FIRST CAPITAL, INC. REPORTS QUARTERLY EARNINGS INCREASE

Corydon, Indiana—October 26, 2017. First Capital, Inc. (the "Company") (NASDAQ: FCAP), the holding company for First Harrison Bank (the "Bank"), today reported net income of $2.1 million or $0.63 per diluted share for the quarter ended September 30, 2017, compared to $1.8 million or $0.53 per diluted share for the same period in 2016. The increase in net income is primarily due to an increase in net interest income after provision for loan losses partially offset by an increase in noninterest expense.

Net interest income after provision for loan losses increased $634,000 for the quarter ended September 30, 2017 as compared to the quarter ended September 30, 2016. Interest income increased $513,000 when comparing the two periods due to an increase in the average balance of interest-earning assets from $684.8 million for the third quarter of 2016 to $711.0 million for the third quarter of 2017 and an increase in the average tax-equivalent yield on interest-earning assets from 3.72% for the third quarter of 2016 to 3.90% for the third quarter of 2017. The increase in the average tax-equivalent yield for the quarter ended September 30, 2017 compared to the same period in 2016 is primarily due to growth in the loan portfolio and an increase in short-term interest rates, partially offset by the effect of purchase accounting adjustments related to the December 2015 acquisition of Peoples Bancorp, Inc. of Bullitt County and its wholly-owned bank subsidiary Peoples Bank of Bullitt County (collectively, "Peoples"), headquartered in Shepherdsville, Kentucky. Interest expense decreased $71,000 when comparing the periods as the average cost of interest-bearing liabilities decreased from 0.31% to 0.25%. This was partially offset by an increase in the average balance of interest-bearing liabilities from $531.9 million to $537.3 million, when comparing the two periods. The decrease in the average cost of funds is primarily due to the repricing of savings and interest-bearing demand deposits acquired from Peoples. As a result of the changes in interest-earning assets and interest-bearing liabilities, the interest rate spread increased from 3.41% for the quarter ended September 30, 2016 to 3.65% for the same period in 2017.

Based on management's analysis of the allowance for loan losses, the provision for loan losses decreased from $200,000 for the quarter ended September 30, 2016 to $150,000 for the quarter ended September 30, 2017. The Bank recognized net charge-offs of $69,000 for the quarter ended September 30, 2016 compared to $139,000 for the same period in 2017.

Noninterest income decreased $2,000 for the quarter ended September 30, 2017 as compared to the same period in 2016. Other income decreased $145,000 when comparing the two periods and was partially offset by increases in service charges on deposit accounts and gains on the sale of loans of $109,000 and $46,000, respectively. The decrease in other income was due to the sale of the Company's investment in another financial institution in July 2016, resulting in a gain of $145,000.

Noninterest expenses increased $122,000 for the quarter ended September 30, 2017 as compared to the quarter ended September 30, 2016. Compensation and benefits expense and data processing expense increased $161,000 and $46,000, respectively, when comparing the two periods and were partially offset by decreases in occupancy and equipment expense and other operating expenses of $58,000 and $39,000, respectively. The increase in compensation and benefit expense is primarily due to normal salary increases.

For the nine months ended September 30, 2017, the Company reported net income of $5.9 million or $1.76 per diluted share compared to net income of $5.1 million or $1.53 per diluted share for the same period in 2016.

Net interest income after provision for loan losses increased $929,000 for the nine months ended September 30, 2017 compared to the same period in 2016. Interest income increased $799,000 when comparing the two periods, primarily due to an increase in the average balance of interest-earning assets from $682.3 million for 2016 to $708.8 million for 2017. Interest expense decreased $322,000 as the average cost of interest-bearing liabilities decreased from 0.35% for 2016 to 0.26% for 2017, partially offset by an increase in the average balance of interest-bearing liabilities from $527.6 million for the nine months ended September 30, 2016 to $542.6 million for the same period in 2017. As a result of the changes in interest-earning assets and interest-bearing liabilities, the interest rate spread increased from 3.43% for the nine months ended September 30, 2016 to 3.54% for the nine months ended September 30, 2017.

The provision for loan losses was $617,000 for the nine months ended September 30, 2017 compared to $425,000 for the same period in 2016. The Bank recognized net charge-offs of $466,000 for the nine months ended September 30, 2017 compared to $520,000 for the same period in 2016.

Noninterest income increased $324,000 for the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016. The increase was primarily due to increases in service charges on deposit accounts and gains on the sale of loans of $320,000 and $139,000, respectively, when comparing the two periods. This was partially offset by decreases in gains on the sale of securities and other income of $122,000 and $69,000, respectively.

Noninterest expenses increased $246,000 for the nine months ended September 30, 2017 as compared to the same period in 2016, primarily due to increases in compensation and benefits expense of $258,000 and data processing expense of $238,000 when comparing the two periods. This was partially offset by decreases of $104,000 in professional fees and $64,000 in occupancy and equipment expense.

Total assets as of September 30, 2017 were $754.2 million compared to $743.7 million at December 31, 2016. Investment securities and net loans receivable increased $21.1 million and $19.6 million, respectively, which was partially offset by a decrease in cash and cash equivalents of $21.0 million. Investment securities increased due to management investing excess liquidity in government agency mortgage-backed securities and municipal obligations. Loan growth was primarily due to increases in home equity and second mortgage loans of $6.1 million and other consumer loans and commercial business loans each increasing $4.5 million during the nine months ended September 30, 2017. Deposits increased from $664.7 million at December 31, 2016 to $665.5 million at September 30, 2017 due to increases in noninterest-bearing demand deposits and savings accounts of $11.7 million and $9.1 million, respectively, offset by decreases in NOW accounts, money market accounts and certificates of deposits of $4.3 million, $5.6 million and $8.3 million, respectively. Nonperforming assets (consisting of nonaccrual loans, accruing loans 90 days or more past due, troubled debt restructurings on accrual status, and foreclosed real estate) decreased from $8.4 million at December 31, 2016 to $7.4 million at September 30, 2017 as management continues to work to resolve nonperforming assets acquired from Peoples.

At September 30, 2017, the Bank was considered well-capitalized under applicable federal regulatory capital guidelines.

The Bank currently has eighteen offices in the Indiana communities of Corydon, Edwardsville, Greenville, Floyds Knobs, Palmyra, New Albany, New Salisbury, Jeffersonville, Salem, Lanesville and Charlestown and the Kentucky communities of Shepherdsville, Mt. Washington and Lebanon Junction.

Access to First Harrison Bank accounts, including online banking and electronic bill payments, is available through the Bank's website at www.firstharrison.com. The Bank currently offers non-FDIC insured investments through its business arrangement with Investment Centers of America ("ICA"), member SIPC. ICA has announced its sale to LPL Financial LLC ("LPL"). The transaction is expected to be complete in the fourth quarter of 2017 and the Bank will utilize LPL to continue to offer non-FDIC insured investments to complement the Bank's offering of traditional banking products and services. For more information and financial data about the Company, please visit Investor Relations at the Bank's aforementioned website. The Bank can also be followed on Facebook.

Cautionary Note Regarding Forward-Looking Statements

This press release may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the use of the words "anticipate," "believe," "expect," "intend," "could" and "should," and other words of similar meaning. Forward-looking statements are not historical facts nor guarantees of future performance; rather, they are statements based on the Company's current beliefs, assumptions, and expectations regarding its business strategies and their intended results and its future performance.

Numerous risks and uncertainties could cause or contribute to the Company's actual results, performance and achievements to be materially different from those expressed or implied by these forward-looking statements. Factors that may cause or contribute to these differences include, without limitation, general economic conditions, including changes in market interest rates and changes in monetary and fiscal policies of the federal government; competition; the ability of the Company to execute its business plan; legislative and regulatory changes; and other factors disclosed periodically in the Company's filings with the Securities and Exchange Commission.

Because of the risks and uncertainties inherent in forward-looking statements, readers are cautioned not to place undue reliance on them, whether included in this press release, the Company's reports, or made elsewhere from time to time by the Company or on its behalf. These forward-looking statements are made only as of the date of this press release, and the Company assumes no obligation to update any forward-looking statements after the date of this press release.

Contact:
Chris Frederick
Chief Financial Officer
812-734-3464

FIRST CAPITAL, INC. AND SUBSIDIARY
Consolidated Financial Highlights (Unaudited)

OPERATING DATA	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016
(Dollars in thousands, except per share data)				
Total interest income	$ 19,649	$ 18,850	$ 6,728	$ 6,215
Total interest expense	1,048	1,370	343	414
Net interest income	18,601	17,480	6,385	5,801
Provision for loan losses	617	425	150	200
Net interest income after provision for loan losses	17,984	17,055	6,235	5,601
Total non-interest income	5,057	4,733	1,748	1,750
Total non-interest expense	15,004	14,758	5,046	4,924
Income before income taxes	8,037	7,030	2,937	2,427
Income tax expense	2,175	1,897	825	666
Net income	$ 5,862	$ 5,133	$ 2,112	$ 1,761
Less net income attributable to the noncontrolling interest	10	10	3	3
Net income attributable to First Capital, Inc.	$ 5,852	$ 5,123	$ 2,109	$ 1,758
Net income per share attributable to First Capital, Inc. common shareholders:				
Basic	$ 1.76	$ 1.53	$ 0.63	$ 0.53
Diluted	$ 1.76	$ 1.53	$ 0.63	$ 0.53
Weighted average common shares outstanding:				
Basic	3,324,550	3,340,066	3,326,513	3,342,015
Diluted	3,329,111	3,341,853	3,329,549	3,344,049
OTHER FINANCIAL DATA				
Cash dividends per share	$ 0.64	$ 0.63	$ 0.22	$ 0.21
Return on average assets (annualized)	1.03%	0.94%	1.11%	0.96%
Return on average equity (annualized)	9.92%	8.88%	10.42%	8.96%
Net interest margin	3.61%	3.51%	3.70%	3.48%
Interest rate spread	3.54%	3.43%	3.65%	3.41%
Net overhead expense as a percentage of average assets (annualized)	2.65%	2.70%	2.66%	2.68%

BALANCE SHEET INFORMATION	September 30, 2017	December 31, 2016
Cash and cash equivalents	$ 24,798	$ 45,835
Interest-bearing time deposits	10,295	14,735
Investment securities	276,938	255,846
Gross loans	404,299	384,540
Allowance for loan losses	3,537	3,386
Earning assets	701,860	684,890
Total assets	754,235	743,658
Deposits	665,512	664,650
Stockholders' equity, net of noncontrolling interest	81,270	75,730
Non-performing assets:		
Nonaccrual loans	2,661	2,946
Accruing loans past due 90 days	13	78
Foreclosed real estate	3,882	4,674
Troubled debt restructurings on accrual status	892	742
Regulatory capital ratios (Bank only):		
Tier I - adjusted total assets	9.52%	9.30%
Tier I - risk based	14.02%	14.28%
Total risk-based	14.72%	14.98%