

FIRST CAPITAL, INC.
Second Amended and Restated
Audit Committee Charter

I. PURPOSE

The primary function of the Audit Committee (the “Audit Committee”) of First Capital, Inc. (the “Corporation”) is to assist the Corporation’s Board of Directors in its oversight of: the integrity of the financial reports and other financial information provided by the Corporation to any governmental body or the public, including any certification, report, opinion or review performed by the Corporation’s independent registered public accountants; the Corporation’s compliance with legal and regulatory requirements; the independent registered public accountant’s qualifications and independence; the performance of the Corporation’s internal audit functions, its independent registered public accountants and system of internal controls and disclosure procedures regarding finance, accounting, legal compliance and ethics that management and the Board have established; the Corporation’s auditing, accounting and financial reporting processes generally; and the preparation of information required by the Securities and Exchange Commission (the “SEC”) rules to be included in the Corporation’s annual proxy statement. Consistent with these functions, the Audit Committee shall encourage continuous improvement of, and shall foster adherence to, the Corporation’s policy, procedures and practices at all levels.

II. COMPOSITION

1. The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall meet the independence requirements as defined in applicable Nasdaq Stock Market listing standards and applicable SEC rules and regulations.
2. All members of the Committee must be financially literate at the time of appointment, meaning they must be able to read and understand fundamental financial statements, including the Corporation’s balance sheet, income statement, and cash flow statement.
3. The members of the Committee shall be appointed by the Board at the annual organization meeting of the Board or until their successors shall be appointed. Unless a Chairperson is elected by the full Board, the members of the Audit Committee shall designate a Chairperson by majority vote of the full Audit Committee membership.
4. Audit Committee members shall not simultaneously serve on the audit committees of more than two public companies, including the Corporation.

5. Audit Committee members may neither accept any consulting, advisory, or other compensatory fee from the Corporation, nor be affiliated with the Corporation or any of its subsidiaries, except in his or her capacity as a member of the Board.
6. At least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

III. STRUCTURE AND MEETINGS

1. The Audit Committee shall meet at least four (4) times annually, or more frequently as circumstances dictate. Additional meetings shall be scheduled as considered necessary by the Audit Committee Chairperson. A quorum of the Audit Committee shall be declared when a majority of the appointed members of the Audit Committee are in attendance.
2. The Audit Committee shall meet with the independent registered public accountants and management quarterly to review the Corporation's financial statements.
3. The Audit Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent registered public accountants to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.
4. In meetings attended by the independent registered public accountants or by regulatory examiners, a portion of the meeting will be reserved for the Audit Committee to meet in closed session with these parties.
5. Written minutes shall be kept for all meetings.
6. The Audit Committee Chairperson shall preside at meetings and, in consultation with other members of the Audit Committee, will set the frequency and length of each meeting and the agenda items to be addressed at each meeting. The Audit Committee Chairperson shall ensure that the agenda for each meeting is circulated to each Audit Committee member in advance of the meeting.

IV. RESPONSIBILITIES AND DUTIES

In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the corporate accounting and reporting

practices of the Corporation are in accordance with all requirements and are of the highest quality. To fulfill its responsibilities and duties, the Audit Committee shall:

1. Provide an open avenue of communication between management, the independent registered public accounting firm and the Board of Directors.
2. Review and update this Charter periodically, at least annually, and as conditions dictate. Further, the Corporation will disclose at least once every three years in its annual proxy statement to its shareholders a copy of the charter or, instead, post a copy of this Charter on the Corporation's Internet website.
3. Review any regular internal reports to management prepared by the internal audit function and management's response.
4. Review the Corporation's audited annual financial statements and the independent registered public accountants' opinion rendered with respect to such financial statements, including reviewing the nature and extent of any significant changes in accounting principles or the application therein.
5. Review with the independent registered public accountant the matters required to be discussed relating to the conduct of the audit, any difficulties encountered in the course of the audit, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.
6. Review and approve requests for any management consulting engagement to be performed by the Corporation's independent registered public accountants and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter.
7. Review with financial management and the independent registered public accountants all interim financial reports filed pursuant to the Securities Exchange Act of 1934. The Chairperson of the Audit Committee may represent the entire Audit Committee for purposes of this review.
8. Generally discuss earnings press releases and financial information, as well as earnings guidance provided to analysts and rating agencies.
9. Select the independent registered public accountants after considering their independence and effectiveness, and be ultimately responsible for their compensation, retention and oversight (including resolution of disagreements between management, internal audit, and the independent registered public accountants regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit related work, and such independent registered public accountants shall report directly to the Audit Committee. On an annual basis, the Audit Committee shall review and discuss with the independent registered public accountants all significant relationships the independent registered public accountants have with the Corporation to determine their independence.

The Audit Committee should confirm the independence of the independent registered public accountant by requiring them to disclose in writing all relationships that, in the independent accountant's professional judgment, may reasonably be thought to bear on the ability to perform the audit independently and objectively. The Audit Committee also shall review with the independent registered public accountant the matters required to be discussed by PCAOB Ethics and Independence Rule 3526 (Communication With Audit Committees Concerning Independence).

10. Review the performance of and scope of work performed by the independent registered public accountants and approve any proposed discharge of the independent registered public accountants when circumstances warrant.
11. Review and discuss with management and the independent registered public accounting firm the certifications of the Corporation's chief executive officer and of its chief financial officer about any significant deficiencies in the design or operation of internal controls or material weaknesses herein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls, as required by Sarbanes-Oxley Act of 2002, and relevant reports rendered by the independent registered public accounting firm.
12. Periodically consult with the independent registered public accountants, out of the presence of management, about the Corporation's internal auditors and financial and accounting personnel, the fullness and accuracy of the Corporation's financial statements, the adequacy and effectiveness of the accounting and financial controls of the Corporation, and solicit any recommendations for the improvement of such internal control procedures. Particular emphasis should be given to the adequacy of such internal controls to expose payments, transactions or procedures that might be deemed illegal or otherwise improper. Further, the Audit Committee should periodically review Corporation policy statements to determine their adherence to the Corporation's Code of Business Conduct.
13. Approve, in advance, all permissible non-audit services to be performed by the independent registered public accountants. Such approval process will ensure that the independent registered public accountants do not provide any non-audit services to the Corporation or First Harrison Bank that are prohibited by law or regulation. Alternatively, the Audit Committee may establish pre-approval policies and procedures with respect to permissible non-audit services to be performed by the independent registered public accountants.
14. Obtain and review, at least annually, a report by the independent registered public accountants describing (A) the independent registered public accountants' internal quality control procedures, (B) any material issues raised by its most recent internal quality control review, or peer review, of the firm or by any inquiry or investigation by governmental or professional authorities in the preceding five (5) years relating to an independent audit conducted by the firm and any steps taken to deal with such issues.

15. Observe SEC rules for hiring employees or former employees of the independent registered public accountants.
16. In consultation with the independent registered public accountants and management, review the integrity of the Corporation's financial reporting processes, both internal and external.
17. Consider the independent registered public accountants' judgment about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
18. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices suggested by the independent registered public accountants, management, or the internal audit function.
19. Ensure that the independent registered public accountants discuss with the Audit Committee their judgments about the quality, not just the acceptability, of the Company's accounting principles as applied in the financial reports. The discussion should include such issues as the clarity of the Company's financial disclosures and degree of aggressiveness or conservatism of the Company's accounting principles and underlying estimates and other significant decisions made by management in preparing the financial disclosures.
20. Prepare a report for inclusion in the Corporation's annual proxy statement, in accordance with applicable SEC rules and regulations. Arrange for the independent registered public accountant to be available to the full Board at least annually to discuss the results of the annual audit and the audited financial statements that are a part of the annual report to shareholders.
21. Establish regular and separate systems of reporting to the Audit Committee by each of management, independent registered public accountants, and the internal audit function, regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
22. Following the completion of the annual audit, review separately with each of management, the independent registered public accountants and the internal audit function any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
23. Review with the independent registered public accountants, the internal audit function and management the extent of which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented.
24. Review all significant risks or exposures to the Corporation found during audits performed by the independent registered public accountants and by the internal auditor

and ensure that these items are discussed with management. From these discussions, assess and report to the Board regarding how the findings should be addressed.

25. Periodically consult with the internal auditor out of the presence of management and the independent registered public accountants about the status of internal controls, the fullness and accuracy of the organization's financial statements and any significant findings or recommendations by the internal accountant.
26. Have in place procedures for (A) receiving, retaining and treating complaints regarding accounting, internal accounting controls, or auditing matters and (B) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
27. Report regularly to the Board of Directors, which such report should include a review on issues relating to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance of the independent registered public accountants, or the performance of the internal audit function, including any recommendations the Audit Committee may deem appropriate.
28. Review activities, organizational structure, and qualifications of the internal audit function. The Audit Committee should also review and concur in the appointment, replacement, reassignment or dismissal of the manager of the internal audit department.
29. Review all legal compliance matters as they occur.
30. Review periodically, but no less frequently than quarterly, a summary of the Corporation's transactions with directors and executive officers of the Corporation and with firms that employ directors, as well as any other related person transactions, for the purpose of recommending to the disinterested members of the Board of Directors that the transactions are fair, reasonable and within Corporation policy and should be ratified and approved. "Related person" and "transaction" shall have the meanings given to such terms in Securities and Exchange Commission Regulation S-K, Item 404, as amended from time to time.
31. Review with management, the independent auditor and legal counsel any legal and regulatory matters that could have a significant impact on the organization's financial statements.
32. Perform any other activities consistent with this Charter, the Corporation's Bylaws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.
33. Establish, review and update periodically a Code of Business Conduct and ensure that management has a system in place to enforce the Code.

The Corporation's management is responsible for preparing the Corporation's financial statements. The independent auditors are responsible for auditing those financial statements. Management and the independent auditors have more time, knowledge and detailed information about the Corporation than do Audit Committee members. Consequently, in carrying out its oversight responsibilities, the Audit Committee is not providing any expert or special assurance as to the Corporation's financial statements, or any professional certification as to the independent auditors' work, including with respect to auditor independence. Each member of the Audit Committee shall be entitled to rely on the integrity of people and organizations from whom the Audit Committee receives information and the accuracy of such information, including representations by management and the independent auditors regarding non-audit services provided by the independent auditors.

V. AUDIT COMMITTEE RESOURCES

The Audit Committee shall be authorized to retain independent counsel and other advisors as it deems necessary to carry out its duties and to assist it in the conduct of any investigation. In connection therewith, the Corporation shall provide the Audit Committee with appropriate funding as determined by the Audit Committee for payment to independent registered public accountants, counsel and other advisors. In addition, the Corporation shall provide the Audit Committee with funding for ordinary administrative expenses of the Audit Committee.

Adopted: _____