

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, 2024

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**

(State or other jurisdiction of  
incorporation or organization)

**35-2056949**

(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: 3,352,003 shares of common stock were outstanding as of October 29, 2024.

FIRST CAPITAL, INC.

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

	September 30, 2024	December 31, 2023
	(In thousands)	
ASSETS		
Cash and due from banks	\$ 21,433	\$ 20,008
Interest bearing deposits with banks	5,675	3,171
Federal funds sold	62,831	15,491
Total cash and cash equivalents	89,939	38,670
Interest-bearing time deposits	2,695	3,920
Securities available for sale, at fair value (amortized cost \$432,405 and \$468,549, respectively)	408,469	437,271
Securities held to maturity, at amortized cost (fair value \$4,688 and \$4,446, respectively)	7,000	7,000
Loans held for sale	678	800
Loans, net of allowance for credit losses of \$8,959 (\$8,005 in 2023)	630,607	614,409
Federal Home Loan Bank ("FHLB") and other stock, at cost	1,836	1,836
Premises and equipment	14,108	14,413
Accrued interest receivable	4,218	4,788
Cash value of life insurance	9,266	9,105
Goodwill	6,472	6,472
Core deposit intangible	122	232
Other assets	13,885	18,964
Total Assets	\$ 1,189,295	\$ 1,157,880
LIABILITIES		
Deposits:		
Noninterest-bearing	\$ 199,804	\$ 205,535
Interest-bearing	830,445	819,676
Total deposits	1,030,249	1,025,211
Borrowed funds - Bank Term Funding Program ("BTFP")	33,625	21,500
Accrued interest payable	2,502	1,209
Accrued expenses and other liabilities	6,036	4,615
Total liabilities	1,072,412	1,052,535
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 3,806,983 shares (3,803,833 in 2023); outstanding 3,352,003 (3,350,660 in 2023)	38	38
Additional paid-in capital	41,676	41,588
Retained earnings-substantially restricted	103,001	97,105
Unearned stock compensation	(169)	(249)
Accumulated other comprehensive loss	(18,501)	(24,033)
Less treasury stock, at cost - 454,980 shares (453,173 in 2023)	(9,270)	(9,216)
Total First Capital, Inc. stockholders' equity	116,775	105,233
Noncontrolling interest in subsidiary	108	112
Total equity	116,883	105,345
Total Liabilities and Equity	\$ 1,189,295	\$ 1,157,880

See accompanying notes to consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<i>(In thousands, except per share data)</i>				
<b>INTEREST INCOME</b>				
Loans, including fees	\$ 9,716	\$ 8,573	\$ 28,426	\$ 24,282
Securities:				
Taxable	1,730	1,426	5,116	4,074
Tax-exempt	628	825	1,968	2,559
Dividends	27	18	63	40
Federal funds sold and other income	1,123	337	1,706	1,011
Total interest income	13,224	11,179	37,279	31,966
<b>INTEREST EXPENSE</b>				
Deposits	3,688	2,429	9,597	5,578
Advances - FHLB	-	50	99	108
Borrowed funds - BTFP	411	163	1,201	240
Total interest expense	4,099	2,642	10,897	5,926
Net interest income	9,125	8,537	26,382	26,040
Provision for credit losses	463	290	1,103	833
Net interest income after provision for credit losses	8,662	8,247	25,279	25,207
<b>NONINTEREST INCOME</b>				
Service charges on deposit accounts	610	597	1,767	1,737
ATM and debit card fees	1,144	1,127	3,354	3,355
Commission and fee income	23	15	48	46
Gain on sale of securities	-	63	32	49
Unrealized loss on equity securities	(196)	(131)	(270)	(86)
Gain on sale of loans	124	127	394	317
Increase in cash surrender value of life insurance	47	47	161	158
Other income	48	102	236	225
Total noninterest income	1,800	1,947	5,722	5,801
<b>NONINTEREST EXPENSE</b>				
Compensation and benefits	3,891	3,731	11,696	11,322
Occupancy and equipment	476	435	1,419	1,328
Data processing	1,164	1,113	3,355	3,225
Professional fees	334	121	896	472
Advertising	107	62	274	239
Other expenses	1,052	1,019	3,141	2,962
Total noninterest expense	7,024	6,481	20,781	19,548
Income before income taxes	3,438	3,713	10,220	11,460
Income tax expense	537	572	1,532	1,770
<b>Net Income</b>	2,901	3,141	8,688	9,690
Less: net income attributable to noncontrolling interest in subsidiary	3	3	10	10
<b>Net Income Attributable to First Capital, Inc.</b>	<u>\$ 2,898</u>	<u>\$ 3,138</u>	<u>\$ 8,678</u>	<u>\$ 9,680</u>
<b>Earnings per common share attributable to First Capital, Inc.:</b>				
Basic	<u>\$ 0.87</u>	<u>\$ 0.94</u>	<u>\$ 2.59</u>	<u>\$ 2.89</u>
Diluted	<u>\$ 0.87</u>	<u>\$ 0.94</u>	<u>\$ 2.59</u>	<u>\$ 2.89</u>
<b>Dividends per share</b>	<u>\$ 0.29</u>	<u>\$ 0.27</u>	<u>\$ 0.83</u>	<u>\$ 0.81</u>

See accompanying notes to consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	<i>(In thousands)</i>			
<b>Net Income</b>	\$ 2,901	\$ 3,141	\$ 8,688	\$ 9,690
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Unrealized gains (losses) on securities available for sale:				
Unrealized holding gains (losses) arising during the period	9,252	(6,784)	7,374	(2,568)
Income tax (expense) benefit	(2,154)	1,355	(1,817)	372
Net of tax amount	7,098	(5,429)	5,557	(2,196)
Less: reclassification adjustment for realized (gains) losses included in net income	-	94	(32)	108
Income tax (expense) benefit	-	(20)	7	(23)
Net of tax amount	-	74	(25)	85
<b>Other Comprehensive Income (Loss), net of tax</b>	7,098	(5,355)	5,532	(2,111)
<b>Comprehensive Income (Loss)</b>	9,999	(2,214)	14,220	7,579
Less: comprehensive income attributable to the noncontrolling interest in subsidiary	3	3	10	10
<b>Comprehensive Income (Loss) Attributable to First Capital, Inc.</b>	\$ 9,996	\$ (2,217)	\$ 14,210	\$ 7,569

See accompanying notes to consolidated financial statements.

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

<i>(In thousands)</i>	<b>Common Stock</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Unearned Stock Compensation</b>	<b>Treasury Stock</b>	<b>Noncontrolling Interest</b>	<b>Total</b>
Balances at July 1, 2024	\$ 38	\$ 41,676	\$ 101,075	\$ (25,599)	\$ (204)	\$ (9,229)	\$ 105	\$ 107,862
Net income	-	-	2,898	-	-	-	3	2,901
Other comprehensive income	-	-	-	7,098	-	-	-	7,098
Cash dividends	-	-	(972)	-	-	-	-	(972)
Stock compensation expense	-	-	-	-	35	-	-	35
Purchase of treasury shares	-	-	-	-	-	(41)	-	(41)
Balances at September 30, 2024	\$ 38	\$ 41,676	\$ 103,001	\$ (18,501)	\$ (169)	\$ (9,270)	\$ 108	\$ 116,883
Balances at July 1, 2023	\$ 38	\$ 41,588	\$ 92,666	\$ (32,497)	\$ (356)	\$ (9,193)	\$ 105	\$ 92,351
Net income	-	-	3,138	-	-	-	3	3,141
Other comprehensive loss	-	-	-	(5,355)	-	-	-	(5,355)
Cash dividends	-	-	(905)	-	-	-	-	(905)
Stock compensation expense	-	-	-	-	53	-	-	53
Purchase of treasury shares	-	-	-	-	-	(23)	-	(23)
Balances at September 30, 2023	\$ 38	\$ 41,588	\$ 94,899	\$ (37,852)	\$ (303)	\$ (9,216)	\$ 108	\$ 89,262
Balances at January 1, 2024	\$ 38	\$ 41,588	\$ 97,105	\$ (24,033)	\$ (249)	\$ (9,216)	\$ 112	\$ 105,345
Net income	-	-	8,678	-	-	-	10	8,688
Other comprehensive income	-	-	-	5,532	-	-	-	5,532
Cash dividends	-	-	(2,782)	-	-	-	(14)	(2,796)
Stock compensation expense	-	-	-	-	168	-	-	168
Purchase of treasury shares	-	-	-	-	-	(54)	-	(54)
Restricted stock grant grants	-	88	-	-	(88)	-	-	-
Balances at September 30, 2024	\$ 38	\$ 41,676	\$ 103,001	\$ (18,501)	\$ (169)	\$ (9,270)	\$ 108	\$ 116,883
Balances at December 31, 2022	\$ 38	\$ 41,636	\$ 88,465	\$ (35,741)	\$ (549)	\$ (8,691)	\$ 112	\$ 85,270
Cumulative Effect of Change in Accounting Principles	-	-	(529)	-	-	-	-	(529)
Balances at January 1, 2023 (as adjusted)	38	41,636	87,936	(35,741)	(549)	(8,691)	112	84,741
Net income	-	-	9,680	-	-	-	10	9,690
Other comprehensive loss	-	-	-	(2,111)	-	-	-	(2,111)
Cash dividends	-	-	(2,717)	-	-	-	(14)	(2,731)
Stock compensation expense	-	-	-	-	198	-	-	198
Purchase of treasury shares	-	-	-	-	-	(525)	-	(525)
Restricted stock grant forfeitures	-	(48)	-	-	48	-	-	-
Balances at September 30, 2023	\$ 38	\$ 41,588	\$ 94,899	\$ (37,852)	\$ (303)	\$ (9,216)	\$ 108	\$ 89,262

See accompanying notes to consolidated financial statements.



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

	<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<i>(In thousands)</i>	
Net income	\$ 8,688	\$ 9,690
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	844	1,210
Depreciation and amortization expense	809	767
Deferred income taxes	(440)	(264)
Stock compensation expense	168	198
Increase in cash value of life insurance	(161)	(158)
Gain on sale of securities	(32)	(49)
Provision for credit losses	1,103	833
Proceeds from sales of loans	24,844	23,799
Loans originated for sale	(24,328)	(24,049)
Gain on sale of loans	(394)	(317)
Amortization of tax credit investment	1,393	1,249
Unrealized loss on equity securities	270	86
Decrease (increase) in accrued interest receivable	570	(32)
Increase in accrued interest payable	1,293	1,383
Net change in other assets/liabilities	3,654	(1,140)
<b>Net Cash Provided By Operating Activities</b>	<b>18,281</b>	<b>13,206</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net decrease (increase) in interest-bearing time deposits	1,225	(488)
Purchase of securities available for sale	(47,794)	(32,839)
Proceeds from maturities of securities available for sale	46,188	17,630
Proceeds from sales of securities available for sale	19,189	20,202
Principal collected on mortgage-backed obligations	17,750	11,971
Proceeds from sale of equity securities	-	156
Net increase in loans receivable	(17,301)	(45,819)
Investment in tax credit entities	(88)	(148)
Investment in technology fund	(100)	(200)
Proceeds from sale of foreclosed real estate	-	64
Purchase of premises and equipment	(394)	(442)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>18,675</b>	<b>(29,913)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase (decrease) in deposits	5,038	(42,905)
Advances from FHLB and BTFP	167,750	130,000
Repayment of advances from the FHLB and BTFP	(155,625)	(102,000)
Purchase of treasury stock	(41)	(502)
Taxes paid on stock award shares for employees	(13)	(23)
Dividends paid	(2,796)	(2,731)
<b>Net Cash Provided by (Used In) Financing Activities</b>	<b>14,313</b>	<b>(18,161)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>51,269</b>	<b>(34,868)</b>
Cash and cash equivalents at beginning of period	38,670	66,298
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 89,939</b>	<b>\$ 31,430</b>

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. FHB Risk Mitigation Services, Inc. (the “Captive”) was a wholly-owned insurance subsidiary of the Company that provided property and casualty insurance coverage to the Company, the Bank and the Bank’s subsidiaries, and reinsurance to nine other third party insurance captives, for which insurance was not available or economically feasible in the insurance marketplace. Refer to Note 13 – *Captive Subsidiary* for details regarding the status of the Captive.

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, 2024, and the results of operations for the three and nine months ended September 30, 2024 and 2023 and the cash flows for the nine months ended September 30, 2024 and 2023. 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, 2023 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**

**Recently Adopted Accounting Guidance**

In June 2022, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2022-03, *Fair Value Measurements (Topic 820), Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The ASU clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. It also clarifies that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Early adoption is permitted and the amendments in the ASU should be applied prospectively with any adjustments from the adoption of the amendments recognized in earnings and disclosed on the date of adoption. The Company’s adoption of the ASU, effective January 1, 2024, did not have a material impact on the Company’s financial position or results of operations.

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

(2 – continued)

In March 2023, the FASB issued ASU No. 2023-02, *Investments – Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures using the Proportional Amortization Method*. The ASU allows entities to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the income tax credits and other income tax benefits received, and recognizes the net amortization and income tax credits and other income tax benefits in the income statement as a component of income tax expense. This also aligns the treatment of other tax equity investments with that allowed for low income housing tax credit (“LIHTC”) investments. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted in any interim period. The Company already utilized the proportional amortization method for its LIHTC investment and early adopted ASU 2023-02 in conjunction with its initial investment in an investment tax credit producing solar property described in more detail in Note 6 – *Renewable Energy Tax Credit Investment*. The adoption of the ASU did not have a material impact on the Company’s consolidated financial position or results of operations.

**Recently Issued but Not Adopted Accounting Guidance**

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting: Improvements to Reportable Segment Disclosures*, which requires public entities to disclose information about their reportable segments’ significant expenses on an interim and annual basis. Public entities are required to disclose significant expense categories and amounts for each reportable segment. Significant expense categories are derived from expenses that are regularly reported to an entity’s chief operating decision-maker (“CODM”) and included in a segment’s reported measures of profit or loss. Public entities are also required to disclose the title and position of the CODM and explain how the CODM uses the reported measures of profit or loss to assess segment performance. The ASU requires interim disclosures of certain segment-related disclosures that previously were only required annually. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and the ASU should be applied prospectively. The adoption of the ASU is not expected to have a material impact on the Company’s consolidated financial position or results of operations.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. Among other things, the ASU requires that public business entities on an annual basis (1) disclose specific categories in the income tax rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than five percent of the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate). In addition, the ASU requires information pertaining to taxes paid (net of refunds received) to be disaggregated for federal, state, and foreign taxes and further disaggregated for specific jurisdictions to the extent the related amounts are equal to or greater than five percent of total income taxes paid (net of refunds received). For public business entities, the ASU is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The adoption of the ASU is not expected to have a material impact on the Company’s 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, 2024 and December 31, 2023 are summarized as follows:

<i>(In thousands)</i>	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
<b>September 30, 2024</b>				
Securities available for sale:				
Agency mortgage-backed securities	\$ 72,785	\$ 42	\$ 6,315	\$ 66,512
Agency CMO	52,335	199	222	52,312
Other debt securities:				
Agency notes and bonds	126,601	135	4,901	121,835
Treasury notes and bonds	34,781	-	398	34,383
Municipal obligations	145,903	598	13,074	133,427
Total securities available for sale	<u>\$ 432,405</u>	<u>\$ 974</u>	<u>\$ 24,910</u>	<u>\$ 408,469</u>
Securities held to maturity:				
Other debt securities:				
Corporate notes	\$ 7,000	\$ -	\$ 2,312	\$ 4,688
Total securities held to maturity	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ 2,312</u>	<u>\$ 4,688</u>
<b>December 31, 2023</b>				
Securities available for sale:				
Agency mortgage-backed securities	\$ 81,166	\$ -	\$ 9,122	\$ 72,044
Agency CMO	25,402	94	323	25,173
Other debt securities:				
Agency notes and bonds	138,174	38	8,707	129,505
Treasury notes and bonds	64,758	-	1,674	63,084
Municipal obligations	159,049	655	12,239	147,465
Total securities available for sale	<u>\$ 468,549</u>	<u>\$ 787</u>	<u>\$ 32,065</u>	<u>\$ 437,271</u>
Securities held to maturity:				
Other debt securities:				
Corporate notes	\$ 7,000	\$ -	\$ 2,554	\$ 4,446
Total securities held to maturity	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ 2,554</u>	<u>\$ 4,446</u>

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").

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The amortized cost and fair value of debt securities as of September 30, 2024, 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.

	<b>Securities Available for Sale</b>		<b>Securities Held to Maturity</b>	
	<b>Amortized Cost</b>	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Fair Value</b>
<i>(In thousands)</i>				
Due in one year or less	\$ 60,809	\$ 59,782	\$ -	\$ -
Due after one year through five years	123,645	118,416	-	-
Due after five years through ten years	52,663	49,010	2,000	1,354
Due after ten years	70,168	62,437	5,000	3,334
	307,285	289,645	7,000	4,688
Mortgage-backed securities and CMO	125,120	118,824	-	-
	<u>\$ 432,405</u>	<u>\$ 408,469</u>	<u>\$ 7,000</u>	<u>\$ 4,688</u>

Information pertaining to investment securities with gross unrealized losses at September 30, 2024, aggregated by investment category and the length of time that individual investment securities have been in a continuous loss position, follows.

	<b>Number of Investment Positions</b>	<b>Fair Value</b>	<b>Gross Unrealized Losses</b>
<i>(Dollars in thousands)</i>			
<b>September 30, 2024:</b>			
Securities available for sale:			
Continuous loss position less than twelve months:			
Agency CMO	3	\$ 11,844	\$ 38
Municipal obligations	13	6,970	153
Total less than twelve months	16	18,814	191
Continuous loss position more than twelve months:			
Agency mortgage-backed securities	94	65,069	6,315
Agency CMO	22	8,315	184
Agency notes and bonds	47	115,349	4,901
Treasury notes and bonds	13	34,383	398
Municipal obligations	186	101,063	12,921
Total more than twelve months	362	324,179	24,719
Total securities available for sale	378	\$ 342,993	\$ 24,910
Securities held to maturity:			
Continuous loss position more than twelve months:			
Corporate notes	4	\$ 4,688	\$ 2,312
Total more than twelve months	4	4,688	2,312
Total securities held to maturity	4	\$ 4,688	\$ 2,312

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Information pertaining to investment securities with gross unrealized losses at December 31, 2023, aggregated by investment category and the length of time that individual investment securities have been in a continuous position, follows.

	Number of Investment Positions	Fair Value	Gross Unrealized Losses
<i>(Dollars in thousands)</i>			
<b>December 31, 2023:</b>			
Securities available for sale:			
Continuous loss position less than twelve months:			
Agency CMO	3	\$ 8,019	\$ 30
Agency notes and bonds	3	2,754	12
Municipal obligations	74	32,124	2,405
Total less than twelve months	80	42,897	2,447
Continuous loss position more than twelve months:			
Agency mortgage-backed securities	96	72,044	9,122
Agency CMO	22	4,998	293
Agency notes and bonds	52	123,416	8,695
Treasury notes and bonds	21	63,084	1,674
Municipal obligations	130	79,643	9,834
Total more than twelve months	321	343,185	29,618
Total securities available for sale	401	\$ 386,082	\$ 32,065
Securities held to maturity:			
Continuous loss position more than twelve months:			
Corporate notes	4	\$ 4,446	\$ 2,554
Total more than twelve months	4	4,446	2,554
Total securities held to maturity	4	\$ 4,446	\$ 2,554

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, 2024, 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. In July 2024, a BHC whose subordinated debt the Company holds and is classified as held to maturity, having an amortized cost balance of \$2.0 million, announced the suspension of its quarterly dividend. Based on this announcement, management performed additional research regarding the financial stability and strength of the BHC and underlying bank. Based on all analysis, management concluded the decline in fair value of all securities classified as held to maturity was due to changes in interest rates and other market factors. Accordingly, no credit loss provision was recorded in earnings for the three and nine months ended September 30, 2024 and 2023.

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At September 30, 2024, 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 6.8% 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, 2024, the corporate notes classified as held to maturity in a loss position had depreciated approximately 33.0% 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 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, 2024 and December 31, 2023, the Company estimated expected credit losses to be immaterial based on the composition of the held to maturity securities portfolio.

While management does not anticipate any credit losses at September 30, 2024, 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, 2024. During the nine months ended September 30, 2024, the Company recognized gross gains of \$133,000 and gross losses of \$101,000 on sales of available for sale securities. During the three months ended September 30, 2023, the Company recognized gross gains of \$1,000 and gross losses of \$95,000 on sales of available for sale securities. During the nine months ended September 30, 2023, the Company recognized gross gains of \$79,000 and gross losses of \$187,000 on sales of available for sale securities and time deposits.

At September 30, 2024 and December 31, 2023, 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 \$1.9 million and \$2.4 million at September 30, 2024 and December 31, 2023, respectively, 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, 2024 and December 31, 2023, 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, 2024 and 2023, the Company recognized unrealized losses of \$196,000 and \$131,000, respectively, on this equity investment. During the nine months ended September 30, 2024 and 2023, the Company recognized unrealized losses of \$270,000 and \$86,000, respectively. At September 30, 2024 and December 31, 2023, the equity investment had a fair value of \$990,000 and \$1.3 million, respectively, and is included in other assets on the consolidated balance sheets.

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In October 2021, the Company entered into an agreement to invest in a bank technology fund through a limited partnership. At September 30, 2024 and December 31, 2023, the Company's investment in the limited partnership was \$1.0 million and is reflected in other assets on the consolidated balance sheets. The unfunded commitment related to the limited partnership investment at September 30, 2024 and December 31, 2023 was \$430,000 and \$530,000, 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 investment is accounted for as an equity security without a readily determinable fair value, and has 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, 2024 or 2023.

In December 2015, the Company acquired Peoples Bancorp, Inc. of Bullitt County and its wholly-owned bank subsidiary, Peoples Bank of Bullitt County ("Peoples"), headquartered in Shepherdsville, Kentucky. Peoples owned Class B shares of VISA that were carried at an amortized costs basis of zero and were subsequently transferred to the Company. During the three and nine months ended September 30, 2023, the Company sold all the VISA Class B shares owned for a gross gain of \$157,000.

**4. Loans and Allowance for Credit Losses**

Loans at September 30, 2024 and December 31, 2023 consisted of the following:

<i>(In thousands)</i>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
1-4 Family Residential Mortgage	\$ 141,114	\$ 133,480
Home Equity and Second Mortgage	65,679	62,070
Multifamily Residential	36,915	39,963
1-4 Family Residential Construction	12,100	15,667
Other Construction, Development and Land	83,151	76,713
Commercial Real Estate	176,562	168,757
Commercial Business	63,455	68,223
Consumer and Other	59,482	56,373
Principal loan balance	638,458	621,246
Deferred loan origination fees and costs, net	1,108	1,168
Allowance for credit losses	(8,959)	(8,005)
Loans, net	<u>\$ 630,607</u>	<u>\$ 614,409</u>

The Allowance for Credit Losses ("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. The Company has identified and utilizes the following portfolio segments:

1-4 Family Residential Mortgage – 1-4 Family Residential Mortgage loans are primarily secured by 1-4 family residences that are owner-occupied and serve as the primary residence of the borrower. In addition, the Company typically has a senior (1st lien) position securing the collateral of loans in this portfolio. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by unemployment levels in the market area due to economic conditions. Repayment may also be impacted by changes in residential property values.

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**Home Equity and Second Mortgage** – Home Equity and Second Mortgage loans and lines of credit are primarily secured by 1-4 family residences that are owner-occupied and serve as the primary residence of the borrower. However, the Company typically has a junior lien position securing the collateral of loans in this portfolio. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by unemployment levels in the market area due to economic conditions. Repayment may also be impacted by changes in residential property values. While secured by collateral similar to that of the 1-4 Family Residential Mortgage loans, loans within this segment are considered to carry elevated risk due to the Company's junior lien position on the underlying collateral property.

**Multi-family Residential** – Multi-family Residential loans are primarily secured by properties such as apartment complexes and other multi-tenant properties within the Company's market area. In some situations, the collateral may reside outside of the Company's typical market area. Repayment of these loans is often dependent on the successful operation and management of the properties and collection of associated rents. Repayment of such loans may be affected by adverse conditions in the real estate market or the economy.

**1-4 Family Residential Construction** – 1-4 Family Residential Construction loans are generally secured by 1-4 family residences that will be owner-occupied upon completion. Risks inherent in construction lending are related to the market value of the property held as collateral, the cost and timing of constructing or improving a property, movements in interest rates and the real estate market during the construction phase, and the ability of the borrower to obtain permanent financing. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by unemployment levels in the market area due to economic conditions. Repayment may also be impacted by changes in residential property values.

**Other Construction, Development and Land** – Other Construction, Development and Land loans include loans secured by multi-family properties, commercial projects, and vacant land. This portfolio includes both owner-occupied and speculative investment properties. Risks inherent in construction lending are related to the market value of the property held as collateral, the cost and timing of constructing or improving a property, the borrower's ability to use funds generated by a project to service a loan until a project is completed, movements in interest rates and the real estate market during the construction phase, and the ability of the borrower to obtain permanent financing.

**Commercial Real Estate** – Commercial Real Estate loans are comprised of loans secured by various types of collateral including warehouses, retail space, and mixed-use buildings, among others, located in the Company's primary lending area. Risks related to commercial real estate lending are related to the market value of the property taken as collateral, the underlying cash flows, and general economic condition of the local real estate market. Repayment of these loans is generally dependent on the ability of the borrower to attract tenants at lease rates that provide for adequate debt service and can be impacted by local economic conditions which impact vacancy rates. The Company generally obtains loan guarantees from financially capable parties for Commercial Real Estate loans. To a lesser degree, this segment also includes loans secured by farmland. The risks associated with loans secured by farmland are related to the market value of the property taken as collateral and the underlying cash flows from farming operations and general economic conditions.



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(4 – continued)

Commercial Business – Commercial Business loans include lines of credit to businesses, term loans and letters of credit secured by business assets such as equipment, accounts receivable, inventory, or other assets excluding real estate. Loans in this portfolio may also be unsecured and are generally made to finance capital expenditures or fund operations. Commercial Business loans contain risks related to the value of the collateral securing the loan and the repayment is primarily dependent upon the financial success and viability of the borrower. As with Commercial Real Estate loans, the Company generally obtains loan guarantees from financially capable parties for Commercial Business loans.

Consumer and Other Loans – Consumer and Other Loans consist mainly of loans secured by new and used automobiles and trucks, recreational vehicles such as boats and RVs, mobile homes and secured and unsecured loans to individuals. The risks associated with these loans are related to local economic conditions including the unemployment level. To a lesser degree, this segment also includes loans secured by lawn and farm equipment, well as farm output and loans secured by marketable securities. The risks associated with these loans are related to local economic conditions including the unemployment level, general economic conditions impacting crop prices, the supply chain and the fair value of the security collateral.

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.

## (4 – continued)

	Home Equity and			Other						
	1-4 Family	Home Equity and		1-4 Family	Construction,					
	Residential Mortgage	Second Mortgage	Multifamily Residential	Residential Construction	Development and Land	Commercial Real Estate	Commercial Business	Consumer and Other		Total
	(In thousands)									
<b>Amortized Cost Basis in Loans:</b>										
Principal loan balance	\$ 141,114	\$ 65,679	\$ 36,915	\$ 12,100	\$ 83,151	\$ 176,562	\$ 63,455	\$ 59,482		\$ 638,458
Net deferred loan origination fees and costs	101	1,216	(17)	-	(41)	(142)	(9)	-		1,108
Amortized cost basis in loans	\$ 141,215	\$ 66,895	\$ 36,898	\$ 12,100	\$ 83,110	\$ 176,420	\$ 63,446	\$ 59,482		\$ 639,566

	Home Equity and 1-4 Family Residential Mortgage			Other 1-4 Family Construction, Development and Land (In thousands)			Commercial Real Estate	Commercial Business	Consumer and Other	Total
<b>Amortized Cost Basis in Loans:</b>										
Principal loan balance	\$ 133,480	\$ 62,070	\$ 39,963	\$ 15,667	\$ 76,713	\$ 168,757	\$ 68,223	\$ 56,373	\$ 621,246	
Net deferred loan origination fees and costs	121	1,231	(17)	-	(44)	(112)	(11)	-	1,168	
Amortized cost basis in loans	\$ 133,601	\$ 63,301	\$ 39,946	\$ 15,667	\$ 76,669	\$ 168,645	\$ 68,212	\$ 56,373	\$ 622,414	

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An analysis of the changes in the ACL on loans for the three months ended September 30, 2024 is as follows:

	1-4 Family		Home Equity and	1-4 Family		Other												
	Residential Mortgage	Second Mortgage	Multifamily Residential	Residential Construction	Construction, Development and Land	Commercial Real Estate	Commercial Business	Consumer and Other				Total						
(In thousands)																		
ACL on Loans:																		
Beginning balance	\$	1,302	\$	559	\$	342	\$	179	\$	803	\$	2,347	\$	1,920	\$	1,108	\$	8,560
Provision for credit losses		(166)		(127)		322		(49)		(204)		(123)		417		393		463
Charge-offs		-		-		-		-		-		-		-		(104)		(104)
Recoveries		15		-		-		-		-		-		1		24		40
Ending balance	\$	1,151	\$	432	\$	664	\$	130	\$	599	\$	2,224	\$	2,338	\$	1,421	\$	8,959

An analysis of the changes in the ACL on loans for the three months ended September 30, 2023 is as follows:

	1-4 Family				Home Equity and Second Mortgage		1-4 Family		Other Construction, Development and Land		Commercial Real Estate	Commercial Business	Consumer and Other	Total				
	Residential Mortgage		Multifamily Residential	Residential Construction														
	(In thousands)																	
ACL on Loans:																		
Beginning balance	\$	1,469	\$	363	\$	614	\$	171	\$	460	\$	2,016	\$	1,564	\$	858	\$	7,515
Provision for credit losses		70		18		(112)		7		187		91		(219)		248		290
Charge-offs		-		(2)		-		-		-		-		-		(59)		(61)
Recoveries		6		2		-		-		-		-		-		34		42
Ending balance	\$	1,545	\$	381	\$	502	\$	178	\$	647	\$	2,107	\$	1,345	\$	1,081	\$	7,786

Accrued interest on loans of \$2.2 million and \$2.3 million at September 30, 2024 and December 31, 2023, respectively, is included in accrued interest receivable on the consolidated balance sheets and is excluded from the estimate of credit losses.

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An analysis of the changes in the ACL on loans for the nine months ended September 30, 2024 is as follows:

	1-4 Family		Home Equity and	1-4 Family		Other								
	Residential Mortgage	Second Mortgage	Multifamily Residential	Residential Construction	Development and Land	Construction,	Commercial Real Estate	Commercial Business	Consumer and Other	Total				
	(In thousands)													
ACL on Loans:														
Beginning balance,	\$ 1,490	\$ 406	\$ 332	\$ 208	\$ 804	\$ 2,119	\$ 1,431	\$ 1,215	\$ 8,005					
Provision for credit losses	(364)	22	332	(78)	(205)	104	905	387	1,103					
Charge-offs	(4)	-	-	-	-	-	-	(285)	(289)					
Recoveries	29	4	-	-	-	1	2	104	140					
Ending balance	\$ 1,151	\$ 432	\$ 664	\$ 130	\$ 599	\$ 2,224	\$ 2,338	\$ 1,421	\$ 8,959					

An analysis of the changes in the ACL on loans for the nine months ended September 30, 2023 is as follows:

	1-4 Family		Home Equity and	1-4 Family		Other								
	Residential Mortgage	Second Mortgage	Multifamily Residential	Residential Construction	Construction, Development and Land	Commercial Real Estate	Commercial Business	Consumer and Other	(In thousands)					Total
ACL on Loans:														
Beginning balance, prior to adoption of ASC 326	\$ 1,036	\$ 531	\$ 346	\$ 206	\$ 587	\$ 2,029	\$ 1,156	\$ 881						\$ 6,772
Impact of adopting ASC 326	423	(26)	(3)	(9)	13	(130)	(142)	435						561
Provision for credit losses	96	(115)	159	(19)	47	208	511	(54)						833
Charge-offs	(31)	(11)	-	-	-	-	(188)	(341)						(571)
Recoveries	21	2	-	-	-	-	8	160						191
Ending balance	\$ 1,545	\$ 381	\$ 502	\$ 178	\$ 647	\$ 2,107	\$ 1,345	\$ 1,081						\$ 7,786

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The Company utilizes a combination of the Open Pool/Snapshot and Weighted Average Remaining Maturity (“WARM”) methods in determining expected future credit losses. The Open Pool/Snapshot method takes a snapshot of a loan portfolio at a point in time in history and tracks that loan portfolio’s performance in the subsequent periods until its ultimate disposition. 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.

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.

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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, 2024 and December 31, 2023:

	September 30, 2024					December 31, 2023				
	Real Estate	Equipment	Other	Total	ACL Allocation	Real Estate	Other	Total	ACL Allocation	
	(In thousands)					(In thousands)				
1-4 Family Residential Mortgage	\$ 1,651	\$ -	\$ -	\$ 1,651	\$ -	\$ 1,651	\$ -	\$ 1,651	\$ 9	
Home Equity and Second Mortgage	717	-	-	717	-	548	-	548	-	
Multifamily Residential	-	-	-	-	-	-	-	-	-	
1-4 Family Residential Construction	88	-	-	88	51	87	-	87	60	
Other Construction, Development and Land	106	-	-	106	-	54	-	54	-	
Commercial Real Estate	2,622	-	-	2,622	-	1,055	-	1,055	-	
Commercial Business	-	2,066	98	2,164	1,221	-	38	38	-	
Consumer and Other	-	-	-	-	-	-	-	-	-	
	\$ 5,184	\$ 2,066	\$ 98	\$ 7,348	\$ 1,272	\$ 3,395	\$ 38	\$ 3,433	\$ 69	

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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, 2024:

	<b>Nonaccrual Loans with No ACL</b>	<b>Nonaccrual Loans with An ACL</b>	<b>Total Nonaccrual (In thousands)</b>	<b>Loans 90+ Days Past Due Still Accruing</b>	<b>Total Nonperforming Loans</b>
1-4 Family Residential Mortgage	\$ 1,146	\$ -	\$ 1,146	\$ -	\$ 1,146
Home Equity and Second Mortgage	571	-	571	-	571
Multifamily Residential	-	-	-	-	-
1-4 Family Residential Construction	-	88	88	-	88
Other Construction, Development and Land	59	-	59	-	59
Commercial Real Estate	413	-	413	-	413
Commercial Business	174	2,032	2,206	-	2,206
Consumer and Other	-	-	-	-	-
<b>Total</b>	<b>\$ 2,363</b>	<b>\$ 2,120</b>	<b>\$ 4,483</b>	<b>\$ -</b>	<b>\$ 4,483</b>

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 December 31, 2023:

	<b>Nonaccrual Loans with No ACL</b>	<b>Nonaccrual Loans with An ACL</b>	<b>Total Nonaccrual (In thousands)</b>	<b>Loans 90+ Days Past Due Still Accruing</b>	<b>Total Nonperforming Loans</b>
1-4 Family Residential Mortgage	\$ 1,120	\$ 36	\$ 1,156	\$ -	\$ 1,156
Home Equity and Second Mortgage	454	-	454	-	454
Multifamily Residential	-	-	-	-	-
1-4 Family Residential Construction	-	87	87	-	87
Other Construction, Development and Land	54	-	54	-	54
Commercial Real Estate	-	-	-	-	-
Commercial Business	-	-	-	-	-
Consumer and Other	-	-	-	-	-
<b>Total</b>	<b>\$ 1,628</b>	<b>\$ 123</b>	<b>\$ 1,751</b>	<b>\$ -</b>	<b>\$ 1,751</b>

**FIRST CAPITAL, INC.**  
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No interest income was recognized on nonaccrual loans during the three and nine months ended September 30, 2024 and 2023.

The following table presents the aging of the amortized cost basis in loans at September 30, 2024:

	30-59 Days Past Due		60-89 Days Past Due		90 Days or More Past Due		Total Past Due		Current		Total Loans	
	(In thousands)											
1-4 Family Residential Mortgage	\$	1,232	\$	468	\$	766	\$	2,466	\$	138,749	\$	141,215
Home Equity and Second Mortgage		131		279		139		549		66,346		66,895
Multifamily Residential		-		-		-		-		36,898		36,898
1-4 Family Residential Construction		-		-		88		88		12,012		12,100
Other Construction, Development and Land		84		26		59		169		82,941		83,110
Commercial Real Estate		1,489		713		-		2,202		174,218		176,420
Commercial Business		82		-		215		297		63,149		63,446
Consumer and Other		321		18		-		339		59,143		59,482
Total	\$	3,339	\$	1,504	\$	1,267	\$	6,110	\$	633,456	\$	639,566



**FIRST CAPITAL, INC.**  
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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 months ended September 30, 2024, the Company modified Commercial Business loans with an amortized cost basis of \$2.0 million, or approximately 3% of the amortized cost of all Commercial Business loans, for which the borrowers were experiencing financial distress. The modification for each loan was the modification of principal and interest payments for 12 months. No principal was forgiven, no payments were delayed, and no interest rates were reduced for the modified loans. This is the same relationship that was modified during the three months ended March 31, 2024 and June 30, 2024. The previous modifications were to allow six months of interest only payments with the maturity dates of each loan also being extended. The Company monitors the performance of modified loans and none of the modified loans were delinquent at September 30, 2024. There were no modifications to borrowers in financial distress during the three or nine months ended September 30, 2023. There were no loans to borrowers experiencing financial distress that were modified during the previous 12 months and which subsequently defaulted during the three or nine months ended September 30, 2024 and 2023. There were no unfunded commitments associated with loans modified for borrowers experiencing financial distress as of September 30, 2024 and December 31, 2023.

**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.

**FIRST CAPITAL, INC.**  
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Based on the analysis performed at September 30, 2024 and December 31, 2023, the risk category of loans by class of loans is as follows:

		Term Loans Amortized Cost Basis by Origination Year															
		2024	2023	2022	2021	2020	Prior	Revolving			Total						
September 30, 2024:		(In thousands)															
1-4 Family Residential Mortgage																	
	Pass	\$	20,533	\$	32,120	\$	27,773	\$	23,827	\$	6,066	\$	28,680	\$	-	\$	138,999
	Special Mention		-		32		-		-		-		533		-		565
	Substandard		-		-		-		73		432		-		-		505
	Doubtful		-		-		43		153		-		950		-		1,146
		\$	20,533	\$	32,152	\$	27,816	\$	23,980	\$	6,139	\$	30,595	\$	-	\$	141,215
	Current period gross write-offs	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4	\$	-	\$	4
Home Equity and Second Mortgage																	
	Pass	\$	1,880	\$	4,632	\$	3,638	\$	374	\$	191	\$	283	\$	55,011	\$	66,009
	Special Mention		-		-		-		-		-		-		169		169
	Substandard		-		-		-		-		-		-		146		146
	Doubtful		-		-		-		-		-		571		-		571
		\$	1,880	\$	4,632	\$	3,638	\$	374	\$	191	\$	854	\$	55,326	\$	66,895
	Current period gross write-offs	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Multifamily Residential																	
	Pass	\$	637	\$	3,551	\$	11,897	\$	8,561	\$	7,731	\$	4,521	\$	-	\$	36,898
	Special Mention		-		-		-		-		-		-		-		-
	Substandard		-		-		-		-		-		-		-		-
	Doubtful		-		-		-		-		-		-		-		-
		\$	637	\$	3,551	\$	11,897	\$	8,561	\$	7,731	\$	4,521	\$	-	\$	36,898
	Current period gross write-offs	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

**FIRST CAPITAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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		Term Loans Amortized Cost Basis by Origination Year															
		2024	2023	2022	2021	2020	Prior	Revolving	Total								
September 30, 2024:		(In thousands)															
1-4 Family Residential Construction																	
	Pass	\$	8,027	\$	1,984	\$	667	\$	629	\$	705	\$	-	\$	-	\$	12,012
	Special Mention		-		-		-		-		-		-		-		-
	Substandard		-		-		-		-		-		-		-		-
	Doubtful		-		-		88		-		-		-		-		88
		\$	8,027	\$	1,984	\$	667	\$	717	\$	705	\$	-	\$	-	\$	12,100
	Current period gross write-offs	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Other Construction, Development and Land																	
	Pass	\$	7,487	\$	31,908	\$	36,960	\$	1,918	\$	1,462	\$	3,269	\$	-	\$	83,004
	Special Mention		-		-		-		-		-		-		-		-
	Substandard		-		-		-		-		47		-		-		47
	Doubtful		-		-		-		-		59		-		-		59
		\$	7,487	\$	31,908	\$	36,960	\$	1,918	\$	1,462	\$	3,375	\$	-	\$	83,110
	Current period gross write-offs	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Commercial Real Estate																	
	Pass	\$	14,204	\$	20,479	\$	37,970	\$	27,025	\$	20,192	\$	47,890	\$	2,298	\$	170,058
	Special Mention		-		514		1,092		-		-		2,134		-		3,740
	Substandard		311		713		-		562		214		409		-		2,209
	Doubtful		-		-		-		-		-		413		-		413
		\$	14,515	\$	21,706	\$	39,062	\$	27,587	\$	20,406	\$	50,846	\$	2,298	\$	176,420
	Current period gross write-offs	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Commercial Business																	
	Pass	\$	6,455	\$	11,537	\$	10,276	\$	9,188	\$	4,989	\$	4,773	\$	12,887	\$	60,105
	Special Mention		390		211		90		212		20		-		211		1,134
	Substandard		-		-		-		-		-		-		-		-
	Doubtful		-		107		1,991		-		-		109		-		2,207
		\$	6,845	\$	11,855	\$	12,357	\$	9,400	\$	5,009	\$	4,882	\$	13,098	\$	63,446
	Current period gross write-offs	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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		Term Loans Amortized Cost Basis by Origination Year										Revolving	Total				
		2024	2023	2022	2021	2020	Prior										
<b>September 30, 2024:</b>		<i>(In thousands)</i>															
<b>Consumer and Other</b>																	
	Pass	\$	15,832	\$	18,284	\$	9,491	\$	4,475	\$	1,124	\$	7,829	\$	2,334	\$	59,369
	Special																
	Mention		-		-		-		-		-		-		-		-
	Substandard		-		-		-		-		-		-		113		113
	Doubtful		-		-		-		-		-		-		-		-
		\$	15,832	\$	18,284	\$	9,491	\$	4,475	\$	1,124	\$	7,829	\$	2,447	\$	59,482
	Current																
	period gross																
	write-offs	\$	23	\$	44	\$	121	\$	26	\$	8	\$	2	\$	61	\$	285
<b>Total Loans</b>																	
	Pass	\$	75,055	\$	124,495	\$	138,672	\$	75,997	\$	42,460	\$	97,245	\$	72,530	\$	626,454
	Special																
	Mention		390		757		1,182		212		20		2,667		380		5,608
	Substandard		311		713		-		562		287		888		259		3,020
	Doubtful		-		107		2,034		241		-		2,102		-		4,484
		\$	75,756	\$	126,072	\$	141,888	\$	77,012	\$	42,767	\$	102,902	\$	73,169	\$	639,566
	Current																
	period gross																
	write-offs	\$	23	\$	44	\$	121	\$	26	\$	8	\$	6	\$	61	\$	289

**FIRST CAPITAL, INC.**  
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		Term Loans Amortized Cost Basis by Origination Year											
		2023	2022	2021	2020	2019	Prior	Revolving			Total		
December 31, 2023:		(In thousands)											
1-4 Family Residential Mortgage													
	Pass	\$ 34,344	\$ 31,551	\$ 25,846	\$ 6,913	\$ 9,525	\$ 23,628	\$ -		\$ 131,807			
	Special Mention	-	-	-	-	-	144	-		144			
	Substandard	-	-	-	75	265	155	-		495			
	Doubtful	-	48	192	78	-	837	-		1,155			
		\$ 34,344	\$ 31,599	\$ 26,038	\$ 7,066	\$ 9,790	\$ 24,764	\$ -		\$ 133,601			
Home Equity and Second Mortgage													
	Pass	\$ 5,267	\$ 4,380	\$ 529	\$ 232	\$ 163	\$ 327	\$ 51,794		\$ 62,692			
	Special Mention	-	-	-	-	-	-	61		61			
	Substandard	-	-	-	-	-	-	94		94			
	Doubtful	-	-	-	-	264	190	-		454			
		\$ 5,267	\$ 4,380	\$ 529	\$ 232	\$ 427	\$ 517	\$ 51,949		\$ 63,301			
Multifamily Residential													
	Pass	\$ 3,374	\$ 10,495	\$ 9,534	\$ 7,943	\$ 4,137	\$ 4,463	\$ -		\$ 39,946			
	Special Mention	-	-	-	-	-	-	-		-			
	Substandard	-	-	-	-	-	-	-		-			
	Doubtful	-	-	-	-	-	-	-		-			
		\$ 3,374	\$ 10,495	\$ 9,534	\$ 7,943	\$ 4,137	\$ 4,463	\$ -		\$ 39,946			
1-4 Family Residential Construction													
	Pass	\$ 9,193	\$ 4,180	\$ 831	\$ 1,119	\$ -	\$ 257	\$ -		\$ 15,580			
	Special Mention	-	-	-	-	-	-	-		-			
	Substandard	-	-	-	-	-	-	-		-			
	Doubtful	-	-	87	-	-	-	-		87			
		\$ 9,193	\$ 4,180	\$ 918	\$ 1,119	\$ -	\$ 257	\$ -		\$ 15,667			
Other Construction, Development and Land													
	Pass	\$ 26,717	\$ 35,673	\$ 7,495	\$ 2,655	\$ 1,231	\$ 2,795	\$ -		\$ 76,566			
	Special Mention	-	-	-	-	-	49	-		49			
	Substandard	-	-	-	-	-	-	-		-			
	Doubtful	-	-	-	-	-	54	-		54			
		\$ 26,717	\$ 35,673	\$ 7,495	\$ 2,655	\$ 1,231	\$ 2,898	\$ -		\$ 76,669			

**FIRST CAPITAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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		Term Loans Amortized Cost Basis by Origination Year															
		2023	2022	2021	2020	2019	Prior	Revolving	Total								
December 31, 2023:		(In thousands)															
Commercial Real Estate																	
	Pass	\$	14,818	\$	40,675	\$	29,656	\$	19,589	\$	18,231	\$	38,818	\$	1,755	\$	163,542
	Special Mention		823		-		573		1,622		417		62		550		4,047
	Substandard		-		-		-		231		-		825		-		1,056
	Doubtful		-		-		-		-		-		-		-		-
		\$	15,641	\$	40,675	\$	30,229	\$	21,442	\$	18,648	\$	39,705	\$	2,305	\$	168,645
Commercial Business																	
	Pass	\$	14,717	\$	12,603	\$	11,049	\$	5,706	\$	5,312	\$	3,646	\$	12,384	\$	65,417
	Special Mention		208		2,097		106		48		160		-		138		2,757
	Substandard		-		-		-		-		38		-		-		38
	Doubtful		-		-		-		-		-		-		-		-
		\$	14,925	\$	14,700	\$	11,155	\$	5,754	\$	5,510	\$	3,646	\$	12,522	\$	68,212
Consumer and Other																	
	Pass	\$	23,335	\$	13,906	\$	7,662	\$	2,604	\$	846	\$	5,446	\$	2,484	\$	56,283
	Special Mention		-		-		-		-		-		-		-		-
	Substandard		-		-		-		-		-		-		90		90
	Doubtful		-		-		-		-		-		-		-		-
		\$	23,335	\$	13,906	\$	7,662	\$	2,604	\$	846	\$	5,446	\$	2,574	\$	56,373
Total Loans																	
	Pass	\$	131,765	\$	153,463	\$	92,602	\$	46,761	\$	39,445	\$	79,380	\$	68,417	\$	611,833
	Special Mention		1,031		2,097		679		1,670		577		255		749		7,058
	Substandard		-		-		-		306		303		980		184		1,773
	Doubtful		-		48		279		78		264		1,081		-		1,750
		\$	132,796	\$	155,608	\$	93,560	\$	48,815	\$	40,589	\$	81,696	\$	69,350	\$	622,414

**FIRST CAPITAL, INC.**  
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The Company held no foreclosed real estate at either September 30, 2024 or December 31, 2023. At September 30, 2024 and December 31, 2023, the amortized cost basis in loans secured by residential real estate properties for which formal foreclosure proceedings were in process was \$29,000 and \$1,000, respectively.

**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, 2024 and December 31, 2023. 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, 2024 and 2023.

**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, 2024 and December 31, 2023, the balance of the Bank's investment was \$1.6 million and \$1.9 million, respectively, and is reflected in other assets on the consolidated balance sheets. The unfunded commitment related to the qualified affordable housing project investment was \$168,000 at both September 30, 2024 and December 31, 2023, and is reflected in other liabilities on the consolidated balance sheets. The Bank expects to fulfill the commitment as capital calls are made through 2029.

The investment is accounted for using the proportional amortization method. During the three month periods ended September 30, 2024 and 2023, the Bank recognized amortization expense of \$72,000 and \$82,000, respectively, as a component of income tax expense on the consolidated statements of income. Additionally, during the three month periods ended September 30, 2024 and 2023, the Bank recognized income tax credits and other income tax benefits from its qualified affordable housing project investment of \$102,000 and \$100,000, respectively, which was included in income tax expense on the consolidated statements of income. During the nine month periods ended September 30, 2024 and 2023, the Bank recognized amortization expense of \$215,000 and \$252,000, respectively, as a component of income tax expense on the consolidated statements of income. Additionally, during the nine month periods ended September 30, 2024 and 2023, the Bank recognized income tax credits and other income tax benefits from its qualified affordable housing project investment of \$305,000 and \$308,000, respectively, which was included in income tax expense on the consolidated statements of income.

**FIRST CAPITAL, INC.**  
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**6. Renewable Energy Tax Credit Investment**

On 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, 2024 and December 31, 2023, the balance of the Bank's investments in the limited liability companies was \$1.1 million and \$306,000, respectively, and was reflected in other assets on the consolidated balance sheets. The unfunded commitment related to the solar energy tax credit investments was \$1.9 million at September 30, 2024 and is reflected in other liabilities on the consolidated balance sheets. The Bank expects to fulfill the commitment as capital calls are made by December 31, 2024. The Bank had fully funded its commitment in the solar energy tax credit investment at December 31, 2023.

The investment is accounted for using the proportional amortization method. During the three month periods ended September 30, 2024 and 2023, the Bank recognized amortization expense of \$335,000 and \$997,000, respectively, as a component of income tax expense on the consolidated statements of income. Additionally, during the three month periods ended September 30, 2024 and 2023, the Bank recognized income tax credits and other income tax benefits from its solar energy tax credit investment of \$443,000 and \$1.1 million, respectively, which was included in income tax expense on the consolidated statements of income. During the nine month periods ended September 30, 2024 and 2023, the Bank recognized amortization expense of \$1.2 million and \$997,000, respectively, as a component of income tax expense on the consolidated statements of income. Additionally, during the nine month periods ended September 30, 2024 and 2023, the Bank recognized income tax credits and other income tax benefits from its solar energy tax credit investment of \$1.5 million and \$1.1 million, respectively, which was included in income tax expense on the consolidated statements of income.

**7. Borrowed Funds**

At September 30, 2024, the Company had \$33.6 million in borrowings outstanding under the Federal Reserve Bank's ("FRB") Bank Term Funding Program ("BTFP") and no outstanding advances from the FHLB. At December 31, 2023, the Company had \$21.5 million in borrowings outstanding under the FRB's BTFP and no outstanding advances from the FHLB.

On March 12, 2023, the FRB created the BTFP to make additional funding available to eligible depository institutions. The BTFP offered loans of up to one year in length to banks, savings associations, credit unions and other depository institutions which pledged collateral, such as U.S. Treasuries, U.S. agency notes and bonds and U.S. agency mortgage-backed securities. The collateral is valued at par, and advances under this program did not include any fees or prepayment penalties. In January 2024, the Company repaid all outstanding borrowings under the BTFP and advances from the FHLB and then borrowed \$33.6 million under the BTFP at a fixed rate of 4.85% for a one-year period. At September 30, 2024, the pledged securities had a par value of \$42.9 million and a carrying value of \$41.2 million. Effective March 11, 2024, the BTFP ceased making new loans.

FHLB advances are secured under a blanket collateral agreement. At September 30, 2024, the carrying value of U.S. Treasury notes and mortgage loans pledged as security for future FHLB advances was \$14.8 million and \$52.7 million, respectively. At September 30, 2024, the Company had a \$37.4 million borrowing capacity limit with the FHLB based on pledged collateral.

On February 28, 2024, the Bank entered into an Overdraft Line of Credit Agreement with the FHLB which established a line of credit not to exceed \$10.0 million secured under the blanket collateral agreement. This agreement expires on February 28, 2025. At September 30, 2024, there were no borrowings under the agreement.



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The Company did not utilize FHLB advances during the three month period ended September 30, 2024. During the three month period ended September 30, 2023, the Company utilized a series of short-term fixed-rate bullet and variable rate advances from the FHLB in order to meet daily liquidity requirements and to fund growth in earning assets. The fixed-rate bullet advances had an average term of seven days. During the nine month periods ended September 30, 2024 and 2023, the Company utilized a series of short-term fixed-rate bullet and variable rate advances from the FHLB in order to meet daily liquidity requirements and to fund growth in earning assets. The fixed-rate bullet advances had an average term of seven days.

The following table sets forth information on the short-term FHLB advances and BTFP borrowings during the three and nine month periods ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<i>(Dollars in thousands)</i>				
<i>FHLB variable-rate advances</i>				
Maximum balance at any month end	\$ -	\$ 5,000	\$ 5,000	\$ 5,000
Average balance	-	1,359	688	572
Period end balance	-	5,000	-	5,000
Weighted average interest rate (annualized):				
At end of period	-	5.73%	-	5.73%
During the period	-	6.09%	5.80%	5.94%
<i>FHLB fixed-rate bullet advances</i>				
Maximum balance at any month end	\$ -	\$ 10,000	\$ 13,000	\$ 15,000
Average balance	-	1,956	1,631	2,050
Period end balance	-	10,000	-	10,000
Weighted average interest rate (annualized):				
At end of period	-	5.59%	-	5.59%
During the period	-	6.02%	5.67%	5.40%
<i>BTFP borrowings:</i>				
Maximum balance at any month end	\$ 33,625	\$ 13,000	\$ 33,625	\$ 13,000
Average balance	33,625	13,000	33,055	6,356
Period end balance	33,625	13,000	33,625	13,000
Weighted average interest rate (annualized):				
At end of period	4.85%	4.99%	4.85%	4.99%
During the period	4.89%	5.02%	4.84%	5.03%

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**8. Supplemental Disclosure for Earnings Per Share**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<i>(In thousands, except per share data)</i>				
<b>Basic</b>				
Earnings:				
Net income attributable to First Capital, Inc.	\$ 2,898	\$ 3,138	\$ 8,678	\$ 9,680
Shares:				
Weighted average common shares outstanding	3,347,236	3,345,869	3,345,863	3,347,823
Net income attributable to First Capital, Inc. per common share, basic	\$ 0.87	\$ 0.94	\$ 2.59	\$ 2.89
<b>Diluted</b>				
Earnings:				
Net income attributable to First Capital, Inc.	\$ 2,898	\$ 3,138	\$ 8,678	\$ 9,680
Shares:				
Weighted average common shares outstanding	3,347,236	3,345,869	3,345,863	3,347,823
Add: Dilutive effect of restricted stock	-	-	-	-
Weighted average common shares outstanding, as adjusted	3,347,236	3,345,869	3,345,863	3,347,823
Net income attributable to First Capital, Inc. per common share, diluted	\$ 0.87	\$ 0.94	\$ 2.59	\$ 2.89

Nonvested restricted stock shares are not considered as outstanding for purposes of computing weighted average common shares outstanding. Restricted shares totaling 4,800 were excluded from the calculation of diluted net income per share for the three and nine month periods ending September 30, 2024 because their effect would be anti-dilutive. Restricted shares totaling 5,600 were excluded from the calculation of diluted net income per share because their effect would be anti-dilutive for the three and nine month periods ended September 30, 2023.

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

**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”). 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, 2024, 159,650 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.

As of September 30, 2024, 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, 2024 amounted to \$35,000 and \$168,000, respectively. Compensation expense related to restricted stock recognized for the three and nine month periods ended September 30, 2023 amounted to \$53,000 and \$198,000, respectively. The total income tax expense related to stock-based compensation was \$15,000 and \$17,000, for the three month periods ended September 30, 2024 and 2023, respectively. The total income tax benefit related to stock-based compensation was \$12,000 and \$17,000, for the nine month periods ended September 30, 2024 and 2023, respectively.

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

(9 – continued)

A summary of the Company's nonvested restricted shares under the Plan as of September 30, 2024 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 year	5,600	\$ 63.60
Granted	3,150	28.00
Vested	3,950	59.75
Forfeited	-	-
Nonvested at end of period	4,800	\$ 43.40

There were 3,950 restricted shares that vested during the nine month period ended September 30, 2024 due to the retirements of a director and an employee and normal vesting. There were 6,100 shares that vested during the nine month period ended September 30, 2023 due to normal vesting. The fair value of restricted shares that vested during the nine month periods ended September 30, 2024 and 2023 was \$120,000 and \$188,000, respectively. At September 30, 2024, there was \$169,000 of unrecognized compensation expense related to nonvested restricted shares. The compensation expense is expected to be recognized over a weighted average period of 2.5 years.

**10. Supplemental Disclosures of Cash Flow Information**

	Nine Months Ended September 30,	
	2024	2023
<i>(In thousands)</i>		
<b>Cash payments for:</b>		
Interest	\$ 9,604	\$ 4,543
Income taxes (net of refunds received)	114	1,806
<b>Noncash investing activities:</b>		
Transfers from loans to real estate acquired through foreclosure	\$ -	\$ 72
Agreement to invest in renewable energy tax credit facility	1,912	-

**11. Fair Value Measurements**

FASB 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 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.

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

(11 – continued)

Level 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 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 table below presents the balances of assets measured at fair value on a recurring and nonrecurring basis as of September 30, 2024 and December 31, 2023. The Company had no liabilities measured at fair value as of September 30, 2024 or December 31, 2023.

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

(11 – continued)

(In thousands)	Carrying Value			
	Level 1	Level 2	Level 3	Total
<b>September 30, 2024</b>				
<b>Assets Measured on a Recurring Basis</b>				
Securities available for sale:				
Agency mortgage-backed securities	\$ -	\$ 66,512	\$ -	\$ 66,512
Agency CMO	-	52,312	-	52,312
Agency notes and bonds	-	121,835	-	121,835
Treasury notes and bonds	34,383	-	-	34,383
Municipal obligations	-	133,427	-	133,427
Total securities available for sale	\$ 34,383	\$ 374,086	\$ -	\$ 408,469
Equity securities	\$ 990	\$ -	\$ -	\$ 990
<b>Assets Measured on a Nonrecurring Basis</b>				
Collateral dependent loans:				
1-4 Family Residential Construction	\$ -	\$ -	\$ 37	\$ 37
Commercial Business	-	-	770	770
Total collateral dependent loans	\$ -	\$ -	\$ 807	\$ 807
<b>December 31, 2023</b>				
<b>Assets Measured on a Recurring Basis</b>				
Securities available for sale:				
Agency mortgage-backed securities	\$ -	\$ 72,044	\$ -	\$ 72,044
Agency CMO	-	25,173	-	25,173
Agency notes and bonds	-	129,505	-	129,505
Treasury notes and bonds	63,084	-	-	63,084
Municipal obligations	-	147,465	-	147,465
Total securities available for sale	\$ 63,084	\$ 374,187	\$ -	\$ 437,271
Equity securities	\$ 1,260	\$ -	\$ -	\$ 1,260
<b>Assets Measured on a Nonrecurring Basis</b>				
Collateral dependent loans:				
1-4 Family Residential Mortgage	\$ -	\$ -	\$ 27	\$ 27
1-4 Family Residential Construction	-	-	27	27
Total collateral dependent loans	\$ -	\$ -	\$ 54	\$ 54

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, or the lower of cost or 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.

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

(11 – continued)

**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, 2024 and December 31, 2023, 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.

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, 2024, 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 20%, with a weighted average discount of 11%. The Company recognized provisions for credit losses on collateral dependent loans of \$371,000 for the three months ended September 30, 2024. The Company recognized provisions for credit losses on collateral dependent loans of \$1.2 million and \$38,000 for the nine months ended September 30, 2024 and 2023, respectively. The Company recognized a \$2,000 reduction in provisions for credit losses on collateral dependent impaired loans for the three months ended September 30, 2023.

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

(11 – continued)

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 three month periods ended September 30, 2024 and 2023. There were no transfers into or out of the Company's Level 3 financial assets for the three month periods ended September 30, 2024 and 2023.

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. 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
<b>September 30, 2024</b>					
Financial assets:					
Cash and cash equivalents	\$ 89,939	\$ 89,939	\$ 89,939	\$ -	\$ -
Interest-bearing time deposits	2,695	2,744	-	2,744	-
Securities available for sale	408,469	408,469	34,383	374,086	-
Securities held to maturity	7,000	4,688	-	4,688	-
Loans held for sale	678	692	-	692	-
Loans, net	630,607	636,068	-	-	636,068
FHLB and other restricted stock	1,836	N/A	N/A	N/A	N/A
Accrued interest receivable	4,218	4,218	-	4,218	-
Equity securities (included in other assets)	990	990	990	-	-
Financial liabilities:					
Deposits	1,030,249	1,029,528	-	-	1,029,528
Borrowed funds	33,625	33,627	-	33,627	-
Accrued interest payable	2,502	2,502	-	2,502	-
<b>December 31, 2023</b>					
Financial assets:					
Cash and cash equivalents	\$ 38,670	\$ 38,670	\$ 38,670	\$ -	\$ -
Interest-bearing time deposits	3,920	3,925	-	3,925	-
Securities available for sale	437,271	437,271	63,084	374,187	-
Securities held to maturity	7,000	4,446	-	4,446	-
Loans held for sale	800	811	-	811	-
Loans, net	614,409	609,243	-	-	609,243
FHLB and other restricted stock	1,836	N/A	N/A	N/A	N/A
Accrued interest receivable	4,788	4,788	-	4,788	-
Equity securities (included in other assets)	1,260	1,260	1,260	-	-
Financial liabilities:					
Deposits	1,025,211	1,023,813	-	-	1,023,813
Borrowed funds	21,500	21,470	-	21,470	-
Accrued interest payable	1,209	1,209	-	1,209	-



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

(11 – continued)

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, 2024 and December 31, 2023 represent an approximation of exit price, but an actual exit price may differ.

**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, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<i>(In thousands)</i>				
<b>In Scope for ASC 606</b>				
Service charges on deposit accounts	\$ 610	\$ 597	\$ 1,767	\$ 1,737
ATM and debit card fees	1,144	1,127	3,354	3,355
Investment advisory income	23	15	48	46
Other	31	27	99	91
Revenue from contracts with customers	1,808	1,766	5,268	5,229
<b>Out of Scope for ASC 606</b>				
Net gains (losses) on loans and investments	(72)	59	156	280
Increase in cash value of life insurance	47	47	161	158
Other	17	75	137	134
Other noninterest income (expense)	(8)	181	454	572
Total noninterest income	\$ 1,800	\$ 1,947	\$ 5,722	\$ 5,801

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

(12 – continued)

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.

**Investment Advisory Income:** The Company earns trust, insurance commissions, brokerage commissions and annuities income from its contracts with customers to manage assets for investment, and/or to transact on their accounts. These fees are primarily earned over time as the Company provides the contracted services and are generally assessed based on the market value of assets under management. Fees that are transaction based, including trade execution services, are recognized at the point in time that the transaction is executed. Other related fees, which are based on a fixed fee schedule, are recognized when the services are rendered.

**Other Income:** Other income from contracts with customers includes safe deposit box fees 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. Captive Subsidiary**

As described in Note 1, the Company had a wholly-owned insurance subsidiary providing property and casualty insurance coverage to the Company, the Bank and the Bank's subsidiaries, and reinsurance to nine other third party insurance captives for which insurance may not be currently available or economically feasible in the insurance marketplace. On April 10, 2023, the IRS issued IR-2023-74 and proposed regulations that may result in the Captive being considered a listed transaction. The proposed regulations include the possibility of material tax expense to the consolidated group if finalized in their current form. However, the final regulations have not been published and as such management cannot reasonably estimate or determine the potential tax liability as of September 30, 2024. The Captive was formally dissolved with all remaining assets transferred to the Company on December 31, 2023.

**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, 2023 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, 2023. During the nine months ended September 30, 2024, there was no significant change in the Company's critical account 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, 2023.

**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, 2024 and December 31, 2023**

Total assets increased \$31.4 million from \$1.16 billion at December 31, 2023 to \$1.19 billion at September 30, 2024.

Net loans receivable (excluding loans held for sale) increased \$16.2 million from \$614.4 million at December 31, 2023 to \$630.6 million at September 30, 2024. Commercial real estate, 1-4 family residential mortgage, and other construction, development and land loan increases of \$7.8 million, \$7.6 million, and \$6.4 million, respectively, were partially offset by decreases of \$4.8 million and \$3.6 million in commercial business and 1-4 family residential construction, respectively, during the nine months ended September 30, 2024.

Cash and cash equivalents increased from \$38.7 million at December 31, 2023 to \$89.9 million at September 30, 2024 primarily due to maturities of available for sale securities, increased borrowings under the FRB's BTFF and net deposit inflows at the Bank.

Securities available for sale decreased \$28.8 million from \$437.3 million at December 31, 2023 to \$408.5 million at September 30, 2024. Purchases of \$47.8 million of securities classified as available for sale were made during the nine months ended September 30, 2024 and consisted primarily of U.S. government agency CMOs and municipal bonds. Principal payments and maturities of available for sale securities totaled \$17.8 million and \$46.2 million, respectively, during the nine months ended September 30, 2024. Securities classified as available for sale totaling \$19.2 million were sold during the nine months ended September 30, 2024 and consisted primarily of municipal bonds. In addition, there was an unrealized gain of \$7.3 million on the securities available for sale portfolio during the nine month period ended September 30, 2024 due primarily to decreasing market interest rates.

Total deposits increased \$5.0 million but remained at \$1.03 billion at December 31, 2023 and September 30, 2024, respectively. Interest-bearing checking accounts, savings accounts and non-interest-bearing checking accounts decreased \$19.4 million, \$12.4 million and \$5.7 million, respectively, during the nine months ended September 30, 2024, while time deposits increased \$42.6 million during the period. 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. Significant competition for deposits driven by high interest rate alternatives for depositors is currently impacting deposit fluctuations and increasing our cost of deposits.

The Company had \$33.6 million and \$21.5 million in borrowings outstanding from the FRB under the BTFF at September 30, 2024 and December 31, 2023, respectively. During the nine months ended September 30, 2024, the Company utilized a series of short-term fixed-rate bullet and variable rate advances from the FHLB and the BTFF in order to meet daily liquidity requirements and to fund growth in earning assets.

Total stockholders' equity attributable to the Company increased from \$105.2 million at December 31, 2023 to \$116.8 million at September 30, 2024, due to a \$5.9 million increase in retained net income as well as a \$5.5 million net unrealized gain on available for sale securities. The net unrealized gain on available for sale securities during the period is primarily due to decreased market interest rates.

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

**Results of Operations for the Three Month Periods Ended September 30, 2024 and 2023**

**Net income.** Net income attributable to the Company was \$2.9 million (\$0.87 per diluted share) for the three months ended September 30, 2024 compared to \$3.1 million (\$0.94 per diluted share) for the three months ended September 30, 2023.

**Net interest income.** Net interest income after provision for credit losses increased \$415,000 for the three months ended September 30, 2024 as compared to the same period in 2023.

Total interest income increased \$2.0 million when comparing the periods due to an increase in the average yield on interest-earning assets from 3.96% for the third quarter of 2023 to 4.53% for the third quarter of 2024. The average balance of interest-earning assets increased from \$1.13 billion for the quarter ended September 30, 2023 to \$1.17 billion at September 30, 2024. The increase in the yield was primarily due to an increase in the yield on loans to 6.09% for the third quarter of 2024 compared to 5.74% for the same period in 2023. In addition, the Company's lower yielding securities continue to mature with proceeds being reinvested in higher yielding loans or federal funds sold. When compared to the quarter ended September 30, 2023, the average balance of the Company's securities decreased \$59.0 million, while the Company's average loans and federal funds sold balances increased \$40.6 million and \$58.0 million, respectively, during the quarter ended September 30, 2024.

Total interest expense increased \$1.5 million when comparing the periods due to an increase in the average cost of interest-bearing liabilities from 1.30% for the third quarter of 2023 to 1.87% for the third quarter of 2024, in addition to an increase in the average balance of interest-bearing liabilities from \$813.2 million for the third quarter of 2023 to \$875.8 million for the third quarter of 2024. The Company had no outstanding advances from the Federal Home Loan Bank ("FHLB") during the quarter ended September 30, 2024 compared to \$3.3 million with an average rate of 6.03% during the quarter ended September 30, 2023. The Company had average outstanding borrowings under the Federal Reserve Bank's Bank Term Funding Plan ("BTFP") of \$33.6 million and \$13.0 million with an average rate of 4.89% and 5.02% during the quarters ended September 30, 2024 and 2023, respectively.

As a result of the changes in interest-earning assets and interest-bearing liabilities, the net interest margin increased from 3.02% for the quarter ended September 30, 2023 to 3.12% for the same period in 2024.

**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 \$290,000 for the quarter ended September 30, 2023 to \$463,000 for the quarter ended September 30, 2024. The increase was due to loan growth during the period, the increase in nonperforming assets during the quarter, as well as management's consideration of macroeconomic uncertainty. The Bank recognized net charge-offs of \$64,000 and \$19,000 for the quarters ended September 30, 2024 and 2023, respectively.

**Noninterest income.** Noninterest income decreased \$147,000 for the quarter ended September 30, 2024 as compared to the same period in 2023. The Company recognized a \$196,000 loss on equity securities for the quarter ended September 30, 2024 compared to a loss of \$131,000 for the same quarter in 2023. The Company did not sell any securities during the quarter ended September 30, 2024. The Company recognized a net \$63,000 gain on sale of securities during the quarter ended September 30, 2023. During the quarter ended September 30, 2023, the Company sold securities available for sale with a market value of \$9.4 million and an amortized cost basis of \$9.5 million resulting in a net loss of \$94,000. The net loss was more than offset by the \$157,000 gain on sale of the Company's VISA Class B stock in September 2023. In addition, other income decreased \$54,000 during the quarter. These were partially offset by increases of \$17,000 and \$13,000 in ATM and debit card fees and service charges on deposit accounts, respectively.

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

**Noninterest expense.** Noninterest expense increased \$543,000 for the quarter ended September 30, 2024 as compared to the same period in 2023, due primarily to increases in professional fees and compensation and benefits of \$213,000 and \$160,000, respectively. The increase in professional fees is primarily due to increased costs associated with the Company's annual audit and fees being accrued for the Company's ongoing core contract negotiations. The increase in compensation and benefits is due to standard increases in salary and wages as well as increases in the cost of Company-provided health insurance benefits. In addition, data processing, advertising, and occupancy and equipment expenses increased \$51,000, \$45,000, and \$41,000, respectively.

**Income tax expense.** Income tax expense decreased \$35,000 for the third quarter of 2024 as compared to the third quarter of 2023 primarily due to a decrease in the Company's taxable income. As a result, the effective tax rate for the quarter ended September 30, 2024 was 15.6% compared to 15.4% for the same period in 2023.

**Results of Operations for the Nine Month Periods Ended September 30, 2024 and 2023**

**Net income.** Net income attributable to the Company was \$8.7 million (\$2.59 per diluted share) for the nine months ended September 30, 2024 compared to \$9.7 million (\$2.89 per diluted share) for the nine months ended September 30, 2023.

**Net interest income.** Net interest income after provision for credit losses increased \$72,000 for the nine months ended September 30, 2024 compared to the same period in 2023.

Total interest income increased \$5.3 million when comparing the two periods due to an increase in the average yield on interest-earning assets from 3.80% for the nine months ended September 30, 2023 to 4.37% for the same period in 2024. The increase in the yield was primarily due to an increase in the yield on loans to 5.99% for the first nine months of 2024 compared to 5.57% for the same period in 2023. In addition, the Company's lower yielding securities continue to mature with proceeds being reinvested in higher yielding loans or federal funds sold. When compared to the nine months ended September 30, 2023, the average balance of the Company's securities decreased \$49.7 million, while the Company's average loans and federal funds sold balances increased \$50.8 million and \$15.5 million, respectively, during the nine months ended September 30, 2024.

Total interest expense increased \$5.0 million as the average cost of interest-bearing liabilities increased from 0.98% for the nine months ended September 30, 2023 to 1.72% for the same period in 2024, in addition to an increase in the average balance of interest-bearing liabilities from \$805.1 million for the first nine months of 2023 to \$846.8 million for the same period of 2024. The Company had average outstanding advances from the FHLB of \$2.3 million and \$2.6 million with an average rate of 5.69% and 5.49% during the nine months ended September 30, 2024 and 2023, respectively. The Company had average outstanding borrowings under the Federal Reserve Bank's BTFP of \$33.1 million and \$6.4 million with an average rate of 4.84% and 5.03% during the nine months ended September 30, 2024 and 2023, respectively.

As a result of the changes in interest-earning assets and interest-bearing liabilities, the net interest margin decreased from 3.10% for the nine months ended September 30, 2023 to 3.09% for the nine months ended September 30, 2024.

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

**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 \$833,000 for the nine months ended September 30, 2023 to \$1.1 million for the nine months ended September 30, 2024. The increase was due to loan growth during the period, the increase in the nonperforming assets, as well as management's consideration of macroeconomic uncertainty. The Bank recognized net charge-offs of \$149,000 for the nine months ended September 30, 2024 compared to \$380,000 for the same period in 2023.

**Noninterest income.** Noninterest income decreased \$79,000 for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 primarily due to the Company recognizing a \$270,000 loss on equity securities during the nine months ended September 30, 2024 compared to an \$86,000 loss during the same period in 2023. This was partially offset by increases of \$77,000 and \$30,000 from gains on sale of loans and service charges on deposit accounts, respectively.

**Noninterest expense.** Noninterest expense increased \$1.2 million for the nine months ended September 30, 2024 as compared to the same period in 2023. This was primarily due to increases in professional fees, compensation and benefits, data processing, and other expenses of \$424,000, \$374,000, \$130,000, and \$179,000, respectively, when comparing the two periods. The increase in professional fees is primarily due to increased costs associated with the Company's annual audit and fees being accrued for the Company's ongoing core contract negotiations. The increase in compensation and benefits is due to standard increases in salary and wages as well as increases in the cost of Company-provided health insurance benefits. The increase in data processing expense is primarily due to increased debit card interchange fees. Increases in other expenses included a \$77,000 increase in the Company's support of local communities through sponsorships and donations, \$26,000 in increased dues and subscriptions and \$24,000 of additional FDIC insurance assessments for the nine months ended September 30, 2024 compared to the same period of 2023.

**Income tax expense.** Income tax expense decreased \$238,000 for the nine months ended September 30, 2024 as compared to the same period in 2023 resulting in an effective tax rate of 15.0% for the nine months ended September 30, 2024, compared to 15.4% for the same period in 2023.

**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, 2024, the Bank had cash and cash equivalents of \$89.9 million and securities available-for-sale with a fair value of \$408.5 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.

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

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 \$2.8 million at September 30, 2024.

The Bank is required to maintain specific amounts of capital pursuant to regulatory requirements. Beginning in 2020, qualifying community banks with 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 tangible equity capital to average total consolidated assets. A qualifying community bank that exceeds this ratio will be 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. The federal banking agencies must set the minimum capital for the new CBLR at not less than 8% and not more than 10%, and has set the minimum ratio at 9% effective January 1, 2022. A financial institution that falls below the minimum CBLR generally has a two quarter grace period to get back into compliance as long as it maintains a minimum CBLR of 8%. A financial institution can elect to be subject to or opt out of the CBLR framework at any time. As a qualified community bank, the Bank had opted into the CBLR framework as of September 30, 2024 and December 31, 2023 and its CBLR was 10.24% and 9.92% as of those dates, respectively. Management believes that the Bank met all capital adequacy requirements to which it was subject as of September 30, 2024. At both September 30, 2024 and December 31, 2023, 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, 2023. The Company adopted ASU 2016-13 effective January 1, 2023 which requires an ACL on off-balance sheet credit exposures. See Note 4 for additional information.

For the three months ended September 30, 2024, 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.

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

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, 2024 and December 31, 2023 financial information:

Immediate Change in the Level of Interest Rates	At September 30, 2024		At December 31, 2023	
	One Year Horizon		One Year Horizon	
	Dollar Change	Percent Change	Dollar Change	Percent Change
	<i>(Dollars in thousands)</i>			
300bp	\$ (314)	(0.88)%	\$ 503	1.44%
200bp	(115)	(0.32)	354	1.01
100bp	5	0.01	199	0.57
Static	-	-	-	-
(100)bp	165	0.46	72	0.21
(200)bp	(39)	(0.11)	(48)	(0.13)
(300)bp	(714)	(2.00)	(734)	(2.10)

At September 30, 2024 and December 31, 2023, the Company’s simulated exposure to an increase in interest rates shows that an immediate and sustained increase, or decrease, in rates of 1.00%, would increase the Company’s net interest income over a one year horizon compared to a flat interest rate scenario. At September 30, 2024, an immediate and sustained increase in rates of 2.00% or 3.00% would decrease the Company’s net interest income over a one year horizon compared to a flat rates scenario. At December 31, 2023, an immediate and sustained increase in rates of 2.00% or 3.00% would increase the Company’s net interest income over a one year horizon compared to a flat rates scenario. At September 30, 2024 and December 31, 2023, an immediate and sustained decrease in rates of 2.00% or 3.00% would decrease the Company’s net interest income over a one year horizon compared to a flat rates scenario. During the three and nine months ended September 30, 2024, management evaluated and adjusted deposit rate betas, interest rate spreads and rate index ties in its scenarios to better reflect the current interest rate environment and increased competitive pressure for deposits.

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.

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

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, 2024 and December 31, 2023 financial information:

Immediate Change in the Level of Interest Rates	At September 30, 2024						
	Economic Value of Equity			Economic Value of Equity as a			
	Dollar Amount	Dollar Change	Percent Change	Percent of Present Value of Assets			
				EVE Ratio	Change		
(Dollars in thousands)							
300bp	\$	212,221	\$	(5,618)	(2.58)%	19.41%	99bp
200bp		215,759		(2,080)	(0.95)	19.22	80bp
100bp		217,431		(408)	(0.19)	18.88	46bp
Static		217,839		-	-	18.42	0bp
(100)bp		214,761		(3,078)	(1.41)	17.73	(69)bp
(200)bp		213,812		(4,027)	(1.85)	17.14	(128)bp
(300)bp		204,741		(13,098)	(6.01)	15.96	(246)bp

Immediate Change in the Level of Interest Rates	At December 31, 2023				
	Economic Value of Equity			Economic Value of Equity as a	
	Dollar Amount	Dollar Change	Percent Change	Percent of Present Value of Assets	
				EVE Ratio	Change
300bp	\$ 206,434	\$ (4,405)	(2.09)%	19.65%	111bp
200bp	209,839	(1,000)	(0.47)	19.45	91bp
100bp	211,505	666	0.32	19.09	55bp
Static	210,839	-	-	18.54	0bp
(100)bp	209,270	(1,569)	(0.74)	17.94	(60)bp
(200)bp	204,705	(6,134)	(2.91)	17.10	(144)bp
(300)bp	191,171	(19,668)	(9.33)	15.61	(293)bp

The tables indicate that at September 30, 2024 and December 31, 2023 the Company would expect a decrease in its EVE in the event of a sudden and sustained 200 or 300 basis point increase or a 100, 200 or 300 sudden and sustained decrease in prevailing interest rates. At September 30, 2024, the Company would expect a decrease in its EVE in the event of a sudden and sustained 100 basis point increase in prevailing interest rates. At December 31, 2023, the Company would expect an increase in its EVE in the event of a sudden and sustained 100 basis point increase in prevailing interest rates. As previously mentioned in this report, during the three and nine months ended September 30, 2024, management evaluated and adjusted deposit rate betas, interest rate spreads and rate index ties in its scenarios to better reflect the current interest rate environment and increased competitive pressure for deposits.

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

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 quarter ended September 30, 2024 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 Risk Factors**  
**1A.**

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, 2023.

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

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, 2024	1,329	\$ 30.31	1,329	114,021
August 1 through August 31, 2024	-	N/A	-	114,021
September 1 through September 30, 2024	-	N/A	-	114,021
Total	<u>1,329</u>	\$ 30.31	<u>1,329</u>	

On August 19, 2008, the board of directors authorized the repurchase of up to 240,467 shares of the Company’s outstanding common stock. The stock repurchase program will expire upon the purchase of the maximum number of shares authorized under the program, unless the board of directors terminates the program earlier.

**Item 3. Defaults upon Senior Securities**

Not applicable.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item Other Information**  
**5.**

None.

**PART II**  
**OTHER INFORMATION**  
**FIRST CAPITAL, INC.**

**Item Exhibits**

**6.**

[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)

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(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 14, 2024

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

**Dated** November 14, 2024

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

**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 14, 2024

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



**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 14, 2024

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

**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, 2024, 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 14, 2024

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

**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, 2024, 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 14, 2024

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