

**FIRST CAPITAL, INC.**  
**COMPENSATION COMMITTEE CHARTER**

**I. Purpose**

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of First Capital, Inc. (the “Company”) is responsible for personnel policies, salaries and benefits, incentive compensation and management succession planning.

**II. Organization**

The Committee shall consist of three or more directors, each of whom shall satisfy the definition of independent director under the listing rules for The NASDAQ Stock Market LLC (the “NASDAQ Rules”), including NASDAQ Rule 5605(d), and any applicable Securities and Exchange Commission rules and regulations. All Committee members shall also be “non-employee directors” as defined by Rule 16b-3 under the Securities Exchange Act of 1934 and “outside directors” as defined by Section 162(m) of the Internal Revenue Code.

Committee members shall be appointed by the Board on an annual basis. Members shall serve until their successors are appointed or until their earlier death, resignation or removal. The Committee’s Chairperson shall be designated by the full Board or, if it does not do so, the Committee members shall elect a Chairperson by vote of a majority of the full Committee. Any member of the Committee may be removed at any time with or without cause by resolution adopted by a majority of the Board. Any member of the Committee may resign from the Committee at any time by giving written notice to the Chairman of the Board or the Secretary of the Company. Unless otherwise specified thereon, such resignation shall take effect upon receipt. The acceptance of such resignation shall not be necessary to make it effective.

The Committee may form and delegate authority to subcommittees when appropriate.

**III. Structure and Meetings**

The Committee shall meet at least annually, or more frequently as circumstances dictate. The Chairperson of the Committee will preside at each meeting and, in consultation with the other members of the Committee, will set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The Chairperson of the Committee shall ensure that the agenda for each meeting is circulated to each Committee member in advance of the meeting. The Committee shall keep written minutes of all meetings. The Committee may request any officer or employee of the Company or any of its subsidiaries or any legal, accounting, or other advisor to attend a meeting of the Committee or to meet with any member of or advisor to the Committee.

**IV. Goals and Responsibilities**

In carrying out its responsibilities:

- The Committee shall have responsibility for developing and maintaining an executive compensation policy that creates a direct relationship between pay levels and corporate performance and returns to shareholders. The Committee shall monitor the results of such policy to assure that the compensation payable to the Company's executive officers provides overall competitive pay levels, creates proper incentives to enhance shareholder value, rewards superior performance, is justified by the returns available to shareholders, and does not encourage or promote the taking of unnecessary or excessive risks by the Company's officers and employees.
- The Committee shall have responsibility for approval of compensation and benefit plans, which may include amendments to existing plans, cash- and equity-based incentive compensation plans, and non-qualified deferred compensation and retirement plans.
- The Committee shall have responsibility for overseeing the administration of the Company's benefit programs.
- The Committee shall establish annually subjective and objective criteria to serve as the basis for the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those criteria and determine the Chief Executive Officer's compensation based on that evaluation. In evaluating and determining Chief Executive Officer's compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act. The Chief Executive Officer may not be present during voting or deliberations on his or her compensation.
- The Committee shall establish annually subjective and objective criteria to serve as the basis for the other executive officers' compensation, evaluate the other executive officers' performance in light of those criteria and determine the other executive officers' compensation based on that evaluation. In evaluating and determining the other executives' compensation, the Committee shall consider the results of the most recent Say on Pay Vote. The Committee may consult with the Chief Executive Officer with respect to the compensation of other executive officers.
- With respect to the Company's equity-based compensation plans, the Committee shall approve grants of stock options, restricted stock, performance shares, stock appreciation rights and other equity-based incentives to the extent provided under the compensation plans. The Committee may delegate to the Chief Executive Officer all or part of the Committee's authority and duties with respect to grants and awards to individuals who are not subject to the reporting requirements and other provisions of Section 16 of the Securities Exchange Act of 1934 as in effect from time to time.
- The Committee shall from time to time review and make recommendations to the Board of Directors regarding the compensation of non-employee directors.

- The Committee shall review and discuss with management the Company's Compensation Discussion and Analysis ("CD&A") and the related executive compensation information, recommend that the CD&A and the related executive compensation information be included in the Company's annual report on Form 10-K and proxy statement, and produce the compensation committee report on executive officer compensation required to be included in the Company's proxy statement or annual report on Form 10-K.
- The Committee shall review and recommend to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement.
- The Committee shall review, and make recommendations to the Board regarding, any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the Chief Executive Officer and other executive officers, which includes the ability to amend and terminate such agreements, arrangements or plans.
- The Committee shall develop and recommend to the Board for approval a Chief Executive Officer succession plan (the "Succession Plan"), to review the Succession Plan periodically with the Chief Executive Officer, develop and evaluate potential candidates for Chief Executive Officer and recommend to the Board any changes to, and any candidates for succession under, the Succession Plan.
- The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K.

## **V. Performance Evaluations**

Annually the Chairperson of the Committee shall discuss the Committee's performance with each member of the Committee, and following such discussions the Chairperson shall lead the Committee in evaluation of its performance. The Committee shall conduct an annual review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

## **VI. Committee Resources**

The Committee shall have available such members of management, support staff, and the Company's auditors as it deems appropriate to discharge its responsibilities. However, the Committee shall meet regularly without such members present, and in all cases any such members shall not be present at meetings at which their compensation or performance is discussed or determined, including the Chief Executive Officer as provided above in this Charter.

The Committee may, in its sole discretion, select and retain or obtain the advice of any compensation consultant, legal counsel or other adviser, including an executive search firm, to assist the Committee in evaluating executive compensation or in connection with the Succession Plan. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any such consultant, legal counsel and other adviser retained by the Committee, including with respect to termination and other retention terms. The Committee may select, retain, or receive advice from, a compensation consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, only after taking into consideration the independence of such person, as required by applicable laws and regulations and NASDAQ Rule 5605(d)(3) and determining that such person is independent.

Notwithstanding, the Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

The Company will provide for appropriate funding, as determined by the Committee, for payment of compensation to any compensation consultant, legal counsel or other adviser retained by the Committee. The Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other advisor, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

Adopted: February 20, 2018