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 June 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	**35-2056949**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

220 Federal Drive NW, Corydon, Indiana 47112 **1-812-738-2198**
(Address of principal executive offices, zip code, telephone number)

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

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

Title of each class	Trading Symbol(s)	Name of each exhange 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 July 22, 2024.

FIRST CAPITAL, INC.

INDEX

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

	June 30, 2024	December 31, 2023
	(In thousands)	
ASSETS		
Cash and due from banks	$ 22,967	$ 20,008
Interest bearing deposits with banks	1,665	3,171
Federal funds sold	25,939	15,491
Total cash and cash equivalents	50,571	38,670
Interest-bearing time deposits	2,940	3,920
Securities available for sale, at fair value (amortized cost $447,489 and $468,549, respectively)	414,301	437,271
Securities held to maturity, at amortized cost (fair value $4,494 and $4,446, respectively)	7,000	7,000
Loans held for sale	2,174	800
Loans, net of allowance for credit losses of $8,560 ($8,005 in 2023)	630,024	614,409
Federal Home Loan Bank ("FHLB") and other stock, at cost	1,836	1,836
Premises and equipment	14,262	14,413
Accrued interest receivable	4,575	4,788
Cash value of life insurance	9,219	9,105
Goodwill	6,472	6,472
Core deposit intangible	159	232
Other assets	20,063	18,964
Total Assets	$ 1,163,596	$ 1,157,880
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 203,910	$ 205,535
Interest-bearing	810,336	819,676
Total deposits	1,014,246	1,025,211
Borrowed funds - Bank Term Funding Program ("BTFP")	33,625	21,500
Accrued interest payable	2,352	1,209
Accrued expenses and other liabilities	5,511	4,615
Total liabilities	1,055,734	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 3,353,332 (3,350,660 in 2023)	38	38
Additional paid-in capital	41,676	41,588
Retained earnings-substantially restricted	101,075	97,105
Unearned stock compensation	(204)	(249)
Accumulated other comprehensive loss	(25,599)	(24,033)
Less treasury stock, at cost - 453,651 shares (453,173 in 2023)	(9,229)	(9,216)
Total First Capital, Inc. stockholders' equity	107,757	105,233
Noncontrolling interest in subsidiary	105	112
Total equity	107,862	105,345
Total Liabilities and Equity	$ 1,163,596	$ 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 June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	(In thousands, except per share data)			
INTEREST INCOME				
Loans, including fees	$ 9,472	$ 8,071	$ 18,710	$ 15,709
Securities:				
Taxable	1,757	1,347	3,386	2,648
Tax-exempt	636	869	1,340	1,734
Dividends	24	11	36	22
Federal funds sold and other income	329	302	583	674
Total interest income	12,218	10,600	24,055	20,787
INTEREST EXPENSE				
Deposits	3,103	2,153	5,909	3,149
Advances - FHLB	51	58	99	58
Borrowed funds - BTFP	407	77	790	77
Total interest expense	3,561	2,288	6,798	3,284
Net interest income	8,657	8,312	17,257	17,503
Provision for credit losses	360	350	640	543
Net interest income after provision for credit losses	8,297	7,962	16,617	16,960
NONINTEREST INCOME				
Service charges on deposit accounts	564	578	1,157	1,140
ATM and debit card fees	1,150	1,141	2,210	2,228
Commission and fee income	12	19	25	31
Gain (loss) on sale of securities	-	(14)	32	(14)
Unrealized (loss) gain on equity securities	(6)	(92)	(74)	45
Gain on sale of loans	169	104	270	190
Increase in cash surrender value of life insurance	66	66	114	111
Other income	68	61	188	123
Total noninterest income	2,023	1,863	3,922	3,854
NONINTEREST EXPENSE				
Compensation and benefits	3,962	3,802	7,805	7,591
Occupancy and equipment	480	446	943	893
Data processing	1,115	1,081	2,191	2,112
Professional fees	303	165	562	351
Advertising	79	94	167	177
Other expenses	1,061	1,078	2,089	1,943
Total noninterest expense	7,000	6,666	13,757	13,067
Income before income taxes	3,320	3,159	6,782	7,747
Income tax expense	488	429	995	1,198
Net Income	2,832	2,730	5,787	6,549
Less: net income attributable to noncontrolling interest in subsidiary	4	4	7	7
Net Income Attributable to First Capital, Inc.	$ 2,828	$ 2,726	$ 5,780	$ 6,542
Earnings per common share attributable to First Capital, Inc.:				
Basic	$ 0.85	$ 0.82	$ 1.73	$ 1.95
Diluted	$ 0.85	$ 0.82	$ 1.73	$ 1.95
Dividends per share	$ 0.27	$ 0.27	$ 0.54	$ 0.54

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
	(In thousands)			
Net Income	$ 2,832	$ 2,730	$ 5,787	$ 6,549
OTHER COMPREHENSIVE (LOSS) INCOME				
Unrealized (losses) gains on securities available for sale:				
Unrealized holding (losses) gains arising during the period	163	(4,597)	(1,878)	4,216
Income tax benefit (expense)	(96)	1,085	337	(983)
Net of tax amount	67	(3,512)	(1,541)	3,233
Less: reclassification adjustment for realized (gains) losses included in net income	-	14	(32)	14
Income tax (expense) benefit	-	(3)	7	(3)
Net of tax amount	-	11	(25)	11
Other Comprehensive (Loss) Income, net of tax	67	(3,501)	(1,566)	3,244
Comprehensive Income (Loss)	2,899	(771)	4,221	9,793
Less: comprehensive income attributable to the noncontrolling interest in subsidiary	4	4	7	7
Comprehensive Income (Loss) Attributable to First Capital, Inc.	$ 2,895	$ (775)	$ 4,214	$ 9,786

See accompanying notes to consolidated financial statements.

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

(In thousands)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Unearned Stock Compensation	Treasury Stock	Noncontrolling Interest	Total
Balances at April 1, 2024	$ 38	$ 41,676	$ 99,152	$ (25,666)	$ (259)	$ (9,216)	$ 115	$ 105,840
Net income	-	-	2,828	-	-	-	4	2,832
Other comprehensive income	-	-	-	67	-	-	-	67
Cash dividends	-	-	(905)	-	-	-	(14)	(919)
Stock compensation expense	-	-	-	-	55	-	-	55
Purchase of treasury shares	-	-	-	-	-	(13)	-	(13)
Balances at June 30, 2024	$ 38	$ 41,676	$ 101,075	$ (25,599)	$ (204)	$ (9,229)	$ 105	$ 107,862
Balances at April 1, 2023	$ 38	$ 41,636	$ 90,845	$ (28,996)	$ (465)	$ (9,018)	$ 115	$ 94,155
Net income	-	-	2,726	-	-	-	4	2,730
Other comprehensive loss	-	-	-	(3,501)	-	-	-	(3,501)
Cash dividends	-	-	(905)	-	-	-	(14)	(919)
Stock compensation expense	-	-	-	-	61	-	-	61
Purchase of treasury shares	-	-	-	-	-	(175)	-	(175)
Restricted stock grant forfeitures	-	(48)	-	-	48	-	-	-
Balances at June 30, 2023	$ 38	$ 41,588	$ 92,666	$ (32,497)	$ (356)	$ (9,193)	$ 105	$ 92,351
Balances at January 1, 2024	$ 38	$ 41,588	$ 97,105	$ (24,033)	$ (249)	$ (9,216)	$ 112	$ 105,345
Net income	-	-	5,780	-	-	-	7	5,787
Other comprehensive loss	-	-	-	(1,566)	-	-	-	(1,566)
Cash dividends	-	-	(1,810)	-	-	-	(14)	(1,824)
Stock compensation expense	-	-	-	-	133	-	-	133
Purchase of treasury shares	-	-	-	-	-	(13)	-	(13)
Restricted stock grant grants	-	88	-	-	(88)	-	-	-
Balances at June 30, 2024	$ 38	$ 41,676	$ 101,075	$ (25,599)	$ (204)	$ (9,229)	$ 105	$ 107,862
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	-	-	6,542	-	-	-	7	6,549
Other comprehensive income	-	-	-	3,244	-	-	-	3,244
Cash dividends	-	-	(1,812)	-	-	-	(14)	(1,826)
Stock compensation expense	-	-	-	-	145	-	-	145
Purchase of treasury shares	-	-	-	-	-	(502)	-	(502)
Restricted stock grant forfeitures	-	(48)	-	-	48	-	-	-
Balances at June 30, 2023	$ 38	$ 41,588	$ 92,666	$ (32,497)	$ (356)	$ (9,193)	$ 105	$ 92,351

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES	*(In thousands)*	
Net income	$ 5,787	$ 6,549
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	580	830
Depreciation and amortization expense	535	509
Deferred income taxes	(293)	(168)
Stock compensation expense	133	145
Increase in cash value of life insurance	(114)	(111)
(Gain) loss on sale of securities	(32)	14
Provision for credit losses	640	543
Proceeds from sales of loans	15,088	12,871
Loans originated for sale	(16,192)	(12,884)
Gain on sale of loans	(270)	(190)
Amortization of tax credit investment	986	170
Unrealized loss (gain) on equity securities	74	(45)
Decrease (increase) in accrued interest receivable	213	(51)
Increase in accrued interest payable	1,143	582
Net change in other assets/liabilities	2,423	(1,101)
Net Cash Provided By Operating Activities	10,701	7,663
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease (increase) in interest-bearing time deposits	980	(977)
Purchase of securities available for sale	(35,358)	(20,144)
Proceeds from maturities of securities available for sale	22,480	9,885
Proceeds from sales of securities available for sale	19,189	10,816
Principal collected on mortgage-backed obligations	11,202	7,908
Net increase in loans receivable	(16,255)	(26,153)
Investment in tax credit entities	-	(100)
Investment in technology fund	(50)	(150)
Purchase of premises and equipment	(311)	(292)
Net Cash Provided By (Used In) Investing Activities	1,877	(19,207)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in deposits	(10,965)	(17,955)
Advances from FHLB and BTFP	167,750	85,000
Repayment of advances from the FHLB and BTFP	(155,625)	(72,000)
Purchase of treasury stock	(13)	(502)
Dividends paid	(1,824)	(1,826)
Net Cash Used In Financing Activities	(677)	(7,283)
Net Increase (Decrease) in Cash and Cash Equivalents	11,901	(18,827)
Cash and cash equivalents at beginning of period	38,670	66,298
Cash and Cash Equivalents at End of Period	$ 50,571	$ 47,471

See accompanying notes to consolidated financial statements.

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 June 30, 2024, and the results of operations for the three and six months ended June 30, 2024 and 2023 and the cash flows for the six months ended June 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.

(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.

3. Investment Securities

Investment securities have been classified in the consolidated balance sheets according to management's intent. Investment securities at June 30, 2024 and December 31, 2023 are summarized as follows:

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
June 30, 2024				
Securities available for sale:				
Agency mortgage-backed securities	$ 74,648	$ -	$ 9,035	$ 65,613
Agency CMO	48,313	56	561	47,808
Other debt securities:				
Agency notes and bonds	135,335	8	7,821	127,522
Treasury notes and bonds	45,769	-	978	44,791
Municipal obligations	143,424	200	15,057	128,567
Total securities available for sale	$ 447,489	$ 264	$ 33,452	$ 414,301
Securities held to maturity:				
Other debt securities:				
Corporate notes	$ 7,000	$ -	$ 2,506	$ 4,494
Total securities held to maturity	$ 7,000	$ -	$ 2,506	$ 4,494
December 31, 2023				
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	$ 468,549	$ 787	$ 32,065	$ 437,271
Securities held to maturity:				
Other debt securities:				
Corporate notes	$ 7,000	$ -	$ 2,554	$ 4,446
Total securities held to maturity	$ 7,000	$ -	$ 2,554	$ 4,446

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.

(3 – continued)

The amortized cost and fair value of debt securities as of June 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.

	Securities Available for Sale		**Securities Held to Maturity**	
(In thousands)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
Due in one year or less	$ 61,814	$ 60,386	$ -	$ -
Due after one year through five years	142,008	133,181	-	-
Due after five years through ten years	47,965	44,223	2,000	1,299
Due after ten years	72,741	63,090	5,000	3,195
	324,528	300,880	7,000	4,494
Mortgage-backed securities and CMO	122,961	113,421	-	-
	$ 447,489	$ 414,301	$ 7,000	$ 4,494

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

(Dollars in thousands)	**Number of Investment Positions**	**Fair Value**	**Gross Unrealized Losses**
June 30, 2024:			
Securities available for sale:			
Continuous loss position less than twelve months:			
Agency CMO	12	$ 25,124	$ 180
Agency notes and bonds	4	2,732	18
Muncipal obligations	88	37,119	2,929
Total less than twelve months	104	64,975	3,127
Continuous loss position more than twelve months:			
Agency mortgage-backed securities	95	65,612	9,035
Agency CMO	25	11,104	381
Agency notes and bonds	53	122,709	7,803
Treasury notes and bonds	16	44,791	978
Muncipal obligations	129	76,205	12,128
Total more than twelve months	318	320,421	30,325
Total securities available for sale	422	$ 385,396	$ 33,452
Securities held to maturity:			
Continuous loss position more than twelve months:			
Corporate notes	4	$ 4,494	$ 2,506
Total more than twelve months	4	4,494	2,506
Total securities held to maturity	4	$ 4,494	$ 2,506

(3 – continued)

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.

(Dollars in thousands)	**Number of Investment Positions**	**Fair Value**	**Gross Unrealized Losses**
December 31, 2023:			
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
Muncipal 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
Muncipal 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 June 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. Based on this analysis, management concludes the decline in fair value is due to changes in interest rates and other market factors. Accordingly, no credit loss provision was recorded in earnings for the three and six months ended June 30, 2024 and 2023.

(3 – continued)

At June 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 8.0% 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 June 30, 2024, the corporate notes classified as held to maturity in a loss position had depreciated approximately 35.8% 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 June 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 June 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 June 30, 2024. During the six months ended June 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 and six months ended June 30, 2023, the Company recognized gross gains of $78,000 and gross losses of $92,000 on sales of available for sale securities and time deposits.

At June 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 that 10% of stockholders' equity.

Accrued interest receivable on available for sale debt securities totaled $2.2 million and $2.4 million at June 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 June 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 bank holding company, representing approximately 5% of the outstanding common stock of the entity, for a total investment of $1.9 million. During the three months ended June 30, 2024 and 2023, the Company recognized unrealized losses of $6,000 and $92,000, respectively, on this equity investment. During the six months ended June 30, 2024, the Company recognized an unrealized loss of $74,000 on this equity investment. During the six months ended June 30, 2023, the Company recognized an unrealized gain of $45,000 on this equity investment. At June 30, 2024 and December 31, 2023, the equity investment had a fair value of $1.2 million and $1.3 million, respectively, and is included in other assets on the consolidated balance sheets.

(3 – continued)

In October 2021, the Company entered into an agreement to invest in a bank technology fund through a limited partnership. At June 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 June 30, 2024 and December 31, 2023 was $480,000 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 six months ended June 30, 2024 or 2023.

4. Loans and Allowance for Credit Losses

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

(In thousands)	June 30, 2024	December 31, 2023
1-4 Family Residential Mortgage	$ 137,219	$ 133,480
Home Equity and Second Mortgage	63,449	62,070
Multifamily Residential	37,224	39,963
1-4 Family Residential Construction	14,400	15,667
Other Construction, Development and Land	83,298	76,713
Commercial Real Estate	177,492	168,757
Commercial Business	64,695	68,223
Consumer and Other	59,694	56,373
Principal loan balance	637,471	621,246
Deferred loan origination fees and costs, net	1,113	1,168
Allowance for credit losses	(8,560)	(8,005
Loans, net	$ 630,024	$ 614,409

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.

(4 – continued)

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.

(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)

The following table provides the components of the Company's amortized cost basis in loans at June 30, 2024:

	1-4 Family Residential Mortgage	Home Equity and Second Mortgage	Multifamily Residential	1-4 Family Residential Construction	Other Construction, Development and Land	Commercial Real Estate	Commercial Business	Consumer and Other	Total
					(In thousands)				
Amortized Cost Basis in Loans:									
Principal loan balance	$ 137,219	$ 63,449	$ 37,224	$ 14,400	$ 83,298	$ 177,492	$ 64,695	$ 59,694	$ 637,471
Net deferred loan origination fees and costs	110	1,212	(17)	-	(37)	(145)	(10)	-	1,113
Amortized cost basis in loans	$ 137,329	$ 64,661	$ 37,207	$ 14,400	$ 83,261	$ 177,347	$ 64,685	$ 59,694	$ 638,584

The following table provides the components of the Company's amortized cost basis in loans at December 31, 2023:

	1-4 Family Residential Mortgage	Home Equity and Second Mortgage	Multifamily Residential	1-4 Family Residential Construction	Other Construction, Development and Land	Commercial Real Estate	Commercial Business	Consumer and Other	Total
					(In thousands)				
Amortized Cost Basis in Loans:									
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

(4 – continued)

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

	1-4 Family Residential Mortgage	Home Equity and Second Mortgage	Multifamily Residential	1-4 Family Residential Construction	Other Construction, Development and Land	Commercial Real Estate	Commercial Business	Consumer and Other	Total
					(In thousands)				
ACL on Loans:									
Beginning balance	$ 1,338	$ 444	$ 423	$ 192	$ 811	$ 2,754	$ 1,302	$ 966	$ 8,230
Provision for credit losses	(46)	114	(81)	(13)	(8)	(407)	617	184	360
Charge-offs	(3)	-	-	-	-	-	-	(82)	(85)
Recoveries	13	1	-	-	-	-	1	40	55
Ending balance	$ 1,302	$ 559	$ 342	$ 179	$ 803	$ 2,347	$ 1,920	$ 1,108	$ 8,560

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

	1-4 Family Residential Mortgage	Home Equity and Second Mortgage	Multifamily Residential	1-4 Family Residential Construction	Other Construction, Development and Land	Commercial Real Estate	Commercial Business	Consumer and Other	Total
					(In thousands)				
ACL on Loans:									
Beginning balance	$ 1,414	$ 366	$ 381	$ 187	$ 489	$ 2,190	$ 1,084	$ 1,212	$ 7,323
Provision for credit losses	69	6	233	(16)	(29)	(174)	510	(249)	350
Charge-offs	(29)	(9)	-	-	-	-	(33)	(164)	(235)
Recoveries	15	-	-	-	-	-	3	59	77
Ending balance	$ 1,469	$ 363	$ 614	$ 171	$ 460	$ 2,016	$ 1,564	$ 858	$ 7,515

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

(4 – continued)

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

	1-4 Family Residential Mortgage	Home Equity and Second Mortgage	Multifamily Residential	1-4 Family Residential Construction	Other Construction, Development and Land	Commercial Real Estate	Commercial Business	Consumer and Other	Total
					(In thousands)				
ACL on Loans:									
Beginning balance,	$ 1,490	$ 406	$ 332	$ 208	$ 804	$ 2,119	$ 1,431	$ 1,215	$ 8,005
Provision for credit losses	(198)	149	10	(29)	(1)	227	488	(6)	640
Charge-offs	(4)	-	-	-	-	-	-	(181)	(185)
Recoveries	14	4	-	-	-	1	1	80	100
Ending balance	$ 1,302	$ 559	$ 342	$ 179	$ 803	$ 2,347	$ 1,920	$ 1,108	$ 8,560

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

	1-4 Family Residential Mortgage	Home Equity and Second Mortgage	Multifamily Residential	1-4 Family Residential Construction	Other Construction, Development and Land	Commercial Real Estate	Commercial Business	Consumer and Other	Total
					(In thousands)				
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	26	(133)	271	(26)	(140)	117	730	(302)	543
Charge-offs	(31)	(9)	-	-	-	-	(188)	(282)	(510)
Recoveries	15	-	-	-	-	-	8	126	149
Ending balance	$ 1,469	$ 363	$ 614	$ 171	$ 460	$ 2,016	$ 1,564	$ 858	$ 7,515

(4 – continued)

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 a quarterly 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.

(4 – continued)

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 June 30, 2024 and December 31, 2023:

	June 30, 2024 (In thousands)					December 31, 2023 (In thousands)			
	Real Estate	Equipment	Other	Total	ACL Allocation	Real Estate	Other	Total	ACL Allocation
1-4 Family Residential Mortgage	$ 1,539	$ -	$ -	$ 1,539	$ -	$ 1,651	$ -	$ 1,651	$ 9
Home Equity and Second Mortgage	647	-	-	647	-	548	-	548	-
Multifamily Residential	-	-	-	-	-	-	-	-	-
1-4 Family Residential Construction	87	-	-	87	50	87	-	87	60
Other Construction, Development and Land	54	-	-	54	-	54	-	54	-
Commercial Real Estate	2,614	-	-	2,614	-	1,055	-	1,055	-
Commercial Business	-	2,029	142	2,171	851	-	38	38	-
Consumer and Other	-	-	-	-	-	-	-	-	-
	$ 4,941	$ 2,029	$ 142	$ 7,112	$ 901	$ 3,395	$ 38	$ 3,433	$ 69

(4 – continued)

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 June 30, 2024:

	Nonaccrual Loans with No ACL	Nonaccrual Loans with An ACL	Total Nonaccrual	Loans 90+ Days Past Due Still Accruing	Total Nonperforming Loans
			(In thousands)		
1-4 Family Residential Mortgage	$ 1,066	$ -	$ 1,066	$ 384	$ 1,450
Home Equity and Second Mortgage	502	-	502	-	502
Multifamily Residential	-	-	-	-	-
1-4 Family Residential Construction	-	87	87	-	87
Other Construction, Development and Land	54	-	54	-	54
Commercial Real Estate	-	-	-	-	-
Commercial Business	-	2,029	2,029	-	2,029
Consumer and Other	-	-	-	-	-
Total	$ 1,622	$ 2,116	$ 3,738	$ 384	$ 4,122

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:

	Nonaccrual Loans with No ACL	Nonaccrual Loans with An ACL	Total Nonaccrual	Loans 90+ Days Past Due Still Accruing	Total Nonperforming Loans
			(In thousands)		
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	-	-	-	-	-
Total	$ 1,628	$ 123	$ 1,751	$ -	$ 1,751

(4 – continued)

No interest income was recognized on nonaccrual loans during the three and six months ended June 30, 2024 and 2023.

The following table presents the aging of the amortized cost basis in loans at June 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	$ 1,293	$ 111	$ 1,082	$ 2,486	$ 134,843	$ 137,329
Home Equity and Second Mortgage	586	78	61	725	63,936	64,661
Multifamily Residential	-	-	-	-	37,207	37,207
1-4 Family Residential Construction	-	-	87	87	14,313	14,400
Other Construction, Development and Land	165	59	54	278	82,983	83,261
Commercial Real Estate	-	718	-	718	176,629	177,347
Commercial Business	286	142	-	428	64,257	64,685
Consumer and Other	296	57	-	353	59,341	59,694
Total	$ 2,626	$ 1,165	$ 1,284	$ 5,075	$ 633,509	$ 638,584

The following table presents the aging of the amortized cost basis in loans at December 31, 2023:

	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	$ 2,104	$ 335	$ 482	$ 2,921	$ 130,680	$ 133,601
Home Equity and Second Mortgage	396	70	-	466	62,835	63,301
Multifamily Residential	-	-	-	-	39,946	39,946
1-4 Family Residential Construction	-	-	-	-	15,667	15,667
Other Construction, Development and Land	162	-	54	216	76,453	76,669
Commercial Real Estate	834	-	-	834	167,811	168,645
Commercial Business	-	-	-	-	68,212	68,212
Consumer and Other	302	51	-	353	56,020	56,373
Total	$ 3,798	$ 456	$ 536	$ 4,790	$ 617,624	$ 622,414

(4 – continued)

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 June 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 granting of a three-month, interest only payment period with an additional three months added to the original term of the loans. 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 with a similar three-month interest only payment period. For the six months ended June 30, 2024, the relationship was modified to allow for six months of interest only payments with maturity of the original loans being extended by six months. The Company monitors the performance of modified loans and none of the modified loans were delinquent at June 30, 2024. There were no modifications to borrowers in financial distress during the three or six months ended June 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 six months ended June 30, 2024 and 2023. There were no unfunded commitments associated with loans modified for borrowers experiencing financial distress as of June 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.

(4 – continued)

Based on the analysis performed at June 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
June 30, 2024:				*(In thousands)*				
1-4 Family Residential Mortgage								
Pass	$ 12,116	$ 32,993	$ 29,208	$ 24,254	$ 6,484	$ 30,358	$ -	$ 135,413
Special Mention	-	32	-	-	-	345	-	377
Substandard	-	-	-	-	74	399	-	473
Doubtful	-	-	44	156	-	866	-	1,066
	$ 12,116	$ 33,025	$ 29,252	$ 24,410	$ 6,558	$ 31,968	$ -	$ 137,329
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ 4	$ -	$ 4
Home Equity and Second Mortgage								
Pass	$ 1,214	$ 4,853	$ 3,950	$ 465	$ 200	$ 379	$ 52,752	$ 63,813
Special Mention	-	-	-	-	-	-	200	200
Substandard	-	-	-	-	-	-	146	146
Doubtful	-	-	-	-	-	502	-	502
	$ 1,214	$ 4,853	$ 3,950	$ 465	$ 200	$ 881	$ 53,098	$ 64,661
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Multifamily Residential								
Pass	$ 639	$ 3,567	$ 10,484	$ 8,616	$ 7,814	$ 6,087	$ -	$ 37,207
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
	$ 639	$ 3,567	$ 10,484	$ 8,616	$ 7,814	$ 6,087	$ -	$ 37,207
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(4 – continued)

	Term Loans Amortized Cost Basis by Origination Year							
	2024	2023	2022	2021	2020	Prior	Revolving	Total
June 30, 2024:				*(In thousands)*				
1-4 Family Residential Construction								
Pass	$ 5,494	$ 5,945	$ 1,370	$ 630	$ 617	$ 257	$ -	$ 14,313
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	87	-	-	-	87
	$ 5,494	$ 5,945	$ 1,370	$ 717	$ 617	$ 257	$ -	$ 14,400
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Construction, Development and Land								
Pass	$ 4,686	$ 32,970	$ 36,745	$ 3,577	$ 1,571	$ 3,610	$ -	$ 83,159
Special Mention	-	-	-	-	-	48	-	48
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	54	-	54
	$ 4,686	$ 32,970	$ 36,745	$ 3,577	$ 1,571	$ 3,712	$ -	$ 83,261
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial Real Estate								
Pass	$ 12,380	$ 19,083	$ 39,260	$ 27,358	$ 18,894	$ 50,970	$ 1,118	$ 169,063
Special Mention	-	95	1,100	-	1,600	2,626	250	5,671
Substandard	311	718	-	566	216	802	-	2,613
Doubtful	-	-	-	-	-	-	-	-
	$ 12,691	$ 19,896	$ 40,360	$ 27,924	$ 20,710	$ 54,398	$ 1,368	$ 177,347
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial Business								
Pass	$ 4,364	$ 12,878	$ 11,281	$ 9,704	$ 5,202	$ 5,074	$ 13,347	$ 61,850
Special Mention	40	65	82	89	43	155	190	664
Substandard	-	107	-	-	-	35	-	142
Doubtful	-	-	2,029	-	-	-	-	2,029
	$ 4,404	$ 13,050	$ 13,392	$ 9,793	$ 5,245	$ 5,264	$ 13,537	$ 64,685
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(4 – continued)

	Term Loans Amortized Cost Basis by Origination Year							
	2024	2023	2022	2021	2020	Prior	Revolving	Total
June 30, 2024:				*(In thousands)*				
Consumer and Other								
Pass	$ 10,914	$ 20,041	$ 10,976	$ 5,472	$ 1,555	$ 8,238	$ 2,405	$ 59,601
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	93	93
Doubtful	-	-	-	-	-	-	-	-
	$ 10,914	$ 20,041	$ 10,976	$ 5,472	$ 1,555	$ 8,238	$ 2,498	$ 59,694
Current period gross write-offs	$ -	$ 25	$ 92	$ 20	$ 5	$ 2	$ 37	$ 181
Total Loans								
Pass	$ 51,807	$ 132,330	$ 143,274	$ 80,076	$ 42,337	$ 104,973	$ 69,622	$ 624,419
Special Mention	40	192	1,182	89	1,643	3,174	640	6,960
Substandard	311	825	-	566	290	1,236	239	3,467
Doubtful	-	-	2,073	243	-	1,422	-	3,738
	$ 52,158	$ 133,347	$ 146,529	$ 80,974	$ 44,270	$ 110,805	$ 70,501	$ 638,584
Current period gross write-offs	$ -	$ 25	$ 92	$ 20	$ 5	$ 6	$ 37	$ 185

(4 – continued)

	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

(4 – continued)

	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

(4 – continued)

The Company held no foreclosed real estate at either June 30, 2024 or December 31, 2023. At June 30, 2024, there were no loans secured by residential real estate properties for which the formal foreclosure proceedings had been initiated. At December 31, 2023, the amortized cost basis in loans secured by residential real estate properties for which formal foreclosure proceedings were in process was $1,000.

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 June 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 six months ended June 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 June 30, 2024 and December 31, 2023, the balance of the Bank's investment was $1.7 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 June 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 June 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 June 30, 2024 and 2023, the Bank recognized income tax credits and other income tax benefits from its qualified affordable housing project investment of $101,000 and $104,000, respectively, which was included in income tax expense on the consolidated statements of income. During the six month periods ended June 30, 2024 and 2023, the Bank recognized amortization expense of $144,000 and $170,000, respectively, as a component of income tax expense on the consolidated statements of income. Additionally, during the six month periods ended June 30, 2024 and 2023, the Bank recognized income tax credits and other income tax benefits from its qualified affordable housing project investment of $203,000 and $208,000, respectively, which was included in income tax expense on the consolidated statements of income.

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 a solar energy producing facilities through limited liability companies. At June 30, 2024 and December 31, 2023, the balance of the Bank's investments in the limited liability companies was $1.5 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 $2.0 million at June 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 period ended June 30, 2024, the Bank recognized amortization expense of $337,000 as a component of income tax expense on the consolidated statements of income. Additionally, during the three month period ended June 30, 2024, the Bank recognized income tax credits and other income tax benefits from its solar energy tax credit investment of $425,000, which was included in income tax expense on the consolidated statements of income. During the six month period ended June 30, 2024, the Bank recognized amortization expense of $842,000 as a component of income tax expense on the consolidated statements of income. Additionally, during the six month period ended June 30, 2024, the Bank recognized income tax credits and other income tax benefits from its solar energy tax credit investment of $1.0 million, which was included in income tax expense on the consolidated statements of income. The Bank did not recognize any amortization, income tax credits or other income tax benefits related to its solar energy tax credit investments during the three and six months ended June 30, 2023.

7. Borrowed Funds

At June 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 pledge 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 June 30, 2024, the pledged securities had a par value of $48.9 million and a carrying value of $46.2 million. Effective March 11, 2024, the BTFP ceased making new loans.

FHLB advances are secured under a blanket collateral agreement. At June 30, 2024, the carrying value of U.S. Treasury notes and mortgage loans pledged as security for future FHLB advances was $22.5 million and $47.6 million, respectively. At June 30, 2024, the Company had a $42.5 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 June 30, 2024, there were no borrowings under the agreement.

(7 – continued)

During the three and six month periods ended June 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 six month periods ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	**2024**	**2023**	**2024**	**2023**
FHLB variable-rate advances				
Maximum balance at any month end	$ 5,000	$ -	$ 5,000	$ -
Average balance	879	357	1,036	179
Period end balance	-	-	-	-
Weighted average interest rate (annualized):				
At end of period	0.00%	0.00%	0.00%	0.00%
During the period	5.76%	5.37%	5.77%	5.37%
FHLB fixed-rate bullet advances				
Maximum balance at any month end	$ 12,500	$ 15,000	$ 13,000	$ 15,000
Average balance	2,692	4,192	2,456	2,096
Period end balance	-	-	-	-
Weighted average interest rate (annualized):				
At end of period	0.00%	0.00%	0.00%	0.00%
During the period	5.67%	5.11%	5.65%	5.11%
BTFP borrowings:				
Maximum balance at any month end	$ 33,625	$ 13,000	$ 33,625	$ 13,000
Average balance	33,625	6,067	32,766	3,033
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	4.84%	5.04%	4.82%	5.04%

8. Supplemental Disclosure for Earnings Per Share

(In thousands, except per share data)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Basic				
Earnings:				
Net income attributable to First Capital, Inc.	$ 2,828	$ 2,726	$ 5,780	$ 6,542
Shares:				
Weighted average common shares outstanding	3,345,278	3,344,063	3,345,169	3,348,817
Net income attributable to First Capital, Inc. per common share, basic	$ 0.85	$ 0.82	$ 1.73	$ 1.95
Diluted				
Earnings:				
Net income attributable to First Capital, Inc.	$ 2,828	$ 2,726	$ 5,780	$ 6,542
Shares:				
Weighted average common shares outstanding	3,345,278	3,344,063	3,345,169	3,348,817
Add: Dilutive effect of restricted stock	123	-	-	-
Weighted average common shares outstanding, as adjusted	3,345,401	3,344,063	3,345,169	3,348,817
Net income attributable to First Capital, Inc. per common share, diluted	$ 0.85	$ 0.82	$ 1.73	$ 1.95

Nonvested restricted stock shares are not considered as outstanding for purposes of computing weighted average common shares outstanding. No restricted shares were excluded from the calculation of diluted net income per share for the three month period ended June 30, 2024. Restricted shares totaling 7,925 were excluded from the calculation of diluted net income per share because their effect would be anti-dilutive for the six month period ended June 30, 2024. Restricted shares totaling 11,700 were excluded from the calculation of diluted net income per share because their effect would be anti-dilutive for the three and six month periods ended June 30, 2023.

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 June 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 June 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 six month periods ended June 30, 2024 amounted to $56,000 and $134,000, respectively. Compensation expense related to restricted stock recognized for the three and six month periods ended June 30, 2023 amounted to $61,000 and $145,000, respectively. The total income tax benefit related to stock-based compensation was $9,000 and $27,000, for the three and six month periods ended June 30, 2024, respectively. The total income tax benefit related to stock-based compensation was $14,000 and $34,000, for the three and six month periods ended June 30, 2023, respectively.

(9 – continued)

A summary of the Company's nonvested restricted shares under the Plan as of June 30, 2024 and changes during the six 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	825	53.89
Forfeited	-	-
Nonvested at end of period	7,925	$ 50.48

There were 825 restricted shares that vested during the six month period ended June 30, 2024 due to the retirement of a director and an employee. The fair value of restricted shares that vested during the six month period ended June 30, 2024 was $25,000. No restricted shares vested during the six month period ended June 30, 2023. At June 30, 2024, there was $204,000 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

(In thousands)	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash payments for:		
Interest	$ 5,655	$ 2,701
Income taxes (net of refunds received)	77	1,794
Noncash investing activities:		
Transfers from loans to real estate acquired through foreclosure	$ -	$ 72
Security matured but proceeds not yet received	(3,000)	-
Agreement to invest in renewable energy tax credit facility	2,000	-

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

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

(11 – continued)

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

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. The table below presents the balances of assets measured at fair value on a recurring and nonrecurring basis as of June 30, 2024 and December 31, 2023. The Company had no liabilities measured at fair value as of June 30, 2024 or December 31, 2023.

	Carrying Value			
(In thousands)	Level 1	Level 2	Level 3	Total
June 30, 2024				
Assets Measured on a Recurring Basis				
Securities available for sale:				
Agency mortgage-backed securities	$ -	$ 65,613	$ -	$ 65,613
Agency CMO	-	47,808	-	47,808
Agency notes and bonds	-	127,522	-	127,522
Treasury notes and bonds	44,791	-	-	44,791
Municipal obligations	-	128,567	-	128,567
Total securities available for sale	$ 44,791	$ 369,510	$ -	$ 414,301
Equity securities	$ 1,186	$ -	$ -	1,186
Assets Measured on a Nonrecurring Basis				
Collateral dependent loans:				
1-4 Family Residential Construction	$ -	$ -	$ 37	$ 37
Commercial Business	-	-	1,178	1,178
Total collateral dependent loans	$ -	$ -	$ 1,215	$ 1,215
December 31, 2023				
Assets Measured on a Recurring Basis				
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
Assets Measured on a Nonrecurring Basis				
Collateral dependent loans:				
1-4 Family Residential Mortgage	$ -	$ -	$ 27	$ 27
1-4 Family Residential Construction	-	-	27	27
Total collateral dependent loans	$ -	$ -	$ 54	$ 54

(11 – continued)

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.

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 June 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.

(11 – continued)

At June 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 of 20%. The Company recognized provisions for credit losses on collateral dependent loans of $852,000 for the three months ended June 30, 2024. The Company recognized provisions for credit losses on collateral dependent loans of $841,000 and $40,000 for the six months ended June 30, 2024 and 2023, respectively. The Company did not recognize any provisions for credit losses on collateral dependent loans for the three months ended June 30, 2023.

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 June 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 June 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:

(11 – continued)

(In thousands)	Carrying Value	Fair Value	Fair Value Measurements Using Level 1	Level 2	Level 3
June 30, 2024					
Financial assets:					
Cash and cash equivalents	$ 50,571	$ 50,571	$ 50,571	$ -	$ -
Interest-bearing time deposits	2,940	2,932	-	2,932	-
Securities available for sale	414,301	414,301	44,791	369,510	-
Securities held to maturity	7,000	4,494	-	4,494	-
Loans held for sale	2,174	2,212	-	2,212	-
Loans, net	630,024	624,644	-	-	624,644
FHLB and other restricted stock	1,836	N/A	N/A	N/A	N/A
Accrued interest receivable	4,575	4,575	-	4,575	-
Equity securities (included in other assets)	1,186	1,186	1,186	-	-
Financial liabilities:					
Deposits	1,014,246	1,012,811	-	-	1,012,811
Borrowed funds	33,625	33,519	-	33,519	-
Accrued interest payable	2,352	2,352	-	2,352	-
December 31, 2023					
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	-

(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 June 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 six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2024**	**2023**	**2024**	**2023**
In Scope for ASC 606				
Service charges on deposit accounts	$ 564	$ 578	$ 1,157	$ 1,140
ATM and debit card fees	1,150	1,141	2,210	2,228
Investment advisory income	12	19	25	31
Other	33	31	68	64
Revenue from contracts with customers	1,759	1,769	3,460	3,463
Out of Scope for ASC 606				
Net gains (losses) on loans and investments	163	(2)	228	221
Increase in cash value of life insurance	66	66	114	111
Other	35	30	120	59
Other noninterest income	264	94	462	391
Total noninterest income	$ 2,023	$ 1,863	$ 3,922	$ 3,854

(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 June 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 six months ended June 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 June 30, 2024 and December 31, 2023

Total assets increased $5.7 million but remained at $1.16 billion at December 31, 2023 and June 30, 2024.

Net loans receivable (excluding loans held for sale) increased $15.6 million from $614.4 million at December 31, 2023 to $630.0 million at June 30, 2024. Commercial real estate, other construction, development and land loan and 1-4 family residential mortgage loan increases of $8.7 million, $6.6 million and $3.7 million, respectively, were partially offset by decreases of $3.5 million and $2.7 million in commercial business and multifamily residential loans, respectively, during the six months ended June 30, 2024.

Cash and cash equivalents increased from $38.7 million at December 31, 2023 to $50.6 million at June 30, 2024 as maturities of available for sale securities and increased borrowings under the FRB's BTFP were partially offset by net deposit outflows at the Bank.

Securities available for sale decreased $23.0 million from $437.3 million at December 31, 2023 to $414.3 million at June 30, 2024. Purchases of $35.4 million of securities classified as available for sale were made during the six months ended June 30, 2024 and consisted primarily of U.S. government agency CMOs and municipal bonds. Principal payments and maturities of available for sale securities totaled $11.2 million and $22.5 million, respectively, during the six months ended June 30, 2024. Securities classified as available for sale totaling $19.2 million were sold during the six months ended June 30, 2024 and consisted primarily of municipal bonds. There was also an unrealized loss of $1.9 million on the securities available for sale portfolio during the six month period ended June 30, 2024 due primarily to increasing market interest rates during the period.

Total deposits decreased from $1.03 billion at December 31, 2023 to $1.01 billion at June 30 2024. Interest-bearing checking accounts, non-interest-bearing checking accounts and savings accounts decreased $30.4 million, $1.6 million and $7.1 million, respectively, during the six months ended June 30, 2024, while time deposits increased $28.1 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 BTFP at June 30, 2024 and December 31, 2023, respectively. During the six months ended June 30, 2024, the Company utilized a series of short-term fixed-rate bullet and variable rate advances from the FHLB and the BTFP 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 $107.8 million at June 30, 2024, due to a $4.0 million increase in retained net income partially offset by a $1.6 million net unrealized loss on available for sale securities. The net unrealized loss on available for sale securities during the period is primarily due to increases in 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 June 30, 2024 and 2023

Net income. Net income attributable to the Company was $2.8 million ($0.85 per diluted share) for the three months ended June 30, 2024 compared to $2.7 million ($0.82 per diluted share) for the three months ended June 30, 2023.

Net interest income. Net interest income after provision for credit losses increased $335,000 for the three months ended June 30, 2024 as compared to the same period in 2023.

Total interest income increased $1.6 million when comparing the periods due to an increase in the average tax-equivalent yield on interest-earning assets from 3.88% for the second quarter of 2023 to 4.42% for the second quarter of 2024. The average balance of interest-earning assets was $1.12 billion for the second quarters of 2023 and 2024. The increase in the tax-equivalent yield was primarily due to an increase in the tax equivalent yield on loans to 5.99% for the second quarter of 2024 compared to 5.56% for the same period in 2023.

Total interest expense increased $1.3 million when comparing the periods due to an increase in the average cost of interest-bearing liabilities from 1.12% for the second quarter of 2023 to 1.71% for the second quarter of 2024, in addition to an increase in the average balance of interest-bearing liabilities from $813.9 million for the second quarter of 2023 to $830.7 million for the second quarter of 2024. The Company had average outstanding advances from the FHLB of $3.6 and $4.5 million with an average rate of 5.71% and 5.19% during the quarters ended June 30, 2024 and 2023, respectively. The Company had average outstanding borrowings under the FRB's BTFP of $33.6 million and $6.1 million with an average rate of 4.84% and 5.01% during the quarters ended June 30, 2024 and 2023, respectively. The Company's total average outstanding balance of borrowings during the quarters ended June 30, 2024 and 2023 was $37.2 million and $10.6 million with an average rate of 4.93% and 5.09%, respectively.

As a result of the changes in interest-earning assets and interest-bearing liabilities, the tax-equivalent net interest margin increased from 3.06% for the quarter ended June 30, 2023 to 3.15% 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 $350,000 for the quarter ended June 30, 2023 to $360,000 for the quarter ended June 30, 2024. The increase was due to loan growth during the period, the increase in the nonperforming assets during the quarter, as well as management's consideration of macroeconomic uncertainty. The Bank recognized net charge-offs of $30,000 and $158,000 for the quarters ended June 30, 2024 and 2023, respectively.

Noninterest income. Noninterest income increased $160,000 for the quarter ended June 30, 2024 as compared to the same period in 2023. The Company recognized a $65,000 increase in gains on sale of loans, when comparing the two periods. In addition, the Company recognized a $6,000 loss on equity securities for the quarter ended June 30, 2024 compared to a $92,000 loss for the same quarter in 2023.

Noninterest expense. Noninterest expense increased $334,000 for the quarter ended June 30, 2024 as compared to the same period in 2023, due primarily to increases in compensation and benefits and professional fees of $160,000 and $138,000, respectively. 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 professional fees is primarily due to increased costs associated the with Company's annual audit and fees being accrued for the Company's ongoing core contract negotiations.

Income tax expense. Income tax expense increased $59,000 for the second quarter of 2024 as compared to the second quarter of 2023 primarily due to the initial recognition of benefits from tax credit entity investments during 2023. As a result, the effective tax rate for the quarter ended June 30, 2024 was 14.7% compared to 13.6% for the same period in 2023.

Results of Operations for the Six Month Periods Ended June 30, 2024 and 2023

Net income. Net income attributable to the Company was $5.8 million ($1.73 per diluted share) for the six months ended June 30, 2024 compared to $6.5 million ($1.95 per diluted share) for the six months ended June 30, 2023.

Net interest income. Net interest income after provision for credit losses decreased $343,000 for the six months ended June 30, 2024 compared to the same period in 2023.

Total interest income increased $3.3 million when comparing the two periods due to an increase in the average tax-equivalent yield on interest-earning assets from 3.81% for the six months ended June 30, 2023 to 4.36% for the same period in 2024. The increase in the tax-equivalent yield was primarily due to an increase in the tax equivalent yield on loans to 5.95% for the first six months of 2024 compared to 5.48% for the same period in 2023.

Total interest expense increased $3.5 million as the average cost of interest-bearing liabilities increased from 0.82% for the six months ended June 30, 2023 to 1.63% for the same period in 2024, in addition to an increase in the average balance of interest-bearing liabilities from $801.1 million for the first six months of 2023 to $832.2 million for the same period of 2024. The Company had average outstanding advances from the FHLB of $3.5 million and $2.3 million with an average rate of 5.67% and 5.19% during the six months ended June 30, 2024 and 2023, respectively. The Company had average outstanding borrowings under the Federal Reserve Bank's BTFP of $32.8 million and $3.0 million with an average rate of 4.82% and 5.01% during the six months ended June 30, 2024 and 2023, respectively. The Company's total average outstanding balance of borrowings were $36.3 million and $5.3 million with an average rate of 4.90% and 5.09% during the six months ended June 30, 2024 and 2023, respectively.

As a result of the changes in interest-earning assets and interest-bearing liabilities, the tax-equivalent net interest margin decreased from 3.22% for the six months ended June 30, 2023 to 3.15% for the six months ended June 30, 2024.

Provision for credit losses. Based on management's analysis of the ACL on loans, the provision for credit losses increased from $543,000 for the six months ended June 30, 2023 to $640,000 for the six months ended June 30, 2024. The increase was due to loan growth during the period, the increase in the nonperforming assets during the second quarter, as well as management's consideration of macroeconomic uncertainty. The Bank recognized net charge-offs of $85,000 for the six months ended June 30, 2024 compared to $361,000 for the same period in 2023.

Noninterest income. Noninterest income increased $68,000 for the six months ended June 30, 2024 as compared to the six months ended June 30, 2023 primarily due to increases in gains on the sale of loans and other income of $80,000 and $65,000, respectively. The increase in other income is primarily due to the recognition of a $57,000 distribution related to the Company's investment in a technology fund during the six months ended June 30, 2024 compared to no such distribution during the six months ended June 30, 2023. In addition, the Company recognized a $32,000 net gain on sale of available for securities during the six months ended June 30, 2024 compared to a $14,000 net loss during the six months ended June 30, 2023. The six months ended June 30, 2024 also included a $74,000 loss on equity securities compared to a $45,000 gain on equity securities during the same period in 2023.

Noninterest expense. Noninterest expense increased $690,000 for the six months ended June 30, 2024 as compared to the same period in 2023. This was primarily due to increases in compensation and benefits, professional fees and other expenses of $214,000, $211,000 and $146,000, respectively, when comparing the two periods. The increase in other expenses was primarily due to increases in fraud losses of $68,000, FDIC insurance premiums of $46,000 and the Company's support of local communities through sponsorships and donations which increased $59,000 for the six months ended June 30, 2024 compared to the same period of 2023.

Income tax expense. Income tax expense decreased $203,000 for the six months ended June 30, 2024 as compared to the same period in 2023 resulting in an effective tax rate of 14.7% for the six months ended June 30, 2024, compared to 15.5% for the same period in 2023. The decrease in income tax expense is primarily due to the Company's recognition of six months of benefits from tax credit entity investments during 2024 which were only initiated during the latter part of the second quarter of 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 June 30, 2024, the Bank had cash and cash equivalents of $50.6 million and securities available-for-sale with a fair value of $414.3 million. If the Bank requires funds beyond its ability to generate them internally, it has additional borrowing capacity with the FHLB, collateral eligible for repurchase agreements and unsecured federal funds purchased lines of credit with other financial institutions.

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

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

The Company is a separate legal entity from the Bank and must provide for its own liquidity. In addition to its operating expenses, the Company, on a stand-alone basis, is responsible for paying any dividends declared to its shareholders. The Board of Directors of the Company also has authorized the repurchase of shares of its common stock. The Company's primary source of income is dividends received from the Bank. The amount of dividends that the Bank may declare and pay to the Company in any calendar year, without the receipt of prior approval from the Indiana Department of Financial Institutions ("IDFI"), cannot exceed net income for that year to date plus retained net income (as defined under Indiana law) for the preceding two calendar years. On a stand-alone basis, the Company had liquid assets of $2.8 million at June 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 June 30, 2024 and December 31, 2023 and its CBLR was 10.44% 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 June 30, 2024. At both June 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 June 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.

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 June 30, 2024 and December 31, 2023 financial information:

Immediate Change in the Level of Interest Rates	At June 30, 2024 One Year Horizon Dollar Change	At June 30, 2024 One Year Horizon Percent Change	At December 31, 2023 One Year Horizon Dollar Change	At December 31, 2023 One Year Horizon Percent Change
	(Dollars in thousands)			
300bp	$ 662	1.80%	$ 503	1.44%
200bp	483	1.31	354	1.01
100bp	269	0.73	199	0.57
Static	-	-	-	-
(100)bp	24	0.06	72	0.21
(200)bp	(152)	(0.41)	(48)	(0.13)
(300)bp	(907)	(2.47)	(734)	(2.10)

At June 30, 2024 and December 31, 2023, the Company's simulated exposure to an increase in interest rates shows that an immediate and sustained increase in rates of 1.00%, 2.00% or 3.00% and an immediate and sustained 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 June 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 six months ended June 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.

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 June 30, 2024 and December 31, 2023 financial information:

	At June 30, 2024				
Immediate Change	**Economic Value of Equity**			**Economic Value of Equity as a Percent of Present Value of Assets**	
in the Level of Interest Rates	**Dollar Amount**	**Dollar Change**	**Percent Change**	**EVE Ratio**	**Change**
		(Dollars in thousands)			
300bp	$ 206,201	$ (7,968)	(3.72)%	19.59%	84bp
200bp	210,533	(3,636)	(1.70)	19.46	71bp
100bp	213,407	(762)	(0.36)	19.19	44bp
Static	214,169	-	-	18.75	0bp
(100)bp	213,824	(345)	(0.16)	18.23	(52)bp
(200)bp	209,888	(4,281)	(2.00)	17.44	(131)bp
(300)bp	196,900	(17,269)	(8.06)	15.99	(276)bp

	At December 31, 2023				
Immediate Change	**Economic Value of Equity**			**Economic Value of Equity as a Percent of Present Value of Assets**	
in the Level of Interest Rates	**Dollar Amount**	**Dollar Change**	**Percent Change**	**EVE Ratio**	**Change**
		(Dollars in thousands)			
300bp	$ 206,434	$ (4,405)	(2.06)%	19.65%	111bp
200bp	209,839	(1,000)	(0.47)	19.45	91bp
100bp	211,505	666	0.31	19.09	55bp
Static	210,839	-	-	18.54	0bp
(100)bp	209,270	(1,569)	(0.73)	17.94	(60)bp
(200)bp	204,705	(6,134)	(2.86)	17.10	(144)bp
(300)bp	191,171	(19,668)	(9.18)	15.61	(293)bp

The tables indicate that at June 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 June 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 six months ended June 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 June 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 1A. Risk Factors

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 2. Unregistered Sales of Equity Securities and Use of Proceeds

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 through April 30, 2024	478	$ 28.26	478	115,350
May 1 through May 31, 2024	-	N/A	-	115,350
June 1 through June 30, 2024	-	N/A	-	115,350
Total	478	$ 28.26	478	

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 5. Other Information

None.

PART II
OTHER INFORMATION
FIRST CAPITAL, INC.

Item 6. Exhibits

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

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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 files 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 August 14, 2024	**BY**: /s/ Michael C. Frederick Michael C. Frederick President and CEO
Dated August 14, 2024	**BY:** /s/ Joshua P. Stevens Joshua P. Stevens Executive Vice President, CFO and Treasurer

Exhibit 31.1

CERTIFICATION

I, Michael C. Frederick, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 14, 2024

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

Exhibit 31.2

CERTIFICATION

I, Joshua P. Stevens, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 14, 2024

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

Exhibit 32.1

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

In connection with the Quarterly Report of First Capital, Inc. and Subsidiaries (the "Company") on Form 10-Q for the period ended June 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: August 14, 2024

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

Exhibit 32.2

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

In connection with the Quarterly Report of First Capital, Inc. and Subsidiaries (the "Company") on Form 10-Q for the period ended June 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: August 14, 2024

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