efficiency ratio improving to 58.09%. Tangible book value per share rose 4.3% to $26.70, supported by earnings growth and reduced unrealized investment losses, keeping capital ratios well above "well-capitalized" thresholds.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.81	$2.05	$2.13	$2.52	$2.87	$2.70	$2.87	$3.60	$3.40	$3.30	***$3.95***	***$5.03***
DPS	$0.59	$0.62	$0.66	$0.70	$0.76	$0.81	$0.85	$0.90	$0.92	$0.94	***$1.00***	***$1.22***
Shares[1]	8.5	12.5	12.7	16.7	16.7	16.7	18.1	20.2	21.1	23.9	***20.8***	***18.0***

Considering FMBH's high asset quality, we do not expect the higher interest rate environment to impact its performance materially. However, the bank is small and vulnerable to the macro environment. Thus, our EPS forecast stands at $3.95 for 2025, matching the midpoint of analysts' estimates. Also, we have maintained the annual EPS growth rate of 5.0% for the next five years, reaching $5.03 by 2030. First Mid Bancshares's DPS had a 10-year and 5-year CAGR of 5.3% and 3.5%, respectively. Moreover, the bank has consistently increased dividend distributions to shareholders for the past 15 years, and we expect it to continue this track.

[1] In millions.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	11.9	12.9	16.6	14.9	11.9	10.2	14.3	10.1	8.3	10.7	***9.4***	***11.0***
Avg. Yld.	2.7%	2.3%	1.9%	1.9%	2.2%	2.9%	2.1%	2.5%	3.2%	2.7%	***2.7%***	***2.2%***

First Mid Bancshares is trading at a forward P/E of 9.4, around its long-term average P/E of 12.0. Considering the resiliency of the bank and the strength of net interest income amidst the high-interest rate environment, we believe a P/E of 11.0 is a fair starting point given the bank's risk/reward profile, suggesting a five-year target price of $55.

Safety, Quality, Competitive Advantage, & Recession Resiliency

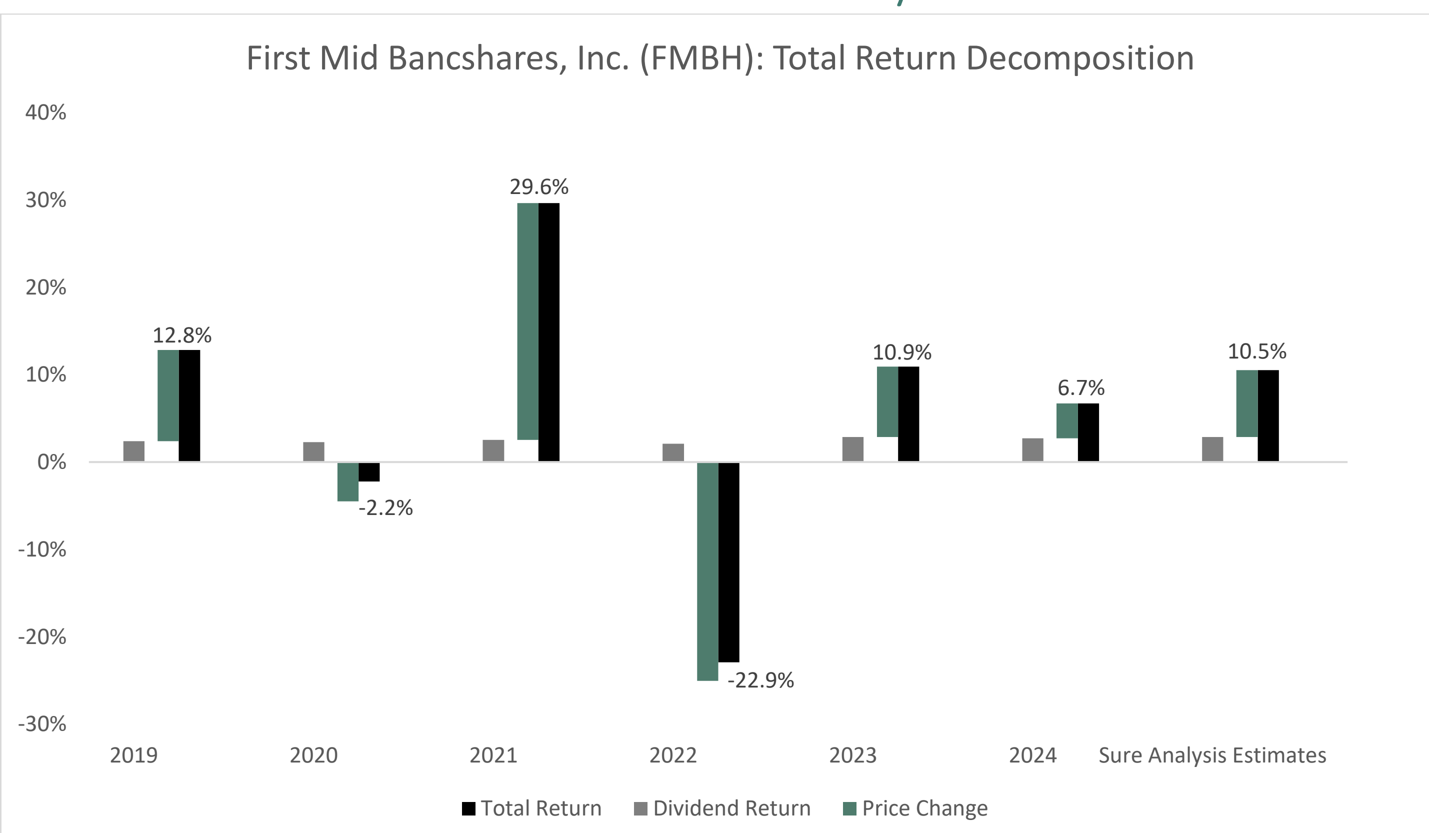
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	33%	30%	31%	28%	26%	30%	30%	25%	27%	28%	***25%***	***24%***

The bank maintained solid capital levels comfortably above the "well capitalized" criteria. Specifically, First Mid Bancshares achieved a "total capital to risk-weighted assets" of 15.76% in the last quarter. Therefore, the bank remains strong and well-positioned if an economic downturn occurs. Lastly, the competition from community banks and brokerage houses has intensified for the company, but by offering wealth management options, the bank effectively kept the customer's cash inside the business but off the balance sheet.

Final Thoughts & Recommendation

The bank capitalizes on elevated interest rate environments, which could offer reasonable downside risk from current share price levels. Thus, we maintain our hold rating premised upon the 10.5% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 5.0%, the 2.7% dividend yield, and a valuation tailwind.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	76	96	121	144	178	185	234	255	275	319
SG&A Exp.	28	35	42	50	65	69	95	103	111	131
D&A Exp.	4	8	8	8	11	12	14	15	15	21
Net Profit	17	22	27	37	48	45	51	73	69	79
Net Margin	21.6%	22.7%	22.0%	25.4%	26.9%	24.5%	22.0%	28.6%	25.1%	24.8%
Free Cash Flow	20	27	45	39	59	61	66	61	69	119
Income Tax	9	12	15	12	15	14	15	18	19	26

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,114	2,885	2,842	3,840	3,839	4,726	5,987	6,744	7,587	7,520
Cash & Equivalents	140	152	90	148	89	419	170	146	136	125
Acc. Receivable	8	11	11	17	16	19	20	28	35	39
Goodwill & Int.	50	71	71	139	133	128	141	170	264	262
Total Liabilities	1,909	2,604	2,534	3,364	3,313	4,158	5,353	6,111	6,794	6,673
Accounts Payable	0	1	1	2	2	2	1	3	5	5
Long-Term Debt	41	82	94	156	138	207	200	579	395	354
Total Equity	178	281	308	476	527	568	634	633	793	846
LTD/E Ratio	0.20	0.29	0.31	0.33	0.26	0.36	0.32	0.91	0.50	0.42

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.9%	0.9%	0.9%	1.1%	1.2%	1.1%	1.0%	1.1%	1.0%	1.0%
Return on Equity	10.5%	9.5%	9.1%	9.3%	9.6%	8.3%	8.6%	11.5%	9.7%	9.6%
ROIC	7.3%	7.2%	7.0%	7.1%	7.4%	6.3%	6.4%	7.1%	5.7%	6.6%
Shares Out.	8.5	12.5	12.7	16.7	16.7	16.7	18.1	20.2	21.9	23.9
Revenue/Share	8.35	9.01	9.65	9.94	10.66	11.01	13.07	12.58	12.57	13.33
FCF/Share	2.21	2.51	3.58	2.69	3.51	3.64	3.67	3.00	3.15	5.00

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.