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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File No. 0-25023

First Capital, Inc.
(Exact name of registrant as specified in its charter)

Indiana	**35-2056949**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
220 Federal Drive NW, Corydon, Indiana 47112	**1-812-738-2198**
(Address of principal executive offices, zip code, telephone number)	

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	FCAP	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 3,344,625 shares of common stock were outstanding as of November 2, 2026.

FIRST CAPITAL, INC.

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PART I – FINANCIAL INFORMATION
FIRST CAPITAL, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands, except share and per share data)	September 30, 2026	December 31, 2025
ASSETS		
Cash and due from banks	$ 22,800	$ 26,873
Interest bearing deposits with banks	116,219	110,415
Total cash and cash equivalents	139,019	137,288
Interest-bearing time deposits	1,225	1,470
Securities available for sale, at fair value (amortized cost $426,578 and $432,167, respectively)	394,694	417,190
Securities held to maturity, at amortized cost (fair value $5,609 and $5,243, respectively)	7,000	7,000
Loans held for sale	970	1,464
Loans, net of allowance for credit losses of $10,946 ($10,108 in 2025)	674,951	654,100
Federal Home Loan Bank and other stock, at cost	1,836	1,836
Premises and equipment	15,488	14,357
Accrued interest receivable	5,080	5,100
Cash value of life insurance	9,152	8,993
Goodwill	6,472	6,472
Other assets	18,948	16,725
Total Assets	$ 1,274,835	$ 1,271,995
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 218,204	$ 220,053
Interest-bearing	911,193	902,937
Total deposits	1,129,397	1,122,990
Accrued interest payable	1,992	2,195
Accrued expenses and other liabilities	7,626	8,901
Total liabilities	1,139,015	1,134,086
EQUITY		
Preferred stock of $.01 par value per share		
Authorized 1,000,000 shares; none issued	—	—
Common stock of $.01 par value per share		
Authorized 7,500,000 shares; issued 3,814,003 shares (3,810,883 in 2025); outstanding 3,344,625 (3,341,871 in 2025)	38	38
Additional paid-in capital	41,991	41,823
Retained earnings-substantially restricted	128,687	117,635
Unearned stock compensation	(295)	(178)
Accumulated other comprehensive loss	(24,813)	(11,646)
Less treasury stock, at cost - 469,378 shares (469,012 in 2025)	(9,896)	(9,875)
Total First Capital, Inc. stockholders' equity	135,712	137,797
Noncontrolling interest in subsidiary	108	112
Total equity	135,820	137,909
Total Liabilities and Equity	$ 1,274,835	$ 1,271,995

See accompanying notes to consolidated financial statements.

PART I – FINANCIAL INFORMATION
FIRST CAPITAL, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In thousands, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
INTEREST INCOME				
Loans, including fees	$ 11,047	$ 10,411	$ 32,302	$ 30,439
Securities:				
Taxable	3,096	2,257	8,675	6,070
Tax-exempt	725	684	2,141	1,998
Dividends	23	25	70	76
Interest bearing deposits with banks	1,202	1,281	3,451	3,461
Total interest income	16,093	14,658	46,639	42,044
INTEREST EXPENSE				
Deposits	3,583	3,702	10,624	11,095
Total interest expense	3,583	3,702	10,624	11,095
Net interest income	12,510	10,956	36,015	30,949
Provision for credit losses	355	150	1,130	794
Net interest income after provision for credit losses	12,155	10,806	34,885	30,155
NONINTEREST INCOME				
Service charges on deposit accounts	682	625	1,916	1,806
ATM and debit card fees	1,171	1,191	3,424	3,374
Loss on sale of securities	—	(39)	(92)	(94)
Unrealized gain (loss) on equity securities	(9)	150	261	127
Gain on sale of loans	220	243	504	484
Increase in cash surrender value of life insurance	51	51	159	172
Other income	177	85	373	303
Total noninterest income	2,292	2,306	6,545	6,172
NONINTEREST EXPENSE				
Compensation and benefits	4,678	4,093	13,520	12,465
Occupancy and equipment	659	807	1,869	1,979
Data processing	1,239	1,182	3,500	3,446
Professional fees	256	290	1,035	903
Advertising	157	147	433	341
Other expenses	1,120	1,045	3,358	3,105
Total noninterest expense	8,109	7,564	23,715	22,239
Income before income taxes	6,338	5,548	17,715	14,088
Income tax expense	1,231	1,067	3,510	2,591
Net Income	5,107	4,481	14,205	11,497
Less: net income attributable to noncontrolling interest in subsidiary	3	3	9	9
Net Income Attributable to First Capital, Inc.	$ 5,104	$ 4,478	$ 14,196	$ 11,488
Earnings per common share attributable to First Capital, Inc.:				
Basic	$ 1.53	$ 1.34	$ 4.25	$ 3.43
Diluted	$ 1.53	$ 1.34	$ 4.25	$ 3.43
Dividends per share	$ 0.32	$ 0.31	$ 0.94	$ 0.89

See accompanying notes to consolidated financial statements.

PART I – FINANCIAL INFORMATION
FIRST CAPITAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Net Income	$ 5,107	$ 4,481	$ 14,205	$ 11,497
OTHER COMPREHENSIVE (LOSS) INCOME				
Unrealized (losses) gains on securities available for sale:				
Unrealized holding (losses) gains arising during the period	(13,913)	7,485	(16,999)	12,006
Income tax benefit (expense)	3,070	(1,664)	3,759	(2,759)
Net of tax amount	(10,843)	5,821	(13,240)	9,247
Less: reclassification adjustment for realized losses included in net income	—	39	92	94
Income tax expense	—	(8)	(19)	(20)
Net of tax amount	—	31	73	74
Other Comprehensive (Loss) Income, net of tax	(10,843)	5,852	(13,167)	9,321
Comprehensive Income (Loss)	(5,736)	10,333	1,038	20,818
Less: net income attributable to the noncontrolling interest in subsidiary	3	3	9	9
Comprehensive Income (Loss) Attributable to First Capital, Inc.	$ (5,739)	$ 10,330	$ 1,029	$ 20,809

See accompanying notes to consolidated financial statements.

PART I – FINANCIAL INFORMATION
FIRST CAPITAL, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

(In thousands)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Unearned Stock Compensation	Treasury Stock	Noncontrolling Interest	Total
Balances at July 1, 2026	$ 38	$ 42,015	$ 124,653	$ (13,970)	$ (335)	$ (9,891)	$ 105	$ 142,615
Net income	—	—	5,104	—	—	—	3	5,107
Other comprehensive loss	—	—	—	(10,843)	—	—	—	(10,843)
Cash dividends	—	—	(1,070)	—	—	—	—	(1,070)
Stock compensation expense	—	—	—	—	16	—	—	16
Taxes paid on stock award shares for employees	—	—	—	—	—	(5)	—	(5)
Restricted stock grant forfeitures	—	(24)	—	—	24	—	—	—
Balances at September 30, 2026	$ 38	$ 41,991	$ 128,687	$ (24,813)	$ (295)	$ (9,896)	$ 108	$ 135,820
Balances at July 1, 2025	$ 38	$ 41,823	$ 110,354	$ (19,521)	$ (205)	$ (9,289)	$ 105	$ 123,305
Net income	—	—	4,478	—	—	—	3	4,481
Other comprehensive income	—	—	—	5,852	—	—	—	5,852
Cash dividends	—	—	(1,039)	—	—	—	—	(1,039)
Stock compensation expense	—	—	—	—	13	—	—	13
Purchase of treasury shares	—	—	—	—	—	(52)	—	(52)
Taxes paid on stock award shares for employees	—	—	—	—	—	(11)	—	(11)
Balances at September 30, 2025	$ 38	$ 41,823	$ 113,793	$ (13,669)	$ (192)	$ (9,352)	$ 108	$ 132,549
Balances at January 1, 2026	$ 38	$ 41,823	$ 117,635	$ (11,646)	$ (178)	$ (9,875)	$ 112	$ 137,909
Net income	—	—	14,196	—	—	—	9	14,205
Other comprehensive loss	—	—	—	(13,167)	—	—	—	(13,167)
Cash dividends	—	—	(3,144)	—	—	—	(13)	(3,157)
Stock compensation expense	—	—	—	—	51	—	—	51
Purchase of treasury shares	—	—	—	—	—	(16)	—	(16)
Taxes paid on stock award shares for employees	—	—	—	—	—	(5)	—	(5)
Restricted stock grants	—	198	—	—	(198)	—	—	—
Restricted stock grant forfeitures	—	(30)	—	—	30	—	—	—
Balances at September 30, 2026	$ 38	$ 41,991	$ 128,687	$ (24,813)	$ (295)	$ (9,896)	$ 108	$ 135,820
Balances at January 1, 2025	$ 38	$ 41,676	$ 105,290	$ (22,990)	$ (135)	$ (9,280)	$ 112	$ 114,711
Net income	—	—	11,488	—	—	—	9	11,497
Other comprehensive income	—	—	—	9,321	—	—	—	9,321
Cash dividends	—	—	(2,985)	—	—	—	(13)	(2,998)
Stock compensation expense	—	—	—	—	90	—	—	90
Purchase of treasury shares	—	—	—	—	—	(61)	—	(61)
Taxes paid on stock award shares for employees	—	—	—	—	—	(11)	—	(11)
Restricted stock grants	—	147	—	—	(147)	—	—	—
Balances at September 30, 2025	$ 38	$ 41,823	$ 113,793	$ (13,669)	$ (192)	$ (9,352)	$ 108	$ 132,549

See accompanying notes to consolidated financial statements.

PART I – FINANCIAL INFORMATION
FIRST CAPITAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Nine Months Ended September 30, 2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 14,205	$ 11,497
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Amortization of premiums and accretion of discounts on securities, net	282	597
Depreciation and amortization expense	863	831
Deferred income taxes	(1,222)	10
Stock compensation expense	51	90
Increase in cash value of life insurance	(159)	(172)
Gain on life insurance	—	(47)
Loss on sale of securities	92	94
Provision for credit losses	1,130	794
Proceeds from sales of loans	30,434	25,880
Loans originated for sale	(29,436)	(25,950)
Gain on sale of loans	(504)	(484)
Amortization of tax credit investments	1,155	2,301
Unrealized gain on equity securities	(261)	(127)
(Gain) loss on disposal of premises and equipment	(39)	156
Decrease (increase) in accrued interest receivable	20	(214)
(Decrease) increase in accrued interest payable	(203)	196
Net change in other assets/liabilities	1,764	600
Net Cash Provided By Operating Activities	18,172	16,052
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease in interest-bearing time deposits	245	490
Purchases of securities available for sale	(109,054)	(107,967)
Proceeds from maturities of securities available for sale	56,727	45,125
Proceeds from sales of securities available for sale	18,722	17,911
Principal collected on mortgage-backed obligations	38,819	23,955
Net increase in loans receivable	(21,981)	(11,927)
Investment in tax credit entities	(1,043)	(2,532)
Investment in technology funds	(150)	(23)
Proceeds from settlement of bank-owned life insurance policies	—	606
Proceeds from insurance claims	39	—
Purchase of premises and equipment	(1,994)	(654)
Net Cash Used In Investing Activities	(19,670)	(35,016)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	6,407	28,294
Purchase of treasury stock	(16)	(61)
Taxes paid on stock award shares for employees	(5)	(11)
Dividends paid	(3,157)	(2,998)
Net Cash Provided By Financing Activities	3,229	25,224
Net Increase in Cash and Cash Equivalents	1,731	6,260
Cash and cash equivalents at beginning of period	137,288	105,917
Cash and Cash Equivalents at End of Period	$ 139,019	$ 112,177

See accompanying notes to consolidated financial statements.

FIRST CAPITAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Presentation of Interim Information

First Capital, Inc. ("Company") is the financial holding company of First Harrison Bank ("Bank"), an Indiana chartered commercial bank and wholly owned subsidiary. First Harrison Investments, Inc. and First Harrison Holdings, Inc. are wholly-owned Nevada corporate subsidiaries of the Bank that jointly own First Harrison, LLC, a Nevada limited liability corporation that holds and manages an investment portfolio. First Harrison REIT, Inc. ("REIT") is a wholly-owned subsidiary of First Harrison Holdings, Inc. that holds a portion of the Bank's real estate mortgage loan portfolio.

In the opinion of management, the unaudited consolidated financial statements include all adjustments considered necessary to present fairly the financial position as of September 30, 2026, and the results of operations for the three and nine months ended September 30, 2026 and 2025 and the cash flows for the nine months ended September 30, 2026 and 2025. All of these adjustments are of a normal, recurring nature. Such adjustments are the only adjustments included in the unaudited consolidated financial statements. Interim results are not necessarily indicative of results for a full year or any other period.

The accompanying unaudited consolidated financial statements and notes have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial statements and are presented as permitted by the instructions to Form 10-Q. Accordingly, they do not contain certain information included in the Company's annual audited consolidated financial statements and related footnotes for the year ended December 31, 2025 included in the Company's Annual Report on Form 10-K.

The unaudited consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform with the current period presentation. The reclassifications had no effect on net income or stockholders' equity.

2. Recent Accounting Pronouncements

In November 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-08, *Financial Instruments – Credit Losses (Topic 326): Purchased Loans.* The ASU expands the application of the gross-up approach currently used for purchased credit deteriorated ("PCD") assets to certain purchased seasoned loans ("PSL"). Under amended guidance, an allowance for credit loss ("ACL") is recognized at the acquisition date with a corresponding adjustment to the amortized cost basis of the acquired loan, thereby eliminating the recognition of a Day 1 provision expense for qualifying purchased loans. The amendments also provide guidance for determining whether acquired loans qualify as PSL and clarify certain aspects of interest income recognition for acquired loan portfolios. The amendments are effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. The standard is to be applied prospectively. The Company's adoption of the ASU, effective July 1, 2026, did not have a material impact on the Company's consolidated financial position or results of operations.

The Company has determined that all other recently issued accounting pronouncements will not have a material impact on the Company's consolidated financial statements or do not apply to its operations.

FIRST CAPITAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

3. Investment Securities

Investment securities have been classified in the consolidated balance sheets according to management's intent. Investment securities at September 30, 2026 and December 31, 2025 are summarized as follows:

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
September 30, 2026				
Securities available for sale:				
Agency mortgage-backed securities	$ 132,620	$ —	$ 10,056	$ 122,564
Agency CMO	119,311	4	3,635	115,680
Agency notes and bonds	16,698	—	441	16,257
Treasury notes and bonds	2,495	—	24	2,471
Municipal obligations	155,454	52	17,784	137,722
Total securities available for sale	$ 426,578	$ 56	$ 31,940	$ 394,694
Securities held to maturity:				
Other debt securities:				
Corporate notes	$ 7,000	$ —	$ 1,391	$ 5,609
Total securities held to maturity	$ 7,000	$ —	$ 1,391	$ 5,609
December 31, 2025				
Securities available for sale:				
Agency mortgage-backed securities	$ 96,218	$ 505	$ 4,793	$ 91,930
Agency CMO	100,018	841	113	100,746
Agency notes and bonds	75,448	30	1,087	74,391
Treasury notes and bonds	2,485	—	24	2,461
Municipal obligations	157,998	996	11,332	147,662
Total securities available for sale	$ 432,167	$ 2,372	$ 17,349	$ 417,190
Securities held to maturity:				
Other debt securities:				
Corporate notes	$ 7,000	$ —	$ 1,757	$ 5,243
Total securities held to maturity	$ 7,000	$ —	$ 1,757	$ 5,243

Agency notes and bonds, agency mortgage-backed securities and agency collateralized mortgage obligations ("CMO") include securities issued by the Government National Mortgage Association ("GNMA"), a U.S. government agency, and the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), the Federal Farm Credit Bank ("FFCB") and the Federal Home Loan Bank ("FHLB"), which are government-sponsored enterprises. Corporate notes classified as held to maturity include subordinated debt obligations issued by other bank holding companies ("BHC").

FIRST CAPITAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(3 – continued)

The amortized cost and fair value of debt securities as of September 30, 2026, by contractual maturity, are shown below. Expected maturities of mortgage-backed securities and CMO may differ from contractual maturities because the mortgages underlying the obligations may be prepaid without penalty.

	Securities Available for Sale		Securities Held to Maturity	
(In thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 12,304	$ 12,127	$ —	$ —
Due after one year through five years	22,855	21,432	—	—
Due after five years through ten years	92,060	78,804	4,000	3,371
Due after ten years	47,428	44,087	3,000	2,238
	174,647	156,450	7,000	5,609
Mortgage-backed securities and CMO	251,931	238,244	—	—
	$ 426,578	$ 394,694	$ 7,000	$ 5,609

Information pertaining to investment securities with gross unrealized losses at September 30, 2026, aggregated by investment category and the length of time that individual investment securities have been in a continuous loss position, follows.

(Dollars in thousands)	Number of Investment Positions	Fair Value	Gross Unrealized Losses
Securities available for sale:			
Continuous loss position less than twelve months:			
Agency mortgage-backed securities	45	$ 76,664	$ 4,117
Agency CMO	75	107,718	3,410
Agency notes and bonds	6	5,371	226
Municipal obligations	99	52,408	2,518
Total less than twelve months	225	242,161	10,271
Continuous loss position more than twelve months:			
Agency mortgage-backed securities	64	41,725	5,939
Agency CMO	18	4,078	225
Agency notes and bonds	8	10,886	215
Treasury notes and bonds	2	2,471	24
Municipal obligations	157	81,249	15,266
Total more than twelve months	249	140,409	21,669
Total securities available for sale	474	$ 382,570	$ 31,940
Securities held to maturity:			
Continuous loss position more than twelve months:			
Corporate notes	4	$ 5,609	$ 1,391
Total more than twelve months	4	5,609	1,391
Total securities held to maturity	4	$ 5,609	$ 1,391

FIRST CAPITAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(3 – continued)

Information pertaining to investment securities with gross unrealized losses at December 31, 2025, aggregated by investment category and the length of time that individual investment securities have been in a continuous position, follows.

(Dollars in thousands)	Number of Investment Positions	Fair Value	Gross Unrealized Losses
Securities available for sale:			
Continuous loss position less than twelve months:			
Agency mortgage-backed securities	8	$ 11,853	$ 96
Agency CMO	1	646	1
Agency notes and bonds	1	747	1
Municipal obligations	11	3,883	9
Total less than twelve months	21	17,129	107
Continuous loss position more than twelve months:			
Agency mortgage-backed securities	90	51,637	4,697
Agency CMO	19	6,335	112
Agency notes and bonds	26	70,014	1,086
Treasury notes and bonds	2	2,461	24
Municipal obligations	174	97,487	11,323
Total more than twelve months	311	227,934	17,242
Total securities available for sale	332	$ 245,063	$ 17,349
Securities held to maturity:			
Continuous loss position more than twelve months:			
Corporate notes	4	$ 5,243	$ 1,757
Total more than twelve months	4	5,243	1,757
Total securities held to maturity	4	$ 5,243	$ 1,757

The Company has not identified any specific available for sale securities in a loss position that it intends to sell in the near term and does not believe that it will be required to sell any such securities. The Company reviews its securities on a quarterly basis to assess declines in fair value for credit losses. Consideration is given to such factors as the credit rating of the borrower, market conditions such as current interest rates, any adverse conditions specific to the security, and delinquency status on contractual payments. At September 30, 2026, management concluded that in all instances, securities with fair values less than carrying value were due to fluctuations in interest rates and other factors; thus, no credit loss provision was required.

In addition, management assesses held to maturity securities for credit losses on a quarterly basis. The assessment includes review of performance metrics, identification of delinquency and evaluation of market factors. Based on all analysis, management concludes the decline in fair value of all securities classified as held to maturity was due to changes in interest rates and other market factors.

At September 30, 2026, the municipal obligations and U.S. government agency debt securities, including Treasury notes and bonds, agency notes and bonds, mortgage-backed securities and CMOs classified as available for sale and in a loss position had depreciated approximately 7.7% from the amortized cost basis. All of the U.S. government agency securities and municipal obligations are issued by U.S. government agencies, government-sponsored enterprises and municipal governments, or are secured by first mortgage loans and municipal project revenues. At September 30, 2026, the corporate notes classified as held to maturity in a loss position had depreciated approximately 19.9% from the amortized cost basis. These unrealized losses related principally to current interest rates for similar types of securities. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government, its agencies or other governments, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. As the Company has the intent and ability to hold the debt securities until maturity, or the foreseeable future if classified as available for sale, no credit loss is deemed to exist.

As of September 30, 2026 and December 31, 2025, the Company estimated expected credit losses to be immaterial based on the composition of the held to maturity securities portfolio.

FIRST CAPITAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(3 – continued)

While management does not anticipate any credit losses at September 30, 2026, additional deterioration in market and economic conditions may have an adverse impact on credit quality in the future.

There were no sales of available for sale securities during the three months ended September 30, 2026. During the three months ended September 30, 2025, the Company recognized gross gains of $21,000 and gross losses of $60,000 on sales of available for sale securities. During the nine months ended September 30, 2026, the Company recognized gross gains of $169,000 and gross losses of $261,000 on sales of available for sale securities. During the nine months ended September 30, 2025, the Company recognized gross gains of $53,000 and gross losses of $147,000 on sales of available for sale securities.

At September 30, 2026 and December 31, 2025, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, with an aggregate book value greater than 10% of stockholders' equity.

Accrued interest receivable on available for sale debt securities totaled $2.6 million at both September 30, 2026 and December 31, 2025 and was reported in accrued interest receivable on the consolidated balance sheets and is excluded from the estimate of credit losses.

Accrued interest receivable on held to maturity debt securities totaled $18,000 at both September 30, 2026 and December 31, 2025, and was reported in accrued interest receivable on the consolidated balance sheets and is excluded from the estimate of credit losses.

Equity Securities

In September 2018, the Company acquired 90,000 shares of common stock in another BHC, representing approximately 5% of the outstanding common stock of the entity, for a total investment of $1.9 million. During the three months ended September 30, 2026, the Company recognized a loss of $9,000. During the three months ended September 30, 2025, the Company recognized a gain of $150,000. During the nine months ended September 30, 2026, the Company recognized a gain of $261,000. During the nine months ended September 30, 2025, the Company recognized a gain of $127,000. At September 30, 2026 and December 31, 2025, the equity investment had a fair value of $1.3 million and $1.0 million, respectively, and is included in other assets on the consolidated balance sheets. These 90,000 shares will be cancelled without payment of merger consideration upon completion of the transaction described in Note 14 Subsequent Event.

In October 2021, the Company entered into an agreement to invest in a bank technology fund through a limited partnership and the Company entered into an agreement to participate in a second, related fund in June 2025. At September 30, 2026 and December 31, 2025, the Company's investment in the limited partnerships was $1.3 million and $910,000, respectively, and is reflected in other assets on the consolidated balance sheets. The unfunded commitment related to the limited partnership investments at September 30, 2026 and December 31, 2025 was $461,000 and $237,000, respectively, and is reflected in other liabilities on the consolidated balance sheets. The Company expects to fulfill the commitment as capital calls are made through 2026. The investments are accounted for as equity securities without a readily determinable fair value, and have been recorded at cost, less any impairment, and adjustments resulting from observable price changes. There were no impairments or adjustments on equity securities without readily determinable fair values during the three and nine months ended September 30, 2026 or 2025.

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4. Loans and Allowance for Credit Losses

Loans at September 30, 2026 and December 31, 2025 consisted of the following:

(In thousands)	September 30, 2026	December 31, 2025
1-4 Family Residential Mortgage	$ 141,470	$ 140,677
Home Equity and Second Mortgage	78,902	71,435
Multifamily Residential	67,036	69,567
1-4 Family Residential Construction	15,885	15,445
Other Construction, Development and Land	52,583	41,227
Commercial Real Estate	209,418	207,124
Commercial Business	64,655	61,991
Consumer and Other	54,929	55,676
Principal loan balance	684,878	663,142
Deferred loan origination fees and costs, net	1,019	1,066
Allowance for credit losses	(10,946)	(10,108)
Loans, net	$ 674,951	$ 654,100

The ACL on loans is measured on a collective (pooled) basis when similar risk characteristics exist. The Company's pools/segments are largely determined based on loan types as defined by Call Report instructions.

Loans that do not share risk characteristics are evaluated on an individual basis. In addition, loans evaluated individually are not included in the collective evaluation. When management determines that foreclosure is probable or the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date adjusted for selling costs.

The following table provides the components of the Company's amortized cost basis in loans at September 30, 2026 and December 31, 2025:

	1-4 Family Residential Mortgage	Home Equity and Second Mortgage	Multifamily Residential	1-4 Family Residential Construction	Other Construction, Development and Land	Commercial Real Estate	Commercial Business	Consumer and Other	Total
					(In thousands)				
September 30, 2026									
Amortized Cost Basis in Loans:									
Principal loan balance	$ 141,470	$ 78,902	$ 67,036	$ 15,885	$ 52,583	$ 209,418	$ 64,655	$ 54,929	$ 684,878
Net deferred loan origination fees and costs	56	1,221	(65)	—	(49)	(139)	(5)	—	1,019
Amortized cost basis in loans	$ 141,526	$ 80,123	$ 66,971	$ 15,885	$ 52,534	$ 209,279	$ 64,650	$ 54,929	$ 685,897
December 31, 2025									
Amortized Cost Basis in Loans:									
Principal loan balance	$ 140,677	$ 71,435	$ 69,567	$ 15,445	$ 41,227	$ 207,124	$ 61,991	$ 55,676	$ 663,142
Net deferred loan origination fees and costs	81	1,231	(45)	—	(49)	(150)	(2)	—	1,066
Amortized cost basis in loans	$ 140,758	$ 72,666	$ 69,522	$ 15,445	$ 41,178	$ 206,974	$ 61,989	$ 55,676	$ 664,208

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The following table provides an analysis of the changes in the ACL on loans for the three months ended September 30, 2026 and 2025:

	1-4 Family Residential Mortgage	Home Equity and Second Mortgage	Multifamily Residential	1-4 Family Residential Construction	Other Construction, Development and Land	Commercial Real Estate	Commercial Business	Consumer and Other	Total
					(In thousands)				
September 30, 2026									
ACL on Loans:									
Beginning balance	$ 1,576	$ 982	$ 716	$ 243	$ 576	$ 3,207	$ 2,440	$ 974	$ 10,714
Provision for credit losses	28	52	88	8	51	(76)	(67)	271	355
Charge-offs	—	—	—	—	—	—	(8)	(159)	(167)
Recoveries	—	10	—	—	—	—	7	27	44
Ending balance	$ 1,604	$ 1,044	$ 804	$ 251	$ 627	$ 3,131	$ 2,372	$ 1,113	$ 10,946
September 30, 2025									
ACL on Loans:									
Beginning balance	$ 1,511	$ 768	$ 463	$ 247	$ 695	$ 3,032	$ 2,180	$ 832	$ 9,728
Provision for credit losses	(70)	172	36	(16)	(245)	(36)	134	175	150
Charge-offs	(1)	—	—	—	—	—	—	(60)	(61)
Recoveries	—	1	—	—	—	—	7	36	44
Ending balance	$ 1,440	$ 941	$ 499	$ 231	$ 450	$ 2,996	$ 2,321	$ 983	$ 9,861

The following table provides an analysis of the changes in the ACL on loans for the nine months ended September 30, 2026 and 2025:

	1-4 Family Residential Mortgage	Home Equity and Second Mortgage	Multifamily Residential	1-4 Family Residential Construction	Other Construction, Development and Land	Commercial Real Estate	Commercial Business	Consumer and Other	Total
					(In thousands)				
September 30, 2026									
ACL on Loans:									
Beginning balance	$ 1,393	$ 937	$ 696	$ 213	$ 437	$ 3,243	$ 2,252	$ 937	$ 10,108
Provision for credit losses	212	97	108	38	190	(112)	169	428	1,130
Charge-offs	(1)	—	—	—	—	—	(75)	(414)	(490)
Recoveries	—	10	—	—	—	—	26	162	198
Ending balance	$ 1,604	$ 1,044	$ 804	$ 251	$ 627	$ 3,131	$ 2,372	$ 1,113	$ 10,946
September 30, 2025									
ACL on Loans:									
Beginning balance	$ 1,592	$ 478	$ 545	$ 184	$ 588	$ 2,459	$ 2,424	$ 1,011	$ 9,281
Provision for credit losses	(158)	462	(46)	47	(138)	537	(49)	139	794
Charge-offs	(1)	—	—	—	—	—	(83)	(271)	(355)
Recoveries	7	1	—	—	—	—	29	104	141
Ending balance	$ 1,440	$ 941	$ 499	$ 231	$ 450	$ 2,996	$ 2,321	$ 983	$ 9,861

Accrued interest on loans totaled $2.5 million at September 30, 2026 and December 31, 2025 and is included in accrued interest receivable on the consolidated balance sheets and is excluded from the estimate of credit losses.

The Company utilizes the Weighted Average Remaining Maturity (“WARM”) method in determining expected future credit losses. The WARM method uses average annual charge-off rates and the remaining life of the loan to estimate the ACL. For the Company’s loan portfolios, the remaining contractual life for each loan is adjusted by the expected scheduled payments and estimated prepayments. The average annual charge-off rate is applied to the amortization adjusted remaining life of the loan to determine the unadjusted lifetime historical charge-off rate. The Company’s expected loss estimate is anchored in historical credit loss experience, with an emphasis on all available portfolio data. The Company’s historical look-back periods for the loan portfolio range from one to 10 years depending on the WARM of the given portfolio segment and are updated on an annual basis.

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The Company estimates the ACL on loans using relevant available information from internal and external sources relating to past events, current conditions, and reasonable and supportable forecasts. Reasonable and supportable forecasts typically utilize a 12-month period with immediate reversion to historical losses. Historical loss experience provides the basis for the estimation of expected credit losses. Qualitative adjustments to historical loss information are made for losses reflected by peers, changes in underwriting standards, changes in economic conditions, changes in delinquency levels, collateral values and other factors.

Qualitative adjustments reflect management's overall estimate of the extent to which current expected credit losses on collectively evaluated loans will differ from historical loss experience. The analysis takes into consideration industry and collateral concentrations, acquired loan portfolio characteristics and other credit-related analytics as deemed appropriate.

Management exercises significant judgment in evaluating the relevant historical loss experience and the qualitative factors. Management also monitors the differences between estimated and actual incurred loan losses in order to evaluate the effectiveness of the estimation process and make any changes in the methodology as necessary.

Collateral dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. There have been no significant changes to the types of collateral securing the Company's collateral dependent loans.

The following table presents the amortized cost basis of, and ACL allocation to, individually evaluated collateral-dependent loans by class of loans as of September 30, 2026 and December 31, 2025:

	Real Estate	Equipment	Other	Total	ACL Allocation
September 30, 2026			*(In thousands)*		
1-4 Family Residential Mortgage	$ 2,074	$ —	$ —	$ 2,074	$ —
Home Equity and Second Mortgage	414	—	—	414	—
Multifamily Residential	—	—	—	—	—
1-4 Family Residential Construction	98	—	—	98	62
Other Construction, Development and Land	129	—	—	129	—
Commercial Real Estate	3,306	—	—	3,306	553
Commercial Business	—	1,730	427	2,157	935
Consumer and Other	50	—	2	52	23
	$ 6,071	$ 1,730	$ 429	$ 8,230	$ 1,573
December 31, 2025					
1-4 Family Residential Mortgage	$ 1,835	$ —	$ —	$ 1,835	$ —
Home Equity and Second Mortgage	503	—	—	503	—
Multifamily Residential	—	—	—	—	—
1-4 Family Residential Construction	97	—	—	97	60
Other Construction, Development and Land	118	—	—	118	—
Commercial Real Estate	2,175	—	—	2,175	—
Commercial Business	—	1,645	467	2,112	1,233
Consumer and Other	—	—	15	15	—
	$ 4,728	$ 1,645	$ 482	$ 6,855	$ 1,293

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Nonperforming loans consists of nonaccrual loans and loans past due and still accruing interest. The following table presents the amortized cost basis of loans on nonaccrual status and loans 90 days or more past due still accruing as of September 30, 2026 and December 31, 2025:

	Nonaccrual Loans with No ACL	Nonaccrual Loans with An ACL	Total Nonaccrual	Loans 90+ Days Past Due Still Accruing	Total Nonperforming Loans
September 30, 2026		*(In thousands)*			
1-4 Family Residential Mortgage	$ 1,809	$ —	$ 1,809	$ —	$ 1,809
Home Equity and Second Mortgage	241	—	241	—	241
Multifamily Residential	—	—	—	—	—
1-4 Family Residential Construction	—	98	98	—	98
Other Construction, Development and Land	75	—	75	—	75
Commercial Real Estate	589	993	1,582	—	1,582
Commercial Business	99	1,480	1,579	—	1,579
Consumer and Other	—	50	50	32	82
Total	$ 2,813	$ 2,621	$ 5,434	$ 32	$ 5,466
December 31, 2025					
1-4 Family Residential Mortgage	$ 1,552	$ —	$ 1,552	$ —	$ 1,552
Home Equity and Second Mortgage	329	—	329	—	329
Multifamily Residential	—	—	—	—	—
1-4 Family Residential Construction	—	97	97	—	97
Other Construction, Development and Land	72	—	72	—	72
Commercial Real Estate	417	—	417	—	417
Commercial Business	99	1,687	1,786	83	1,869
Consumer and Other	15	—	15	—	15
Total	$ 2,484	$ 1,784	$ 4,268	$ 83	$ 4,351

No interest income was recognized on nonaccrual loans during the three and nine months ended September 30, 2026 and 2025.

The following table presents the aging of the amortized cost basis in loans at September 30, 2026 and December 31, 2025:

	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans
September 30, 2026			*(In thousands)*			
1-4 Family Residential Mortgage	$ 2,236	$ 62	$ 1,022	$ 3,320	$ 138,206	$ 141,526
Home Equity and Second Mortgage	847	47	—	894	79,229	80,123
Multifamily Residential	—	—	—	—	66,971	66,971
1-4 Family Residential Construction	—	—	98	98	15,787	15,885
Other Construction, Development and Land	91	54	75	220	52,314	52,534
Commercial Real Estate	197	—	1,582	1,779	207,500	209,279
Commercial Business	28	15	140	183	64,467	64,650
Consumer and Other	250	62	82	394	54,535	54,929
Total	$ 3,649	$ 240	$ 2,999	$ 6,888	$ 679,009	$ 685,897
December 31, 2025						
1-4 Family Residential Mortgage	$ 849	$ 249	$ 1,011	$ 2,109	$ 138,649	$ 140,758
Home Equity and Second Mortgage	668	—	52	720	71,946	72,666
Multifamily Residential	—	—	—	—	69,522	69,522
1-4 Family Residential Construction	—	—	97	97	15,348	15,445
Other Construction, Development and Land	80	—	72	152	41,026	41,178
Commercial Real Estate	827	707	417	1,951	205,023	206,974
Commercial Business	92	19	223	334	61,655	61,989
Consumer and Other	198	86	15	299	55,377	55,676
Total	$ 2,714	$ 1,061	$ 1,887	$ 5,662	$ 658,546	$ 664,208

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Occasionally, the Company modifies loans to borrowers in financial distress by providing principal forgiveness, a term extension, an other-than-insignificant payment delay or an interest rate reduction. When principal forgiveness is provided, the amount of forgiveness is charged-off against the ACL on loans. In some cases, the Company may provide multiple types of concessions on one loan. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted.

During the three and nine months ended September 30, 2026 and 2025, there were no modifications to borrowers in financial distress. The Company monitors the performance of modified loans and no modified loans were delinquent at September 30, 2026 or December 31, 2025. There were no loans to borrowers experiencing financial distress that were modified during the previous 12 months and which subsequently defaulted during the three and nine months ended September 30, 2026 and 2025. There were no unfunded commitments associated with loans modified for borrowers experiencing financial distress as of September 30, 2026 and December 31, 2025.

Credit Quality Indicators

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, public information, historical payment experience, credit documentation, and current economic trends, among other factors. The Company classifies loans based on credit risk at least quarterly. The Company uses the following regulatory definitions for risk ratings:

Special Mention: Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard: Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss: Loans classified as loss are considered uncollectible and of such little value that their continuance on the institution's books as an asset is not warranted.

Loans not meeting the criteria above that are analyzed individually as part of the described process are considered to be pass rated loans.

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The following table provides the risk category of loans by class of loans based on the analysis performed at September 30, 2026:

	Term Loans Amortized Cost Basis by Origination Year							
	2026	2025	2024	2023	2022	Prior	Revolving	Total
				(In thousands)				
1-4 Family Residential Mortgage								
Pass	$ 17,696	$ 23,731	$ 15,785	$ 20,526	$ 21,475	$ 39,918	$ —	$ 139,131
Special Mention	—	—	—	287	—	34	—	321
Substandard	—	—	—	—	—	265	—	265
Doubtful	377	—	188	30	26	1,188	—	1,809
	$ 18,073	$ 23,731	$ 15,973	$ 20,843	$ 21,501	$ 41,405	$ —	$ 141,526
Current period gross write-offs	$ —	$ —	$ 1	$ —	$ —	$ —	$ —	$ 1
Home Equity and Second Mortgage								
Pass	$ 1,204	$ 1,802	$ 993	$ 2,323	$ 2,281	$ 352	$ 70,650	$ 79,605
Special Mention	—	—	—	—	—	—	104	104
Substandard	—	—	—	—	—	—	173	173
Doubtful	—	—	—	—	—	241	—	241
	$ 1,204	$ 1,802	$ 993	$ 2,323	$ 2,281	$ 593	$ 70,927	$ 80,123
Current period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multifamily Residential								
Pass	$ 12,106	$ 16,874	$ 2,939	$ 9,470	$ 9,999	$ 14,158	$ —	$ 65,546
Special Mention	—	—	—	1,425	—	—	—	1,425
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
	$ 12,106	$ 16,874	$ 2,939	$ 10,895	$ 9,999	$ 14,158	$ —	$ 66,971
Current period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1-4 Family Residential Construction								
Pass	$ 8,145	$ 7,061	$ 316	$ —	$ —	$ —	$ —	$ 15,522
Special Mention	265	—	—	—	—	—	—	265
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	98	—	98
	$ 8,410	$ 7,061	$ 316	$ —	$ —	$ 98	$ —	$ 15,885
Current period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other Construction, Development and Land								
Pass	$ 11,834	$ 26,997	$ 6,286	$ 1,840	$ 2,470	$ 2,978	$ —	$ 52,405
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	54	—	54
Doubtful	—	—	—	—	—	75	—	75
	$ 11,834	$ 26,997	$ 6,286	$ 1,840	$ 2,470	$ 3,107	$ —	$ 52,534
Current period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial Real Estate								
Pass	$ 13,113	$ 20,556	$ 26,140	$ 18,754	$ 51,874	$ 69,840	$ 5,336	$ 205,613
Special Mention	—	—	—	—	—	—	360	360
Substandard	—	—	302	695	—	727	—	1,724
Doubtful	—	—	—	—	—	1,582	—	1,582
	$ 13,113	$ 20,556	$ 26,442	$ 19,449	$ 51,874	$ 72,149	$ 5,696	$ 209,279
Current period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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	Term Loans Amortized Cost Basis by Origination Year							
	2026	2025	2024	2023	2022	Prior	Revolving	Total
				(In thousands)				
Commercial Business								
Pass	$ 11,560	$ 10,814	$ 3,447	$ 5,014	$ 4,483	$ 12,240	$ 13,881	$ 61,439
Special Mention	570	—	195	59	143	25	21	1,013
Substandard	—	—	341	—	15	41	222	619
Doubtful	—	—	—	107	1,439	33	—	1,579
	$ 12,130	$ 10,814	$ 3,983	$ 5,180	$ 6,080	$ 12,339	$ 14,124	$ 64,650
Current period gross write-offs	$ —	$ —	$ 52	$ —	$ 23	$ —	$ —	$ 75
Consumer and Other								
Pass	$ 18,567	$ 12,324	$ 6,970	$ 6,376	$ 1,820	$ 6,416	$ 2,249	$ 54,722
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	2	—	155	157
Doubtful	—	50	—	—	—	—	—	50
	$ 18,567	$ 12,374	$ 6,970	$ 6,376	$ 1,822	$ 6,416	$ 2,404	$ 54,929
Current period gross write-offs	$ 19	$ 131	$ 67	$ 106	$ 12	$ 6	$ 73	$ 414
Total Loans								
Pass	$ 94,225	$ 120,159	$ 62,876	$ 64,303	$ 94,402	$ 145,902	$ 92,116	$ 673,983
Special Mention	835	—	195	1,771	143	59	485	3,488
Substandard	—	—	643	695	17	1,087	550	2,992
Doubtful	377	50	188	137	1,465	3,217	—	5,434
	$ 95,437	$ 120,209	$ 63,902	$ 66,906	$ 96,027	$ 150,265	$ 93,151	$ 685,897
Current period gross write-offs	$ 19	$ 131	$ 120	$ 106	$ 35	$ 6	$ 73	$ 490

The following table provides the risk category of loans by class of loans based on the analysis performed at December 31, 2025:

	Term Loans Amortized Cost Basis by Origination Year							
	2025	2024	2023	2022	2021	Prior	Revolving	Total
				(In thousands)				
1-4 Family Residential Mortgage								
Pass	$ 25,785	$ 18,522	$ 24,845	$ 22,939	$ 19,268	$ 26,477	$ —	$ 137,836
Special Mention	—	—	20	—	1,008	60	—	1,088
Substandard	—	—	—	—	97	185	—	282
Doubtful	—	177	31	142	120	1,082	—	1,552
	$ 25,785	$ 18,699	$ 24,896	$ 23,081	$ 20,493	$ 27,804	$ —	$ 140,758
Home Equity and Second Mortgage								
Pass	$ 2,066	$ 1,428	$ 2,835	$ 2,649	$ 202	$ 282	$ 62,515	$ 71,977
Special Mention	57	—	—	129	—	—	—	186
Substandard	—	—	—	—	—	—	174	174
Doubtful	—	—	—	—	—	329	—	329
	$ 2,123	$ 1,428	$ 2,835	$ 2,778	$ 202	$ 611	$ 62,689	$ 72,666
Multifamily Residential								
Pass	$ 16,912	$ 5,981	$ 8,955	$ 19,754	$ 6,759	$ 11,161	$ —	$ 69,522
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
	$ 16,912	$ 5,981	$ 8,955	$ 19,754	$ 6,759	$ 11,161	$ —	$ 69,522
1-4 Family Residential Construction								
Pass	$ 11,472	$ 3,876	$ —	$ —	$ —	$ —	$ —	$ 15,348
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	97	—	—	97
	$ 11,472	$ 3,876	$ —	$ —	$ 97	$ —	$ —	$ 15,445

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	Term Loans Amortized Cost Basis by Origination Year							
	2025	2024	2023	2022	2021	Prior	Revolving	Total
				(In thousands)				
Other Construction, Development and Land								
Pass	$ 21,034	$ 3,987	$ 9,534	$ 2,827	$ 955	$ 2,723	$ —	$ 41,060
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	46	—	46
Doubtful	—	—	—	—	—	72	—	72
	$ 21,034	$ 3,987	$ 9,534	$ 2,827	$ 955	$ 2,841	$ —	$ 41,178
Commercial Real Estate								
Pass	$ 18,784	$ 26,438	$ 19,826	$ 55,077	$ 24,474	$ 54,907	$ 4,936	$ 204,442
Special Mention	19	—	—	165	—	173	—	357
Substandard	—	306	707	—	541	204	—	1,758
Doubtful	—	—	—	—	—	417	—	417
	$ 18,803	$ 26,744	$ 20,533	$ 55,242	$ 25,015	$ 55,701	$ 4,936	$ 206,974
Commercial Business								
Pass	$ 13,738	$ 5,223	$ 7,136	$ 6,426	$ 7,138	$ 8,141	$ 11,738	$ 59,540
Special Mention	54	14	160	23	14	—	30	295
Substandard	197	—	—	—	30	—	142	369
Doubtful	—	—	107	1,645	—	33	—	1,785
	$ 13,989	$ 5,237	$ 7,403	$ 8,094	$ 7,182	$ 8,174	$ 11,910	$ 61,989
Consumer and Other								
Pass	$ 18,791	$ 10,946	$ 9,962	$ 3,844	$ 1,129	$ 6,809	$ 4,103	$ 55,584
Special Mention	—	—	—	3	—	—	—	3
Substandard	—	—	—	—	—	—	74	74
Doubtful	—	15	—	—	—	—	—	15
	$ 18,791	$ 10,961	$ 9,962	$ 3,847	$ 1,129	$ 6,809	$ 4,177	$ 55,676
Total Loans								
Pass	$ 128,582	$ 76,401	$ 83,093	$ 113,516	$ 59,925	$ 110,500	$ 83,292	$ 655,309
Special Mention	130	14	180	320	1,022	233	30	1,929
Substandard	197	306	707	—	668	435	390	2,703
Doubtful	—	192	138	1,787	217	1,933	—	4,267
	$ 128,909	$ 76,913	$ 84,118	$ 115,623	$ 61,832	$ 113,101	$ 83,712	$ 664,208

ACL on Off-Balance-Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The ACL for off-balance-sheet credit exposures was $131,000 at both September 30, 2026 and December 31, 2025. The ACL for off-balance-sheet credit exposures is presented in accrued expenses and other liabilities on the consolidated balance sheets. Changes in the ACL for off-balance-sheet credit exposures are reflected in the provision for credit losses on the consolidated statements of income. There were no changes to the ACL for off-balance-sheet credit exposures during the three and nine months ended September 30, 2026 and 2025.

5. Qualified Affordable Housing Project Investment

On January 19, 2018, the Bank entered into an agreement to invest in qualified affordable housing projects through a limited liability company. At September 30, 2026 and December 31, 2025, the balance of the Bank's investment was $977,000 and $1.2 million, respectively, and is reflected in other assets on the consolidated balance sheets. At September 30, 2026 and December 31, 2025, the unfunded commitment related to the qualified affordable housing project investment was $72,000 and is reflected in accrued expenses and other liabilities on the consolidated balance sheets. The Bank expects to fulfill the commitment as capital calls are made through 2029.

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On December 16, 2025, the Bank entered into another agreement to invest in qualified affordable housing projects through a limited liability company. At September 30, 2026 and December 31, 2025, the balance of the Bank's investment was $4.0 million and is reflected in other assets on the consolidated balance sheets. The unfunded commitment related to the qualified affordable housing project investment at September 30, 2026 and December 31, 2025 was $3.0 million and $3.3 million, respectively, and is reflected in accrued expenses and other liabilities on the consolidated balance sheets. The Bank expects to fulfill the commitment as capital calls are made through 2036.

The investments are accounted for using the proportional amortization method. During the three month periods ended September 30, 2026 and 2025, the Bank recognized amortization expense of $98,000 and $86,000, respectively, as a component of income tax expense on the consolidated statements of income. Additionally, during the three month periods ended September 30, 2026 and 2025, the Bank recognized income tax credits and other income tax benefits from its qualified affordable housing project investment of $118,000 and $102,000, respectively, which was included in income tax expense on the consolidated statements of income. During the nine month periods ended September 30, 2026 and 2025, the Bank recognized amortization expense of $293,000 and $255,000, respectively, as a component of income tax expense on the consolidated statements of income. Additionally, during the nine month periods ended September 30, 2026 and 2025, the Bank recognized income tax credits and other income tax benefits from its qualified affordable housing project investment of $353,000 and $308,000, respectively, which was included in income tax expense on the consolidated statements of income.

6. Renewable Energy Tax Credit Investment

On March 26, 2025, April 17, 2024 and April 21, 2023, the Bank entered into agreements to invest in investment tax credits generated by solar energy producing facilities through limited liability companies. At September 30, 2026 and December 31, 2025, the balance of the Bank's investments in the limited liability companies was $675,000 and $1.5 million, respectively, and was reflected in other assets on the consolidated balance sheets. The unfunded commitment related to the solar energy tax credit investments was $104,000 and $835,000 at September 30, 2026 and December 31, 2025, respectively, and is reflected in accrued expenses and other liabilities on the consolidated balance sheets. The Bank expects to fulfill the commitment as capital calls are made by December 31, 2026.

The investments are accounted for using the proportional amortization method. During the three month periods ended September 30, 2026 and 2025, the Bank recognized amortization expense of $309,000 and $872,000, respectively, as a component of income tax expense on the consolidated statements of income. Additionally, during the three month periods ended September 30, 2026 and 2025, the Bank recognized income tax credits and other income tax benefits from its solar energy tax credit investment of $270,000 and $882,000, respectively, which was included in income tax expense on the consolidated statements of income. During the nine month periods ended September 30, 2026 and 2025, the Bank recognized amortization expense of $862,000 and $2.0 million, respectively, as a component of income tax expense on the consolidated statements of income. Additionally, during the nine month periods ended September 30, 2026 and 2025, the Bank recognized income tax credits and other income tax benefits from its solar energy tax credit investment of $732,000 and $2.0 million, respectively, which was included in income tax expense on the consolidated statements of income.

7. Borrowed Funds

At September 30, 2026 and December 31, 2025, the Company had no outstanding borrowings. During the three and nine month periods ended September 30, 2026 and 2025, the Company did not utilize any FHLB advances.

The Company has access to the FRB Discount Window for Borrowings ("Discount Window"). At September 30, 2026 and December 31, 2025, the Company had pledged certain U.S. Treasuries and U.S. agency notes and bonds with a carrying value of $10.7 million and $17.2 million, respectively, to secure borrowings through the Discount Window, if needed. While the Company has conducted a test of borrowing through the Discount Window, there were no borrowings outstanding through the Discount Window at September 30, 2026 or December 31, 2025.

FHLB advances are secured under a blanket collateral agreement. At September 30, 2026, the carrying value of CMO and mortgage-backed securities, mortgage loans and home equity lines of credit pledged as security for future FHLB advances was $63.1 million, $74.5 million, and $6.5 million, respectively. At December 31, 2025, the carrying value of CMO and mortgage-backed securities, mortgage loans and home equity lines of credit pledged as security for FHLB advances was $23.0 million, $77.7 million and $8.2 million, respectively. At September 30, 2026, the Company had a $119.6 million borrowing capacity limit with the FHLB based on pledged collateral.

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8. Supplemental Disclosure for Earnings Per Share

(In thousands, except share and per share data)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Basic				
Earnings:				
Net income attributable to First Capital, Inc.	$ 5,104	$ 4,478	$ 14,196	$ 11,488
Shares:				
Weighted average common shares outstanding	3,337,650	3,348,618	3,336,644	3,347,380
Net income attributable to First Capital, Inc. per common share, basic	$ 1.53	$ 1.34	$ 4.25	$ 3.43
Diluted				
Earnings:				
Net income attributable to First Capital, Inc.	$ 5,104	$ 4,478	$ 14,196	$ 11,488
Shares:				
Weighted average common shares outstanding	3,337,650	3,348,618	3,336,644	3,347,380
Add: Dilutive effect of restricted stock	2,788	1,390	2,930	1,941
Weighted average common shares outstanding, as adjusted	3,340,438	3,350,008	3,339,574	3,349,321
Net income attributable to First Capital, Inc. per common share, diluted	$ 1.53	$ 1.34	$ 4.25	$ 3.43

Nonvested restricted stock shares are not considered as outstanding for purposes of computing weighted average common shares outstanding. No restricted shares were excluded from the calculation of diluted net income per share for the three and nine month periods ended September 30, 2026 and 2025.

9. Stock-Based Compensation Plan

On May 20, 2009, the Company adopted the 2009 Equity Incentive Plan (the "2009 Plan") which terminated as of May 20, 2019. The 2009 Plan provided for the award of stock options, restricted stock, performance shares and stock appreciation rights. The aggregate number of shares of the Company's common stock available for issuance under the 2009 Plan could not exceed 223,000 shares and 176,150 shares were still available for issuance under the 2009 Plan at its termination.

On May 22, 2019, the Company adopted the 2019 Equity Incentive Plan (the "2019 Plan" and together with the 2009 Plan, the "Plans"). The 2019 Plan provides for the award of stock options, restricted stock, performance shares and stock appreciation rights. The aggregate number of shares of the Company's common stock available for issuance under the 2019 Plan may not exceed 176,150 shares. If an award under the 2009 Plan is canceled, terminates, expires, is forfeited or lapses for any reason, any issued shares subject to the award shall not be available for issuance pursuant to awards subsequently granted under the 2019 Plan. Further, no additional participants, as that term is defined in the 2009 Plan, are eligible for grants of awards under the 2009 Plan. The Company generally issues new shares under the 2019 Plan from its authorized but unissued shares.

At September 30, 2026, 152,630 shares of the Company's common stock were available for issuance under the 2019 Plan. The Company may grant both non-statutory and statutory stock options which may not have a term exceeding ten years. In the case of incentive stock options, the aggregate fair value of the stock (determined at the time the incentive stock option is granted) for which any optionee may be granted incentive options which are first exercisable during any calendar year shall not exceed $100,000. Option prices may not be less than the fair market value of the underlying stock at the date of the grant. An award of a performance share is a grant of a right to receive shares of the Company's common stock which is contingent upon the achievement of specific performance criteria or other objectives set at the grant date. Stock appreciation rights are equity or cash settled share-based compensation arrangements whereby the number of shares that will ultimately be issued or the cash payment is based upon the appreciation of the Company's common stock. Awards granted under the 2019 Plan may be granted either alone, in addition to, or in tandem with, any other award granted under the 2019 Plan. The terms of the 2019 Plan also include provisions whereby all unearned options and restricted shares become immediately exercisable and fully vested upon a change in control.

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As of September 30, 2026, no stock options had been granted under the Plans.

Compensation expense is measured based on the fair market value of the restricted stock at the grant date and is recognized ratably over the period during which the shares are earned (the vesting period). The Company accounts for any forfeitures when they occur, and any previously recognized compensation for an award is reversed in the period the award is forfeited. Compensation expense related to restricted stock recognized for the three and nine month periods ended September 30, 2026 amounted to $16,000 and $51,000, respectively. Compensation expense related to restricted stock recognized for the three and nine month periods ended September 30, 2025 amounted to $13,000 and $90,000, respectively. The total income tax benefit related to stock-based compensation was $13,000 and $21,000, for the three and nine month periods ended September 30, 2026, respectively. The total income tax benefit related to stock-based compensation was $4,000 and $13,000, for the three and nine month periods ended September 30, 2025, respectively.

A summary of the Company's nonvested restricted shares under the 2019 Plan as of September 30, 2026 and changes during the nine month period then ended is presented below.

	Number of Shares	Weighted Average Grant-Date Fair Value
Nonvested at beginning of period	5,970	$ 34.22
Granted	3,900	50.80
Vested	1,395	35.77
Forfeited	780	39.82
Nonvested at end of period	7,695	$ 41.77

There were 1,395 restricted shares that vested during the nine month period ended September 30, 2026 due to the retirement of an employee and normal vesting. There were 2,460 restricted shares that vested during the nine month period ended September 30, 2025 due to normal vesting. The fair value of restricted shares that vested during the nine month period ended September 30, 2026 was $88,000. At September 30, 2026, there was $295,000 of unrecognized compensation expense related to nonvested restricted shares. The compensation expense is expected to be recognized over a weighted average period of 4.2 years.

10. Supplemental Disclosures of Cash Flow Information

(In thousands)	Nine Months Ended September 30, 2026	2025
Cash payments for:		
Interest	$ 10,827	$ 10,899
Income taxes (net of refunds received)	1,655	105
Noncash investing activities:		
Agreement to invest in renewable energy tax credit facility	$ —	1,744

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11. Fair Value Measurements

FASB Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Topic 820 are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted market price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2: Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; quoted market prices for identical or similar assets or liabilities in markets that are not active; or inputs that are derived principally from or can be corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. The following table presents the balances of assets measured at fair value on a recurring and nonrecurring basis as of September 30, 2026. The Company had no liabilities measured at fair value as of September 30, 2026.

(In thousands)	Carrying Value			
	Level 1	**Level 2**	**Level 3**	**Total**
September 30, 2026				
Assets Measured on a Recurring Basis				
Securities available for sale:				
Agency mortgage-backed securities	$ —	$ 122,564	$ —	$ 122,564
Agency CMO	—	115,680	—	115,680
Agency notes and bonds	—	16,257	—	16,257
Treasury notes and bonds	2,471	—	—	2,471
Municipal obligations	—	137,722	—	137,722
Total securities available for sale	$ 2,471	$ 392,223	$ —	$ 394,694
Equity securities	$ 1,296	$ —	$ —	1,296
Assets Measured on a Nonrecurring Basis				
Collateral dependent loans:				
Commercial Real Estate	$ —	$ —	$ 441	$ 441
Commercial Business	—	—	504	504
1-4 Family Residential Construction	—	—	36	36
Consumer and Other	—	—	27	27
Total collateral dependent loans	$ —	$ —	$ 1,008	$ 1,008

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The following table presents the balances of assets measured at fair value on a recurring and nonrecurring basis as of December 31, 2025. The Company had no liabilities measured at fair value as of December 31, 2025.

(In thousands)	Carrying Value			
December 31, 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets Measured on a Recurring Basis				
Securities available for sale:				
Agency mortgage-backed securities	$ —	$ 91,930	$ —	$ 91,930
Agency CMO	—	100,746	—	100,746
Agency notes and bonds	—	74,391	—	74,391
Treasury notes and bonds	2,461	—	—	2,461
Municipal obligations	—	147,662	—	147,662
Total securities available for sale	$ 2,461	$ 414,729	$ —	$ 417,190
Equity securities	$ 1,035	$ —	$ —	1,035
Assets Measured on a Nonrecurring Basis				
Collateral dependent loans:				
Commercial Business	$ —	$ —	$ 412	$ 412
1-4 Family Residential Construction	—	—	37	37
Total collateral dependent loans	$ —	$ —	$ 449	$ 449

Fair value is based upon quoted market prices, where available. If quoted market prices are not available, fair value is based on internally developed models or obtained from third parties that primarily use, as inputs, observable market-based parameters or a matrix pricing model that employs the Bond Market Association's standard calculations for cash flow and price/yield analysis and observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include unobservable parameters. Any such valuation adjustments have been applied consistently over time. The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Securities Available for Sale and Equity Securities: Securities classified as available for sale and equity securities are reported at fair value on a recurring basis. These securities are classified as Level 1 of the valuation hierarchy where quoted market prices from reputable third-party brokers are available in an active market. If quoted market prices are not available, the Company obtains fair value measurements from an independent pricing service. These securities are reported using Level 2 inputs and the fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, U.S. government and agency yield curves, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and the security's terms and conditions, among other factors. For securities where quoted market prices, market prices of similar securities or prices from an independent third-party pricing service are not available, fair values are calculated using discounted cash flows or other market indicators and are classified within Level 3 of the fair value hierarchy. Changes in fair value of securities available for sale are recorded in other comprehensive income, net of income tax effect. Changes in fair value of equity securities are recorded in noninterest income on the consolidated statements of income.

Loans Held for Sale: Loans held for sale are carried at the lower of cost or market value. The portfolio is comprised of residential real estate loans and fair value is estimated based on specific prices of underlying contracts for sales to investors. These measurements are carried at Level 2 in the fair value hierarchy. At September 30, 2026 and December 31, 2025, the Company did not have any loans held for sale measured at fair value on a nonrecurring basis.

Collateral Dependent Loans: Collateral dependent loans are reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly. In accordance with accounting standards, only collateral dependent loans for which a specific ACL has been established require classification in the fair value hierarchy. The fair value of collateral dependent loans is classified as Level 3 in the fair value hierarchy.

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Collateral dependent loans with specific allocations of ACL are measured at the fair value of the collateral less estimated costs to sell. Collateral may be real estate and/or business assets, including equipment, inventory and/or accounts receivable. The fair value of the collateral is generally determined based on real estate appraisals or other independent evaluations by qualified professionals, which are then discounted to reflect management's estimate of the fair value of the collateral given the current market conditions and the condition of the collateral.

At September 30, 2026, the significant unobservable inputs used in the fair value measurement of collateral dependent loans included a discount from appraised value for estimates of changes in market conditions, the condition of the collateral and estimated costs to sell the collateral ranging from 10% to 68%, with a weighted average discount of 53.2%. Collateral dependent loans had an amortized cost of $2.6 million and a carrying value of $1.0 million at September 30, 2026. The Company recognized a recapture of provision for credit losses on collateral dependent loans of $271,000 for the three months ended September 30, 2026. The Company did not recognize any provision for credit losses on collateral dependent loans for the three months ended September 30, 2025. The Company recognized additional provision for credit losses on collateral dependent loans of $278,000 and $2,000 for the nine months ended September 30, 2026 and 2025, respectively.

There have been no changes in the valuation techniques and related inputs used for assets measured at fair value on a recurring and nonrecurring basis during the nine month periods ended September 30, 2026 and 2025. There were no transfers into or out of the Company's Level 3 financial assets for the nine month periods ended September 30, 2026 and 2025.

GAAP requires disclosure of the fair value of financial assets and financial liabilities, whether or not recognized in the balance sheet. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

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The estimated fair values of the Company's financial instruments are as follows:

(In thousands)	Carrying Value	Fair Value	Fair Value Measurements Using Level 1	Level 2	Level 3
September 30, 2026:					
Financial assets:					
Cash and cash equivalents	$ 139,019	$ 139,019	$ 139,019	$ —	$ —
Interest-bearing time deposits	1,225	1,217	—	1,217	—
Securities available for sale	394,694	394,694	2,471	392,223	—
Securities held to maturity	7,000	5,609	—	5,609	—
Loans held for sale	970	988	—	988	—
Loans, net	674,951	656,327	—	—	656,327
FHLB and other restricted stock	1,836	N/A	N/A	N/A	N/A
Accrued interest receivable	5,080	5,080	—	5,080	—
Equity securities (included in other assets)	1,296	1,296	1,296	—	—
Financial liabilities:					
Deposits	1,129,397	1,129,197	884,992	—	244,205
Accrued interest payable	1,992	1,992	—	1,992	—
December 31, 2025:					
Financial assets:					
Cash and cash equivalents	$ 137,288	$ 137,288	$ 137,288	$ —	$ —
Interest-bearing time deposits	1,470	1,480	—	1,480	—
Securities available for sale	417,190	417,190	2,461	414,729	—
Securities held to maturity	7,000	5,243	—	5,243	—
Loans held for sale	1,464	1,489	—	1,489	—
Loans, net	654,100	625,927	—	—	625,927
FHLB and other restricted stock	1,836	N/A	N/A	N/A	N/A
Accrued interest receivable	5,100	5,100	—	5,100	—
Equity securities (included in other assets)	1,035	1,035	1,035	—	—
Financial liabilities:					
Deposits	1,122,990	1,123,123	885,622	—	237,501
Accrued interest payable	2,195	2,195	—	2,195	—

The methods and assumptions used to estimate fair value are described as follows:

Carrying amount is the estimated fair value for cash and cash equivalents, accrued interest receivable and payable, demand deposits and other transactions accounts. The fair value of securities and interest-bearing time deposits in other financial institutions is based on quoted market prices (where available) or values obtained from an independent pricing service. The fair value of loans, excluding loans held for sale, fixed-maturity certificates of deposit and borrowed funds is based on discounted cash flows using current market rates applied to the estimated life and credit risk of the instrument. The fair value of loans held for sale is based on specific prices of underlying contracts for sales to investors. It is not practicable to determine the fair value of FHLB and other restricted stock due to restrictions placed on its transferability. The methods utilized to measure the fair value of financial instruments at September 30, 2026 and December 31, 2025 represent an approximation of exit price, but an actual exit price may differ.

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12. Revenue from Contracts with Customers

Substantially all of the Company's revenue from contracts with customers in the scope of FASB ASC 606 is recognized within noninterest income. The following table presents the Company's sources of noninterest income for the three and nine months ended September 30, 2026 and 2025:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
In Scope for ASC 606				
Service charges on deposit accounts	$ 682	$ 625	$ 1,916	$ 1,806
ATM and debit card fees	1,171	1,191	3,424	3,374
Other	48	45	146	139
Revenue from contracts with customers	1,901	1,861	5,486	5,319
Out of Scope for ASC 606				
Net gains on loans and investments	211	354	673	517
Increase in cash value of life insurance	51	51	159	172
Other	129	40	227	164
Other noninterest income	391	445	1,059	853
Total noninterest income	$ 2,292	$ 2,306	$ 6,545	$ 6,172

A description of the Company's revenue streams accounted for under FASB ASC 606 follows:

Service Charges on Deposit Accounts: The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as stop payment charges and statement rendering, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs.

ATM and Debit Card Fees: The Company earns ATM usage fees and interchange fees from debit cardholder transactions conducted through a payment network. ATM fees are recognized at the point in time the transaction occurs. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Other Income: Other income from contracts with customers includes safe deposit box fees, investment advisory income and ACH origination fees. This revenue is recognized at the time the transaction is executed or over the period the Company satisfies the performance obligation.

13. Segment Information

The Company's reportable segment is determined by the Chief Executive Officer, who is the designated Chief Operating Decision Maker ("CODM"), based upon information provided about the Company's products and services offered, primarily banking operations. The segment is also distinguished by the level of information provided to the CODM, who uses such information to review performance of various components of the business, which are then aggregated if operating performance, products/services, and customers are similar. The CODM will evaluate the financial performance of the Company's business components such as by evaluating revenue streams, significant expenses, and budget to actual results in assessing the Company's segment and in the determination of allocating resources. The CODM uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate return on assets. The CODM uses consolidated net income to benchmark the Company against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessing performance and in establishing compensation. Loans, investments, and deposits provide the revenues in the banking operation. Interest expense, provisions for credit losses, and payroll provide the significant expenses in the banking operation. All operations are domestic. Accounting policies for segments have not changed from those described in Note 1 in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. Segment performance is evaluated using consolidated net income as reported in the consolidated statements of income presented.

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(Unaudited)

14. Subsequent Event

On November 4, 2026, subsequent to the end of the quarter covered by this report, the Company entered into a definitive Agreement and Plan of Merger (the "Merger Agreement") with First Bancorp of Indiana, Inc. ("First Bancorp"), the holding company for First Federal Savings Bank, pursuant to which First Bancorp will merge with and into the Company, with the Company surviving, and First Federal Savings Bank will merge with and into the Company's wholly-owned subsidiary, First Harrison Bank (the "Merger"). First Bancorp, headquartered in Evansville, Indiana, operates ten offices across Southern Indiana and Western Kentucky and had approximately $583 million in total assets, $444 million in gross loans, and $473 million in deposits as of September 30, 2026. Under the terms of the Merger Agreement, each outstanding share of First Bancorp common stock will be converted into the right to receive a fixed 0.3075 shares of First Capital common stock, with cash paid in lieu of any fractional share. Based on the 20-day volume-weighted average closing price of First Capital common stock of $63.05 per share as of November 4, 2026, the transaction is valued at approximately $33.2 million; the aggregate value of the stock consideration will fluctuate with the market price of First Capital common stock. Consummation of the Merger is subject to customary closing conditions, including the approval of First Bancorp's shareholders and the receipt of all required regulatory approvals, and is currently expected to occur in the first half of 2027. The Merger Agreement contains customary termination rights and provides that, under specified circumstances, First Bancorp would be required to pay the Company a termination fee of $1.4 million.

Because the Merger Agreement was entered into after September 30, 2026, the transaction had no effect on the Company's consolidated financial statements as of and for the periods presented in this report. The Company will account for the Merger as a business combination under FASB ASC 805 upon consummation. Additional information regarding the Merger Agreement is contained in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 5, 2026.

PART I - ITEM 2
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FIRST CAPITAL, INC.

Safe Harbor Statement for Forward-Looking Statements

This Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not historical facts nor guarantees of future performance; rather they are statements based on the Company's current expectations regarding its business strategies and their intended results and its future performance. Forward-looking statements can be identified by use of the words "expects," "believes," "anticipates," "intends," "could," "should" and similar expressions. Forward-looking statements also include, but are not limited to, statements regarding estimated cost savings, plans and objectives for future operations, and the Company's business and growth strategies.

Numerous risks and uncertainties could cause or contribute to the Company's actual results, performance and achievements being materially different from those expressed or implied by the 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; the ability of the Company to execute its business plan; legislative and regulatory changes; the quality and composition of the loan and investment securities portfolio; loan demand; deposit flows; competition; and changes in accounting principles and guidelines. Additional factors that may affect our results are discussed in Part II of this Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2025 under "Item 1A. Risk Factors." These factors should be considered in evaluating the forward-looking statements and undue reliance should not be placed on such statements. These forward-looking statements are made only as of the date of this Quarterly Report on Form 10-Q and, except as required by applicable law or regulation, the Company assumes no obligation and disclaims any obligation to update any forward-looking statements.

Critical Accounting Policies

The discussion and analysis of the Company's financial condition and results of operations are based upon the Company's consolidated financial statements that have been prepared in accordance with GAAP. The preparation of the Company's financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses. These estimates are based upon historical experience and on various other assumptions that management believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The estimates and judgments that management believes involve the most complex and subjective estimates and judgments and have the most effect on the Company's reported financial position and results of operations are described as critical accounting policies in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. During the nine months ended September 30, 2026, there was no significant change in the Company's critical accounting policies or the application of critical accounting policies as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Recent Developments – Pending Acquisition of First Bancorp of Indiana, Inc.

On November 4, 2026 the Company entered into a definitive Agreement and Plan of Merger to acquire First Bancorp of Indiana, Inc. ("First Bancorp"), the holding company for First Federal Savings Bank, in an all-stock transaction valued at approximately $33.2 million based on the 20-day volume weighted average closing price of First Capital's common stock of $63.05 per share as of November 4, 2026. First Bancorp shareholders will receive a fixed 0.3075 shares of First Capital common stock for each First Bancorp share. The transaction is expected to close in the first half of 2027, subject to the receipt of regulatory approvals, the approval of First Bancorp's shareholders, and other customary closing conditions. See Note 14 to the consolidated financial statements included in this report. As of September 30, 2026, First Bancorp had approximately $583 million in total assets, $444 million in gross loans, and $473 million in deposits, which will substantially increase the combined company's balance sheet upon completion of the Merger. The Company expects to fund the Merger primarily through the issuance of First Capital common stock and anticipates incurring merger-related expenses, including professional fees, systems-integration costs, and severance and retention costs, a significant portion of which is expected to be recognized in the fourth quarter of 2026 and during 2027. The Company currently estimates tangible book value dilution of approximately 6.9% at closing, with an estimated earnback period of approximately 1.4 years. The Company is evaluating the Merger's anticipated effects on its regulatory capital ratios, liquidity, and results of operations and will provide additional disclosure in subsequent periodic reports as the transaction progresses. There can be no assurance that the Merger will be completed on the expected terms or timeline, or at all.

PART I - ITEM 2
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FIRST CAPITAL, INC.

Comparison of Financial Condition at September 30, 2026 and December 31, 2025

Total assets were $1.27 billion at September 30, 2026 and December 31, 2025.

Net loans receivable (excluding loans held for sale) increased $20.9 million from $654.1 million at December 31, 2025 to $675.0 million at September 30, 2026. Other construction, development and land, home equity and second mortgage, commercial business, and commercial real estate loan increases of $11.4 million, $7.5 million, $2.7 million, and $2.3 million, respectively, were partially offset by a decrease of $2.5 million in multifamily residential loans during the nine months ended September 30, 2026.

Cash and cash equivalents increased from $137.3 million at December 31, 2025 to $139.0 million at September 30, 2026 primarily due to net deposit inflows and sales and maturities of available for sale securities at the Bank which were partially offset by loan originations.

Securities available for sale decreased $22.5 million from $417.2 million at December 31, 2025 to $394.7 million at September 30, 2026. Purchases of $109.1 million of securities classified as available for sale were made during the nine months ended September 30, 2026 and consisted primarily of U.S. government agency CMOs and mortgage-backed securities and municipal bonds. Principal payments and maturities of available for sale securities totaled $38.8 million and $56.7 million, respectively, during the nine months ended September 30, 2026. Securities classified as available for sale totaling $18.7 million were sold during the nine months ended September 30, 2026 and consisted primarily of municipal and U.S. government agency notes and bonds. In addition, there was an unrealized loss of $16.9 million on the securities available for sale portfolio during the nine month period ended September 30, 2026 due primarily to increasing market interest rates.

Total deposits increased $6.4 million from $1.12 billion at December 31, 2025 to $1.13 billion at September 30, 2026. Time deposit and interest-bearing checking account increases of $7.0 million and $2.2 million, respectively, were partially offset by decreases of $1.8 million and $1.0 million in non-interest bearing checking accounts and savings accounts, respectively, during the nine months ended September 30, 2026. Deposit inflows and outflows are influenced by prevailing market interest rates, competition, local and national economic conditions, and fluctuations in our customers' own liquidity needs and may also be influenced by recent developments in the financial services industry.

The Company had no outstanding borrowings at September 30, 2026 or December 31, 2025.

Total stockholders' equity attributable to the Company decreased from $137.8 million at December 31, 2025 to $135.7 million at September 30, 2026, primarily due to a $13.2 million increase in net unrealized loss on available for sale securities partially offset by an $11.1 million increase in retained earnings. The net unrealized loss on available for sale securities during the period is primarily due to increased market interest rates.

Results of Operations for the Three Month Periods Ended September 30, 2026 and 2025

Net income. Net income attributable to the Company was $5.1 million ($1.53 per diluted share) for the three months ended September 30, 2026 compared to $4.5 million ($1.34 per diluted share) for the three months ended September 30, 2025.

Net interest income. Net interest income after provision for credit losses increased $1.3 million for the three months ended September 30, 2026 as compared to the same period in 2025.

Total interest income increased $1.4 million when comparing the two periods primarily due to an increase in the average tax-equivalent yield on interest-earning assets from 4.94% for the third quarter of 2025 to 5.23% for the same period in 2026, in addition to an increase in the average balance of interest-earning assets from $1.20 billion for the third quarter of 2025 to $1.25 billion for the same period in 2026.

Total interest expense decreased $119,000 when comparing the two periods. The average cost of interest-bearing liabilities decreased from 1.66% for the quarter ended September 30, 2025 to 1.57% for the same period in 2026, while the average balance of interest-bearing liabilities increased from $891.3 million for the quarter ended September 30, 2025 to $911.5 million for the same period in 2026.

As a result of the changes in interest-earning assets and interest-bearing liabilities, the tax-equivalent net interest margin increased from 3.71% for the quarter ended September 30, 2025 to 4.08% for the same period in 2026.

Provision for credit losses. Based on management's analysis of the ACL on loans and unfunded loan commitments, the provision for credit losses increased from $150,000 for the quarter ended September 30, 2025 to $355,000 for the quarter ended

September 30, 2026. The Bank recognized net charge-offs of $123,000 and $17,000 for the quarters ended September 30, 2026 and 2025, respectively.

Noninterest income. Noninterest income decreased $14,000 for the quarter ended September 30, 2026 as compared to the quarter ended September 30, 2025. The decrease is primarily due to the Company recognizing a $9,000 loss on equity securities during the quarter ended September 30, 2026 compared to a gain of $150,000 during the same period in 2025. That decrease was partially offset by the Company recognizing increases of $92,000 and $57,000 in other income and service charges on deposits, respectively, when comparing the two periods. The increase in other income was primarily due to the Company recognizing $48,000 and $45,000 of income from its technology investment fund and its renewable energy tax credit investment, respectively, during the quarter.

Noninterest expense. Noninterest expenses increased $545,000 for the quarter ended September 30, 2026 as compared to the same period in 2025. This was primarily due to increases in compensation and benefits and other expenses of $585,000 and $75,000, respectively, when comparing the two periods. The increase in compensation and benefits is due to increases in salary and wages associated with annual cost of living and performance related adjustments as well as increases in the cost of Company-provided health insurance benefits. The increase in other expenses was primarily due to general inflationary pressures and routine pricing increases rather than any specific item. These increases were partially offset by a $148,000 decrease in occupancy and equipment expenses when comparing the two periods. Occupancy and equipment expenses were elevated during the third quarter of 2025 due to disposal losses associated with two of the Bank's branches, the upgrade of the Company's call center system, and the demolition of one of the Bank's branches. None of these were present during the third quarter of 2026.

Income tax expense. Income tax expense increased $164,000 for the quarter ended September 30, 2026 as compared to the same period in 2025 resulting in an effective tax rate of 19.4% for the quarter ended September 30, 2026, compared to 19.2% for the same period in 2025.

Results of Operations for the Nine Month Periods Ended September 30, 2026 and 2025

Net income. Net income attributable to the Company was $14.2 million ($4.25 per diluted share) for the nine months ended September 30, 2026 compared to $11.5 million ($3.43 per diluted share) for the nine months ended September 30, 2025.

Net interest income. Net interest income after provision for credit losses increased $4.7 million for the nine months ended September 30, 2026 as compared to the same period in 2025.

Total interest income increased $4.6 million when comparing the two periods primarily due to an increase in the average tax-equivalent yield on interest-earning assets from 4.80% for the nine months ended September 30, 2025 to 5.10% for the same period in 2026, in addition to an increase in the average balance of interest-earning assets from $1.19 billion for the nine months ended September 30, 2025 to $1.24 billion for the same period in 2026.

Total interest expense decreased $471,000 when comparing the two periods. The average cost of interest-bearing liabilities decreased from 1.67% for the nine months ended September 30, 2025 to 1.56% for the same period in 2026, while the average balance of interest-bearing liabilities increased from $886.0 million for the nine months ended September 30, 2025 to $906.8 million for the same period in 2026.

As a result of the changes in interest-earning assets and interest-bearing liabilities, the tax-equivalent net interest margin increased from 3.55% for the nine months ended September 30, 2025 to 3.96% for the same period in 2026.

Provision for credit losses. Based on management's analysis of the ACL on loans and unfunded loan commitments, the provision for credit losses increased from $794,000 for the nine months ended September 30, 2025 to $1.1 million for the nine months ended September 30, 2026. The Bank recognized net charge-offs of $292,000 and $214,000 for the nine months ended September 30, 2026 and 2025, respectively.

Noninterest income. Noninterest income increased $373,000 for the nine months ended September 30, 2026 as compared to the nine months ended September 30, 2025. The increase is primarily due to the Company recognizing a $261,000 gain on equity securities during the nine months ended September 30, 2026 compared to a gain of $127,000 during the same period in 2025. In addition, the Company recognized increases of $110,000, $70,000 and $50,000 in service charges on deposit accounts, other income and ATM and debit card fee income, respectively, when comparing the two periods. The increase in other income was primarily due to the Company recognizing a $47,000 increase in income from its renewable energy tax credit investment during the nine months ended September 30, 2026, in addition to $48,000 of income from its technology investment fund during the nine months ended September 30, 2026 that the Company did not receive during the same period in 2025. These increases were partially offset by the Company

recognizing a $47,000 gain on the redemption of a bank-owned life insurance policy during the nine months ended September 30, 2025, and no such redemption occurred during the same period in 2026.

Noninterest expense. Noninterest expenses increased $1.5 million for the nine months ended September 30, 2026 as compared to the same period in 2025. This was primarily due to increases in compensation and benefits, other expenses, professional services, and advertising expenses of $1.1 million, $253,000, $132,000 and $92,000, respectively, when comparing the two periods. The increase in compensation and benefits is due to increases in salary and wages associated with annual cost of living and performance related adjustments as well as increases in the cost of Company-provided health insurance benefits. The increase in other expenses is primarily due to a $70,000 increase in consumer fraud losses and general inflationary pressures and routine pricing increases during the nine months ended September 30, 2026 as compared to the same period in 2025. The increase in professional services is due to increased consulting fees. The increase in advertising expenses is related to various new marketing campaigns undertaken during the nine months ended September 30, 2026 as compared to the same period in 2025. These were partially offset by a decrease in occupancy and equipment expenses of $110,000 due to a reduction in building maintenance expenses.

Income tax expense. Income tax expense increased $919,000 for the nine months ended September 30, 2026 as compared to the same period in 2025 resulting in an effective tax rate of 19.8% for the nine months ended September 30, 2026, compared to 18.4% for the same period in 2025. The increase in the Company's effective tax rate for the nine months ended September 30, 2026 reflects a higher proportion of net income being subject to taxation compared to the same period last year.

Liquidity and Capital Resources

The Bank's primary sources of funds are customer deposits, proceeds from loan repayments, maturing securities and borrowings from the FHLB or FRB. While loan repayments and maturities are a predictable source of funds, deposit flows and mortgage prepayments are greatly influenced by market interest rates, general economic conditions and competition. At September 30, 2026, the Bank had cash and cash equivalents of $139.0 million and securities available-for-sale with a fair value of $394.7 million. If the Bank requires funds beyond its ability to generate them internally, it has additional borrowing capacity with the FHLB, FRB, collateral eligible for repurchase agreements and unsecured federal funds purchased lines of credit with other financial institutions.

The Bank's primary investing activity is the origination of one-to-four family mortgage loans and commercial real estate loans and, to a lesser extent, consumer, multi-family, commercial business and residential construction loans. The Bank also invests in U.S. government and agency securities and mortgage-backed securities issued by U.S. government agencies.

The Bank must maintain an adequate level of liquidity to ensure the availability of sufficient funds to support loan growth and deposit withdrawals, to satisfy financial commitments and to take advantage of investment opportunities. Historically, the Bank has been able to retain a significant amount of its deposits as they mature.

The Company is a separate legal entity from the Bank and must provide for its own liquidity. In addition to its operating expenses, the Company, on a stand-alone basis, is responsible for paying any dividends declared to its shareholders. The Board of Directors of the Company also has authorized the repurchase of shares of its common stock. The Company's primary source of income is dividends received from the Bank. The amount of dividends that the Bank may declare and pay to the Company in any calendar year, without the receipt of prior approval from the Indiana Department of Financial Institutions ("IDFI"), cannot exceed net income for that year to date plus retained net income (as defined under Indiana law) for the preceding two calendar years. On a stand-alone basis, the Company had liquid assets of $2.5 million at September 30, 2026.

The Bank is required to maintain specific amounts of capital pursuant to regulatory requirements. Qualifying community banks with total consolidated assets of less than $10 billion are eligible to opt in to the Community Bank Leverage Ratio ("CBLR") framework. The CBLR is the ratio of a bank's tier 1 capital to average total consolidated assets. A qualifying community bank that opts in to the framework and exceeds the minimum CBLR is deemed to be in compliance with all other capital and leverage requirements, including the capital requirements to be considered "well capitalized" under Prompt Corrective Action statutes. The federal banking agencies may consider a financial institution's risk profile when evaluating whether it qualifies as a community bank for purposes of the capital ratio requirement. On April 23, 2026, the federal banking agencies issued a final rule, effective July 1, 2026, that lowered the minimum CBLR from greater than 9% to greater than 8%. The final rule also extended the grace period for a financial institution that falls below the minimum CBLR or otherwise ceases to meet the qualifying criteria from two consecutive quarters to four consecutive quarters, provided that the institution maintains a leverage ratio greater than 7%. Use of the grace period is limited to eight quarters within any five-year period. A financial institution with a leverage ratio of 7% or less must comply with the generally applicable risk-based capital requirements. A financial institution can elect to be subject to or opt out of the CBLR framework at any time. As a qualifying community

bank, the Bank had opted into the CBLR framework as of September 30, 2026 and December 31, 2025 and its CBLR was 11.47% and 11.01% as of those dates, respectively. Management believes that the Bank met all capital adequacy requirements to which it was subject as of September 30, 2026. At both September 30, 2026 and December 31, 2025, the Bank was considered "well capitalized" under applicable regulatory guidelines.

Off-Balance Sheet Arrangements

In the normal course of operations, the Company engages in a variety of financial transactions that, in accordance with GAAP, are not recorded on the Company's financial statements. These transactions involve, to varying degrees, elements of credit, interest rate and liquidity risk. Such transactions are primarily used to manage customers' requests for funding and take the form of loan commitments and letters of credit. A further presentation of the Company's off-balance sheet arrangements is presented in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. See Note 4 of this quarterly report for additional information regarding the ACL for these off-balance sheet arrangements.

For the nine months ended September 30, 2026, the Company did not engage in any off-balance sheet transactions reasonably likely to have a material effect on the Company's financial condition, results of operations or cash flows.

PART I - ITEM 3
QUANTITATIVE AND QUALITATIVE DISCLOSURES
ABOUT MARKET RISK
FIRST CAPITAL, INC.

Qualitative Aspects of Market Risk. Market risk is the risk that the estimated fair value of the Company's assets and liabilities will decline as a result of changes in interest rates or financial market volatility, or that the Company's net income will be significantly reduced by interest rate changes.

The Company's principal financial objective is to achieve long-term profitability while reducing its exposure to fluctuating market interest rates. The Company has sought to reduce the exposure of its earnings to changes in market interest rates by attempting to manage the mismatch between asset and liability maturities and interest rates. In order to reduce the exposure to interest rate fluctuations, the Company has developed strategies to manage its liquidity, shorten its effective maturities of certain interest-earning assets and decrease the interest rate sensitivity of its asset base. Management has sought to decrease the average maturity of its assets by emphasizing the origination of short-term commercial and consumer loans, all of which are retained by the Company for its portfolio. The Company relies on retail deposits as its primary source of funds. Management believes retail deposits, compared to brokered deposits, reduce the effects of interest rate fluctuations because they generally represent a more stable source of funds.

Quantitative Aspects of Market Risk. The Company does not maintain a trading account for any class of financial instrument nor does the Company engage in hedging activities or purchase high-risk derivative instruments. Furthermore, the Company is not subject to foreign currency exchange rate risk or commodity price risk.

Potential cash flows, sales, or replacement value of many of our assets and liabilities, especially those that earn or pay interest, are sensitive to changes in the general level of interest rates. This interest rate risk arises primarily from our normal business activities of gathering deposits, extending loans and investing in investment securities. Many factors affect the Company's exposure to changes in interest rates, such as general economic and financial conditions, customer preferences, historical pricing relationships, and re-pricing characteristics of financial instruments. The Company's earnings can also be affected by the monetary and fiscal policies of the U.S. Government and its agencies, particularly the Board of Governors of the Federal Reserve System.

An element in the Company's ongoing process is to measure and monitor interest rate risk using a Net Interest Income at Risk simulation to model the interest rate sensitivity of the balance sheet and to quantify the impact of changing interest rates on the Company. The model quantifies the effects of various possible interest rate scenarios on projected net interest income over a one-year horizon. The model assumes a semi-static balance sheet and measures the impact on net interest income relative to a base case scenario of hypothetical changes in interest rates over twelve months and provides no effect given to any steps that management might take to counter the effect of the interest rate movements. The scenarios include prepayment assumptions, changes in the level of interest rates, the shape of the yield curve, and spreads between market interest rates in order to capture the impact from re-pricing, yield curve, option, and basis risks.

Results of the Company's simulation modeling, which assumes an immediate and sustained parallel shift in market interest rates, project that the Company's net interest income could change as follows over a one-year horizon, relative to our base case scenario, based on September 30, 2026 and December 31, 2025 financial information:

Immediate Change in the Level of Interest Rates	At September 30, 2026 One Year Horizon		At December 31, 2025 One Year Horizon	
	Dollar Change	Percent Change	Dollar Change	Percent Change
	(Dollars in thousands)			
300bp	$ 8,905	17.69 %	$ 7,555	16.40 %
200bp	6,131	12.18	5,114	11.10
100bp	3,148	6.25	2,563	5.56
Static	—	—	—	—
(100)bp	(3,118)	(6.19)	(2,624)	(5.70)
(200)bp	(6,576)	(13.06)	(5,295)	(11.49)
(300)bp	(10,197)	(20.25)	(7,191)	(15.61)

At September 30, 2026 and December 31, 2025, the Company's simulated exposure to an increase in interest rates shows that an immediate and sustained increase in rates of 1.00%, 2.00% or 3.00% would increase the Company's net interest income over a one year horizon compared to a flat interest rate scenario. At September 30, 2026 and December 31, 2025, the Company's simulated exposure to a decrease in interest rates shows that an immediate and sustained decrease in rates of 1.00%, 2.00% or 3.00% would decrease the Company's net interest income over a one year horizon compared to a flat interest rate scenario. During the nine months ended September 30, 2026, management evaluated and adjusted deposit rate betas, instrument prepayment speeds, and key interest rate index ties in its scenarios to better reflect the current interest rate environment and increased competitive pressure.

PART I - ITEM 3
QUANTITATIVE AND QUALITATIVE DISCLOSURES
ABOUT MARKET RISK
FIRST CAPITAL, INC.

The Company also has longer term interest rate risk exposure, which may not be appropriately measured by Net Interest Income at Risk modeling. Therefore, the Company also uses an Economic Value of Equity ("EVE") interest rate sensitivity analysis in order to evaluate the impact of its interest rate risk on earnings and capital. This is measured by computing the changes in net EVE for its cash flows from assets, liabilities and off-balance sheet items in the event of a range of assumed changes in market interest rates. EVE modeling involves discounting present values of all cash flows for on and off balance sheet items under different interest rate scenarios and provides no effect given to any steps that management might take to counter the effect of the interest rate movements. The discounted present value of all cash flows represents the Company's EVE and is equal to the market value of assets minus the market value of liabilities, with adjustments made for off-balance sheet items. The amount of base case EVE and its sensitivity to shifts in interest rates provide a measure of the longer term re-pricing and option risk in the balance sheet.

Results of the Company's simulation modeling, which assumes an immediate and sustained parallel shift in market interest rates, project that the Company's EVE could change as follows, relative to the Company's base case scenario, based on September 30, 2026 and December 31, 2025 financial information:

	At September 30, 2026				
Immediate Change in the Level of Interest Rates	**Economic Value of Equity**			**Economic Value of Equity as a Percent of Present Value of Assets**	
	Dollar Amount	**Dollar Change**	**Percent Change**	**EVE Ratio**	**Change**
	(Dollars in thousands)				
300bp	$ 228,749	$ (13,955)	(5.75)%	19.84 %	31 bp
200bp	235,092	(7,612)	(3.14)	19.88	35 bp
100bp	240,014	(2,690)	(1.11)	19.79	26 bp
Static	242,704	—	—	19.53	0 bp
(100)bp	243,264	560	0.23	19.14	(39)bp
(200)bp	239,135	(3,569)	(1.47)	18.44	(109)bp
(300)bp	229,828	(12,876)	(5.31)	17.42	(211)bp

	At December 31, 2025				
Immediate Change in the Level of Interest Rates	**Economic Value of Equity**			**Economic Value of Equity as a Percent of Present Value of Assets**	
	Dollar Amount	**Dollar Change**	**Percent Change**	**EVE Ratio**	**Change**
	(Dollars in thousands)				
300bp	$ 196,627	$ (3,425)	(1.71)%	17.19 %	96 bp
200bp	200,019	(33)	(0.02)	17.04	81 bp
100bp	201,438	1,386	0.69	16.73	50 bp
Static	200,052	—	—	16.23	0 bp
(100)bp	197,721	(2,331)	(1.17)	15.68	(55)bp
(200)bp	192,020	(8,032)	(4.01)	14.87	(136)bp
(300)bp	189,830	(10,222)	(5.11)	14.32	(191)bp

The tables indicate that at September 30, 2026 the Company would expect an decrease in its EVE in the event of a sudden and sustained 100, 200, and 300 basis point increase in prevailing interest rates, in addition to a sudden and sustained 200 and 300 basis point decrease in prevailing interest rates. At December 31, 2025, the Company would expect a decrease in its EVE in the event of a sudden and sustained increase of 200 and 300 basis points in prevailing interest rates, in addition to a sudden and sustained 100, 200 and 300 basis point decrease in prevailing interest rates. At September 30, 2026, the Company would expect an increase in its EVE in the event of a sudden decrease and sustained 100 basis point decrease in prevailing interest rates. At December 31, 2025, the Company would expect an increase in its EVE in the event of a sudden and sustained 100 basis point increase. As previously mentioned in this report, during the nine months ended September 30, 2026, the Company evaluated and adjusted various modeling assumptions to reflect the current market environment.

The models are driven by expected behavior in various interest rate scenarios and many factors besides market interest rates affect the Company's net interest income and EVE. For this reason, the Company models many different combinations of interest rates and balance sheet assumptions to understand its overall sensitivity to market interest rate changes. Therefore, as with any method of measuring interest rate risk, certain shortcomings are inherent in the method of analysis presented in the foregoing tables and it is recognized that the model outputs are not guarantees of actual results. For example, although certain assets and liabilities may have similar maturities or periods to repricing, they may react in different degrees to changes in market interest rates. Also, the interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in market rates. Additionally, certain assets, such as adjustable-rate mortgage loans, have features that restrict changes in interest rates on a short-term basis and over the life of the asset. Further, in the event of a change in interest rates, expected rates of prepayments on loans and early withdrawals from certificates of deposit could deviate significantly from those assumed in the modeling scenarios.

PART I - ITEM 4
CONTROLS AND PROCEDURES
FIRST CAPITAL, INC.

Controls and Procedures

The Company's management, including the Company's principal executive officer and principal financial officer, has evaluated the effectiveness of the Company's "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). Based upon their evaluation, the principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the SEC (1) is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (2) is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in the Company's internal control over financial reporting during the nine months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II
OTHER INFORMATION
FIRST CAPITAL, INC.

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Except as set forth below, there have been no material changes to the risk factors previously disclosed in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2025. Investors should carefully consider the following risk factors relating to the Company's pending acquisition of First Bancorp of Indiana, Inc. ("First Bancorp"), together with the risk factors disclosed in the Company's Annual Report on Form 10-K.

The Company may fail to complete the pending acquisition of First Bancorp, and the Merger Agreement may be terminated. Completion of the Merger is subject to a number of conditions, including the receipt of required regulatory approvals and the approval of First Bancorp's shareholders, that are outside the Company's control. If these conditions are not satisfied or waived, the Merger may not be completed. Failure to complete the Merger could negatively affect the trading price of the Company's common stock and its future operations, and the Company may incur substantial expenses without realizing the expected benefits.

Required regulatory approvals may not be obtained, may be delayed, or may impose conditions. The Merger requires approvals from bank regulators, which may not be granted or may be granted subject to conditions that restrict the combined company's business, impose additional costs, or reduce the anticipated benefits of the Merger.

First Bancorp may be required to pay a termination fee, and the Company may forgo other opportunities. Under specified circumstances, First Bancorp would be required to pay the Company a termination fee upon termination of the Merger agreement. If the Merger is not completed, the Company will have incurred substantial expenses and devoted significant management resources to the transaction without realizing the expected benefits, which could adversely affect the Company's financial condition and results of operations.

The Company may fail to realize the anticipated benefits of the Merger, and integration may be difficult. The success of the Merger depends on the Company's ability to integrate First Bancorp's business, operations, and personnel. Integration may be more difficult, costly, or time-consuming than expected, and the anticipated benefits and cost savings may not be realized or may take longer to realize than expected.

The pending Merger may divert management's attention and disrupt the Company's business. The Merger may divert the attention of management and employees from day-to-day operations and could disrupt relationships with customers, employees, and other third parties.

The Company may become subject to litigation relating to the Merger. Transactions of this type are frequently the subject of litigation or regulatory inquiries, which could result in substantial costs and divert management's attention regardless of outcome.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 1 through July 31, 2026	80	$ 64.93	80	99,623
August 1 through August 31, 2026	—	—	—	99,623
September 1 through September 30, 2026	—	—	—	99,623
Total	80	$ 64.93	80	

On August 29, 2025, the Company entered into a Joint Rule 10b5-1/Rule 10b-18 Plan Agreement (the "Plan") under which the Company's designated broker has the authority to repurchase up to 113,236 shares of common stock of the Company. The Plan commenced on September 4, 2025, and expired on August 28, 2026. The Plan was established in connection with the Company's previously disclosed stock repurchase authorization, which was approved by the Company's Board of Directors on August 19, 2008.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

PART II
OTHER INFORMATION
FIRST CAPITAL, INC.

Item 6. Exhibits

3.1	Articles of Incorporation of First Capital, Inc. (1)
3.2	Fifth Amended and Restated Bylaws of First Capital, Inc. (2)
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded with the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

(1) Incorporated by reference to Exhibit 3.1 filed with the Registration Statement on Form SB-2 on September 16, 1998, and any amendments thereto, Registration No. 333-63515, as amended by that Amendment to Articles of Incorporation provided as Exhibit 3.1 to the Report on Form 8-K filed with the Securities and Exchange Commission on May 19, 2016.

(2) Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on June 18, 2013.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST CAPITAL, INC.
(Registrant)

Dated November 12, 2026

BY: /s/ Michael C. Frederick
Michael C. Frederick
President and CEO

Dated November 12, 2026

BY: /s/ Joshua P. Stevens
Joshua P. Stevens
Executive Vice President, CFO and Treasurer

Exhibit 31.1

CERTIFICATION

I, Michael C. Frederick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Capital, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and in preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2026

/s/ Michael C. Frederick
Michael C. Frederick
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Joshua P. Stevens, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Capital, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and in preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2026

/s/ Joshua P. Stevens
Joshua P. Stevens
Executive Vice President, Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of First Capital, Inc. and Subsidiaries (the "Company") on Form 10-Q for the period ended September 30, 2026, as filed with the Securities and Exchange Commission (the "Report"), I, Michael C. Frederick, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

DATE: November 12, 2026

BY: /s/ Michael C. Frederick
Michael C. Frederick
President and Chief
Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of First Capital, Inc. and Subsidiaries (the "Company") on Form 10-Q for the period ended September 30, 2026, as filed with the Securities and Exchange Commission (the "Report"), I, Joshua P. Stevens, Executive Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

DATE: November 12, 2026

BY: /s/ Joshua P. Stevens
Joshua P. Stevens
Executive Vice President, Chief
Financial Officer and Treasurer
(Principal Financial and Accounting Officer)