

FIRST CAPITAL INC
Form 424B3
October 02, 2015

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[INDEX TO CONSOLIDATED FINANCIAL STATEMENTS \(AUDITED AND UNAUDITED\)](#)

[Table of Contents](#)

Filed Pursuant to Rule 424(b)(3)
Registration Statement No. 333-206964

Proxy Statement/Prospectus

Proxy Statement

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The Boards of Directors of First Capital, Inc. ("First Capital") and Peoples Bancorp, Inc. of Bullitt County ("Peoples") have approved an Agreement and Plan of Merger (the "Merger Agreement"), dated as of June 4, 2015, pursuant to which Peoples will merge with and into First Capital (the "Merger"). If the Merger Agreement is approved by the shareholders of both First Capital and Peoples and the Merger is subsequently completed, each share of Peoples common stock (except for specified shares of Peoples common stock held by Peoples or First Capital and any dissenting shares) will be converted, at the election of such shareholder and subject to certain adjustments and election and allocation procedures described elsewhere in this joint proxy statement/prospectus, into the right to receive, without interest, either (i) 382.83 shares of First Capital common stock, or (ii) \$9,475.00 in cash. Peoples shareholders will also receive cash in lieu of any fractional shares of First Capital common stock. In addition, the Merger Agreement provides that shareholders of Peoples may receive an additional cash payment as specified in the Merger Agreement if Peoples sells certain specified assets prior to the effective time of the Merger, or First Capital sells such assets within twenty-six (26) months after the effective time of the Merger. If the Merger had been completed on September 8, 2015, First Capital would have issued approximately 566,370 shares of common stock and paid approximately \$15,122,000 in cash in exchange for the outstanding shares of common stock of Peoples, or an aggregate of approximately \$30,244,000 in cash and stock based upon the average closing price of a share of First Capital common stock during the 20 trading days preceding September 8, 2015.

Peoples shareholders will have the opportunity to elect the form of consideration to be received for their shares, subject to certain allocation procedures set forth in the Merger Agreement that are intended to ensure that 50% of the outstanding shares of Peoples common stock will be converted into the right to receive shares of First Capital common stock and the remaining outstanding shares of Peoples common stock will be converted into the right to receive cash. Therefore, the allocation of First Capital common stock and cash that each Peoples shareholder will receive will depend on the elections of other Peoples shareholders. In addition, the Merger Agreement provides that the exchange ratio and cash price per share will be (i) adjusted within certain limits in the manner specified in the Merger Agreement if the average per share closing price of First Capital common stock for the 20 trading days preceding the 5th calendar day before the effective time is greater, or less, than \$24.75; and (ii) decreased as specified in the Merger Agreement if the consolidated net book value of Peoples as specified in the Merger Agreement is less than \$29,010,000 but greater than \$26,410,000. The exchange ratio also may be adjusted in the manner specified in the Merger Agreement if there is a change in the number of shares of common stock issued and outstanding prior to the effective time of the Merger by way of a stock split, stock dividend, or recapitalization or similar transaction with respect to the outstanding First Capital common stock.

We expect that the Merger will generally be tax-free with respect to any First Capital common stock that Peoples shareholders receive and will generally be taxable with respect to any cash that Peoples shareholders receive. First Capital's common stock is traded on the Nasdaq Capital Market under the symbol "FCAP."

Edgar Filing: FIRST CAPITAL INC - Form 424B3

First Capital and Peoples will each hold a special meeting of their respective shareholders in connection with the Merger. First Capital and Peoples shareholders will be asked to vote to approve the Merger Agreement and related matters as described in the attached joint proxy statement/prospectus. Approval of the Merger Agreement by First Capital shareholders requires the affirmative vote of the holders of a majority of votes entitled to be cast and approval of the Merger Agreement by Peoples shareholders requires the affirmative vote of a majority of votes entitled to be cast.

The special meeting of First Capital shareholders will be held on November 19, 2015, at the main office of First Harrison Bank, 220 Federal Drive NW, Corydon, Indiana, at 12:00 p.m. local time. The special meeting of Peoples shareholders will be held on November 12, 2015, at the main office of The Peoples Bank of Bullitt County, 1612 Highway 44 East, Shepherdsville, Kentucky at 7:30 p.m. local time.

First Capital's board of directors unanimously recommends that First Capital shareholders vote "FOR" the approval of the Merger Agreement and "FOR" the approval of the other matters to be considered at the First Capital special meeting.

People's board of directors unanimously recommends that Peoples shareholders vote "FOR" the approval of the Merger Agreement and "FOR" the approval of the other matters to be considered at the Peoples special meeting.

This joint proxy statement/prospectus contains important information about First Capital, Peoples, the Merger and the conditions that must be satisfied before the Merger can occur. **Please carefully read this entire joint proxy statement/prospectus, including "Risk Factors," beginning on page 31, for a discussion of the risks relating to the proposed Merger.** You also can obtain information about First Capital from documents that First Capital has filed with the Securities and Exchange Commission.

William W. Harrod
President and Chief Executive Officer
First Capital, Inc.

G. William Hardy
Chairman and Chief Executive Officer
Peoples Bancorp, Inc. of Bullitt County

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The securities to be issued in connection with completion of the Merger are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of any of the parties, and they are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental agency.

This joint proxy statement/prospectus is dated October 2, 2015, and it is first being mailed or otherwise delivered to shareholders of First Capital and Peoples on or about October 9, 2015.

Table of Contents

AVAILABLE INFORMATION

Except where the context otherwise indicates, First Capital has supplied all of the information contained in this joint proxy statement/prospectus relating to First Capital and First Harrison Bank, and Peoples has supplied all of the information contained in this joint proxy statement/prospectus relating to Peoples and The Peoples Bank of Bullitt County.

You should rely only on the information contained in this document. No one has been authorized to provide you with information that is different from that contained in this document. This document is dated October 2, 2015, and you should assume that the information in this document is accurate only as of such date. Neither the mailing of this document to First Capital shareholders or Peoples shareholders nor the issuance by First Capital of shares of First Capital common stock in connection with the Merger will create any implication to the contrary.

You may ask questions about the Merger or request copies of this joint proxy statement/prospectus from First Capital, without charge, or upon written or oral request to the information agent, **Georgeson Inc., located at 480 Washington Blvd., 26th Floor, Jersey City, NJ 07310 or at telephone number (888) 658-3624. Your requests for information from First Capital may also be directed to the following:**

First Capital, Inc.
220 Federal Drive NW
P.O. Box 130
Corydon, Indiana 47112
Attn: Jill R. Keinsley, Corporate Secretary
(812) 738-2198

In order to ensure timely delivery of these documents, you should make your request by November 6, 2015, to receive them before the special meetings.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

Table of Contents

FIRST CAPITAL, INC.

220 Federal Drive NW
P.O. Box 130
Corydon, Indiana 47112
(812) 738-2198

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON NOVEMBER 19, 2015**

To the Shareholders of First Capital, Inc.:

We will hold a special meeting of the shareholders of First Capital, Inc. ("First Capital") on November 19, 2015, at 12:00 p.m., local time, at the main office of First Harrison Bank, 220 Federal Drive NW, Corydon, Indiana, to consider and vote upon:

1. *Merger Proposal.* A proposal to approve the Agreement and Plan of Merger, dated as of June 4, 2015, by and between First Capital and Peoples Bancorp, Inc. of Bullitt County ("Peoples"), pursuant to which Peoples will merge with and into First Capital, as more fully described in the attached joint proxy statement/prospectus (the "First Capital Merger Proposal").
2. *Adjournment.* A proposal to adjourn the First Capital special meeting, if necessary or appropriate, to solicit additional proxies in favor of the First Capital Merger Proposal (the "First Capital Adjournment Proposal").
3. *Other Matters.* Such other matters as may properly come before the special meeting or any adjournment of the special meeting. The First Capital board of directors is not aware of any such other matters as of the date of this joint proxy statement/prospectus.

The joint proxy statement/prospectus describes the Merger Agreement and the proposed Merger in detail and includes, as *Annex A*, the complete text of the Merger Agreement. We urge you to read these materials for a description of the Merger Agreement and the proposed Merger. **In particular, you should carefully read the section captioned "Risk Factors" beginning on page 31 of the attached joint proxy statement/prospectus for a discussion of certain risk factors relating to the Merger.**

The board of directors of First Capital has unanimously adopted the Merger Agreement, has determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are in the best interests of First Capital and its shareholders, and unanimously recommends that First Capital shareholders vote (1) "FOR" approval of the First Capital Merger Proposal and (2) "FOR" approval of the First Capital Adjournment Proposal, if necessary or appropriate.

The board of directors of First Capital fixed the close of business on October 2, 2015, as the record date for determining the First Capital shareholders entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

YOUR VOTE IS VERY IMPORTANT. The First Capital Merger Proposal must be approved by the affirmative vote of holders of a majority of the votes entitled to be cast on the proposal. Approval of the First Capital Adjournment Proposal requires that more votes be cast in favor of the proposal than in opposition to the proposal. If you do not return your proxy or do not vote in person at the special meeting, the effect will be the same as a vote against the Merger Proposal. Whether or not you plan to attend the special meeting in person, we urge you to date, sign and return promptly the enclosed proxy in the accompanying envelope. You may revoke your proxy at any time before the special meeting by sending a written notice of revocation, submitting a new proxy or by attending the special meeting and voting in person.

By Order of the Board of Directors

Jill R. Keinsley

Corporate Secretary

October 9, 2015

Table of Contents

PEOPLES BANCORP, INC. OF BULLITT COUNTY

1612 Highway 44 East
Shepherdsville, Kentucky 40165
(502) 543-2226

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON NOVEMBER 12, 2015**

To the Shareholders of Peoples Bancorp, Inc. of Bullitt County:

We will hold a special meeting of the shareholders of Peoples Bancorp, Inc. of Bullitt County ("Peoples") on November 12, 2015, at 7:30 p.m., local time, at the main office of The Peoples Bank of Bullitt County, 1612 Highway 44 East, Shepherdsville, Kentucky, to consider and vote upon:

1. *Merger Proposal.* A proposal to approve the Agreement and Plan of Merger, dated as of June 4, 2015, by and between First Capital, Inc. and Peoples, pursuant to which Peoples will merge with and into First Capital, as more fully described in the attached joint proxy statement/prospectus (the "Peoples Merger Proposal").
2. *Adjournment.* A proposal to adjourn the Peoples special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Peoples Merger Proposal (the "Peoples Adjournment Proposal").
3. *Other Matters.* Such other matters as may properly come before the special meeting or any adjournment of the special meeting. The Peoples board of directors is not aware of any such other matters as of the date of this joint proxy statement/prospectus.

The joint proxy statement/prospectus describes the Merger Agreement and the proposed Merger in detail and includes, as *Annex A*, the complete text of the Merger Agreement. We urge you to read these materials for a description of the Merger Agreement and the proposed Merger. **In particular, you should carefully read the section captioned "Risk Factors" beginning on page 31 of the attached joint proxy statement/prospectus for a discussion of certain risk factors relating to the Merger.**

The board of directors of Peoples has unanimously adopted the Merger Agreement, has determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are in the best interests of Peoples and its shareholders, and unanimously recommends that Peoples shareholders vote (1) "FOR" approval of the Peoples Merger Proposal and (2) "FOR" approval of the Peoples Adjournment Proposal, if necessary or appropriate.

The board of directors of Peoples fixed the close of business on October 2, 2015, as the record date for determining the Peoples shareholders entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

Peoples shareholders are entitled to assert dissenters' rights in connection with the proposed Merger under KRS 271B Subchapter 13, a copy of which is attached as *Annex D* to the attached joint proxy statement/prospectus.

YOUR VOTE IS VERY IMPORTANT. The Peoples Merger Proposal must be approved by the affirmative vote of holders of a majority of the votes entitled to be cast on the proposal. Approval of the Peoples Adjournment Proposal requires that more votes be cast in favor of the proposal than in opposition to the proposal. If you do not return your proxy or do not vote in person at the special meeting, the effect will be the same as a vote against the Merger Proposal. Whether or not you plan to attend the special meeting in person, we urge you to date, sign and return promptly the enclosed proxy in the accompanying envelope. You may revoke your proxy at any time before the special meeting by sending a written notice of revocation, submitting a new proxy or by attending the special meeting and voting in person.

By Order of the Board of Directors

G. William Hardy, *Chairman and
Chief Executive Officer*
October 9, 2015

Table of Contents

TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS</u>	<u>1</u>
<u>SUMMARY</u>	<u>10</u>
<u>SELECTED CONSOLIDATED FINANCIAL DATA OF FIRST CAPITAL</u>	<u>19</u>
<u>SELECTED CONSOLIDATED FINANCIAL DATA OF PEOPLES</u>	<u>20</u>
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u>	<u>22</u>
<u>RISK FACTORS</u>	<u>31</u>
<u>CAUTION ABOUT FORWARD-LOOKING STATEMENTS</u>	<u>37</u>
<u>SPECIAL MEETING OF THE FIRST CAPITAL SHAREHOLDERS</u>	<u>39</u>
<u>SPECIAL MEETING OF THE PEOPLES SHAREHOLDERS</u>	<u>41</u>
<u>INFORMATION ABOUT THE COMPANIES</u>	<u>43</u>
<u>THE FIRST CAPITAL PROPOSALS</u>	<u>44</u>
<u>Proposal No. 1 Approval of the First Capital Merger Proposal</u>	<u>44</u>
<u>Proposal No. 2 Adjournment of the First Capital Special Meeting</u>	<u>44</u>
<u>THE PEOPLES PROPOSALS</u>	<u>45</u>
<u>Proposal No. 1 Approval of the Peoples Merger Proposal</u>	<u>45</u>
<u>Proposal No. 2 Adjournment of the Peoples Special Meeting</u>	<u>45</u>
<u>THE MERGER</u>	<u>46</u>
<u>Background of the Merger</u>	<u>46</u>
<u>Peoples' Reasons for the Merger and Recommendation of its Board of Directors</u>	<u>47</u>
<u>Opinion of Financial Advisor to Peoples</u>	<u>49</u>
<u>First Capital's Reasons For the Merger and Recommendation of its Board of Directors</u>	<u>57</u>
<u>Opinion of Financial Advisor to First Capital</u>	<u>57</u>
<u>Effects of the Merger</u>	<u>67</u>
<u>THE MERGER AGREEMENT</u>	<u>68</u>
<u>Structure of the Merger</u>	<u>68</u>
<u>Merger Consideration</u>	<u>68</u>
<u>Election and Allocation Procedures for Peoples Shareholders</u>	<u>70</u>
<u>Exchange and Payment Procedures</u>	<u>73</u>
<u>Dividends and Distributions</u>	<u>73</u>
<u>Representations and Warranties</u>	<u>73</u>
<u>Conduct of Business Prior to Completion of the Merger</u>	<u>75</u>
<u>Covenants</u>	<u>77</u>
<u>Acquisition Proposals by Third Parties</u>	<u>78</u>
<u>Conditions to the Merger</u>	<u>79</u>
<u>Expenses</u>	<u>80</u>
<u>Employee Benefit Matters</u>	<u>81</u>
<u>Termination</u>	<u>81</u>
<u>Termination Fee</u>	<u>82</u>
<u>Management and Operations After the Merger</u>	<u>82</u>
<u>Effective Time of the Merger</u>	<u>83</u>
<u>Regulatory Approvals for the Merger</u>	<u>83</u>
<u>Accounting Treatment of the Merger</u>	<u>83</u>
<u>NASDAQ Capital Market Listing</u>	<u>83</u>
<u>Dissenters' Rights</u>	<u>83</u>
<u>INTERESTS OF CERTAIN DIRECTORS AND OFFICERS OF PEOPLES IN THE MERGER</u>	<u>84</u>
<u>DESCRIPTION OF FIRST CAPITAL COMMON STOCK</u>	<u>85</u>
<u>COMPARISON OF THE RIGHTS OF SHAREHOLDERS</u>	<u>86</u>
<u>Authorized Capital Stock</u>	<u>86</u>

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

<u>Issuance of Additional Shares</u>	<u>86</u>
<u>Number, Classification and Qualifications of Directors</u>	<u>87</u>
<u>Election of Directors</u>	<u>87</u>
<u>Removal of Directors</u>	<u>88</u>
<u>Transactions Involving Directors</u>	<u>88</u>
<u>Director Liability</u>	<u>89</u>
<u>Indemnification of Directors, Officers and Employees</u>	<u>89</u>
<u>Advance Notice Requirements for Presentation of Business and Nominations of Directors at Annual Meetings of Shareholders</u>	<u>91</u>
<u>Special Meetings of Shareholders</u>	<u>91</u>
<u>Shareholder Action Without a Meeting</u>	<u>91</u>
<u>Amendment of Articles of Incorporation and By-laws</u>	<u>92</u>
<u>Business Combination Restrictions and Other Shareholder Limitations</u>	<u>93</u>
<u>MATERIAL FEDERAL INCOME TAX CONSEQUENCES</u>	<u>95</u>
<u>INFORMATION ABOUT FIRST CAPITAL</u>	<u>99</u>
<u>Business</u>	<u>99</u>
<u>Employees</u>	<u>126</u>
<u>Properties</u>	<u>126</u>
<u>Legal Proceedings</u>	<u>126</u>
<u>MARKET FOR FIRST CAPITAL COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF SECURITIES</u>	<u>127</u>
<u>SECURITIES OWNERSHIP OF FIRST CAPITAL'S COMMON STOCK</u>	<u>128</u>
<u>FIRST CAPITAL MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>129</u>
<u>MANAGEMENT OF FIRST CAPITAL</u>	<u>144</u>
<u>Information Regarding the First Capital Directors</u>	<u>144</u>
<u>Information Regarding the First Capital Executive Officers</u>	<u>146</u>
<u>FIRST CAPITAL EXECUTIVE COMPENSATION</u>	<u>146</u>
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS OF FIRST CAPITAL</u>	<u>149</u>
<u>Transactions with Related Persons</u>	<u>149</u>
<u>Director Independence</u>	<u>149</u>
<u>INFORMATION ABOUT PEOPLES</u>	<u>150</u>
<u>Business</u>	<u>150</u>
<u>Employees</u>	<u>150</u>
<u>Properties</u>	<u>150</u>
<u>Legal Proceedings</u>	<u>150</u>
<u>MARKET FOR PEOPLES COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF SECURITIES</u>	<u>151</u>
<u>SECURITIES OWNERSHIP OF PEOPLES COMMON STOCK</u>	<u>152</u>
<u>PEOPLES MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>153</u>
<u>DISSENTERS' RIGHTS OF PEOPLES SHAREHOLDERS</u>	<u>178</u>
<u>EXPERTS</u>	<u>181</u>
<u>LEGAL MATTERS</u>	<u>181</u>
<u>SHAREHOLDER PROPOSALS FOR NEXT YEAR</u>	<u>181</u>
<u>First Capital</u>	<u>181</u>
<u>Peoples</u>	<u>181</u>
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	<u>182</u>
<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>F-1</u>
<u>CONSOLIDATED FINANCIAL STATEMENTS OF FIRST CAPITAL, INC.</u>	<u>F-3</u>

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

<u>CONSOLIDATED FINANCIAL STATEMENTS OF PEOPLES BANCORP, INC. OF BULLITT COUNTY</u>	<u>F-87</u>
<u>ANNEX A: AGREEMENT AND PLAN OF MERGER</u>	<u>A-1</u>
<u>ANNEX B: OPINION OF PROFESSIONAL BANK SERVICES, INC.</u>	<u>B-1</u>
<u>ANNEX C: OPINION OF RAYMOND JAMES & ASSOCIATES, INC.</u>	<u>C-1</u>
<u>ANNEX D: KRS 271B.13-010 to -310 RIGHTS OF SHAREHOLDERS WHO DISSENT FROM THE MERGER</u>	<u>D-1</u>

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

The following are some questions that you may have about the Merger and the First Capital or Peoples special meetings, and brief answers to those questions. We urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you with respect to the Merger and the First Capital or Peoples special meetings.

Unless the context otherwise requires, references in this joint proxy statement/prospectus to "First Capital" refer to First Capital, Inc., an Indiana corporation, and its subsidiaries, references to "Peoples" refer to Peoples Bancorp, Inc. of Bullitt County, a Kentucky corporation, and its subsidiaries, and "we," "us" and "our" refers collectively to First Capital and Peoples.

Q:
What is the Merger?

A:
First Capital and Peoples have entered into an Agreement and Plan of Merger, dated as of June 4, 2015 (the "Merger Agreement"). Under the Merger Agreement, Peoples will be merged with and into First Capital, with First Capital continuing as the surviving corporation. A copy of the Merger Agreement is included in this joint proxy statement/prospectus as *Annex A*.

The Merger cannot be completed unless, among other things, both First Capital shareholders and Peoples shareholders approve their respective proposals to approve the Merger Agreement (which we refer to as the "First Capital Merger Proposal" and the "Peoples Merger Proposal," respectively).

Q:
Why am I receiving this joint proxy statement/prospectus?

A:
We are delivering this document to you because it is a joint proxy statement being used by the boards of directors of both First Capital and Peoples to solicit proxies of their respective shareholders in connection with approval of the Merger and related matters.

In order to approve the Merger and related matters, First Capital and Peoples have each called a special meeting of their shareholders (which we refer to as the "First Capital special meeting" and the "Peoples special meeting," respectively). This document serves as the proxy statement for the First Capital special meeting and the Peoples special meeting and describes the proposals to be presented at the meetings.

This document is also a prospectus that is being delivered to Peoples shareholders because First Capital is offering shares of its common stock to Peoples shareholders in connection with the Merger.

This joint proxy statement/prospectus contains important information about the Merger and the other proposals being voted on at the meetings. You should read it carefully and in its entirety. The enclosed materials allow you to have your shares voted by proxy without attending your meeting. Your vote is important. We encourage you to submit your proxy as soon as possible.

Q:
In addition to the First Capital Merger Proposal, what else are First Capital shareholders being asked to vote on?

A:
In addition to the First Capital Merger Proposal, First Capital is soliciting proxies from its shareholders with respect to a proposal to adjourn the First Capital special meeting, if necessary or appropriate, to solicit additional proxies in favor of the First Capital Merger Proposal (which we refer to as the "First Capital Adjournment Proposal"). Completion of the Merger is not conditioned upon approval of the First Capital Adjournment Proposal.

Table of Contents

Q: In addition to the Peoples Merger Proposal, what else are Peoples shareholders being asked to vote on?

A: In addition to the Peoples Merger Proposal, Peoples is soliciting proxies from its shareholders with respect to a proposal to adjourn the Peoples special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Peoples Merger Proposal (which we refer to as the "Peoples Adjournment Proposal"). Completion of the Merger is not conditioned upon approval of the Peoples Adjournment Proposal.

Q: What will Peoples shareholders receive in the Merger?

A: If the Merger is completed, each share of Peoples common stock (except for specified shares of Peoples common stock held by Peoples or First Capital and any dissenting shares) will be converted, at the election of the shareholder and subject to certain adjustments and election and allocation procedures described elsewhere in this joint proxy statement/prospectus, into the right to receive, without interest, either (i) 382.83 shares (the "Exchange Ratio") of First Capital common stock (the "Stock Consideration"), or (ii) \$9,475.00 in cash (the "Cash Consideration") (collectively, the "Merger Consideration"). Peoples shareholders who would otherwise be entitled to a fractional share of First Capital common stock upon the completion of the Merger will instead receive an amount in cash (without interest) equal to the fractional share interest multiplied by the "Average First Capital Closing Price," which is defined below.

The Merger Agreement also provides for the possibility of an additional cash payment to shareholders of Peoples as described elsewhere in this joint proxy statement/prospectus if and to the extent that Peoples sells certain assets (the "Contingent Assets") prior to the effective time of the Merger, or First Capital sells such assets within 26 months after the effective time of the Merger. **There is no guarantee that the Contingent Assets will be sold in the manner or in the timeframes set forth in the Merger Agreement or that Peoples shareholders will receive any additional cash payment.**

Peoples shareholders have the opportunity to elect the form of consideration they will receive for their shares, subject to certain allocation procedures set forth in the Merger Agreement. Those procedures are intended to ensure that 50% of the outstanding shares of Peoples common stock will be converted into the right to receive the Stock Consideration, and that the remaining outstanding shares of Peoples common stock will be converted into the right to receive the Cash Consideration. Therefore, the allocation of Stock Consideration and Cash Consideration that each Peoples shareholder will receive will depend on the elections made by other Peoples shareholders.

In addition, the Merger Agreement provides that in certain circumstances the Stock Consideration and Cash Consideration will be adjusted in a manner specified in the Merger Agreement.

The Stock Consideration and Cash Consideration will be adjusted within certain limits if the Average First Capital Closing Price is greater or less than \$24.75. "Average First Capital Closing Price" means the average per share closing price of First Capital common stock for the 20 trading days preceding the 5th calendar day before the effective time of the Merger.

The Stock Consideration and Cash Consideration will be decreased if the consolidated net book value of Peoples (as defined in the Merger Agreement) is less than \$29,010,000 but greater than \$26,410,000.

The Exchange Ratio also may be adjusted if there is a change in the number of shares of First Capital common stock issued and outstanding prior to the effective time of the Merger due to a stock split, stock dividend, recapitalization or similar transaction affecting the outstanding First Capital common stock.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

The following table shows the range of potential values for the Cash Consideration per Peoples share and the Exchange Ratio (the number of First Capital shares into which each Peoples share would be converted in the Merger) based on (1) changes in the Average First Capital Closing Price within the minimum and maximum price range, with a mid-point of \$24.75 per First Capital share; and (2) various levels of Consolidated Net Book Value as of the Closing Date. The values in the table are for illustrative purposes only. The actual values will be determined immediately before the Merger becomes effective. The table assumes no cash issued in lieu of fractional shares of First Capital common stock.

Peoples Consolidated Net Book Value (in thousands)	Minimum (9.9% decrease) \$22.30		Average First Capital Closing Price Mid-Point \$24.75		Maximum (10.1% increase) \$27.25	
	Exchange Ratio (First Capital shares)	Cash Consideration	Exchange Ratio (First Capital shares)	Cash Consideration	Exchange Ratio (First Capital shares)	Cash Consideration
\$ 29,010	403.86	\$ 9,006.04	382.83	\$ 9,475.00	365.27	\$ 9,953.54
\$ 28,000	389.11	\$ 8,677.16	369.54	\$ 9,146.12	353.20	\$ 9,624.66
\$ 27,000	374.51	\$ 8,351.53	356.38	\$ 8,820.49	341.25	\$ 9,299.03
\$ 26,410	365.89	\$ 8,159.41	348.62	\$ 8,628.37	334.20	\$ 9,106.91

As of June 30, 2015, Peoples would have reported Consolidated Net Book Value (as defined in the Merger Agreement) of more than \$29,010,000. Assuming that value remained in effect on the closing date, there would not be a book value-related price adjustment. Based on the \$26.27 closing trading price of First Capital common stock on September 14, 2015, the Exchange Ratio would be 371.75 First Capital shares for each Peoples share, and the Cash Consideration would be \$9,765.95 for each Peoples share.

The mix of Merger Consideration to be received by each Peoples shareholder in the Merger will not be known until the results of the cash/stock elections made by Peoples shareholders are tallied by Computershare Limited, the election agent, which will not be completed until after the dates of both special shareholders meetings. **No guarantee can be made that Peoples shareholders will receive the amount of cash or stock they elect to receive.**

See "The Merger Agreement Merger Consideration" for a more complete discussion of the Merger Consideration to be paid in the Merger.

Q: What will First Capital shareholders receive in the Merger?

A: First Capital shareholders will not receive anything in the Merger for their shares. If you are a First Capital shareholder, each share of First Capital common stock that you hold before the Merger will continue to represent one share of First Capital common stock after the Merger.

Q: How does First Capital's board of directors recommend that I vote at the First Capital special meeting?

A: First Capital's board of directors unanimously recommends that you vote "FOR" the First Capital Merger Proposal and "FOR" the First Capital Adjournment Proposal, if necessary or appropriate.

Q: How does Peoples' board of directors recommend that I vote at the Peoples special meeting?

A: Peoples' board of directors unanimously recommends that you vote "FOR" the Peoples Merger Proposal and "FOR" the Peoples Adjournment Proposal, if necessary or appropriate.

Table of Contents

Q: When and where are the meetings?

A: The First Capital special meeting will be held at the main office of First Harrison Bank, 220 Federal Drive NW, Corydon, Indiana on November 19, 2015, at 12:00 p.m. local time.

The Peoples special meeting will be held at the main office of The Peoples Bank of Bullitt County on November 12, 2015, at 7:30 p.m. local time.

Q: What do I need to do now?

A: After you have carefully read this joint proxy statement/prospectus in its entirety and have decided how you wish to vote your shares, please vote your shares promptly so that your shares are represented and voted at the applicable special meeting. If you hold your shares in your name as a shareholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible.

First Capital shareholders may also vote through the internet or by telephone. Information and applicable deadlines for voting by internet or by telephone are set forth in the enclosed proxy card instructions for First Capital shareholders, who are encouraged to vote through the internet.

If you hold your shares in "street name" through a bank or broker, you must direct your bank or broker how to vote in accordance with the instructions you have received from your bank or broker. "Street name" shareholders who wish to vote in person at the special meeting will need to obtain a legal proxy from the institution that holds their shares.

If you return your signed proxy card but do not specify how you wish to vote your shares, your shares will be voted "FOR" each of the recommended proposals.

Q: What constitutes a quorum for the First Capital special meeting?

A: The presence at the First Capital special meeting, in person or by proxy, of holders of a majority of the outstanding shares of First Capital common stock entitled to vote at the special meeting will constitute a quorum. Abstentions and broker non-votes will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

Q: What constitutes a quorum for the Peoples special meeting?

A: The presence at the Peoples special meeting, in person or by proxy, of holders of a majority of the outstanding shares of Peoples common stock entitled to vote at the special meeting will constitute a quorum. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

Q: What is the vote required to approve each proposal at the First Capital special meeting?

A: *First Capital Merger Proposal:*

Required vote: Approval of the First Capital Merger Proposal requires the affirmative vote of holders of a majority of the votes entitled to be cast on the proposal.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Effect of abstentions and broker non-votes: If you mark "ABSTAIN" on your proxy card, fail to either submit a proxy card or vote by telephone or internet or in person at the First Capital special meeting or fail to instruct your bank or broker with respect to the First Capital Merger Proposal, it will have the same effect as a vote "AGAINST" the proposal.

First Capital Adjournment Proposal:

Required vote: Approval of the First Capital Adjournment Proposal requires that more votes be cast in favor of the proposal than against the proposal at the First Capital special meeting.

Table of Contents

Effect of abstentions and broker non-votes: If you mark "ABSTAIN" on your proxy card, or fail to instruct your bank or broker how to vote, with respect to the First Capital Adjournment Proposal, it will have no effect on the proposal. If you are not a "street name" holder and fail to either submit a proxy card entirely or vote by telephone or internet or in person at the First Capital special meeting, it will have no effect on such proposal.

Q: What is the vote required to approve each proposal at the Peoples special meeting?

A:
Peoples Merger Proposal:

Required vote: Approval of the Peoples Merger Proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Peoples common stock entitled to vote on the proposal.

Effect of abstentions and broker non-votes: If you mark "ABSTAIN" on your proxy card, fail to either submit a proxy card or vote in person at the Peoples special meeting or fail to instruct your bank or broker how to vote with respect to the Peoples Merger Proposal, it will have the same effect as a vote "AGAINST" the proposal.

Peoples Adjournment Proposal:

Required vote: Approval of the Peoples Adjournment Proposal requires that more votes be cast in favor of the proposal than against the proposal at the Peoples special meeting.

Effect of abstentions and broker non-votes: If you mark "ABSTAIN" on your proxy card, or fail to instruct your bank or broker how to vote, with respect to the Peoples Adjournment Proposal, it will have no effect on the proposal. If you are not a "street name" holder and fail to either submit a proxy card entirely or vote in person at the Peoples special meeting, it will have no effect on such proposal.

Q: What risks should I consider before I vote on the Merger Proposal?

A:
You should review "Risk Factors" beginning on page 31.

Q: Why is my vote important?

A:
If you do not vote, it will be more difficult for First Capital or Peoples to obtain the necessary quorum to hold their special meetings. In addition, your failure to submit a proxy or to vote, your failure to instruct your bank or broker how to vote, or your abstention will have the same effect as a vote "AGAINST" approval of the Merger Agreement. The Merger Agreement must be approved by both the affirmative vote of holders of a majority of the outstanding shares of First Capital common stock and the affirmative vote of the holders of a majority of the outstanding shares of Peoples common stock. The First Capital board of directors and the Peoples board of directors unanimously, respectively, recommend that you vote "FOR" the First Capital Merger Proposal and "FOR" the Peoples Merger Proposal, respectively.

Q: If my shares of common stock are held in "street name" by my bank or broker, will my bank or broker automatically vote my shares for me?

A:

Edgar Filing: FIRST CAPITAL INC - Form 424B3

No. Your bank or broker cannot vote your shares without instructions from you. You should instruct your bank or broker how to vote your shares in accordance with the instructions provided to you. Please check the voting form used by your bank or broker.

Table of Contents

Q: Can I attend the meetings and vote my shares in person?

A: Yes. All shareholders of First Capital and Peoples, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend their respective meetings. Holders of record of First Capital and Peoples common stock can vote in person at the First Capital special meeting and Peoples special meeting, respectively. First Capital shareholders of record can also vote by telephone or internet. If you are not a shareholder of record, you must obtain a proxy card, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the meetings. If you plan to attend your meeting, you must hold your shares in your own name or bring a copy of a bank or brokerage statement to the special meeting reflecting your stock ownership as of the record date. In addition, you must bring a form of personal photo identification with you in order to be admitted. First Capital and Peoples reserve the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification.

Q: Can I change my vote?

A: *First Capital shareholders:* Yes. If you are a holder of record of First Capital common stock, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to First Capital's corporate secretary, or (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting, or (4) voting by telephone or the internet at a later time. Attendance at the special meeting by itself will not automatically revoke your proxy. A revocation or later-dated proxy received by First Capital after the vote will not affect the vote. First Capital's corporate secretary's mailing address is: Corporate Secretary, First Capital, Inc., 220 Federal Drive NW, P.O. Box 130, Corydon, Indiana 47112. If you hold your shares in "street name" through a bank or broker, you should contact your bank or broker to revoke your proxy.

Peoples shareholders: Yes. If you are a holder of record of Peoples common stock, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card to Peoples with a later date, (2) delivering a written revocation letter to Peoples' corporate secretary, or (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting. Attendance at the special meeting by itself will not automatically revoke your proxy. A revocation or later-dated proxy received by Peoples after the vote will not affect the vote. Proxy cards and notices of revocation should be sent to: Corporate Secretary, Peoples Bancorp, Inc. of Bullitt County, 1612 Highway 44 East, Shepherdsville, Kentucky 40165.

Q: Will First Capital be required to submit the proposal to approve the Merger Agreement to its shareholders even if First Capital's board of directors has withdrawn, modified or qualified its recommendation?

A: Yes. Unless the Merger Agreement is terminated before the First Capital special meeting, First Capital is required to submit the proposal to approve the Merger Agreement to its shareholders even if First Capital's board of directors has withdrawn, modified or qualified its recommendation.

Q: Will Peoples be required to submit the proposal to approve the Merger Agreement to its shareholders even if Peoples' board of directors has withdrawn, modified or qualified its recommendation?

A: Yes. Unless the Merger Agreement is terminated before the Peoples special meeting, Peoples is required to submit the proposal to approve the Merger Agreement to its shareholders even if Peoples' board of directors has withdrawn, modified or qualified its recommendation.

Table of Contents

Q: What are the U.S. federal income tax consequences of the Merger to Peoples shareholders?

A: We intend that the Merger will be treated as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and that, accordingly, for U.S. federal income tax purposes: (i) no gain or loss will be recognized by First Capital or Peoples as a result of the Merger, and (ii) Peoples shareholders who receive shares of First Capital common stock in exchange for shares of Peoples common stock in the Merger will recognize no gain or loss, other than the gain or loss to be recognized as to cash received either (a) as Cash Consideration, or (b) in lieu of fractional shares of First Capital common stock. Peoples shareholders who exercise dissenters' rights and receive cash for their shares of First Capital common stock generally will recognize gain or loss for federal income tax purposes. At the closing, Peoples is to receive an opinion confirming these tax consequences. See "Material Federal Income Tax Consequences" beginning on page 95.

The U.S. federal income tax consequences described above may not apply to all holders of Peoples common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your independent tax advisor for a full understanding of the particular tax consequences that the Merger would have for you.

Q: Are Peoples shareholders entitled to dissenters' rights?

A: Yes. Peoples shareholders who do not vote in favor of the Peoples Merger Proposal will be entitled to dissenters' rights under Kentucky law, provided they take all of the steps required to perfect their rights under KRS 271B.13-020. For further information, see "The Merger Dissenters' Rights in the Merger." In addition, a copy of the Kentucky Dissenters' Rights Statute, KRS 271B Subchapter 13, is attached as *Annex D* to this joint proxy statement/prospectus.

Q: How do Peoples shareholders elect the form of payment that they prefer in the Merger?

A: Peoples shareholders will receive an Election Form for use by Peoples shareholders in the mail. If Peoples shareholders wish to make an election, they should complete the Election Form and mail it in the postage-prepaid envelope provided to the election agent, Computershare Limited ("Computershare" or "Election Agent"). ***To make an effective election, you must submit a properly completed and executed Election Form for receipt by Computershare before 5:00 p.m. local time on the election deadline.*** The election deadline will be fixed by First Capital and can be no earlier than 7 days after the Peoples special meeting and no later than the date set for closing the Merger.

Peoples shareholders must include their Peoples share certificates with their Election Forms. If you hold your shares in street name with a broker, you should ask your broker for instructions on tendering your Peoples shares. Peoples shareholders should read the instructions to the Election Form for information on completing the form. These instructions will also inform you what to do if your share certificates have been lost, stolen or destroyed. If you do not return a properly completed and executed Election Form by the election deadline, then you will be treated as not having made an election with respect to your shares, and your shares will be converted into the Cash Consideration and/or the Stock Consideration in accordance with the election, adjustment, proration and allocation procedures described elsewhere in this joint proxy statement/prospectus.

Q: Which form of payment should Peoples shareholders choose?

A: The form of payment you choose will depend upon your personal financial preferences and tax circumstances. We urge Peoples shareholders to consult their personal financial or tax advisors if they have any questions about the form of payment they should elect.

Table of Contents

Q: What if Peoples shareholders don't make an election as to some or all of their Peoples shares?

A: If you do not submit an Election Form, the form of Merger Consideration you receive will depend entirely on the elections made by other Peoples shareholders. You may be treated as having made an election for cash, First Capital common stock, or a combination of both, depending on the outcome of the proration and allocation procedures. It is impossible to predict in advance what form of Merger Consideration you will receive if you do not make an election.

Q: If I am a Peoples shareholder and am voting against the Peoples Merger Proposal, should I still make an election?

A: Yes. If the Peoples Merger Proposal is approved by the Peoples shareholders and becomes effective, Peoples shareholders will receive Merger Consideration based on the elections they make on their Election Forms, subject to the election, adjustment, proration and allocation procedures described elsewhere in this joint proxy statement/prospectus. If you fail to submit an Election Form, the form of Merger Consideration you receive will be determined by the elections made by other Peoples shareholders, as described in the preceding answer.

Q: Can Peoples shareholders change their elections?

A: Yes. Peoples shareholders can change their elections by submitting a new Election Form to the Election Agent, as long as it is received before the election deadline set forth on the Election Form. After the election deadline, no changes can be made.

Q: Can the form of Merger Consideration I receive differ from what I choose on my Election Form?

A: Yes. It is possible that you will not receive the exact form of consideration that you chose on your Election Form. Whether you will be entitled to receive cash or First Capital shares in exchange for your Peoples shares will be initially determined based on your election, but may be adjusted depending upon the elections made by other Peoples shareholders. The Merger Agreement provides that 50% of the outstanding shares of Peoples must be converted into First Capital shares, with the balance of the outstanding Peoples shares converted into cash.

If the elections made by Peoples shareholders would result in less than 50% of the Peoples shares being converted into First Capital stock, then the shares for which no elections were made ("non-elections") will first be converted into stock elections on a pro rata basis until 50% of the Peoples shares would be converted. If less than 50% of the Peoples shares would be converted into First Capital stock even after all non-elections are converted into stock elections, then cash elections would be converted into stock elections on a pro rata basis until the 50% of the outstanding shares of Peoples would be converted into First Capital stock.

If the elections made by Peoples shareholders would result in more than 50% of the Peoples shares being converted into stock, then the stock elections will be converted into cash elections on a pro rata basis.

In either case, you may receive a combination of cash and whole shares of First Capital common stock for each of your Peoples shares that is different from what you elected, depending on the elections made by other Peoples shareholders. The allocation of the mix of consideration payable to each Peoples shareholder will not be finally determined until the Election Agent tallies the results of the elections made by Peoples shareholders, which will not occur until near the time of the closing of the Merger. See "The Merger Agreement Election and Allocation Procedures."

Q: If I am a Peoples shareholder, when should I send in my Peoples stock certificates?

A:

Edgar Filing: FIRST CAPITAL INC - Form 424B3

You should send your stock certificates when you return your Election Form. *Take note that your election of Merger Consideration will only be effective if your Election Form and stock certificates are*

Table of Contents

received by Computershare before 5:00 p.m. local time on the election deadline. The election deadline will be fixed by First Capital and can be no earlier than 7 days after the Peoples special meeting and no later than the date set for closing the Merger. Accordingly, we urge you to locate your stock certificates as soon as possible.

Q: What if I cannot find my Peoples stock certificates?

A: In order to avoid any delay in receiving your Merger Consideration after the Merger is completed, we urge you to confirm as soon as possible whether you hold stock certificates for your shares of Peoples common stock or whether your shares are held by a broker, depository or another financial institution. We also urge you to locate the stock certificates for any shares you hold as soon as possible. If you cannot locate your stock certificates, you should contact William L. Dawson, Peoples' President, immediately. Mr. Dawson can be reached at the address and telephone number listed below.

Your Election Form also explains the procedure by which you can receive your Merger Consideration even if you are unable to deliver your Peoples stock certificates because you have lost them. However, this procedure may take time to complete and could involve an additional expense to you.

Q: When do you expect to complete the Merger?

A: First Capital and Peoples expect to complete the merger in the fourth quarter of 2015. However, neither First Capital nor Peoples can assure you when or if the Merger will be completed. First Capital and Peoples must first obtain the approval of First Capital shareholders and Peoples shareholders for the Merger, as well as obtain necessary regulatory approvals and satisfy certain other closing conditions.

Q: What happens if the Merger is not completed?

A: If the Merger is not completed, holders of Peoples common stock will not receive any consideration for their shares in connection with the Merger. Instead, Peoples will remain an independent company. In addition, if the Merger Agreement is terminated in certain circumstances, Peoples may be required to pay a termination fee. See "The Merger Agreement Termination Fee" beginning on page 82 for a discussion of the circumstances under which a termination fee will be required to be paid.

Q: Whom should I call with questions?

A: *First Capital shareholders:* If you have any questions concerning the Merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of First Capital common stock, please contact the information agent, Georgeson Inc., located at 480 Washington Blvd., 26th Floor, Jersey City, NJ 07310 or at telephone number (888) 658-3624.

Peoples shareholders: If you have any questions concerning the Merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of Peoples common stock, please contact the information agent, Georgeson Inc., located at 480 Washington Blvd., 26th Floor, Jersey City, NJ 07310 or at telephone number (888) 658-3624, or Peoples' President, William L. Dawson, at (502) 543-2226.

Table of Contents

SUMMARY

This summary highlights selected information in this joint proxy statement/prospectus and may not contain all of the information important to you. To understand the Merger more fully, you should read this entire document carefully, including the annexes and the documents referred to in this joint proxy statement/prospectus.

The Companies (page 43)

*First Capital, Inc.
220 Federal Drive NW
P.O. Box 130
Corydon, Indiana 47112
(812) 738-2198*

First Capital, Inc., is listed on the NASDAQ Capital Market (under the symbol: "FCAP") and is a community-focused, savings and loan holding company. As of June 30, 2015, First Capital had approximately \$476.9 million in assets, \$298.9 million in loans, \$416.2 million in deposits and \$58.4 million of total equity. Through First Harrison Bank, First Capital offers full banking services and currently has twelve offices in the Indiana communities of Corydon, Edwardsville, Greenville, Floyds Knobs, Palmyra, New Albany, New Salisbury, Jeffersonville, Salem and Lanesville. First Harrison Bank, through its business arrangement with Investment Centers of America, member SIPC, offers non-FDIC insured investments to complement its traditional banking products and services.

*Peoples Bancorp Inc. of Bullitt County
1612 Highway 44 East
Shepherdsville, Kentucky 40165
(502) 543-2226*

Peoples Bancorp Inc. of Bullitt County ("Peoples") is a bank holding company which was incorporated in Kentucky in 1990 and is headquartered in Shepherdsville, Kentucky. Peoples conducts its financial services business through its wholly owned banking subsidiary, The Peoples Bank of Bullitt County ("Peoples Bank"), which offers full banking services and operates five banking offices in Bullitt County, Kentucky.

As of June 30, 2015, Peoples had total assets of \$237.8 million, net loans of \$57.8 million, deposits of \$208.6 million and total shareholder's equity of \$28.1 million.

Special Meetings of Shareholders; Required Vote (pages 39 and 41)

First Capital

The First Capital special meeting is scheduled to be held at the main office of First Harrison Bank, 220 Federal Drive NW, Corydon, Indiana on November 19, 2015, at 12:00 p.m. local time. At the First Capital special meeting, you will be asked to vote to approve the First Capital Merger Proposal. You will also be asked to approve the First Capital Adjournment Proposal. Only First Capital shareholders of record as of the close of business on October 2, 2015, are entitled to notice of, and to vote at, the First Capital special meeting and any adjournments or postponements of the First Capital special meeting.

As of the record date, there were 2,758,586 shares of First Capital common stock outstanding. The directors and executive officers of First Capital (and their affiliates), as a group, beneficially owned 202,764 shares of First Capital common stock, including shares subject to options currently exercisable but not exercised, representing approximately 7.35% of the outstanding shares of First Capital common stock as of the record date.

Table of Contents

Approval of the First Capital Merger Proposal requires the affirmative vote of the holders of a majority of the issued and outstanding shares of First Capital. Approval of the First Capital Adjournment Proposal requires that more votes be cast in favor of the proposal than against the proposal at the First Capital special meeting.

Peoples

The Peoples special meeting is scheduled to be held at the main office of The Peoples Bank of Bullitt County on November 12, 2015, at 7:30 p.m. local time. At the Peoples special meeting, you will be asked to vote to approve the Peoples Merger Proposal. You will also be asked to approve the Peoples Adjournment Proposal. Only Peoples shareholders of record as of the close of business on October 2, are entitled to notice of, and to vote at, the Peoples special meeting and any adjournments or postponements of the Peoples special meeting.

As of the record date, there were 3,071 shares of Peoples common stock outstanding. The directors and executive officers of Peoples (and their affiliates), as a group, beneficially owned 1,271 shares of Peoples common stock, representing approximately 41.4% of the outstanding shares of Peoples common stock as of the record date.

Approval of the Peoples Merger Proposal requires the affirmative vote of the holders of a majority of the issued and outstanding shares of Peoples. Approval of the Peoples Adjournment Proposal requires that more votes be cast in favor of the proposal than against the proposal at the Peoples special meeting

The Merger and the Merger Agreement (pages 46 and 68)

The Merger Agreement provides that, if all of the conditions are satisfied or waived, Peoples will be merged with and into First Capital, with First Capital surviving. Simultaneously with the Merger, The Peoples Bank of Bullitt County will be merged into First Harrison Bank and all of the branches of The Peoples Bank of Bullitt County will be branches of First Harrison Bank. We encourage you to read the Merger Agreement, which is included as *Annex A* to this joint proxy statement/prospectus and is incorporated by reference herein.

What Peoples Shareholders Will Receive in the Merger (page 68)

If the Merger is completed, each share of Peoples common stock (except for specified shares of Peoples common stock held by Peoples or First Capital and any dissenting shares) will be converted, at the election of the shareholder and subject to certain adjustments and election and allocation procedures described elsewhere in this joint proxy statement/prospectus, into the right to receive, without interest, either (i) 382.83 shares (the "Exchange Ratio") of First Capital common stock (the "Stock Consideration"), or (ii) \$9,475.00 in cash (the "Cash Consideration") (collectively, the "Merger Consideration"). Peoples shareholders who would otherwise be entitled to a fractional share of First Capital common stock upon the completion of the Merger will instead receive an amount in cash equal to the fractional share interest multiplied by the "Average First Capital Closing Price" which is defined below. The Merger Agreement also provides for the possibility of an additional cash payment to shareholders of Peoples as described elsewhere in this joint proxy statement/prospectus if and to the extent that Peoples sells certain specified assets (the "Contingent Assets") prior to the effective time of the Merger, or First Capital sells such assets within 26 months after the effective time of the Merger. No guarantee can be made that the Contingent Assets will be sold in the manner or the timeframes set forth in the Merger Agreement.

The Merger Agreement provides that the Stock Consideration and Cash Consideration will be adjusted within certain limits in the manner specified in the Merger Agreement if the Average First Capital Closing Price (as defined) is greater, or less, than \$24.75. "Average First Capital Closing

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

Price" means the average per share closing price of First Capital common stock for the 20 trading days preceding the 5th calendar before the effective time of the Merger. The Merger Consideration may also decrease as specified in the Merger Agreement if the consolidated net book value of Peoples (as defined in the Merger Agreement) is less than \$29,010,000 but greater than \$26,410,000.

The following table shows the range of potential values for the Cash Consideration per Peoples share and the Exchange Ratio (the number of First Capital shares into which each Peoples share would be converted in the Merger) based on (1) changes in the Average First Capital Closing Price within the minimum and maximum price range, with a mid-point of \$24.75 per First Capital share; and (2) various levels of Consolidated Net Book Value as of the Closing Date. The values in the table are for illustrative purposes only. The actual values will be determined immediately before the Merger becomes effective. The table assumes no cash issued in lieu of fractional shares of First Capital common stock.

Peoples Consolidated Net Book Value (in thousands)	Average First Capital Closing Price					
	Minimum (9.9% decrease) \$22.30		Mid-Point \$24.75		Maximum (10.1% increase) \$27.25	
	Exchange Ratio (First Capital shares)	Cash Consideration	Exchange Ratio (First Capital shares)	Cash Consideration	Exchange Ratio (First Capital shares)	Cash Consideration
\$ 29,010	403.86	\$ 9,006.04	382.83	\$ 9,475.00	365.27	\$ 9,953.54
\$ 28,000	389.11	\$ 8,677.16	369.54	\$ 9,146.12	353.20	\$ 9,624.66
\$ 27,000	374.51	\$ 8,351.53	356.38	\$ 8,820.49	341.25	\$ 9,299.03
\$ 26,410	365.89	\$ 8,159.41	348.62	\$ 8,628.37	334.20	\$ 9,106.91

As of June 30, 2015, Peoples would have reported Consolidated Net Book Value (as defined in the Merger Agreement) of more than \$29,010,000. Assuming that value remained in effect on the closing date, there would not be a book value-related price adjustment. Based on the \$26.27 closing trading price of First Capital common stock on September 14, 2015, the Exchange Ratio would be 371.75 First Capital shares for each Peoples share, and the Cash Consideration would be \$9,765.95 for each Peoples share.

Recommendations of First Capital and Peoples Boards of Directors (pages 57 and 47)

First Capital

The First Capital board of directors unanimously adopted the Merger Agreement and approved and authorized the proposed Merger. The First Capital board of directors unanimously determined that the Merger and the Merger Agreement would be in compliance with all applicable laws and that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement is in the best interest of First Capital, First Harrison Bank, and the First Capital shareholders. The First Capital board of directors unanimously recommends that First Capital shareholders vote "FOR" approval of the Merger Agreement. In reaching its determination, the First Capital board of directors considered a number of factors, which are described in the section captioned "Proposal 1 The Merger First Capital's Reasons for the Merger and Recommendation of the Board of Directors" beginning on page 57. Because of the wide variety of factors considered, the First Capital board of directors did not believe it practicable, nor did it attempt, to quantify or otherwise assign relative weight to the specific factors it considered in reaching its decision.

The First Capital board of directors also unanimously recommends that you vote "FOR" approval of the First Capital Adjournment Proposal.

Table of Contents

Peoples

The Peoples board of directors unanimously adopted the Merger Agreement and approved and authorized the proposed Merger. The Peoples board of directors unanimously determined that the Merger and the other transactions contemplated by the Merger Agreement would be in the best interest of Peoples, The Peoples Bank of Bullitt County and the Peoples shareholders. The Peoples board of directors unanimously recommends that Peoples shareholders vote "FOR" approval of the Merger Agreement. In reaching its determination, the Peoples board of directors considered a number of factors, which are described in the section captioned "Proposal 1 The Merger Peoples' Reasons for the Merger and Recommendation of the Board of Directors" beginning on page 47. Because of the wide variety of factors considered, the Peoples board of directors did not believe it practicable, nor did it attempt, to quantify or otherwise assign relative weight to the specific factors it considered in reaching its decision.

The Peoples board of directors also unanimously recommends that you vote "FOR" approval of the Peoples Adjournment Proposal.

Dissenters' Rights (page 178)

If the Merger Agreement is approved and the Merger is consummated, each shareholder of Peoples who dissents from the Merger will have the right to be paid the "fair value" of his or her shares of Peoples Common Stock in cash, provided that the shareholder complies with Subtitle 13, Chapter 271B of the Kentucky Revised Statutes. See "Merger Rights of Dissenting Shareholders" and *Annex D*.

Opinion of Peoples' Financial Advisor (page 49)

In connection with the Merger, the Peoples board of directors received an oral and a written opinion, dated June 4, 2015, from Peoples' financial advisor, Professional Bank Services, Inc. ("PBS"), to the effect that, as of the date of the opinion and based on and subject to the various considerations described in the opinion, the Merger Consideration to be paid to the holders of Peoples common stock as described in the Merger Agreement is fair and equitable from a financial perspective. The full text of PBS's written opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and limitations on the review undertaken by PBS in rendering its opinion, is attached to this document as *Annex B*. We encourage you to read the entire opinion carefully. The opinion of PBS is directed to the Peoples board of directors and does not constitute a recommendation to any Peoples shareholder as to how to vote at the Peoples special meeting or any other matter relating to the proposed Merger.

Opinion of First Capital's Financial Advisor (page 57)

At the request of First Capital's board of directors on June 3, 2015, Raymond James rendered its opinion as to the fairness, as of June 1, 2015, from a financial point of view, to First Capital of the Merger Consideration (as defined in the opinion letter) to be paid by First Capital in the Transaction (as defined in the opinion letter) pursuant to the Agreement (as defined in the opinion letter) based upon and subject to the qualifications, assumptions and other matters considered in connection with the preparation of its opinion. The full text of Raymond James's written opinion, which sets forth, among other things, the various qualifications, assumptions, and any limitations on the review undertaken in connection with the opinion, is attached to this document as *Annex C*. The opinion was provided for the information of First Capital's board of directors (solely in its capacity as such) in connection with, and for purposes of, its consideration of the Transaction and the opinion only addressed whether the Merger Consideration to be paid by First Capital in the Transaction pursuant to the Agreement was fair, from a financial point of view, to First Capital. The opinion did not address

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

any other term or aspect of the Agreement or the Transaction contemplated thereby. The opinion does not constitute a recommendation to the board or to any holder of First Capital common shares as to how the board, such shareholder or any other person should vote or otherwise act with respect to the Transaction or any other matter.

Reasons for the Merger (pages 47 and 57)

The Peoples board of directors unanimously determined that the Merger, the Merger Agreement and the Merger Consideration would be in compliance with all applicable laws and that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement is in the best interest of Peoples, The Peoples Bank of Bullitt County and the Peoples shareholders. The Peoples board of directors unanimously recommends that Peoples shareholders vote "FOR" the Peoples Merger Proposal.

In its deliberations and in making its determination, the Peoples board of directors considered many factors including, but not limited to, the following:

The financial terms of the Merger, including the purchase price per Peoples share and the opportunity to receive cash or First Capital common stock;

Prospects for the combined company resulting from the Merger, which would have approximately \$750 million in total assets and \$620 million in deposits and be capable of competing effectively and absorbing the fixed costs of regulatory compliance;

The risks and prospects of Peoples remaining independent, including the challenges of the current financial, operating and regulatory climate and the increasing costs associated with banking regulation, including the Dodd-Frank Act;

First Capital's asset quality, financial performance, and prospects;

The greater liquidity of First Capital common stock, which is traded on the NASDAQ Capital Market, and the absence of a liquid trading market in which shareholders can sell Peoples shares;

First Capital's current practice of paying a quarterly dividend that compares favorably to the semi-annual dividend historically paid by Peoples; and

The fairness opinion of Peoples' financial advisor, Professional Bank Services, which is attached as *Annex B* to this joint proxy statement/prospectus.

For more information on the factors considered by the Peoples board of directors in reaching its determination to recommend approval of the Merger Agreement, see "Proposal 1 The Merger Peoples' Reasons for the Merger and Recommendation of the Board of Directors" beginning on page 47.

First Capital's board of directors concluded that the Merger Agreement is in the best interests of First Capital and its shareholders. In deciding to approve the Merger Agreement, First Capital's board of directors considered a number of factors, including, but not limited to, the following:

Peoples' community banking orientation in Bullitt County, Kentucky and its perceived compatibility with First Capital and First Harrison Bank;

Edgar Filing: FIRST CAPITAL INC - Form 424B3

The opportunity to enter into a new market with an established market participant;

a review of the demographic, economic, and financial characteristics of the market in which Peoples operates, including existing and potential competition and the history of the market areas with respect to financial institutions; and

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

management's review of the business, management and personnel, operations, earnings, and financial condition, including capital levels and asset quality, of Peoples and The Peoples Bank of Bullitt County.

Regulatory Approvals (page 83)

Under the terms of the Merger Agreement, the Merger cannot be completed until First Capital receives necessary regulatory approvals, which include the approval of the Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). First Capital will file applications with each regulatory authority to obtain the approvals. First Capital cannot be certain when such approvals will be obtained or if they will be obtained.

Issued First Capital Shares Will be Eligible for Trading (page 83)

The shares of First Capital common stock to be issued upon completion of the Merger will be eligible for trading on the NASDAQ Capital Market.

Conditions to the Merger (page 79)

The respective obligations of First Capital and Peoples to consummate the Merger are subject to the satisfaction or waiver, on or before the completion of the Merger, of a number of conditions, including:

the representations and warranties made by the parties in the Merger Agreement must be true and correct as of the closing date of the Merger or as otherwise required in the Merger Agreement, unless the inaccuracies do not or would not reasonably be expected to result in a material adverse effect;

the covenants made by the parties must have been fulfilled or complied with in all material respects from the date of the Merger Agreement through the closing date of the Merger;

the parties must have received the respective closing deliveries of the other party to the Merger Agreement;

the Registration Statement on Form S-4, of which this joint proxy statement/prospectus is a part, relating to the First Capital shares to be issued pursuant to the Merger Agreement, must have become effective under the Securities Act of 1933, and no stop order suspending the effectiveness of the Registration Statement shall have been issued or threatened by the Securities and Exchange Commission;

the Merger must have been approved by the appropriate regulatory authorities;

the shareholders of First Capital and Peoples must have each approved the Merger Agreement;

First Capital and Peoples must have received an opinion from Krieg DeVault LLP, dated as of the closing date, to the effect that the Merger constitutes a tax-free "reorganization" for purposes of Section 368(a) of the Internal Revenue Code, as amended;

none of First Capital, Peoples, or either of their subsidiaries, shall be subject to any statute, rule, regulation, injunction, order or decree which prohibits, prevents or makes illegal completion of the Merger, and no material claim, litigation or proceeding shall have been initiated or threatened relating to the Merger Agreement or the Merger or seeking to prevent completion of the Merger; and

Edgar Filing: FIRST CAPITAL INC - Form 424B3

the shares of First Capital common stock to be issued upon completion of the Merger shall have been authorized for listing on the NASDAQ Capital Market.

Table of Contents

We cannot be certain when, or if, the conditions to the Merger will be satisfied or waived, or that the Merger will be completed.

Termination (page 81)

First Capital or Peoples may mutually agree at any time to terminate the Merger Agreement without completing the Merger, even if the First Capital and Peoples shareholders have approved it. Also, either party may decide, without the consent of the other party, to terminate the Merger Agreement under specified circumstances, including if the Merger is not consummated by January 31, 2016, if any governmental entity has issued a final and nonappealable order or taken any other action permanently enjoining, restraining or otherwise prohibiting the consummation of the Merger, or if either the First Capital or Peoples shareholders do not approve the Merger Agreement at the applicable special meeting. In addition, either party may terminate the Merger Agreement if there is a breach of the agreement by the other party that would cause the failure of conditions to the terminating party's obligation to close, unless the breach is capable of being cured and is cured within 20 business days of written notice of the breach, or if there has been a material adverse effect on the other party on a consolidated basis as of the closing date, compared to that in existence as of the date of the Merger Agreement.

First Capital has the right to terminate the Merger Agreement if the Peoples board of directors changes its recommendation or fails to reject a takeover proposal and reaffirm its recommendation within five business days of public announcement of such takeover proposal or if Peoples enters into an agreement relating to a takeover proposal.

Peoples has the right to terminate the Merger Agreement to enter into a definitive agreement that constitutes a superior proposal, provided that Peoples pays the termination fee described below.

Termination Fee (page 82)

Peoples is required to pay First Capital a \$900,000 termination fee in the following circumstances:

if First Capital terminates the Merger Agreement because the Peoples board fails to include its recommendation to approve the Merger in the proxy statement/prospectus;

if First Capital or Peoples terminates the Merger Agreement because Peoples approves, enters into or publicly recommends that Peoples shareholders accept or approve a takeover proposal;

if (A) the Merger Agreement is terminated by First Capital or Peoples because the Peoples shareholders fail to approve the Merger Agreement by the requisite vote, and Peoples enters into or consummates a takeover proposal within twelve months after such termination; or

if the Merger Agreement is terminated by First Capital or Peoples because (A) the Merger does not occur on or before January 31, 2016; (B) any person has made a takeover proposal to Peoples on or after the date of such termination; and (C) within twelve months after the date of termination, Peoples consummates a takeover proposal or enters into a definitive agreement with respect to a takeover proposal.

Interests of Certain Directors and Executive Officers of Peoples in the Merger That are Different From Yours (page 84)

First Capital is obligated under the Merger Agreement to maintain the rights of the officers and directors of Peoples and The Peoples Bank of Bullitt County to indemnification following the Merger in accordance with the provisions with respect to indemnification in the Articles of Incorporation and Bylaws of Peoples and The Peoples Bank of Bullitt County.

Table of Contents

Accounting Treatment of the Merger (page 83)

The Merger will be accounted for as a purchase transaction in accordance with United States generally accepted accounting principles.

Rights of Shareholders After the Merger (page 86)

When the Merger is completed, Peoples shareholders, whose rights are governed by the Peoples articles of incorporation and bylaws, will become First Capital shareholders, and their rights then will be governed by First Capital's articles of incorporation and by-laws. First Capital is organized under Indiana law and Peoples is organized under Kentucky law. To review the differences in the rights of shareholders under each company's governing documents, see "Comparison of the Rights of Shareholders" beginning on page 86.

Material Federal Income Tax Consequences of the Merger (page 95)

First Capital and Peoples expect the Merger to qualify as a "reorganization" for U.S. federal income tax purposes. If the Merger qualifies as a reorganization, then, in general, Peoples shareholders will not recognize any gain or loss for U.S. federal income tax purposes on the exchange of Peoples shares for First Capital shares in the Merger. With respect to cash received in the Merger, Peoples shareholders will recognize gain (but not loss) in an amount equal to the lesser of (A) the amount of cash received in the Merger, and (B) the excess, if any, of (1) the sum of the amount of cash and the fair market value of the First Capital common stock received in the Merger over (2) the Peoples shareholder's aggregate tax basis in the Peoples common stock surrendered in exchange for First Capital common stock.

To review the tax consequences of the Merger to Peoples shareholders in greater detail, please see the section "Material Federal Income Tax Consequences" beginning on page 95.

Comparative Per Share Data

The following table shows information about First Capital's and Peoples' book value per share, cash dividends per share, and diluted earnings per share, and similar information as if the Merger had occurred on the date indicated, all of which is referred to as "pro forma" information. In presenting the comparative pro forma information for certain time periods, it has been assumed that First Capital and Peoples had been merged throughout those periods along with certain other assumptions.

The information listed as "Pro Forma Equivalent Peoples Share" was obtained by multiplying the Pro Forma Combined amounts by a fixed Exchange Ratio of 382.83. This information is presented to reflect the fact that Peoples shareholders will receive shares of First Capital common stock for each share of Peoples common stock exchanged in the Merger. It is also anticipated that the combined company will derive financial benefits from the Merger that include reduced operating expenses and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of the merged company under one set of assumptions, does not reflect these benefits and, accordingly, does not attempt to predict or suggest future results. Further, the pro forma information below excludes one-time expenses related to the Merger. The pro forma information also

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

does not necessarily reflect what the historical results of the combined company would have been had the companies been combined during these periods.

	First Capital Historical	Peoples Historical	Pro Forma Combined	Pro Forma Equivalent Peoples Share
Book value per common share:				
at June 30, 2015	\$ 21.13	\$ 9,152.39	\$ 21.12	\$ 8,085.00
at December 31, 2014	\$ 20.84	\$ 9,386.84	\$ 20.88	\$ 7,993.30
Cash dividends per common share:				
Six months ended June 30, 2015	\$ 0.42	\$ 126.00	\$ 0.46	\$ 176.27
Year ended December 31, 2014	\$ 0.84	\$ 251.00	\$ 0.93	\$ 354.73
Diluted earnings per common share:				
Six months ended June 30, 2015	\$ 0.98	\$ 90.85	\$ 0.94	\$ 359.86
Year ended December 31, 2014	\$ 2.03	\$ 565.41	\$ 2.05	\$ 784.80

Market Prices and Share Information

The following table presents quotation information for First Capital common stock on the NASDAQ Capital Market for June 3, 2015, which was the last trading day prior to the announcement of the signing of the Merger Agreement and October 1, 2015, which was the last practicable trading day for which information was available prior to the date of this joint proxy statement/prospectus.

	First Capital Common Stock		
	high	low	close
June 3, 2015	\$ 25.91	25.91	25.91
October 1, 2015	\$ 26.28	\$ 25.64	\$ 25.90

Peoples common stock is not traded on an established public trading market.

Table of Contents**SELECTED CONSOLIDATED FINANCIAL DATA OF FIRST CAPITAL**

The selected consolidated financial data presented below, as of and for the six months ended June 30, 2015 and 2014, is unaudited. The selected consolidated financial data presented below, as of and for each of the years in the five-year period ended December 31, 2014, is derived from First Capital's audited historical financial statements. Per share amounts have been adjusted to reflect all completed stock dividends and splits. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 129 of this proxy statement/prospectus, and the consolidated financial statements and the notes thereto attached to this proxy statement/prospectus. Results for past periods are not necessarily indicative of results that may be expected for any future period.

	Six Months Ended June 30,		Year Ended December 31,				
	2015 (unaudited)	2014	2014	2013	2012	2011	2010
Results of Operations							
Net interest income	\$ 8,569	\$ 8,570	\$ 17,255	\$ 16,758	\$ 16,335	\$ 16,513	\$ 16,332
Provision for loan losses	50	115	190	725	1,525	1,825	2,037
Noninterest income	2,578	2,266	4,936	4,640	4,537	4,051	3,906
Noninterest expense	7,440	6,648	14,082	13,331	13,853	13,211	12,762
Income (loss) before income tax	3,657	4,073	7,919	7,342	5,494	5,528	5,439
Income tax (benefit)	956	1,251	2,312	2,255	1,559	1,543	1,561
Net income	2,701	2,822	5,607	5,087	3,935	3,985	3,878
Net income available to common shareholders	2,694	2,815	5,594	5,074	3,922	3,972	3,865
Dividends paid on common stock	1,155	1,160	2,312	2,228	2,118	2,117	2,063
Per Common Share							
Earnings per share (basic)	\$ 0.98	\$ 1.02	\$ 2.03	\$ 1.82	\$ 1.41	\$ 1.43	\$ 1.39
Earnings per share (diluted)	0.98	1.02	2.03	1.82	1.41	1.43	1.39
Dividends paid	0.42	0.42	0.84	0.80	0.76	0.76	0.74
Book value end of period	21.13	20.10	20.84	19.12	18.97	18.29	17.18
Market value end of period	27.07	21.11	24.34	21.26	19.47	18.53	16.64
At Period End							
Total assets	\$ 476,924	\$ 459,537	\$ 472,761	\$ 444,384	\$ 459,132	\$ 438,886	\$ 452,378
Investment securities	98,366	107,262	100,232	108,771	122,985	111,456	100,883
Net loans, excluding held for sale	298,865	297,997	300,603	288,506	280,407	276,047	294,550
Allowance for loan losses	3,600	5,066	4,846	4,922	4,736	4,182	4,473
Total deposits	416,247	386,753	412,636	373,830	384,343	364,374	378,003
Other borrowings	0	15,617	0	14,810	19,192	21,475	24,398
Shareholders' equity	58,309	55,142	57,121	53,227	52,824	50,942	47,893
Financial Ratios							
Return on average assets	1.14%	1.24%	1.22%	1.11%	0.86%	0.90%	0.84%
Return on average common shareholders' equity	9.25%	10.34%	10.09%	9.56%	7.54%	8.04%	8.10%
Allowance for loan losses to gross loans (period end) (excluding held for sale)	1.17%	1.64%	1.57%	1.64%	1.64%	1.47%	1.48%
Shareholders' equity to total assets (period end)	12.23%	12.00%	12.08%	11.98%	11.51%	11.61%	10.59%
Average equity to average total assets	12.31%	12.01%	12.08%	11.65%	11.46%	11.13%	10.43%
Dividend payout ratio	42.86%	41.18%	41.38%	43.96%	53.90%	53.15%	53.24%

Table of Contents**SELECTED CONSOLIDATED FINANCIAL DATA OF PEOPLES**

The selected consolidated financial data presented below, as of and for the six months ended June 30, 2015 and 2014, is unaudited. The selected consolidated financial data presented below, as of and for the year ended December 31, 2014, is derived from Peoples' audited financial statements. The selected consolidated financial data presented below, as of and for each of the years ended December 31, 2013 and 2012, is derived from Peoples' unaudited historical financial statements. Results for past periods are not necessarily indicative of results that may be expected for any future period.

	Six months ended June 30,		Year ended December 31,		
	2015 (unaudited)	2014	2014 (audited)	2013 (unaudited)	2012
Results of Operations					
Interest income	\$ 3,639	\$ 4,335	\$ 8,204	\$ 8,630	\$ 9,124
Interest expense	669	695	1,388	1,504	1,992
Net interest income	2,970	3,640	6,816	7,126	7,132
Provision for loan losses				300	2,300
Net interest income after provision for loan losses	2,970	3,640	6,816	6,826	4,832
Noninterest income	961	810	2,985	1,046	854
Noninterest expense	3,574	3,449	7,336	6,151	6,451
Income (loss) before income taxes	357	1,001	2,465	1,721	(765)
Income tax expense (benefit)	78	281	725	499	(369)
Net Income (Loss)	279	720	1,740	1,222	(396)
Per Common Share					
Net income (loss) basic	\$ 90.85	\$ 233.78	\$ 565.41	\$ 394.46	\$ (126.91)
Net income (loss) diluted	90.85	233.78	565.41	394.46	(126.91)
Dividends	126.00	125.00	251.00	249.00	247.00
Book value end of period	9,152.39	8,807.28	9,379.68	7,540.13	9,353.62
At Period End					
Total assets	\$ 237,777	\$ 229,424	\$ 233,623	\$ 223,550	\$ 230,811
Cash and cash equivalents(1)	15,525	11,836	16,700	11,700	8,341
Securities available for sale	151,425	139,976	144,971	129,258	49,196
Securities held to maturity					87,030
Net loans	57,750	63,236	59,295	71,235	78,239
Deposits	208,620	201,288	203,919	199,708	196,055
Shareholders' equity	28,107	27,100	28,827	23,299	29,043
Financial Ratios					
Return on average assets(2)	0.23%	0.63%	0.76%	0.54%	0.17%
Return on average equity(3)	1.93%	5.24%	6.34%	4.27%	1.29%
Dividend payout ratio(4)	138.69%	53.47%	44.39%	63.12%	NM
Average equity to average assets	12.08%	12.02%	11.99%	12.58%	13.52%
Interest rate spread(5)	2.43%	3.20%	2.94%	2.97%	2.91%
Net interest margin(6)	2.73%	3.49%	3.22%	3.31%	3.34%
Noninterest expense to average assets	2.98%	3.02%	3.20%	2.71%	2.84%
Average interest earning assets to average interest bearing liabilities	137.11%	132.94%	133.69%	138.05%	139.96%
Regulatory Capital Ratios (Bank only)					
Tier 1 average assets	12.17%	12.51%	12.60%	12.60%	12.10%
Tier 1 risk weighted assets	26.56%	28.33%	30.96%	27.16%	26.74%
Total risk weighted assets	30.81%	29.59%	32.21%	28.41%	28.02%
Asset Quality Ratios					
Nonperforming loans as a percent of net loans(7)	4.64%	4.88%	4.80%	11.27%	15.20%
Nonperforming assets as a percent of total assets(8)	3.72%	4.05%	3.83%	4.29%	5.65%
Allowance for loan losses as a percent of gross loans receivable	2.71%	2.66%	2.74%	2.35%	4.75%

- (1) Includes cash and due from banks, interest-bearing deposits in other depository institutions and federal funds sold.
- (2) Net income attributable to Peoples Bancorp, Inc. of Bullitt County divided by average assets.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

- (3) Net income attributable to Peoples Bancorp, Inc. of Bullitt County divided by average equity.
- (4) Common stock dividends declared per share divided by net income per share.
- (5) Difference between weighted average yield on interest-earning assets and weighted average cost of interest-bearing liabilities. Tax exempt income is reported on a tax equivalent basis using a federal marginal tax rate of 34%.
- (6) Net interest income as a percentage of average interest-earning assets.
- (7) Nonperforming loans consist of loans accounted for on a nonaccrual basis and accruing loans 90 days or more past due.
- (8) Nonperforming assets consist of nonperforming loans and real estate acquired in settlement of loans.

Table of Contents

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information and accompanying notes show the impact on the historical financial conditions and results of operations of First Capital and Peoples and have been prepared to illustrate the effects of the Merger under the purchase method of accounting.

The unaudited pro forma condensed combined balance sheet as of June 30, 2015, is presented as if the Merger had occurred on June 30, 2015. The unaudited pro forma condensed combined statements of income for the six months ended June 30, 2015 and for the year ended December 31, 2014, are presented as if the Merger had occurred on January 1, 2014. The historical consolidated financial information has been adjusted to reflect factually supportable items that are directly attributable to the Merger.

The selected unaudited pro forma condensed combined financial statements are provided for informational purposes only. The unaudited pro forma condensed combined financial statements are not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the Merger been completed as of the dates indicated or that may be achieved in the future. The preparation of the unaudited pro forma condensed combined financial statements and related adjustments required management to make certain assumptions and estimates. The unaudited pro forma condensed combined financial statements should be read together with:

the accompanying notes to the unaudited pro forma condensed combined financial statements;

First Capital's audited consolidated financial statements and accompanying notes as of and for the year ended December 31, 2014, included elsewhere in this joint proxy statement/prospectus;

Peoples' audited consolidated financial statements and accompanying notes as of and for the year ended December 31, 2014, included elsewhere in this joint proxy statement/prospectus;

First Capital's unaudited condensed consolidated financial statements and accompanying notes as of and for the six months ended June 30, 2015, included elsewhere in this joint proxy statement/prospectus;

Peoples' unaudited consolidated financial statements and accompanying notes as of and for the six months ended June 30, 2015, included elsewhere in this joint proxy statement/prospectus; and

other information pertaining to First Capital and Peoples included in this joint proxy statement/prospectus.

Table of Contents**FIRST CAPITAL, INC. AND PEOPLES BANCORP, INC. OF BULLITT COUNTY****UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**

JUNE 30, 2015

(In thousands)

	First Capital	Peoples	Debit	Pro Forma Adjustments	Credit	Pro Forma Combined
ASSETS						
Cash and cash equivalents	\$ 39,647	\$ 15,525	\$ 14,549	(a)	\$ 14,549	\$ 55,172
Interest bearing time deposits	9,515					9,515
Securities available for sale, at fair value	98,361	151,425				249,786
Securities held to maturity	5					5
Loans held for sale	1,673					1,673
Loans, net	302,465	59,358		(b)	332	361,491
Allowance for loan losses	(3,600)	(1,608)	1,608	(c)		(3,600)
Net loans	298,865	57,750	1,608		332	357,891
Federal Home Loan Bank and other restricted stock	1,550	1,295				2,845
Foreclosed real estate	567	6,154		(d)	1,646	5,075
Premises and equipment	10,238	2,378				12,616
Accrued interest receivable	1,538	1,344				2,882
Goodwill	5,386		43	(m)		5,429
Core deposit intangible			1,972	(e)		1,972
Cash value of life insurance	6,002	784				6,786
Other assets	3,577	1,122	1,117	(f)	489	5,327
Total Assets	\$ 476,924	\$ 237,777	\$ 19,289		\$ 17,016	\$ 716,974
LIABILITIES						
Deposits	\$ 416,247	\$ 208,620		(g)	\$ 165	\$ 625,032
Borrowed funds				(a)	14,549	14,549
Accrued interest payable	94	267				361
Other liabilities	2,169	783		(l)	3,293	6,245
Total Liabilities	418,510	209,670			18,007	646,187
EQUITY						
Preferred stock						
Common stock	32	77	77	(h)	6	38
Additional paid-in capital	24,766	7,069	7,069	(i)	14,543	39,309
Retained earnings	41,768	22,139	24,315	(j)		39,592
Accumulated other comprehensive income (loss)	411	(1,178)		(k)	1,178	411
Unearned stock compensation	(415)					(415)
Treasury stock, at cost	(8,253)					(8,253)
Total First Capital, Inc. Stockholders' Equity	58,309	28,107	31,461		15,727	70,682

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Noncontrolling interest in subsidiary	105				105
Total Equity	58,414	28,107	31,461	15,727	70,787
Total Liabilities and Equity	\$ 476,924	\$ 237,777	\$ 31,461	\$ 33,734	\$ 716,974

See Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents

FIRST CAPITAL, INC. AND PEOPLES BANCORP, INC. OF BULLITT COUNTY
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2015
(In thousands, except share and per share amounts)

	First Capital	Peoples	Pro Forma Adjustments		Pro Forma Combined
			Debit	Credit	
INTEREST INCOME					
Loans, including fees	\$ 7,893	\$ 1,992	\$ 270	(n)	\$ 9,615
Securities	1,020	1,586			2,606
Other interest and dividend income	138	61			199
Total interest income	9,051	3,639	270		12,420
INTEREST EXPENSE					
Deposits	482	669		(o)	1,115
Borrowed funds			33	(s)	33
Total interest expense	482	669	33	36	1,148
Net interest income	8,569	2,970	303	36	11,272
Provision for loan losses	50				50
Net interest income after provision for loan losses	8,519	2,970	303	36	11,222
NONINTEREST INCOME					
Service charges on deposit accounts	1,630	156			1,786
Gain on sale of securities		97			97
Gain on sale of loans	486				486
Other income	462	708			1,170
Total noninterest income	2,578	961			3,539
NONINTEREST EXPENSES					
Compensation and benefits	3,981	1,796			5,777
Occupancy and equipment	623	216			839
Other expenses	2,836	1,562	102	(p)	4,100
Total noninterest expenses	7,440	3,574	102	400	10,716
Income before income taxes	3,657	357	405	436	4,045
Income tax expense	956	78		(q)	125
Net Income	2,701	279	405	561	3,136
Less: net income attributable to noncontrolling interest in subsidiary	7				7
Net Income Attributable to First Capital, Inc.	\$ 2,694	\$ 279	\$ 405	\$ 561	\$ 3,129
Basic earnings per common share:					
Earnings per share	\$ 0.98	\$ 90.85			\$ 0.94

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Weighted average common shares outstanding	2,740,596	3,071	(r)	3,328,431
--	-----------	-------	-----	-----------

Diluted earnings per common share:

Earnings per share	\$ 0.98	\$ 90.85		\$ 0.94
--------------------	---------	----------	--	---------

Weighted average common shares outstanding	2,740,752	3,071	(r)	3,328,587
--	-----------	-------	-----	-----------

See Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents

FIRST CAPITAL, INC. AND PEOPLES BANCORP, INC. OF BULLITT COUNTY
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

(In thousands, except share and per share amounts)

	First Capital	Peoples	Pro Forma Adjustments		Pro Forma Combined
			Debit	Credit	
INTEREST INCOME					
Loans, including fees	\$ 15,937	\$ 4,506	\$ 540	(n)	\$ 19,903
Securities	2,243	3,620			5,863
Other interest and dividend income	219	78			297
Total interest income	18,399	8,204	540		26,063
INTEREST EXPENSE					
Deposits	1,127	1,388		(o) 72	2,443
Borrowed funds	17		65	(s)	82
Total interest expense	1,144	1,388	65	72	2,525
Net interest income	17,255	6,816	605	72	23,538
Provision for loan losses	190				190
Net interest income after provision for loan losses	17,065	6,816	605	72	23,348
NONINTEREST INCOME					
Service charges on deposit accounts	3,189	435			3,624
Gain on sale of securities	54	1,035			1,089
Gain on sale of loans	713				713
Other income	980	1,515			2,495
Total noninterest income	4,936	2,985			7,921
NONINTEREST EXPENSES					
Compensation and benefits	7,661	3,578			11,239
Occupancy and equipment	1,198	546			1,744
Other expenses	5,223	3,212	204	(p)	8,639
Total noninterest expenses	14,082	7,336	204		21,622
Income before income taxes	7,919	2,465	809	72	9,647
Income tax expense	2,312	725		(q) 251	2,786
Net Income	5,607	1,740	809	323	6,861
Less: net income attributable to noncontrolling interest in subsidiary	13				13
Net Income Attributable to First Capital, Inc.	\$ 5,594	\$ 1,740	\$ 809	\$ 323	\$ 6,848

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Basic earnings per common share:

Earnings per share	\$	2.03	\$	565.41		\$	2.05
--------------------	----	------	----	--------	--	----	------

Weighted average common shares outstanding		2,755,588		3,077	(r)		3,343,423
--	--	-----------	--	-------	-----	--	-----------

Diluted earnings per common share:

Earnings per share	\$	2.03	\$	565.41		\$	2.05
--------------------	----	------	----	--------	--	----	------

Weighted average common shares outstanding		2,755,588		3,077	(r)		3,343,423
--	--	-----------	--	-------	-----	--	-----------

See Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents

NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

Note 1. Basis of Presentation

The unaudited pro forma condensed combined financial information is based on the historical consolidated financial statements of First Capital, Inc. ("First Capital") and Peoples Bancorp, Inc. of Bullitt County ("Peoples"), and is presented to give effect to the proposed merger described below. The merger will be accounted for as a purchase under the assumptions and adjustments set forth below. The unaudited pro forma condensed combined financial statements do not give effect to the anticipated cost savings in connection with the merger.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical consolidated financial statements of First Capital and Peoples, including the respective notes to those statements. The pro forma information is not necessarily indicative of the combined financial position or the results of operations in the future or of the combined financial position or the results of operations which would have been realized had the merger been consummated during the periods or as of the dates for which the pro forma information is presented. We anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of the merged company under one set of assumptions, does not reflect these benefits and, accordingly, does not attempt to predict or suggest future results. Further, the pro forma information below excludes one-time expenses related to the merger.

On June 4, 2015, First Capital (acquiror), the savings and loan holding company for First Harrison Bank, and Peoples, the bank holding company for The Peoples Bank of Bullitt County, entered into an Agreement and Plan of Merger (the Agreement) whereby shareholders of Peoples may elect to receive either 382.83 shares of First Capital common stock or \$9,475 in cash for each share of Peoples common stock owned, subject to proration provisions specified in the Agreement that provide for a targeted aggregate mix of total consideration of 50% common stock and 50% cash. At the effective time of the merger, the exchange ratio and cash price per share may be adjusted based on provisions in the Agreement for changes in the price of First Capital common stock or a decrease in the consolidated net book value of Peoples. Shareholders of Peoples also may receive an additional cash payment as specified in the Agreement if Peoples sells certain specified assets (the "Contingent Assets") prior to the effective time of the merger, or First Capital sells such assets within twenty-six months after the effective time of the merger. Due to the uncertain nature of these items, the consideration to be received by Peoples shareholders included in the unaudited pro forma condensed combined financial statements does not include any adjustments for changes in the price of First Capital common stock, decreases in the consolidated net book value of Peoples, or additional cash payments for the sale of the Contingent Assets.

The unaudited pro forma condensed combined balance sheet assumes the merger was consummated on June 30, 2015, and the fair value of assets acquired and liabilities assumed approximate the carrying value in the historical financial statements of Peoples, except where noted. The unaudited pro forma condensed combined statements of income give effect to the merger as if the merger occurred on January 1, 2014, the beginning of the earliest period presented.

Table of Contents

NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL STATEMENTS (Continued)

(In thousands, except share and per share amounts)

Note 2. Accounting Policies and Financial Statement Classifications

The accounting policies of both companies are in the process of being reviewed for consistency. As a result of this review, certain conforming accounting adjustments may be necessary. The nature and extent of these adjustments have not been determined but are not expected to be significant.

Note 3. Pro Forma Earnings Per Share

The pro forma combined earnings per share information for the six month period ended June 30, 2015 and the year ended December 31, 2014, has been computed based on the pro forma combined weighted average common shares outstanding for each period as if the merger had occurred at the beginning of the earliest period presented. The basic and fully diluted weighted average common shares outstanding for First Capital were adjusted to include the converted Peoples weighted average common shares outstanding. In accordance with the Agreement, 50% of the 3,071 outstanding common shares of Peoples will be converted into common shares of First Capital at an exchange ratio of 382.83, resulting in the issuance of 587,835 additional shares.

Note 4. Pro forma Adjustments

The following pro forma adjustments have been reflected in the unaudited pro forma condensed combined financial statements presented for First Capital and Peoples. All adjustments are based on current assumptions and valuations, which are subject to change. First Capital will update and finalize its initial fair value adjustments and other estimates once the transaction has been completed using independent third party appraisals and valuations where appropriate. As a result, the final adjustments could differ significantly from these initial estimates.

Balance Sheet Adjustments:

- (a) Pro forma adjustment to recognize the cash consideration of \$14,549 to be paid for 50% of Peoples outstanding common shares at \$9,475 per share. The cash consideration will be borrowed under First Harrison Bank's existing blanket collateral borrowing agreement with the Federal Home Loan Bank ("FHLB").
- (b) Pro forma adjustment to recognize the estimated purchase accounting adjustment to the Peoples loan portfolio, including estimated credit and interest rate fair value adjustments. Loans have been increased by \$2,122 for the interest rate fair value adjustment and decreased by \$2,454 for the credit fair value adjustment.
- (c) Pro forma adjustment to eliminate Peoples' allowance for loan losses which is not carried over in accordance with generally accepted accounting principles.
- (d) Pro forma adjustment to adjust Peoples foreclosed real estate to estimated fair market value.
- (e) Pro forma adjustment to recognize the estimated core deposit intangible created as part of the transaction. Management has assumed an estimated core deposit intangible at 1.14% of core deposits at June 30, 2015, defined as total demand and savings deposits of Peoples of approximately \$172.6 million.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL STATEMENTS (Continued)

(In thousands, except share and per share amounts)

Note 4. Pro forma Adjustments (Continued)

- (f) Pro forma adjustment to record the net current and deferred income tax impact of the purchase accounting adjustments and estimated transaction costs, using an effective tax rate of 34%. The estimated current income tax impact of deductible transaction costs is \$1,117.
- (g) Pro forma adjustment to adjust Peoples certificates of deposit to their estimated fair market value based on current market interest rates.
- (h) Pro forma adjustment to eliminate Peoples' historical common stock balance and reflect the issuance of 587,835 shares of \$0.01 par value per share First Capital common stock in exchange for 50% of Peoples outstanding common shares (3,071), based on an exchange ratio of 382.83 First Capital common shares for each Peoples common share.
- (i) Pro forma adjustment to eliminate Peoples' historical additional paid-in capital balance and reflect the issuance of 587,835 shares of \$0.01 par value per share First Capital common stock at an average closing price of \$24.75.
- (j) Pro forma adjustment to eliminate Peoples' historical retained earnings balance and accrual of additional transaction costs of \$3,293, net of the estimated income tax impact of \$1,117.
- (k) Pro forma adjustment to eliminate Peoples' historical other comprehensive loss balance.
- (l) Pro forma adjustment to accrue additional transaction costs of \$3,293 including investment banking, legal, accounting, severance and other employee-related costs, contract termination fees and other costs.
- (m) Pro forma adjustment to recognize goodwill representing the excess of the total consideration paid in the transaction over the estimated fair value of the net assets acquired. Following is a summary of the excess of cost over the fair value of the acquired net assets recognized in the pro forma balance sheet. Due to the uncertain nature of the items, the total fair value of consideration to be received by Peoples shareholders does not include any adjustments for changes in the price of First Capital common stock, decreases in the consolidated net book value of Peoples, or additional cash payments for the sale of the Contingent Assets as specified in the Agreement and described elsewhere in the joint proxy statement/prospectus.

Table of Contents**NOTES TO THE UNAUDITED PRO FORMA CONDENSED****COMBINED FINANCIAL STATEMENTS (Continued)****(In thousands, except share and per share amounts)****Note 4. Pro forma Adjustments (Continued)**

Expected cost of acquired entity:	
Common stock of First Capital to be issued in exchange for 50% of Peoples outstanding common shares at an exchange ratio of 382.83 and an average closing price of \$24.75 per share	\$ 14,549
Cash consideration for 50% of Peoples outstanding common shares at \$9,475 per share	14,549
Total fair value of consideration	\$ 29,098
Pro forma estimated fair value of acquired assets and liabilities as of June 30, 2015:	
Total carrying amount of Peoples assets	\$ 237,777
Estimated value of core deposit intangible	1,972
Loan fair value adjustment credit	(2,454)
Loan fair value adjustment interest rate	2,122
Elimination of Peoples allowance for loan losses	1,608
Foreclosed real estate fair value adjustment	(1,646)
Deferred tax asset (liability)	(489)
Fair value of assets acquired	238,890
Total carrying amount of Peoples liabilities	209,670
Time deposit fair value adjustment	165
Fair value of liabilities assumed	209,835
Pro forma net assets acquired	29,055
Pro forma goodwill	\$ 43

Income Statement Adjustments:

- (n) Pro forma adjustment to recognize premium amortization of the interest rate loan fair value adjustment in earnings using the straight-line method, which approximates the level yield method, over the remaining maturity of the underlying loans, estimated to be 3.9 years. The credit fair value adjustment is considered nonaccretable for purposes of the pro forma presentation.
- (o) Pro forma adjustment to recognize premium amortization for the acquired certificates of deposit in earnings using the straight-line method, which approximates the level yield method, over the remaining maturity of the underlying certificates, which is estimated to be 2.5 years.
- (p) Pro forma adjustment to recognize amortization of the core deposit intangible in earnings using the straight-line method over its remaining useful life, which is estimated to be 9.4 years. In addition, other expenses have been reduced by \$400 for the six months ended June 30, 2015 for nonrecurring merger-related and other costs incurred during the period by First Capital and Peoples. No nonrecurring merger-related or other costs were incurred by First Capital or Peoples for the year ended December 31, 2014.

Table of Contents

NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL STATEMENTS (Continued)

(In thousands, except share and per share amounts)

Note 4. Pro forma Adjustments (Continued)

- (q) Pro forma adjustment to reflect the income tax effect of the pro forma adjustments at an effective tax rate of 34%.
- (r) Weighted average common shares outstanding has been adjusted for the issuance of 587,835 shares of First Capital common stock in exchange for 50% of the outstanding Peoples common shares (3,071) at an exchange ratio of 382.83.
- (s) Pro forma adjustment to reflect interest expense on \$14,549 of FHLB borrowings at an interest rate of 0.45%, which approximates the short-term variable rate on current FHLB advances.

Table of Contents

RISK FACTORS

In addition to the other information contained in this joint proxy statement/prospectus, you should consider carefully the risk factors described below in deciding how to vote. You should keep these risk factors in mind when you read forward-looking statements in this document. Please refer to the section of this joint proxy statement/prospectus titled "Caution About Forward-Looking Statements."

Peoples shareholders may not receive the form of Merger Consideration that they elect.

For each share of Peoples common stock held, Peoples shareholders may elect to receive either First Capital common stock or cash, subject to certain election, allocation, adjustment and proration procedures as described in this joint proxy statement/prospectus. If a Peoples shareholder elects to receive cash, and more than fifty percent (50%) of the Peoples shareholders elect to receive cash, then the Peoples shareholder's election may be converted to a stock election. Conversely, if a Peoples shareholder elects to receive stock, and more than fifty percent (50%) of the Peoples shareholders elect to receive stock, then the Peoples shareholder's stock election may be converted to a cash election.

Peoples shareholders cannot be certain of the value of the Merger Consideration they will receive, because the market price of First Capital common stock will fluctuate and the Merger Consideration is subject to adjustment.

If the Merger is completed, each share of Peoples common stock (other than specified shares of Peoples common stock held by Peoples or First Capital and any dissenting shares) will be converted, at the election of the shareholder and subject to certain adjustments and election and allocation procedures described elsewhere in this joint proxy statement/prospectus, into the right to receive, without interest, either (i) 382.83 (the "Exchange Ratio") shares of First Capital common stock (the "Stock Consideration"), or (ii) \$9,475.00 in cash (the "Cash Consideration") (collectively, the "Merger Consideration"). The market value of the Merger Consideration will vary from the closing price of First Capital common stock on each of: (i) the date First Capital and Peoples announced the Merger, (ii) the date that this joint proxy statement/prospectus is mailed to Peoples shareholders, (iii) the date of the special meeting of the Peoples shareholders, (iv) the date Peoples shareholders submit their election forms, and (v) the date the Merger is completed and thereafter. Any change in the market price of First Capital common stock prior to the completion of the Merger will affect the market value of the Merger Consideration that Peoples shareholders will receive upon completion of the Merger, and there will be no adjustment to the Merger Consideration for changes in the market price of shares of First Capital common stock except under the following circumstances:

If the Average First Capital Closing Price is greater than \$24.75 at the effective time of the Merger, then (a) the aggregate Stock Consideration will be increased by a percentage equal to one-half of the percentage increase in the Average First Capital Closing Price above \$24.75 (with a corresponding decrease in the Exchange Ratio), up to a minimum number of 560,868 shares of First Capital common stock (or an Exchange Ratio of 365.27 shares) to be issued as Stock Consideration, and (b) the aggregate Cash Consideration will be increased by a percentage equal to one-half of the percentage increase in the Average First Capital Closing Price above \$24.75, to a maximum of \$15,283,654 (or \$9,953.54 per share) to be issued as Cash Consideration. "Average First Capital Closing Price" means the average per share closing price of First Capital common stock for the 20 trading days preceding the 5th calendar day before the effective time of the Merger.

If the Average First Capital Closing Price is less than \$24.75 at the effective time of the Merger, then (a) the aggregate Stock Consideration will be decreased by a percentage equal to one-half of the percentage decrease in the Average First Capital Closing Price below \$24.75 (with a corresponding increase in the Exchange Ratio), up to a maximum number of 620,124 shares of

Table of Contents

First Capital common stock (or an Exchange Ratio of 403.86 shares) to be issued as Stock Consideration, and (b) the aggregate Cash Consideration will be decreased by a percentage equal to one-half of the percentage decrease in the Average First Capital Closing Price below \$24.75, to a minimum of \$13,828,767 (or \$9,006.04 per share) to be issued as Cash Consideration.

In addition, if the Consolidated Net Book Value (as defined in the Merger Agreement) of Peoples is greater than \$26,410,000 but less than \$29,010,000, the Merger Consideration will be reduced by the difference between the Consolidated Net Book Value and \$29,010,000. "Consolidated Net Book Value" means the unaudited consolidated net shareholders' equity of Peoples as of the Determination Date, determined in accordance with generally accepted accounting principles, with certain adjustments related to the transaction. The Exchange Ratio also may be adjusted in the manner specified in the Merger Agreement if there is a change in the number of shares of common stock issued and outstanding prior to the effective time of the Merger by way of a stock split, stock dividend, or recapitalization or similar transaction with respect to the outstanding First Capital common stock.

Stock price changes may result from a variety of factors that are beyond the control of First Capital and Peoples, including, but not limited to, general market and economic conditions, changes in our respective businesses, operations and prospects and regulatory considerations. Therefore, on the date of the Peoples special meeting and on the date election forms are submitted, Peoples shareholders will not know the precise market value of the Merger Consideration Peoples shareholders will receive at the effective time of the Merger. You should obtain current market quotations for shares of First Capital common stock. See "The Merger Agreement Merger Consideration."

Peoples shareholders may not receive an additional cash payment from a future sale of the Contingent Assets.

The Merger Agreement provides for the possibility of an additional cash payment to shareholders of Peoples if and to the extent that Peoples sells the Contingent Assets prior to the effective time of the Merger, or First Capital sells the Contingent Assets within 26 months after the effective time of the Merger. If Peoples sells the Contingent Assets prior to the effective time of the Merger or has entered into a written contract for the sale of the Contingent Assets which are then purchased within 60 days after the effective time, then the Merger Consideration will be increased by (i) 100% of the net sales proceeds received with respect to the sale of the Contingent Assets (net of any commissions) in excess of \$3,750,000, up to \$5,600,000 of the proceeds of such sale and (ii) 50% of any such sale proceeds in excess of \$5,600,000. If the Contingent Assets are not sold by Peoples, then First Capital will use commercially reasonable efforts in the ordinary course of business to sell the Contingent Assets within 24 months after the effective time of the Merger. If First Capital (i) sells the Contingent Assets within 24 months after the effective time of the Merger or has entered into a written contract for the sale of the Contingent Assets which are then purchased within 60 days after the expiration of that 24 month period, then First Capital will distribute 50% of the sale proceeds in excess of \$3,750,000 on a pro rata basis to the former shareholders of Peoples. **No guarantee can be made that the Contingent Assets will be sold in the manner or in the timeframes described above or that Peoples shareholders Peoples shareholders will receive any additional cash payment.**

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.

Before the transactions contemplated in the Merger Agreement may be completed, various approvals must be obtained from the Federal Reserve Board and the Office of the Comptroller of the Currency. These governmental entities may impose conditions on the completion of the Merger or require changes to the terms of the Merger Agreement. Although First Capital and Peoples do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the

Table of Contents

transactions contemplated in the Merger Agreement or imposing additional costs on or limiting First Capital's revenues, any of which might have a material adverse effect on First Capital following the Merger. There can be no assurance as to whether the regulatory approvals will be received, the timing of those approvals, or whether any conditions will be imposed.

The Merger Agreement may be terminated in accordance with its terms and the Merger may not be completed, which could have a negative impact on Peoples.

The Merger Agreement is subject to a number of conditions which must be fulfilled in order to complete the Merger. Those conditions include: approval of shareholders of both First Capital and Peoples, the receipt of all required regulatory approvals and expiration or termination of the applicable and all statutory waiting periods in respect thereof, the continued accuracy of certain representations and warranties by both parties under the Merger Agreement (subject to the materiality standards set forth in the Merger Agreement) and the performance by both parties of certain covenants and agreements under the Merger Agreement in all material respects. In particular, First Capital is not obligated to close the Merger if Peoples' Consolidated Net Book Value is less than \$26,410,000 as of the tenth business day prior to the closing date for the Merger. In addition, certain circumstances exist where Peoples or First Capital may choose to terminate the Merger Agreement, including the acceptance by Peoples of a superior acquisition proposal. In addition, if the Merger is not completed by January 31, 2016, either First Capital or Peoples may choose not to proceed with the Merger, and the parties can mutually decide to terminate the Merger Agreement at any time, before or after shareholder approval. First Capital and Peoples may also elect to terminate the Merger Agreement in certain other circumstances. See "The Merger Agreement Merger Consideration" for a more complete discussion of the Merger Consideration to be paid in this proposed transaction and " Termination" for a more complete discussion of the circumstances under which the Merger Agreement could be terminated. There can be no assurance that the conditions to closing the Merger will be fulfilled or that the Merger will be completed.

If the Merger Agreement is terminated, there may be various consequences. For example, First Capital's or Peoples' businesses may have been impacted adversely by the failure to pursue other beneficial opportunities due to the focus of management on the Merger, without realizing any of the anticipated benefits of completing the Merger. Additionally, if the Merger Agreement is terminated, the market price of First Capital's common stock could decline to the extent that the market prices before termination reflect a market assumption that the Merger will be completed. If the Merger Agreement is terminated under certain circumstances, Peoples may be required to pay First Capital a termination fee of \$900,000.

Peoples shareholders will have a reduced ownership and voting interest after the Merger and will exercise less influence over management.

Peoples' shareholders currently have the right to vote in the election of the Peoples board of directors and on other matters affecting Peoples. When the Merger occurs, each Peoples shareholder who receives the Stock Consideration will become a shareholder of First Capital with a percentage ownership of the combined organization that is smaller than the shareholder's percentage ownership of Peoples. Because of this, Peoples' shareholders will have less influence over the management and policies of First Capital than they now have over the management and policies of Peoples.

Table of Contents

First Capital may be unable to successfully integrate Peoples Bank's operations and retain Peoples Bank's employees.

Peoples Bank will be merged with and into First Harrison Bank after the closing of the Merger. The difficulties of merging the operations of Peoples Bank with First Harrison Bank include:

integrating personnel with diverse business backgrounds;

combining different corporate cultures; and

retaining key employees.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of First Capital, First Harrison Bank or Peoples Bank, and the loss of key personnel. The integration of Peoples Bank with First Harrison Bank will require the experience and expertise of certain key employees of Peoples Bank. However, there can be no assurances that First Capital will be successful in retaining these employees for the period necessary to successfully integrate Peoples Bank into First Harrison Bank. The diversion of management's attention and any delays or difficulties encountered in connection with the merger and integration of Peoples Bank into First Harrison Bank could have an adverse effect on the business and results of operations of First Capital or First Harrison Bank.

The termination fee and the restrictions on solicitation contained in the Merger Agreement may discourage other companies from trying to acquire Peoples.

Until the completion of the Merger, Peoples is prohibited from soliciting, initiating, encouraging or otherwise facilitating any inquiries or the making of any proposal or offer with respect to a merger, reorganization, share exchange, consolidation or similar transaction involving Peoples or Peoples Bank, or any purchase of all or substantially all of the assets of Peoples or Peoples Bank or more than ten percent of the outstanding equity securities of Peoples or Peoples Bank. With some exceptions, Peoples is further prohibited from engaging in any negotiations concerning, or providing any confidential information or data to, or having any discussions with, any person relating to an acquisition proposal, or otherwise facilitating any effort or attempt to make or implement an acquisition proposal. In addition, Peoples has agreed to pay a termination fee of \$900,000 to First Capital if First Capital or Peoples terminates the Merger Agreement due to, among other circumstances, (i) Peoples' board of directors having approved, or publicly recommended that Peoples shareholders accept or approve, an acquisition proposal, or (ii) Peoples having entered into, or publicly announced its intention to enter into, a definitive agreement, agreement in principle or letter of intent with respect to any acquisition proposal. These provisions could discourage other companies from trying to acquire Peoples even though the other companies might be willing to offer greater value to the Peoples shareholders than First Capital has offered in the Merger Agreement. The payment of the termination fee also could have a material adverse effect on Peoples' financial condition.

The fairness opinions obtained by First Capital and Peoples from their respective financial advisors will not reflect changes in circumstances between the date of the signing of the Merger Agreement and the completion of the Merger.

First Capital has obtained a fairness opinion dated June 1, 2015 from Raymond James and Peoples has obtained a fairness opinion dated June 4, 2015 from PBS. Neither opinion has been updated as of the date of this document and neither will be updated at the time of the completion of the Merger. Changes in the operations and prospects of First Capital or Peoples, general market and economic conditions and other factors that may be beyond the control of First Capital and Peoples, and on which the fairness opinions were based, may alter the relative value of the companies by the time the Merger is completed. The fairness opinions do not address the fairness of the Merger Consideration, from a

Table of Contents

financial point of view, at the time the Merger is completed or as of any other date than the date of the opinions. The fairness opinions that First Capital and Peoples received from their respective financial advisors are attached as *Annex B* and *Annex C* to this joint proxy statement/prospectus. For a description of the opinions, see "The Merger Opinion of Financial Advisor to Peoples" and "The Merger Opinion of Financial Advisor to First Capital." For a description of the other factors considered by First Capital's board of directors in determining to approve the Merger, see "The Merger First Capital's Reasons for the Merger; Recommendation of First Capital's Board of Directors." For a description of the other factors considered by Peoples' board of directors in determining to approve the Merger, see "The Merger Peoples' Reasons for the Merger; Recommendation of Peoples' Board of Directors."

The Merger may fail to qualify as a reorganization for federal tax purposes, resulting in your recognition of taxable gain or loss in respect of your Peoples shares.

First Capital and Peoples intend the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Although the Internal Revenue Service will not provide a ruling on the matter, First Capital and Peoples will, as a condition to closing, each obtain an opinion from First Capital's legal counsel that the Merger will constitute a reorganization for federal tax purposes. This opinion does not bind the Internal Revenue Service or prevent the Internal Revenue Service from adopting a contrary position. If the Merger fails to qualify as a reorganization, you generally would recognize gain or loss on each share of Peoples common stock surrendered in an amount equal to the difference between your adjusted tax basis in that share and the fair market value of the shares of First Capital common stock or cash received in exchange for that share of Peoples common stock upon completion of the Merger.

The unaudited pro forma condensed combined financial statements included in this document are preliminary and the actual financial condition and results of operations after the Merger may differ materially.

The unaudited pro forma condensed combined financial statements in this document are presented for illustrative purposes only and are not necessarily indicative of what First Capital's actual financial condition or results of operations would have been had the Merger been completed on the dates indicated. The unaudited pro forma condensed combined financial statements reflect adjustments, which are based upon assumptions and preliminary estimates, to record the Peoples identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation reflected in this document is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of Peoples as of the date of the completion of the Merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this document. For more information, see "Unaudited Pro Forma Condensed Combined Financial Information" beginning on page 22.

The shares of First Capital common stock to be received by Peoples shareholders as a result of the Merger will have different rights from the shares of Peoples common stock.

The rights associated with Peoples common stock are different from the rights associated with First Capital common stock. See the section of this joint proxy statement/prospectus entitled "Comparison of the Rights of Shareholders" for a discussion of the different rights associated with First Capital common stock.

Each party is subject to business uncertainties and contractual restrictions while the Merger is pending, which could adversely affect each party's business and operations.

In connection with the pendency of the Merger, it is possible that some customers and other persons with whom First Capital or Peoples has a business relationship may delay or defer certain

Table of Contents

business decisions or might seek to terminate, change or renegotiate their relationships with First Capital or Peoples, as the case may be, as a result of the Merger, which could negatively affect First Capital's or Peoples' respective revenues, earnings and cash flows, as well as the relative market value of the companies, regardless of whether the Merger is completed.

Under the terms of the Merger Agreement, Peoples is subject to certain restrictions on the conduct of its business prior to completing the Merger, which may adversely affect its ability to execute certain of its business strategies, including the ability in certain cases to enter into or amend contracts, acquire or dispose of assets, incur indebtedness or incur capital expenditures. Such limitations could negatively affect Peoples' businesses and operations prior to the completion of the Merger.

Table of Contents

CAUTION ABOUT FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, including statements about our financial condition, results of operations, earnings outlook, asset quality trends and profitability. Forward-looking statements express management's current expectations or forecasts of future events and, by their nature, are subject to assumptions, risks and uncertainties. Certain statements contained in this filing that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, or the Reform Act, notwithstanding that such statements are not specifically identified.

In addition, certain statements may be contained in the future filings of First Capital with the SEC, in press releases and in oral and written statements made by or with the approval of First Capital that are not statements of historical fact and constitute forward-looking statements within the meaning of the Reform Act. Examples of forward-looking statements include, but are not limited to:

statements about the benefits of the Merger between First Capital and Peoples, including future financial and operating results, cost savings, enhanced revenues and accretion to reported earnings that may be realized from the Merger;

statements of plans, objectives and expectations of First Capital or Peoples or their managements or boards of directors;

statements of future economic performance; and

statements of assumptions underlying such statements.

Words such as "believes," "anticipates," "expects," "intends," "targeted," "continue," "remain," "will," "should," "may," and other similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

the risk that the businesses of First Capital and Peoples will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected;

expected revenue synergies and cost savings from the Merger may not be fully realized or realized within the expected time frame;

revenues following the Merger may be lower than expected;

deposit attrition, operating costs, customer loss and business disruption following the Merger, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected;

the inability to obtain governmental approvals of the Merger on the proposed terms and schedule;

the failure of the Peoples shareholders to approve the Merger;

Edgar Filing: FIRST CAPITAL INC - Form 424B3

local, regional, national and international economic conditions and the impact they may have on First Capital and Peoples and their customers and First Capital's and Peoples' assessment of that impact;

changes in the level of non-performing assets, delinquent loans, and charge-offs;

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

material changes in the stock market value of First Capital common stock;

changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements;

the risk that management's assumptions and estimates used in applying critical accounting policies prove unreliable, inaccurate or not predictive of actual results;

inflation, interest rate, securities market and monetary fluctuations;

changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity;

prepayment speeds, loan originations and credit losses;

sources of liquidity;

competitive pressures among depository and other financial institutions may increase and have an effect on pricing, spending, third-party relationships and revenues;

changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) with which First Capital and Peoples must comply;

the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Federal Reserve Board;

First Capital's and Peoples' common shares outstanding and common stock price volatility;

legislation affecting the financial services industry as a whole, and/or First Capital and Peoples and their subsidiaries, individually or collectively;

governmental and public policy changes;

financial resources in the amounts, at the times and on the terms required to support First Capital's and Peoples' future businesses; and

the impact on First Capital's or Peoples' businesses, as well as on the risks set forth above, of various domestic or international military or terrorist activities or conflicts.

Additional factors that could cause First Capital's and Peoples' results to differ materially from those described in the forward-looking statements can be found in First Capital's Annual Report on Form 10-K for the year ended December 31, 2014, Quarterly Report on Form 10-Q and Current Reports on Form 8-K filed with the SEC. All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters and attributable to First Capital or Peoples or any person acting on their behalf are expressly qualified in their

Edgar Filing: FIRST CAPITAL INC - Form 424B3

entirety by the cautionary statements referenced above. Forward-looking statements speak only as of the date on which such statements are made. First Capital and Peoples undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

We caution you not to place undue reliance on the forward-looking statements.

Table of Contents

SPECIAL MEETING OF THE FIRST CAPITAL SHAREHOLDERS

Date, Place, Time, and Purpose

The First Capital board of directors is sending you this joint proxy statement/prospectus and proxy to use at the special meeting. At the special meeting, the First Capital board of directors will ask you to vote (1) on a proposal to approve the First Capital Merger Proposal and (2) to approve the First Capital Adjournment Proposal. First Capital does not expect any other items of business to be presented at the special meeting. If other matters do properly come before the special meeting, the accompanying proxy gives discretionary authority to the persons named in the proxy to vote on any other matters brought before the meeting. Those persons intend to vote the proxies in accordance with their judgment.

The special meeting will be held on November 19, 2015, at 12:00 p.m. local time, at the main office of First Harrison Bank, 220 Federal Drive NW, Corydon, Indiana.

Record Date, Voting Rights, Quorum, and Required Vote

First Capital has set the close of business on October 2, 2015, as the record date for determining the holders of First Capital common stock entitled to notice of and to vote at the special meeting. Only First Capital shareholders at the close of business on the record date are entitled to notice of and to vote at the special meeting. As of the record date, there were 2,758,586 shares of First Capital common stock outstanding and entitled to vote at the special meeting. Each share of First Capital common stock is entitled to one vote at the special meeting on all matters properly presented.

The holders of over 50% of the outstanding shares of First Capital common stock as of the record date must be present in person or by proxy at the special meeting to constitute a quorum. In determining whether a quorum is present, shareholders who abstain will be treated as present for determining the presence or absence of a quorum.

Approval of the Merger Agreement will require the affirmative vote of the holders of a majority of First Capital's outstanding shares entitled to vote. Abstentions from voting will have the same effect as a vote against the Merger Agreement. The directors and executive officers of First Capital (and their affiliates), as a group, owned with power to vote 202,764 shares of First Capital common stock, representing approximately 7.35% of the outstanding shares of First Capital common stock as of the record date, including shares subject to options currently exercisable but not exercised.

The vote on the Adjournment Proposal requires that more votes be cast in favor of the proposal than against the proposal at the First Capital special meeting. Abstentions will have no effect on this proposal.

Voting and Revocability of Proxies

You may vote in one of four ways: (1) by mail (by completing and signing the proxy that accompanies this prospectus and proxy statement), (2) in person (by either delivering the completed proxy or by casting a ballot if attending the special meeting), (3) by telephone or (4) by internet. To ensure your representation at the special meeting, we recommend you vote by proxy even if you plan to attend the special meeting.

Voting instructions are included on your proxy. If you properly complete and timely submit your proxy, your shares will be voted as you have directed. If you submit your proxy without specifying a voting instruction, your shares will be voted "FOR" approval of the Merger Proposal and "FOR" approval of the Adjournment Proposal.

Table of Contents

You may revoke your proxy before it is voted by:

filing with the Corporate Secretary of First Capital a duly executed revocation of proxy;

submitting a new proxy with a later date; or

voting in person at the special meeting.

Attendance at the special meeting will not, in and of itself, constitute a revocation of a proxy. All written notices of revocation and other communication with respect to the revocation of proxies should be addressed to: First Capital, Inc., 220 Federal Drive NW, P.O. Box 130, Corydon, Indiana 47112, Attention: Jill R. Keinsley, Corporate Secretary.

Solicitation of Proxies

First Capital will pay the costs of the distribution of this joint proxy statement/prospectus. In addition to soliciting proxies by mail, directors, officers, and employees of First Capital may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies. First Capital will also request banks, brokers, trustee and other nominees holding shares of First Capital common stock beneficially owned by others to send these proxy materials to, and obtain voting instructions from, the beneficial owners and will reimburse such stockholders of record for their reasonable expenses in so doing.

First Capital has retained Georgeson Inc., 480 Washington Boulevard, 26th Floor, Jersey City, New Jersey, for a fee of \$7,500 plus reimbursement of certain reasonable expenses, to act as information agent in connection with the special meeting.

Recommendation of the First Capital Board of Directors

The First Capital board of directors unanimously determined that the Merger and the Merger Agreement would be in compliance with all applicable laws and that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement is in the best interest of First Capital, First Harrison Bank and the First Capital shareholders. The First Capital board of directors unanimously recommends that First Capital shareholders vote "FOR" approval of the Merger Proposal and "FOR" approval of the Adjournment Proposal.

See "The Merger Background of the Merger" and "First Capital's Reasons for the Merger" for a more detailed discussion of the First Capital board of directors' recommendation with regard to the Merger Agreement.

Table of Contents

SPECIAL MEETING OF THE PEOPLES SHAREHOLDERS

Date, Place, Time, and Purpose

The Peoples board of directors is sending you this joint proxy statement/prospectus and proxy to use at the special meeting. At the special meeting, the Peoples board of directors will ask you to vote (1) on a proposal to approve the Peoples Merger Proposal and (2) to approve the Peoples Adjournment Proposal. Peoples does not expect any other items of business to be presented at the special meeting. If other matters do properly come before the special meeting, the accompanying proxy gives discretionary authority to the persons named in the proxy to vote on any other matters brought before the meeting. Those persons intend to vote the proxies in accordance with their judgment.

The special meeting will be held on November 12, 2015, at 7:30 p.m., at the main office of The Peoples Bank of Bullitt County.

Record Date, Voting Rights, Quorum, and Required Vote

Peoples has set the close of business on October 2, 2015, as the record date for determining the holders of Peoples common stock entitled to notice of and to vote at the special meeting. Only Peoples shareholders at the close of business on the record date are entitled to notice of and to vote at the special meeting. As of the record date, there were 3,071 shares of Peoples common stock outstanding and entitled to vote at the special meeting. Each share of Peoples common stock is entitled to one vote at the special meeting on all matters properly presented.

The holders of over 50% of the outstanding shares of Peoples common stock as of the record date must be present in person or by proxy at the special meeting to constitute a quorum. In determining whether a quorum is present, shareholders who abstain will be treated as present for determining the presence or absence of a quorum.

Approval of the Merger Agreement will require the affirmative vote of the holders of a majority of Peoples' outstanding shares entitled to vote. Abstentions from voting will have the same effect as a vote against the Merger Agreement. The directors and executive officers of Peoples (and their affiliates), as a group, owned with power to vote 1,271 shares of Peoples common stock, representing approximately 41.4% of the outstanding shares of Peoples common stock as of the record date.

Approval of the Adjournment Proposal requires that more votes be cast in favor of the proposal than are cast against it. Abstentions will have no effect on this proposal.

Voting and Revocability of Proxies

You may vote in one of two ways: (1) by mail (by completing and signing the proxy that accompanies this prospectus and proxy statement), or (2) in person (by either delivering the completed proxy or by casting a ballot if attending the special meeting). To ensure you are represented at the special meeting, we recommend that you vote by proxy even if you plan to attend the special meeting.

Voting instructions are included on your proxy. If you properly complete and submit your proxy before the vote at the special meeting, your shares will be voted as you have directed. If you submit your proxy without specifying a voting instruction, your shares will be voted "FOR" approval of the Merger Proposal and "FOR" approval of the Adjournment Proposal.

You may revoke your proxy before it is voted by:

filing a duly executed revocation of your proxy with the Secretary of Peoples;

submitting a new proxy with a later date; or

voting in person at the special meeting.

Table of Contents

Your attendance at the special meeting will not, in and of itself, revoke your proxy. All written notices of revocation and other communication with respect to the revocation of proxies should be addressed to: Peoples Bancorp of Bullitt County, Inc., 1612 Highway 44 East, Shepherdsville, Kentucky 40165, Attention: Eleanor Vires, Corporate Secretary.

Solicitation of Proxies

First Capital will pay the costs of the distribution of this joint proxy statement/prospectus. In addition to soliciting proxies by mail, directors, officers, and employees of Peoples may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies. Peoples will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

Recommendation of the Peoples Board of Directors

The Peoples board of directors unanimously determined that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement is in the best interest of Peoples, The Peoples Bank of Bullitt County and the Peoples shareholders. The Peoples board of directors unanimously recommends that Peoples shareholders vote "FOR" approval of the Merger Proposal and "FOR" approval of the Adjournment Proposal.

See "The Merger Background of the Merger" and "Peoples' Reasons for the Merger and Recommendation of the Board of Directors" for a more detailed discussion of the Peoples board of directors' recommendation with regard to the Merger Agreement.

Table of Contents

INFORMATION ABOUT THE COMPANIES

*First Capital, Inc.
220 Federal Drive NW
P.O. Box 130
Corydon, Indiana 47112
(812) 738-2198*

First Capital, Inc., is listed on the NASDAQ Capital Market (under the symbol: "FCAP") and is a community-focused, savings and loan holding company. As of June 30, 2015, First Capital had approximately \$476.9 million in assets, \$298.9 million in loans, \$416.2 million in deposits and \$58.4 million of total equity. Through First Harrison Bank, First Capital offers full banking services and currently has twelve offices in the Indiana communities of Corydon, Edwardsville, Greenville, Floyds Knobs, Palmyra, New Albany, New Salisbury, Jeffersonville, Salem and Lanesville. First Harrison Bank, through its business arrangement with Investment Centers of America, member SIPC, offers non-FDIC insured investments to complement its traditional banking products and services.

Additional information about First Capital and First Harrison Bank is included elsewhere in this document.

*Peoples Bancorp Inc. of Bullitt County
1612 Highway 44 East
Shepherdsville, Kentucky 40165
(502) 543-2226*

Peoples Bancorp, Inc. of Bullitt County is the holding company of The Peoples Bank of Bullitt County. As of June 30, 2015, Peoples had approximately \$237.8 million in assets, \$57.75 million in loans, \$208.6 million in deposits and \$28.1 million of total equity. The Peoples Bank was established in 1900 and provides full banking services. It operates its main office and its four branches in Bullitt County, Kentucky

Additional information about Peoples and The Peoples Bank of Bullitt County is included elsewhere in this document.

Table of Contents

THE FIRST CAPITAL PROPOSALS

Proposal 1 Approval of the First Capital Merger Proposal

At the First Capital special meeting, shareholders of First Capital will be asked to approve the First Capital Merger Proposal providing for the merger of Peoples with and into First Capital. Shareholders of First Capital should read this joint proxy statement/prospectus carefully and in its entirety, including the appendices, for more detailed information concerning the Merger Agreement and the Merger. A copy of the Merger Agreement is attached to this joint proxy statement/prospectus as *Annex A*.

After careful consideration, the First Capital Board, by a unanimous vote of all directors, approved the Merger Agreement and the Merger, to be advisable and in the best interests of First Capital and its shareholders. See "The Merger First Capital's Reasons for the Merger" included elsewhere in this joint proxy statement/prospectus for a more detailed discussion of the First Capital Board's recommendation.

THE FIRST CAPITAL BOARD UNANIMOUSLY RECOMMENDS THAT FIRST CAPITAL SHAREHOLDERS VOTE "FOR" THE FIRST CAPITAL MERGER PROPOSAL.

Proposal 2 Adjournment of the First Capital Special Meeting

The shareholders of First Capital are being asked to approve a proposal to adjourn or postpone the First Capital special meeting to permit further solicitation of proxies in the event that an insufficient number of shares is present in person or by proxy to approve the Merger Agreement.

Under the IBCL and the First Capital Articles, the affirmative vote of holders of a majority of the outstanding shares of common stock entitled to vote are required to approve the Merger Agreement. It is rare for a company to achieve 100% (or even 90%) shareholder participation at an annual or special meeting of shareholders, and only holders of a majority of the outstanding shares of common stock of First Capital are required to be represented at the First Capital special meeting, in person or by proxy, for a quorum to be present. In the event that shareholder participation at the First Capital special meeting is lower than expected, First Capital would like the flexibility to postpone or adjourn the meeting in order to attempt to secure broader shareholder participation. If First Capital desires to adjourn the First Capital special meeting, First Capital will request a motion that the First Capital special meeting be adjourned, and delay the vote on the proposal to approve the Merger Agreement until the First Capital special meeting is reconvened. If First Capital adjourns the First Capital special meeting for 30 days or less, First Capital will not set a new record date nor will it announce prior to adjournment the date, time and location at which the First Capital special meeting will be reconvened; no other notice will be provided.

Any adjournment will permit First Capital to solicit additional proxies and will permit a greater expression of the views of First Capital shareholders with respect to the Merger. Such an adjournment would be disadvantageous to shareholders who are against the proposal to approve the Merger Agreement because an adjournment will give First Capital additional time to solicit favorable votes and increase the chances of approving that proposal. First Capital has no reason to believe that an adjournment of the First Capital special meeting will be necessary at this time.

THE FIRST CAPITAL BOARD UNANIMOUSLY RECOMMENDS THAT FIRST CAPITAL SHAREHOLDERS VOTE "FOR" THE FIRST CAPITAL ADJOURNMENT PROPOSAL.

Table of Contents

THE PEOPLES PROPOSALS

Proposal 1 Approval of the Peoples Merger Proposal

At the Peoples special meeting, shareholders of Peoples will be asked to approve the Peoples Merger Proposal providing for the merger of Peoples with and into First Capital. Shareholders of Peoples should read this joint proxy statement/prospectus carefully and in its entirety, including the appendices, for more detailed information concerning the Merger Agreement and the Merger. A copy of the Merger Agreement is attached to this joint proxy statement/prospectus as *Annex A*.

After careful consideration, the Peoples Board, by a unanimous vote of all directors, approved the Merger Agreement and the Merger, to be advisable and in the best interests of Peoples and its shareholders. See "The Merger Peoples' Reasons for the Merger and Recommendation of the Peoples Board of Directors" included elsewhere in this joint proxy statement/prospectus for a more detailed discussion of the Peoples Board's recommendation.

THE PEOPLES BOARD UNANIMOUSLY RECOMMENDS THAT PEOPLES SHAREHOLDERS VOTE "FOR" THE PEOPLES MERGER PROPOSAL.

Proposal 2 Adjournment of the Peoples Special Meeting

The shareholders of Peoples are being asked to approve a proposal to adjourn or postpone the Peoples special meeting to permit further solicitation of proxies in the event that an insufficient number of shares is present in person or by proxy to approve the Merger Agreement.

Under the Kentucky Business Corporation Act and the Peoples Articles, the affirmative vote of holders of a majority of the outstanding shares of common stock entitled to vote is required to approve the Merger Agreement. It is rare for a company to achieve 100% (or even 90%) shareholder participation at an annual or special meeting of shareholders, and only holders of a majority of the outstanding shares of common stock of Peoples are required to be represented at the Peoples special meeting, in person or by proxy, for a quorum to be present. If shareholder participation at the Peoples special meeting is lower than expected, Peoples would like the flexibility to postpone or adjourn the meeting in order to attempt to secure broader shareholder participation. If Peoples desires to adjourn the Peoples special meeting, Peoples will request a motion that the Peoples special meeting be adjourned, and delay the vote on the proposal to approve the Merger Agreement until the Peoples special meeting is reconvened. If Peoples adjourns the Peoples special meeting for 30 days or less, Peoples will not set a new record date nor will it announce prior to adjournment the date, time and location at which the Peoples special meeting will be reconvened; no other notice will be provided.

Any adjournment will permit Peoples to solicit additional proxies and will permit a greater expression of the views of Peoples shareholders with respect to the Merger. Such an adjournment would be disadvantageous to shareholders who are against the proposal to approve the Merger Agreement because an adjournment will give Peoples additional time to solicit favorable votes and increase the chances of approving that proposal. Peoples has no reason to believe that an adjournment of the Peoples special meeting will be necessary at this time.

THE PEOPLES BOARD UNANIMOUSLY RECOMMENDS THAT PEOPLES SHAREHOLDERS VOTE "FOR" THE PEOPLES ADJOURNMENT PROPOSAL.

Table of Contents

THE MERGER

Background of the Merger

From time to time, officers of Peoples have received informal inquiries from representatives of other financial institutions regarding possible interest in discussing a business combination. After one such inquiry in July 2014, the senior management of Peoples concluded that it was an appropriate time to undertake an evaluation of Peoples' long-term strategic alternatives. The operating environment for community banks was becoming more and more challenging. It appeared inevitable that operating expenses resulting from increased regulation would continue to grow, particularly with the implementation of the Dodd-Frank Act, with a disproportionate impact on smaller banks that lacked the scale to absorb higher compliance costs. Regulatory directives to preserve capital and liquidity regarding community banks also limited opportunities for earnings growth and risk tolerance.

On August 11, 2014, G.W. Hardy, William Dawson, George W. Hardy III, and Gary Stewart of Peoples met with Christopher Hargrove of Professional Bank Services to discuss the regulatory situation for community banks and recent acquisition activity involving financial institutions in Kentucky and adjacent markets. At the conclusion of the meeting, the Peoples officers requested a proposal from PBS for an engagement as financial advisor to the Peoples board in connection with a strategic planning process.

Peoples executed an engagement letter with PBS's investment banking subsidiary on August 28, 2014. On that date, Mr. Hargrove met with Peoples' management to identify financial institutions that might have interest in a possible transaction with Peoples, outline the process for contacting those institutions, and establish a general timeline for the project. Following the meeting, PBS conducted due diligence of Peoples and compiled information to be included in an offering memorandum for distribution to prospects.

In late October and early November 2014, PBS contacted 27 institutions. Nineteen requested the confidentiality agreement, and nine executed confidentiality agreements. On November 26, 2014 PBS provided access to confidential information on a data site located on a secure server to all institutions that executed the confidentiality agreement. During December 2014, PBS responded to questions, held discussions with and provided additional information to all nine institutions that accessed the data site.

Prospects were asked to submit indications of interest on or before January 7, 2015. First Capital and two other prospects submitted written indications of interest. One prospect provided an oral offer, which was followed by a written submission on January 20, 2015.

On January 14, 2015, senior officers of Peoples and their financial and legal advisors met with the senior officers and financial and legal advisors of First Capital. The participants discussed the offer submitted by First Capital, and the First Capital representatives made a presentation about their company, since the First Capital offer contemplated that a portion of the consideration offered would be in the form of First Capital common stock. During the week of January 20, 2015 representatives of PBS and Raymond James, the First Capital financial advisor, conducted further discussions of the financial terms of the First Capital proposal.

On January 29, 2015 PBS representatives met with the Peoples board of directors to review the offers and to discuss the range of options available to Peoples. Peoples legal advisors were also present and reviewed the duties of the board of directors generally and specifically in the context of evaluating a business combination proposal. Peoples management and PBS advised that First Capital had submitted the highest and best proposal. After discussing its options, the Peoples board determined to continue discussions with First Capital, and provide First Capital with additional information.

In early February 2015, First Capital and Peoples amended their nondisclosure agreement to provide a 45 day exclusivity period during which Peoples would not engage in discussions or

Table of Contents

negotiations with any other parties. First Capital conducted additional due diligence from mid-February through early March. On March 17, 2015 First Capital submitted a revised offer, which included proposals relating to the disposition of the Contingent Assets.

Due diligence and negotiations between the parties continued through April and May. In mid-April, First Capital delivered an initial draft of a merger agreement to Peoples. On May 21, 2015 senior officers of First Capital and Peoples met with representatives of PBS and Raymond James to discuss the financial performance of both First Capital and Peoples. Senior officers of Peoples met with the company's advisors on May 22, 2015 and concluded that the most recent proposal received from First Capital was still superior to all other options available to Peoples.

On June 1 and 2, 2015 PBS conducted on-site due diligence at First Capital.

At a June 4, 2015 meeting of the Peoples board of directors, representatives of PBS reported on its due diligence examination of First Capital and reviewed the financial terms of the proposed Merger and the financial performance and future growth prospects of both Peoples and First Capital. They also reviewed the financial analyses on which PBS based its opinion that the Merger Consideration was fair and equitable from a financial perspective to Peoples shareholders. Representatives of Frost Brown Todd LLC, legal counsel to Peoples, reviewed the non-financial terms of the Merger Agreement and other non-financial considerations. After the presentations of Peoples' financial and legal advisors, and the recommendation by senior officers of Peoples, the Peoples board of directors unanimously approved the Merger Agreement.

Following the Peoples board meeting, the Merger Agreement was signed by the chief executive officers of First Capital and Peoples, and First Capital issued a press release after the close of business announcing that the parties had entered into the Merger Agreement.

Peoples' Reasons for the Merger and Recommendation of its Board of Directors

The Peoples board of directors considered several factors in determining that the Merger with First Capital would be in the best interests of Peoples and its shareholders. The Peoples board did not assign any specific or relative weight to the factors in its consideration. The material factors considered by the Peoples board included the following:

The financial terms of the Merger, including the purchase price per Peoples share and the opportunity to receive cash or First Capital common stock. The Merger Consideration of 382.83 shares of First Capital Common Stock or \$9,475.00 in cash per Peoples share represents a premium over historical prices paid for Peoples common stock in transactions reported to Peoples. The purchase price is approximately equal to Peoples' book value per share as of March 31, 2015, and represents a multiple of 58.2 times Peoples' earnings per share of \$162.80 for the twelve months ended March 31, 2015. The Peoples board believed these multiples compared favorably to recent acquisitions involving comparable financial institutions. The option to receive publicly traded shares of a strong financial institution offers Peoples shareholders an opportunity for longer-term capital appreciation with a greater measure of liquidity. The cash option offers Peoples shareholders who need or desire to sell their shares immediate liquidity at a premium price. In addition, the proposed Merger gives Peoples shareholders an opportunity to receive additional consideration if a sale of certain real estate assets held by Peoples (the Contingent Assets) can be successfully completed.

Prospects for the Combined Company. The Merger would create a combined company with approximately \$750 million in total assets and \$620 million in deposits, which would be capable of competing effectively and absorbing the fixed costs of regulatory compliance. The combined bank would have a total of 17 offices, with a substantial presence in the greater Louisville, Kentucky market. Peoples shareholders would own an approximately 30% stake in a combined company with increased operating scale and greater earnings power.

Table of Contents

An assessment of the current banking environment and Peoples' strategic alternatives to the Merger. The Peoples board believes the Merger presents a more certain opportunity to enhance shareholder value than remaining independent in a challenging regulatory and operating environment for community banks the size of The Peoples Bank of Bullitt County. Remaining independent would require a substantial investment in personnel and infrastructure to meet the compliance and other challenges facing community banks.

First Capital's asset quality, financial performance, and prospects. The Merger provides Peoples shareholders the opportunity to exchange their shares for stock of a financial institution that offers a strong balance sheet and strong financial performance.

Greater liquidity. Unlike Peoples common stock, for which no established trading market exists, First Capital common stock is traded on the NASDAQ Capital Market. The Merger will result in a combined company with a significantly larger market capitalization and the potential to generate trading volume exceeding First Capital's present average trading volume of 2,400 shares per day. The level of trading in First Capital common stock would offer meaningful liquidity to Peoples shareholders who need or desire to sell their shares.

First Capital's current practice of paying a quarterly dividend. First Capital's 2015 quarterly dividend of \$.21 per share represents a yield of approximately 3.2% on the \$26.85 closing price per share of First Capital stock on August 10, 2015. First Capital's quarterly dividend would equate to an annual dividend of \$321.58 per Peoples common share, based on the 382.83 exchange ratio. This compares favorably to the June 2015 semi-annual dividend of \$126.00 per share, or \$256.00 per share annualized, paid by Peoples.

Opinion of Professional Bank Services. PBS has delivered to the Peoples board of directors its opinion that, as of June 4, 2015 and based upon and subject to the factors and assumptions set forth in the opinion, the Merger Consideration to be received by the Peoples shareholders, comprised of \$9,475.00 in cash or 382.83 First Capital shares per share of Peoples common stock, was fair and equitable from a financial perspective to the Peoples shareholders. The full text of the written PBS fairness opinion dated June 4, 2015, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as *Annex B* to this joint proxy statement/prospectus. PBS provided its fairness opinion for the information and assistance of the Peoples board of directors in connection with its consideration of the Merger Agreement. The PBS fairness opinion does not constitute a recommendation how any Peoples shareholder should vote with respect to the Peoples Merger Proposal or any other matter. See "Opinion of the Peoples Financial Advisor" below.

This discussion of the information and factors considered by the Peoples board of directors in reaching its conclusions and recommendation includes the factors identified above, but is not intended to be exhaustive and may not include all of the factors considered by the Peoples board of directors. In view of the wide variety of factors considered in connection with its evaluation of the Merger and the other transactions contemplated by the Merger Agreement, and the complexity of these matters, the Peoples board of directors did not find it useful and did not attempt to quantify, rank or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the Merger Agreement and make its recommendation to Peoples shareholders. Rather, the Peoples board of directors viewed its decisions as being based on the totality of the information presented to it and the factors it considered, including its discussions with and questioning of members of Peoples management and outside legal and financial advisors. In addition, individual members of the Peoples board of directors may have assigned different weights to different factors.

The Peoples board of directors unanimously determined that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement would

Table of Contents

be in the best interest of Peoples, The Peoples Bank of Bullitt County and the Peoples shareholders. The Peoples board of directors unanimously recommends that Peoples shareholders vote "FOR" approval of the Merger Proposal.

This discussion of the information and factors considered by the Peoples board of directors in reaching its conclusions and recommendation includes the factors identified above, but is not intended to be exhaustive and may not include all of the factors considered by the Peoples board of directors. In view of the wide variety of factors considered in connection with its evaluation of the Merger and the other transactions contemplated by the Merger Agreement, and the complexity of these matters, the Peoples board of directors did not find it useful and did not attempt to quantify, rank or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the Merger and the other transactions contemplated by the Merger Agreement, and to make its recommendation to Peoples shareholders. Rather, the Peoples board of directors viewed its decisions as being based on the totality of the information presented to it and the factors it considered, including its discussions with and questioning of members of Peoples management and outside legal and financial advisors. In addition, individual members of the Peoples board of directors may have assigned different weights to different factors.

Certain of Peoples directors and executive officers may be deemed to have financial interests in the Merger that are different from, or in addition to, those of Peoples shareholders generally. For a discussion of these interests, see "Interests of Certain Directors and Executive Officers of Peoples in the Merger" beginning on page 84.

The Peoples board of directors unanimously determined that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement would be in the best interest of Peoples, The Peoples Bank of Bullitt County and the Peoples shareholders. The Peoples board of directors unanimously recommends that Peoples shareholders vote "FOR" approval of the Merger Proposal.

Opinion of Financial Advisor to Peoples

Professional Bank Services, Inc., together with its wholly owned subsidiary Investment Bank Services, Inc. ("PBS"), served as financial advisor to the Peoples board of directors in connection with the proposed Merger with First Capital. In that role, PBS advised the Peoples board of directors as to the fairness, from a financial perspective, of the Merger Consideration to be paid by First Capital to the Peoples shareholders as set forth in the Merger Agreement.

PBS is a bank consulting firm with offices located throughout the United States. As part of its investment banking business, PBS is regularly engaged in reviewing the fairness of financial institution acquisition transactions from a financial perspective and in the valuation of financial institutions and other businesses and their securities in connection with mergers, acquisitions, estate settlements, and other transactions. Neither PBS nor any of its affiliates has, or has had within the past two years, a material financial interest in, or other material relationship with, Peoples or First Capital, and PBS was selected to advise Peoples board of directors based on its knowledge of the banking industry as a whole. PBS did not determine the amount of consideration to be paid to Peoples shareholders in connection with the transaction, but instead opined as to the fairness of the Merger Consideration to the Peoples board of directors.

PBS performed certain analyses described herein and presented the range of values for Peoples resulting from such analyses to the Peoples board of directors in connection with its advice as to the fairness of the Merger Consideration.

PBS delivered its fairness opinion to the Peoples board of directors at a special board meeting on June 4, 2015. *A copy of the PBS fairness opinion, which includes a summary of the assumptions made and*

Table of Contents

information analyzed by PBS in deriving its fairness opinion, is attached as Annex B to this proxy statement-prospectus.

In arriving at its fairness opinion, PBS reviewed certain publicly available business and financial information relating to Peoples and First Capital. PBS considered certain financial and stock price data of Peoples and First Capital, compared that data with similar data for certain publicly held bank holding companies and considered the financial terms of certain other comparable transactions. PBS also considered such other information, financial studies, analyses and investigations, and financial, economic and market criteria that it deemed relevant. In connection with its review, PBS did not independently verify the foregoing information and relied on such information as being complete and accurate in all material respects. PBS did not make an independent evaluation or appraisal of the assets of Peoples or First Capital. Financial forecasts prepared by PBS were based on assumptions believed by PBS to be reasonable and to reflect currently available information.

In connection with preparing its fairness opinion, PBS performed a limited scope due diligence review of First Capital, which included an on-site visit to First Capital by PBS personnel and senior management of Peoples on June 1, 2015 and June 2, 2015. The review included but was not limited to the following: certain asset quality reports provided by First Capital; consolidated financial statements for First Capital; First Capital Annual Report for 2014; current consolidated month-end delinquency and non-accrual reports for First Capital; current and historical consolidated analysis of the allowance for loan and lease losses for First Capital; current consolidated internal loan reports, consolidated problem loan listing with classifications; various other current internal financial and operating reports prepared by First Capital; and Captive Insurance Risk Assessment and Analysis.

PBS reviewed and analyzed the historical performance of Peoples, including December 31, 2014 audited annual report of Peoples; December 31, 2014 and March 31, 2015 Consolidated Reports of Condition and Income of Peoples' wholly owned subsidiary Peoples Bank of Bullitt County, Shepherdsville, Kentucky ("Peoples Bank" or the "Bank"); Uniform Bank Performance Report for Peoples Bank as of March 31, 2015; Peoples' budget and various internal asset quality, interest rate sensitivity, liquidity, deposit and loan portfolio reports. PBS reviewed and tabulated statistical data regarding the loan portfolio, securities portfolio and other performance ratios and statistics. Financial projections were prepared and analyzed as well as other financial studies, analyses and investigations as deemed relevant for the purposes of the PBS fairness opinion. In reviewing the aforementioned information, PBS took into account its assessment of general market and financial conditions, its experience in other similar transactions, and its knowledge of the banking industry generally.

In connection with rendering the PBS fairness opinion and preparing its written and oral presentation to the Peoples board of directors, PBS performed a variety of financial analyses, including those summarized below. This summary does not purport to be a complete description of the analyses performed by PBS in this regard. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, such an opinion is not readily susceptible to summary description. Accordingly, notwithstanding the separate factors summarized below, PBS believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all analyses and factors, could create an incomplete view of the evaluation process underlying its opinion. In performing its analyses, PBS made numerous assumptions with respect to industry performance, business and economic conditions and other matters, many of which are beyond Peoples' or First Capital's control. The analyses performed by PBS are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the values of businesses do not purport to be appraisals or to reflect the process by which businesses actually may be sold.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

In the proposed Merger, Peoples shareholders will receive 382.83 First Capital common shares per Peoples common share, or cash equal to \$9,475.00 per common share, based on the common stock price of First Capital of \$24.75 and assuming shareholders do not receive any value on the sale of certain real estate owned by Peoples (the "Contingent Assets"). In the proposed Merger, 50% of the outstanding Peoples common shares will be converted into the right to receive First Capital common shares and the remaining 50% will be converted into the right to receive the Cash Consideration. For purposes of this analysis, the price of First Capital common stock is assumed to be \$24.75.

PBS's calculation of the purchase price is presented in the following table.

Peoples Shares Outstanding	3,071
Shares Issued	587,833
Cash	\$ 14,548,863
Total Value*	\$ 29,097,725
Value Per Common Share	\$ 9,475.00

*

Assumes a \$24.75 price per First Capital common share.

The Merger Consideration per Peoples common share will increase by 50% of the percentage increase in First Capital's stock price above \$24.75, subject to a minimum Stock Consideration of 365.24 First Capital common shares per Peoples common share and a maximum Cash Consideration of \$9,953.54 per Peoples common share. The Merger Consideration per Peoples common share will decrease by 50% of the percentage decrease in First Capital's stock price below \$24.75, subject to a maximum Stock Consideration of 403.86 First Capital common shares per Peoples common share and a minimum Cash Consideration of \$9,006.04 per Peoples common share.

The Merger Consideration per Peoples common share will also decrease as provided in the Merger Agreement if the consolidated net book value of Peoples, as defined in the Merger Agreement, is less than \$29,010,000 but greater than \$26,410,000.

In addition, the total consideration payable to Peoples shareholders increases by the amount of net proceeds received from the sale of the Contingent Assets in excess of \$3,750,000 but less than \$5,600,000, if sold prior to the effective time of the Merger or if Peoples enters into a written contract to sell the Contingent Assets and the sale closes within 60 days after Effective Time. If the net sales proceeds exceed \$5,600,000, the total consideration payable to Peoples shareholders increases by 50% of the amount in excess of \$5,600,000. The portion of the net proceeds from the sale of the Contingent Assets payable to Peoples shareholders is reduced by 50% if the Contingent Assets are sold within 2 years of the Effective Time. For purposes of the proposed transaction value calculation, PBS has utilized a sale price of the Contingent Assets of \$5,000,000 and \$7,800,000, respectively, prior to the Effective Time.

For purposes of the various analyses conducted by PBS, Peoples' total equity capital and shares outstanding are as follows:

PEOPLES FINANCIAL INPUTS

March 31, 2015 Stated Common Equity	\$ 30,048,000
Budgeted 2015 Net Income	\$ 500,000
March 31, 2015 Shares Outstanding	3,071

The following tables demonstrate the proposed transaction value based on proceeds from the Contingent Assets distributed to shareholders of \$0, \$1,250,000, and \$2,950,000, respectively.

Table of Contents

PROPOSED TRANSACTION VALUE
Contingent Assets Additional Proceeds \$0

First Capital Stock Value	\$ 24.75
Transaction Value	\$ 29,097,725
Per Share Consideration	\$ 9,475.00
Exchange Ratio for Stock	382.83
Multiple of Peoples 03/31/15 Common Tangible Equity	0.97X
First Capital Stock Price to Tangible Book Value	1.29X

PROPOSED TRANSACTION VALUE
Contingent Assets Sold for \$5.0 Million
Contingent Assets Additional Proceeds \$1,250,000

First Capital Stock Value	\$ 24.75
Transaction Value	\$ 30,348,000
Per Share Consideration	\$ 9,882.00
Exchange Ratio for Stock	382.83
Multiple of Peoples 03/31/15 Common Tangible Equity	1.01X
First Capital Stock Price to Tangible Book Value	1.29X

PROPOSED TRANSACTION VALUE
Contingent Assets Sold for \$7.8 Million
Contingent Assets Additional Proceeds \$2,950,000

First Capital Stock Value	\$ 24.75
Transaction Value	\$ 32,047,725
Per Share Consideration	\$ 10,435.60
Exchange Ratio for Stock	382.83
Multiple of Peoples 03/31/15 Common Tangible Equity	1.07X
First Capital Stock Price to Tangible Book Value	1.29X

Market Comparison Method: In performing this analysis, PBS reviewed the 144 bank transactions in the Midwest Region of the United States from January 1, 2011 through June 2, 2015 for which financial information is available (the "Comparable Group"). The purpose of the analysis was to obtain an evaluation range for Peoples based on these Comparable Group bank acquisition transactions. The median multiple of tangible book value and median multiple of transaction value to earnings of the Comparable Group transactions were utilized in obtaining a range for the acquisition value of Peoples. In addition to reviewing the Comparable Group bank transactions, PBS performed separate comparable analyses for acquisitions of banks which, like Peoples, had a non-performing assets (NPAs) to total assets ratio between 3.25% and 5.25%, had a last twelve month ("LTM") return on average assets ("ROAA") between 0.10% and 0.40%, had total assets between \$150 million and \$300 million, and those located in Kentucky. Median values for the 144 Comparable Group acquisitions expressed as a multiple of tangible book value equaled 1.25X and a median multiple of transaction value to earnings of 16.57X. The following tables depict the median transaction pricing multiples for the above institution categories as well as the percentile ranking of the proposed offer in terms of the applicable pricing multiple within each comparable category.

Table of Contents

**ACQUISITION PRICING FOR COMPARABLE GROUP TRANSACTIONS
MEDIAN MULTIPLES**

	Multiple of Tangible Book Value
PROPOSED TRANSACTION @ \$24.75 per common share	
Contingent Assets Proceeds \$0	0.98X
Contingent Assets Proceeds \$1,250,000	1.01X
Contingent Assets Proceeds \$2,950,000	1.07X
Comparable Groups	
All Comparable Group Acquisitions since 1/1/11	1.25X
All Comparable Group with NPAs / Assets between 3.25% and 5.25%	1.05X
All Comparable Group with LTM ROAA between 0.10% and 0.40%	1.04X
All Comparable Group with Assets between \$150 million - \$300 million	1.32X
Kentucky Transactions since 2011	1.10X

**ACQUISITION PRICING FOR COMPARABLE GROUP TRANSACTIONS
MEDIAN MULTIPLES**

	Multiple of Earnings
PROPOSED TRANSACTION @ \$24.75 per common share	
Contingent Assets Proceeds \$0	58.20X
Contingent Assets Proceeds \$1,250,000	60.70X
Contingent Assets Proceeds \$2,950,000	64.10X
Comparable Groups	
All Comparable Group Acquisitions since 1/1/11	16.57X
All Comparable Group with NPAs / Assets between 3.25% and 5.25%	14.24X
All Comparable Group with LTM ROAA between 0.10% and 0.40%	39.06X
All Comparable Group with Assets between \$150 million - \$300 million	20.79X
Kentucky Transactions since 2011	17.35X

The following tables depict the percentile ranking of the proposed offer in terms of the applicable pricing multiple within each comparable category.

**COMPARABLE GROUP TRANSACTIONS
MULTIPLE OF TANGIBLE BOOK VALUE
PROPOSED TRANSACTION PERCENTILE RANKINGS
Contingent Assets Additional Proceeds \$0**

Proposed Transaction @ \$24.75 per common share	
Contingent Assets Proceeds \$0	0.98X
Comparable Groups	
All Comparable Group Acquisitions since 1/1/11	19.60%
All Comparable Group with NPAs / Assets between 3.25% and 5.25%	39.10%
All Comparable Group with LTM ROAA between 0.10% and 0.40%	33.60%
All Comparable Group with Assets between \$150 million - \$300 million	13.30%
Kentucky Transactions since 2011	13.60%

Table of Contents**Contingent Assets Additional Proceeds \$1,250,000**

Proposed Transaction @ \$24.75 per common share	
Contingent Assets Proceeds \$1,250,000	1.01X
Comparable Groups	
All Comparable Group Acquisitions since 1/1/11	21.20%
All Comparable Group with NPAs / Assets between 3.25% and 5.25%	44.10%
All Comparable Group with LTM ROAA between 0.10% and 0.40%	36.60%
All Comparable Group with Assets between \$150 million - \$300 million	15.30%
Kentucky Transactions since 2011	15.20%

Contingent Assets Additional Proceeds \$2,950,000

Proposed Transaction @ \$24.75 per common share	
Contingent Assets Proceeds \$2,950,000	1.07X
Comparable Groups	
All Comparable Group Acquisitions since 1/1/11	28.40%
All Comparable Group with NPAs / Assets between 3.25% and 5.25%	54.70%
All Comparable Group with LTM ROAA between 0.10% and 0.40%	62.40%
All Comparable Group with Assets between \$150 million - \$300 million	23.70%
Kentucky Transactions since 2011	44.70%

**COMPARABLE GROUP TRANSACTIONS
MULTIPLE OF EARNINGS
PROPOSED TRANSACTION PERCENTILE RANKINGS
Contingent Assets Additional Proceeds \$0**

Proposed Transaction @ \$24.75 per common share	
Contingent Assets Proceeds \$0	58.20X
Comparable Groups	
All Comparable Group Acquisitions since 1/1/11	100.00%
All Comparable Group with NPAs / Assets between 3.25% and 5.25%	100.00%
All Comparable Group with LTM ROAA between 0.10% and 0.40%	99.20%
All Comparable Group with Assets between \$150 million - \$300 million	100.00%
Kentucky Transactions since 2011	100.00%

Contingent Assets Additional Proceeds \$1,250,000

Proposed Transaction @ \$24.75 per common share	
Contingent Assets Proceeds \$1,250,000	60.70X
Comparable Groups	
All Comparable Group Acquisitions since 1/1/11	100.00%
All Comparable Group with NPAs / Assets between 3.25% and 5.25%	100.00%
All Comparable Group with LTM ROAA between 0.10% and 0.40%	100.00%
All Comparable Group with Assets between \$150 million - \$300 million	100.00%
Kentucky Transactions since 2011	100.00%

Table of Contents**Contingent Assets Additional Proceeds \$2,950,000**

Proposed Transaction @ \$24.75 per common share	
Contingent Assets Proceeds \$2,950,000	64.10X
Comparable Groups	
All Comparable Group Acquisitions since 1/1/11	100.00%
All Comparable Group with NPAs / Assets between 3.25% and 5.25%	100.00%
All Comparable Group with LTM ROAA between 0.10% and 0.40%	100.00%
All Comparable Group with Assets between \$150 million - \$300 million	100.00%
Kentucky Transactions since 2011	100.00%

Asset Value Method: PBS reviewed Peoples' balance sheet data to determine the amount of material adjustments required to the stockholders' equity of Peoples based on differences between the market value of Peoples' assets and their value reflected on Peoples' financial statements. PBS determined that one adjustment was warranted. Utilizing a deposit premium of 1.66% of core deposits, PBS determined a value of Peoples' March 31, 2015 core deposits of approximately \$3,423,000. To determine the core deposit premium a search was conducted for all branch transactions in the United States from January 1, 2011 through June 2, 2015 for which pricing information was available. The transactions that included loans were excluded. There were a total of 53 branch transactions that fit the criteria with a median deposit premium of 1.66%. The aggregate adjusted net asset value of Peoples was determined to be \$33,471,000, or 1.11X Peoples March 31, 2015 stated common equity.

Earnings Method: A dividend discount analysis was performed by PBS pursuant to which a range of values of Peoples was determined by adding (i) the present value of estimated future dividend streams that Peoples could generate over a five-year period and (ii) the present value of the "terminal value" of Peoples' net income at the end of the fifth year. The "terminal value" of Peoples' net income at the end of the five-year period was determined by applying a multiple of 16.57 times the projected terminal year's net income. The 16.57 multiple represents the median price paid as a multiple of earnings for all Midwest bank transactions from January 1, 2011 through June 2, 2015, for which pricing information is available.

Projections prepared by PBS were prepared independently. The projections were based on a "best case scenario," and actual future performance would be expected to be less favorable. Management agreed that the PBS projections were optimistic.

Projected dividend streams and the terminal value were discounted to present values using a discount rate of 12.10%. This rate reflects assumptions regarding the required rate of return of holders or buyers of Peoples common shares. The aggregate value of Peoples, determined by adding the present value of the total "best case scenario" cash flows at the end of the five-year period, was \$17,357,000, or \$5,652.01 per Peoples common share. In addition, using the five-year projection as a base, a twenty-year projection was prepared. Assumptions utilized in the analysis included an annual growth rate in assets of 3.0% per year in the short term analysis and 4.0% per year in the long term analysis. Return on assets was projected to increase to 1.00% by year ten and remain constant throughout the long-term analysis. It was assumed that Peoples would pay common dividends in the short term analysis at a rate equal to 75% of net income and 60.0% of net income in the long term analysis. This long-term projection resulted in an aggregate value of \$18,847,000, or \$6,137.02 per Peoples common share.

Pro Forma Merger Analysis: The contribution of Peoples and First Capital to the income statement and balance sheet of the pro forma combined organization was analyzed in relation to the pro forma ownership position of Peoples' shareholders in the combined organization. A pro forma analysis of Peoples' financial data was prepared and analyzed. Peoples' financial data was compared to

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

the pro forma combined earnings and dividends. The pro forma analysis indicated that Peoples' earnings per share and dividends per share will increase as a result of the transaction.

The PBS fairness opinion is directed only to the question of whether the consideration to be received by Peoples' shareholders under the Merger Agreement is fair and equitable from a financial perspective and does not constitute a recommendation to any Peoples shareholder to vote in favor of the adoption of the Merger Agreement and approval of the Merger. No limitations were imposed on PBS regarding the scope of its investigation or otherwise by Peoples.

In forming its opinion as to the fairness of the proposed transaction from a financial perspective, PBS took into consideration multiple factors and circumstances including the following:

the Asset Value Method reflects a liquidation value of Peoples and does not accurately reflect the value of Peoples as a going concern and therefore was not included in PBS's opinion of value;

the values of Peoples derived from the short and long-term Earnings Method;

the significant cost associated with early termination of Peoples' data processing contract;

the uncertainty surrounding the Contingent Assets;

the percentile rankings of the proposed transaction pricing multiples relative to other transactions in the Comparable Group;

First Capital's financial performance and operating history;

the future growth prospects and fundamental performance of Peoples and First Capital;

Peoples' and First Capital's relative earnings on both a historical and pro forma basis;

the relative future growth prospects and fundamental performance between Peoples and First Capital;

the increase in dividends per share and earnings per share for those electing to receive First Capital stock;

the due diligence findings of PBS and Peoples on their review of First Capital; and

the results of PBS's process of contacting possible acquirers and the analysis of potential acquirers and merger partners.

Based on the results of the various analyses and other factors described above, PBS concluded that as of June 4, 2015, the consideration to be received by Peoples' shareholders under the Merger Agreement was fair and equitable from a financial perspective to the shareholders of Peoples.

Under the terms of the engagement agreement between Peoples and PBS, Peoples agreed to pay PBS a cash fee equal to 0.75% of the total proceeds received by Peoples and its shareholders in the Merger, estimated to be approximately \$220,000. Of this amount, \$15,000 was payable to PBS upon signing the engagement agreement, \$15,000 was payable to PBS upon signing the Merger Agreement and the delivery of the PBS fairness opinion, and the balance of which is contingent upon the consummation of the Merger. PBS will also be entitled to an additional

Edgar Filing: FIRST CAPITAL INC - Form 424B3

proportionate fee if Peoples shareholders receive additional consideration upon the disposition of the Contingent Assets. Peoples also agreed to reimburse PBS for reasonable out-of-pocket expenses and disbursements incurred in connection with PBS's engagement and to indemnify PBS against certain liabilities relating to or arising out of PBS's engagement. Other than in connection with this present engagement, during the two years preceding the date of its opinion, PBS did not provide investment banking and financial advisory services to either Peoples or to First Capital.

Table of Contents

First Capital's Reasons For the Merger and Recommendation of its Board of Directors

First Capital's board of directors concluded that the Merger Agreement is in the best interests of First Capital and its shareholders. In deciding to approve the Merger Agreement, First Capital's board of directors considered a number of factors, including, without limitation, the following:

Peoples' community banking orientation in Bullitt County, Kentucky and its perceived compatibility with First Capital and First Harrison Bank;

the opportunity to enter into a new market with an established market participant;

a review of the demographic, economic and financial characteristics of Bullitt County, Kentucky, including existing and potential competition and history of the County with respect to financial institutions; and

management's review of the business, operations, earnings, and financial condition, including capital levels and asset quality, of Peoples and The Peoples Bank of Bullitt County.

The First Capital board of directors unanimously determined that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement would be in the best interest of First Capital and its shareholders. The First Capital board of directors unanimously recommends that First Capital shareholders vote "FOR" approval of the Merger Proposal.

Opinion of Financial Advisor to First Capital

First Capital retained Raymond James as its financial advisor on March 19, 2015. Pursuant to that engagement, First Capital's board of directors requested that Raymond James evaluate the fairness, from a financial point of view, to First Capital of the Merger Consideration to be paid by First Capital pursuant to the Agreement.

At the request of First Capital's board of directors on June 3, 2015, Raymond James rendered its opinion as to the fairness, as of June 1, 2015, from a financial point of view, to First Capital of the Merger Consideration (as defined in the opinion letter) to be paid by First Capital in the Transaction (as defined in the opinion letter) pursuant to the Agreement (as defined in the opinion letter) based upon and subject to the qualifications, assumptions and other matters considered in connection with the preparation of its opinion.

The full text of the written opinion of Raymond James is attached as *Annex C* to this joint proxy statement/prospectus. The summary of the opinion of Raymond James set forth in this document is qualified in its entirety by reference to the full text of such written opinion. Holders of First Capital's common stock are urged to read this opinion in its entirety.

Raymond James provided its opinion for the information of First Capital's board of directors (solely in its capacity as such) in connection with, and for purposes of, its consideration of the Transaction and its opinion only addressed whether the Merger Consideration to be paid by First Capital in the Transaction pursuant to the Agreement was fair, from a financial point of view, to First Capital. The opinion of Raymond James does not address any other term or aspect of the Agreement or the Transaction contemplated thereby. The Raymond James opinion does not constitute a recommendation to the board or to any holder of First Capital common stock as to how the board, such stockholder or any other person should vote or otherwise act with respect to the Transaction or any other matter. Raymond James does not express any opinion as to the likely trading range of First Capital's common stock following the Transaction, which may vary depending on numerous factors that generally impact the price of securities or on the financial condition of First Capital at that time.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

In connection with its review of the proposed Transaction and the preparation of its opinion, Raymond James, among other things:

reviewed the financial terms and conditions as stated in the draft of the Agreement and Plan of Merger between First Capital, Inc. and Peoples Bancorp, Inc. of Bullitt County dated as of May 30, 2015 (the "Agreement");

reviewed certain information related to the historical, current and future operations, financial condition and prospects of Peoples made available to Raymond James by the Company, including, but not limited to, financial projections prepared by the management of the Company relating to Peoples for the periods ending December 31, 2020 as approved for Raymond James' use by the Company (the "Projections");

reviewed recent public filings and certain other publicly available information regarding Peoples;

reviewed financial, operating and other information regarding Peoples and the industry in which it operates;

reviewed the financial and operating performance of Peoples and those of other selected public companies that Raymond James deemed to be relevant;

reviewed the current market prices of the publicly traded securities of certain other companies that Raymond James deemed to be relevant;

considered the publicly available financial terms of certain transactions Raymond James deemed to be relevant;

conducted such other financial studies, analyses and inquiries and considered such other information and factors as Raymond James deemed appropriate; and

discussed with members of the senior management of the Company and Peoples certain information relating to the aforementioned and any other matters which we have deemed relevant to Raymond James' inquiry.

With First Capital's consent, Raymond James assumed and relied upon the accuracy and completeness of all information supplied by or on behalf of First Capital, or otherwise reviewed by or discussed with Raymond James, and Raymond James did not undertake any duty or responsibility to, nor did Raymond James, independently verify any of such information. Raymond James did not make or obtain an independent appraisal of the assets or liabilities (contingent or otherwise) of Peoples Bancorp. Raymond James is not an expert in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for loan losses; accordingly, Raymond James assumed that such allowances for losses are in the aggregate adequate to cover such losses. With respect to the Projections and any other information and data provided to or otherwise reviewed by or discussed with Raymond James, Raymond James, with First Capital's consent, assumed that the Projections and such other information and data were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of management of First Capital and Raymond James relied upon First Capital to advise Raymond James promptly if any information previously provided became inaccurate or was required to be updated during the period of its review. Raymond James expressed no opinion with respect to the Projections or the assumptions on which they were based. Based upon the terms specified in the Agreement, Raymond James assumed that the Transaction will qualify as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code. Raymond James relied upon and assumed, without independent verification, that the final form of the Agreement would be substantially similar to the draft agreement reviewed by Raymond James in all respects material to its analysis, and that the Transaction would be consummated in accordance with the terms of the Agreement without waiver of or amendment to any of the conditions thereto. Furthermore, Raymond James assumed, in all respects material to its analysis, that the representations and warranties of each

Table of Contents

party contained in the Agreement were true and correct and that each party will perform all of the covenants and agreements required to be performed by it under the Agreement without being waived. Raymond James also relied upon and assumed, without independent verification, that (i) the Transaction would be consummated in a manner that complies in all respects with all applicable international, federal and state statutes, rules and regulations, and (ii) all governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction would be obtained and that no delay, limitations, restrictions or conditions would be imposed or amendments, modifications or waivers made that would have an effect on the Transaction, First Capital, or Peoples Bancorp that would be material to its analysis or opinion. Raymond James expressed no opinion as to the underlying business decision to effect the Transaction, the structure or tax consequences of the Transaction, or the availability or advisability of any alternatives to the Transaction. The Raymond James opinion is limited to the fairness, from a financial point of view, of the Merger Consideration (as defined in the opinion letter) to be paid by First Capital in the Transaction (as defined in the opinion letter) pursuant to the Agreement (as defined in the opinion letter). Raymond James expressed no opinion with respect to any other reasons (legal, business, or otherwise) that may support the decision of First Capital's board of directors to approve or consummate the Transaction. Furthermore, no opinion, counsel or interpretation was intended by Raymond James on matters that require legal, accounting or tax advice. Raymond James assumed that such opinions, counsel or interpretations had been or would be obtained from appropriate professional sources. Furthermore, Raymond James relied, with the consent of First Capital, on the fact that First Capital was assisted by legal, accounting and tax advisors, and, with the consent of First Capital, relied upon and assumed the accuracy and completeness of the assessments by First Capital and its advisors, as to all legal, accounting and tax matters with respect to First Capital and the Transaction.

In formulating its opinion, Raymond James considered only the Merger Consideration to be paid by First Capital, and Raymond James did not consider, and its opinion did not address, the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Peoples Bancorp, or such class of persons, in connection with the Transaction whether relative to the Merger Consideration or otherwise. Raymond James was not requested to opine as to, and its opinion did not express an opinion as to or otherwise address, among other things: (1) the fairness of the Transaction to the holders of any class of securities, creditors or other constituencies of First Capital, or to any other party, except and only to the extent expressly set forth in the last sentence of its opinion or (2) the fairness of the Transaction to any one class or group of First Capital's or any other party's security holders or other constituents vis-à-vis any other class or group of First Capital's or such other party's security holders or other constituents. Raymond James expressed no opinion as to the impact of the Transaction on the solvency or viability of First Capital or the ability of First Capital to pay its obligations when they come due.

Material Financial Analyses

The following summarizes the material financial analyses reviewed by Raymond James with the First Capital board of directors on June 3, 2015, which analyses were considered by Raymond James in rendering its opinion. No company or transaction used in the analyses described below is identical or directly comparable to First Capital, Peoples Bancorp or the contemplated Transaction.

Selected Companies Analysis. Raymond James analyzed the relative valuation multiples of publicly-traded depository institutions listed on the NASDAQ, NYSE, and NYSE Market indices and headquartered in Kentucky and surrounding states with total assets less than \$1.0 billion and nonperforming assets-to-total assets ratio of less than 5.0%. Our analysis excluded Mutual Holding Companies and targets of announced mergers or acquisitions and depository institutions where current

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

market and financial data was unavailable. The following 26 publicly-traded depository institutions were deemed relevant, including:

Xenith Bankshares Inc.

Southern National Bncp of VA

Old Point Financial Corp.

Ohio Valley Banc Corp.

First Savings Financial Group

SB Financial Group Inc

Middlefield Banc Corp.

Guaranty Federal Bcshts Inc.

United Bancshares Inc.

First Clover Leaf Fin Corp.

First Capital Bancorp Inc.

Fauquier Bankshares Inc.

Cheviot Financial

IF Bancorp Inc.

La Porte Bancorp Inc

United Community Bancorp

River Valley Bancorp

Bank of the James Finl Grp Inc

Ameriana Bancorp

First Capital Inc.

Wayne Savings Bancshares

United Bancorp Inc.

First WV Bancorp Inc.

Cordia Bancorp Inc.

Central Federal Corp.

Athens Bancshares Corporation

Raymond James calculated various valuation multiples for each company, including (i) market value compared to tangible book value, for the most recent period ended March 31, 2015; and (ii) market value compared to earnings per share, for the most recent twelve month period ended March 31, 2015, referred to as "LTM". Raymond James reviewed the mean, median, lower (25th percentile) quartile and upper (75th percentile) quartile relative valuation multiples of the

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

selected public companies and compared them to corresponding valuation multiples implied by the Merger Consideration. The results of the selected public companies analysis are summarized below:

	Price / Tangible Book Value	Implied Equity Value Per Share	Price / LTM EPS	Implied Equity Value Per Share
25th Percentile	94%	\$ 9,152	11.4x	\$ 5,504
Mean	102%	\$ 10,020	17.2x	\$ 8,304
Median	101%	\$ 9,902	14.4x	\$ 6,954
75th Percentile	110%	\$ 10,749	17.7x	\$ 8,552
Merger Consideration	97%	\$ 9,475	19.6x	\$ 9,475

Selected Transaction Analysis National. Raymond James analyzed publicly available information relating to 62 selected acquisitions of depository institutions announced between March 31, 2014 and June 1, 2015 in which the transaction values were between \$10 million and \$50 million, target institutions that had nonperforming assets-to-total assets ratio of less than 5.0% at announcement, and target institutions that had LTM return on average assets of greater than 0.0%. Raymond James prepared a summary of the transaction value to tangible book value, transaction value to LTM earnings per share, and premium to core deposit multiples. The 62 transactions that were used in the analysis are (buyer / seller):

Southwest Bancorp, Inc./ First Commercial Bancshares, Inc.

FNB Bancorp/ America California Bank

River Financial Corporation/ Keystone Bancshares, Inc.

First Commonwealth Financial Corporation/ First Community Bank

Achieva Credit Union/ Calusa Financial Corporation, Inc.

Merchants Bancshares, Inc./ NUVO Bank & Trust Company

Heartland Financial USA, Inc./ Community Bancorporation of New Mexico, Inc.

Andover Bancorp, Inc./ Community National Bank of Northwestern Pennsylvania

Adams Community Bank/ Lenox National Bank

Wintrust Financial Corporation/ North Bank

Jones National Corporation/ Valparaiso Enterprises, Inc.

Carolina Alliance Bank/ PBSC Financial Corporation

LINCO Bancshares, Inc./ Community First Bank

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Veritex Holdings, Inc./ IBT Bancorp, Inc.

Wintrust Financial Corporation/ Community Financial Shares, Inc.

SunPac, LLC/ Security First Bank

Sunshine Bancorp, Inc./ Community Southern Holdings, Inc.

Community & Southern Holdings, Inc./ Community Business Bank

Ameris Bancorp/ Merchants & Southern Banks of Florida, Inc.

First Commercial Bancshares, Inc./ DeSoto County Bank

First Merchants Corporation/ C Financial Corporation

Table of Contents

Ironhorse Financial Group, Inc./ Benefit Bank

Olney Bancshares of Texas, Inc./ Vintage Shares, Inc.

Hambac, Inc./ Kentucky Home Bancshares, Inc.

Level One Bancorp, Inc./ Lotus Bancorp, Inc.

Pacific Continental Corporation/ Capital Pacific Bancorp

Glacier Bancorp, Inc./ Montana Community Banks, Inc.

Pacific Commerce Bank/ Vibra Bank

Durant Bancorp, Inc./ Consolidated Equity Corporation

ServisFirst Bancshares, Inc./ Metro Bancshares, Inc.

Wintrust Financial Corporation/ Delavan Bancshares, Inc.

First Southern Bancorp, Inc./ First United, Inc.

NewBridge Bancorp/ Premier Commercial Bank

Independent Alliance Banks, Inc./ First State Bank, Bourbon, Indiana

First Busey Corporation/ Herget Financial Corp.

Investor group/ Northfield Bancshares, Inc.

First Citizens Banc Corp/ TCNB Financial Corporation

Mid Penn Bancorp, Inc./ Phoenix Bancorp, Inc.

American National Bankshares Inc./ MainStreet BankShares, Inc.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Home BancShares, Inc./ Broward Financial Holdings, Inc.

Business First Bancshares, Inc./ American Gateway Financial Corporation

Centra Ventures, Inc./ Community Pride Bank Corporation

Community Bancshares, Inc./ Citizens Bank of Ashville, Ohio

Magnolia Banking Corporation/ First National Bancshares of Hempstead County, Inc.

Olney Bancshares of Texas, Inc./ HBank Texas

Charles Investment Group, LLC/ United Group Banking Company of Florida, Inc.

Independent Bank Group, Inc./ Houston City Bancshares, Inc.

Little London Bancorp Inc./ 5Star Bank

First Business Financial Services, Inc./ Aslin Group, Inc.

Community & Southern Holdings, Inc./ Alliance Bancshares, Inc.

Sturm Financial Group, Inc./ First Capital West Bankshares, Inc.

Glacier Bancorp, Inc./ FNBR Holding Corporation

Green Bancorp, Inc./ SP Bancorp, Inc.

State Bank Financial Corporation/ Atlanta Bancorporation, Inc.

Commerce Union Bancshares, Inc./ Reliant Bank

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

Heritage Financial Group, Inc./ Alarion Financial Services, Inc.

Peoples Bancorp Inc./ North Akron Savings Bank

Home BancShares, Inc./ Florida Traditions Bank

Institution for Savings in Newburyport and Its Vicinity/ Rockport National Bancorp, Inc.

MainSource Financial Group, Inc./ MBT Bancorp

Peoples Bancorp Inc./ Ohio Heritage Bancorp, Inc.

Bankwell Financial Group, Inc./ Quinipiac Bank & Trust Company

Raymond James examined valuation multiples of the transaction value compared to the target companies' tangible book value, and earnings per share, in each case for twelve months ended prior to announcement of the transaction. Raymond James also examined the premium of the aggregate transaction value over tangible common equity as a percentage of core deposits. Raymond James reviewed the mean, median, lower quartile and upper quartile relative valuation multiples of the selected transactions and compared them to corresponding valuation multiples for Peoples Bancorp implied by the Merger Consideration. Furthermore, Raymond James applied the mean, median, lower quartile and upper quartile relative valuation multiples to Peoples Bancorp's actual results to determine the implied equity price per share and then compared those implied equity values per share to the Merger Consideration of \$9,475 per share. The results of the selected transactions analysis are summarized below:

	Deal Value / Tangible Book Value	Implied Equity Value Per Share
25th Percentile	118%	\$ 11,542
Mean	139%	\$ 13,646
Median	136%	\$ 13,322
75th Percentile	152%	\$ 14,857
Merger Consideration	97%	\$ 9,475

	Deal Value / LTM EPS	Implied Equity Value Per Share
25th Percentile	15.7x	\$ 7,576
Mean	23.0x	\$ 11,112
Median	21.8x	\$ 10,515
75th Percentile	29.6x	\$ 14,292
Merger Consideration	19.6x	\$ 9,475

	Transaction Premium / Core Deposits	Implied Equity Value Per Share
25th Percentile	3.1%	\$ 11,769
Mean	6.1%	\$ 13,628
Median	5.8%	\$ 13,460
75th Percentile	8.1%	\$ 14,903
Merger Consideration	0.5%	\$ 9,475

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Selected Transaction Analysis Kentucky & Surrounding States. Raymond James analyzed publicly available information relating to fourteen selected acquisitions of depository institutions headquartered in Kentucky or its surrounding states announced between March 31, 2014 and June 1, 2015 in which

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

the transaction values were between \$10 million and \$50 million, target institutions that had nonperforming assets-to-total assets ratio of less than 5.0% at announcement, and target institutions that had LTM return on average assets of greater than 0.0%. Raymond James prepared a summary of the transaction value to tangible book value, transaction value to LTM earnings per share, and premium to core deposit multiples. The fourteen selected transactions that were used in the analysis are (buyer / seller):

First Commonwealth Financial Corporation/ First Community Bank

Wintrust Financial Corporation/ North Bank

LINCO Bancshares, Inc./ Community First Bank

Wintrust Financial Corporation/ Community Financial Shares, Inc.

First Merchants Corporation/ C Financial Corporation

Independent Alliance Banks, Inc./ First State Bank, Bourbon, Indiana

First Busey Corporation/ Herget Financial Corp.

First Citizens Banc Corp/ TCNB Financial Corporation

American National Bankshares Inc./ MainStreet BankShares, Inc.

Community Bancshares, Inc./ Citizens Bank of Ashville, Ohio

Commerce Union Bancshares, Inc./ Reliant Bank

Peoples Bancorp Inc./ North Akron Savings Bank

MainSource Financial Group, Inc./ MBT Bancorp

Peoples Bancorp Inc./ Ohio Heritage Bancorp, Inc.

Raymond James examined valuation multiples of the transaction value compared to the target companies' tangible book value, and earnings per share, in each case for twelve months ended prior to announcement of the transaction. Raymond James also examined the premium of the aggregate transaction value over tangible common equity as a percentage of core deposits. Raymond James reviewed the mean, median, lower quartile and upper quartile relative valuation multiples of the selected transactions and compared them to corresponding valuation multiples for Peoples Bancorp implied by the Merger Consideration. Furthermore, Raymond James applied the mean, median, lower quartile and upper quartile relative valuation multiples to Peoples Bancorp's actual results to determine the implied equity price per share and then compared those implied equity values per share to the Merger Consideration of \$9,475 per share. The results of the selected transactions analysis are summarized below:

Edgar Filing: FIRST CAPITAL INC - Form 424B3

	Deal Value / Tangible Book Value	Implied Equity Value Per Share
25th Percentile	118%	\$ 11,574
Mean	131%	\$ 12,825
Median	141%	\$ 13,786
75th Percentile	148%	\$ 14,466
Merger Consideration	97%	\$ 9,475

64

Table of Contents

	Deal Value / LTM EPS	Implied Equity Value Per Share
25th Percentile	16.0x	\$ 7,732
Mean	21.7x	\$ 10,500
Median	22.2x	\$ 10,713
75th Percentile	28.3x	\$ 13,671
Merger Consideration	19.6x	\$ 9,475

	Transaction Premium / Core Deposits	Implied Equity Value Per Share
25th Percentile	3.8%	\$ 12,153
Mean	5.0%	\$ 13,019
Median	4.7%	\$ 12,756
75th Percentile	7.3%	\$ 14,407
Merger Consideration	0.5%	\$ 9,475

Discounted Cash Flow Analysis. Raymond James analyzed the discounted present value of Peoples Bancorp's projected free cash flows for the three months ending December 31, 2015 and the years ending 2015 through 2020 as adjusted for the transaction both with and without projected cost savings. The projected cost savings and merger adjustments to the Projections were provided to Raymond James by First Capital and approved for Raymond James's use by First Capital. Raymond James estimated cash flows based on projected excess tangible common equity available to dividend to shareholders, defined as the tangible common equity in excess of a minimum 8.0% tangible common equity to tangible assets ratio.

The discounted cash flow analysis was based on the Projections. Consistent with the periods included in the Projections, Raymond James used calendar year 2020 as the final year for the analysis and applied multiples, ranging from 12.0x to 16.0x, to calendar year 2020 adjusted earnings in order to derive a range of terminal values for Peoples Bancorp in 2020.

The projected free cash flows and terminal values were discounted using rates ranging from 14.1% to 16.1%, which reflected the cost of equity capital estimated for First Capital using the 20-year treasury rate as of May 27, 2015, and the 2014 Duff & Phelps Valuation Handbook which considers the risk-free rate, equity risk premium, industry beta, and size premium. The resulting range of present equity values was divided by the number of diluted shares outstanding in order to arrive at a range of present values per Peoples Bancorp share. Raymond James reviewed the range of per share prices derived in the discounted cash flow analysis and compared them to the price per share for Peoples Bancorp implied by the Merger Consideration. The results of the discounted cash flow analysis are summarized below:

	Implied Value Per Share With Cost Saves	Implied Value Per Share Without Cost Saves
Minimum	\$ 9,600	\$ 4,995
Maximum	\$ 11,748	\$ 5,715
Merger Consideration	\$ 9,475	\$ 9,475

Additional Considerations. The preparation of a fairness opinion is a complex process and is not susceptible to a partial analysis or summary description. Raymond James believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering the analyses taken as a whole, would create an incomplete view of the process underlying its opinion. In addition,

Table of Contents

Raymond James considered the results of all such analyses and did not assign relative weights to any of the analyses, but rather made qualitative judgments as to significance and relevance of each analysis and factor, so the ranges of valuations resulting from any particular analysis described above should not be taken to be the view of Raymond James as to the actual value of Peoples Bancorp.

In performing its analyses, Raymond James made numerous assumptions with respect to industry performance, general business, economic and regulatory conditions and other matters, many of which are beyond the control of First Capital. The analyses performed by Raymond James are not necessarily indicative of actual values, trading values or actual future results which might be achieved, all of which may be significantly more or less favorable than suggested by such analyses. Such analyses were provided to First Capital's board of directors (solely in its capacity as such) and were prepared solely as part of the analysis of Raymond James of the fairness, from a financial point of view, to First Capital of the Merger Consideration (as defined in the opinion letter) to be paid by First Capital in the Transaction (as defined in the opinion letter) pursuant to the Agreement (as defined in the opinion letter). The analyses do not purport to be appraisals or to reflect the prices at which companies may actually be sold, and such estimates are inherently subject to uncertainty. The opinion of Raymond James was one of many factors taken into account by First Capital's board in making its determination to approve the Transaction. Neither Raymond James' opinion nor the analyses described above should be viewed as determinative of First Capital's board of directors' or management's views with respect to First Capital, Peoples Bancorp or the Transaction. First Capital placed no limits on the scope of the analysis performed, or opinion expressed, by Raymond James.

The Raymond James opinion was necessarily based upon market, economic, financial and other circumstances and conditions existing and disclosed to it on June 1, 2015, and any material change in such circumstances and conditions may affect the opinion of Raymond James, but Raymond James does not have any obligation to update, revise or reaffirm that opinion. Raymond James relied upon and assumed, without independent verification, that there had been no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of Peoples Bancorp since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to Raymond James that would be material to its analyses or its opinion, and that there was no information or any facts that would make any of the information reviewed by Raymond James incomplete or misleading in any material respect.

During the two years preceding the date of Raymond James's written opinion, Raymond James has not received any compensation for investment banking services from First Capital. Raymond James, including certain affiliates, have received compensation from First Capital during the past two years for non-investment banking services. For services rendered in connection with the delivery of its opinion, First Capital paid Raymond James a customary investment banking fee upon delivery of its opinion. First Capital will also pay Raymond James a customary fee for advisory services in connection with the Transaction, all of which is contingent upon the closing of the Transaction. First Capital also agreed to reimburse Raymond James for its expenses incurred in connection with its services, including the fees and expenses of its counsel, and will indemnify Raymond James against certain liabilities arising out of its engagement.

Raymond James is actively involved in the investment banking business and regularly undertakes the valuation of investment securities in connection with public offerings, private placements, business combinations and similar transactions. In the ordinary course of business, Raymond James may trade in the securities of First Capital and Peoples Bancorp for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities. Raymond James may provide investment banking, financial advisory and other financial services to First Capital and/or Peoples Bancorp or other participants in the Transaction in the future, for which Raymond James may receive compensation.

Table of Contents

Effects of the Merger

The respective Boards of Directors of First Capital and Peoples believe that, over the long-term, the Merger will be beneficial to First Capital shareholders, including the current shareholders of Peoples who will become First Capital shareholders if the Merger is completed. The First Capital board of directors believes that one of the potential benefits of the Merger is the cost savings that may be realized by combining the two companies and integrating all of the branches of The Peoples Bank of Bullitt County as a banking subsidiary of First Capital, which savings are expected to enhance First Capital's earnings.

First Capital expects to reduce expenses by combining accounting, data processing, retail and lending support, and other administrative functions after completion of the Merger, which will enable First Capital to achieve economies of scale in these areas. Promptly following the completion of the Merger, which is expected to occur in the fourth quarter of 2015, First Capital plans to begin the process of eliminating redundant functions, and eliminating duplicative expenses.

The amount of any cost savings First Capital may realize in 2015 and beyond will depend upon how quickly and efficiently First Capital is able to implement the processes outlined above.

First Capital believes that it will achieve cost savings based on the assumption that it will be able to:

reduce data processing costs;

reduce staff;

achieve economies of scale in advertising and marketing budgets;

reduce legal and accounting fees; and

achieve other savings through reduction or elimination of miscellaneous items such as insurance premiums, travel and automobile expense, and investor relations expenses.

First Capital has based these assumptions on its present assessment of where savings could be realized based upon the present independent operations of the two companies. Actual savings in some or all of these areas could be higher or lower than is currently expected.

First Capital also believes that the Merger will be beneficial to the customers of Peoples as a result of the additional products and services offered by First Capital and First Harrison Bank and because of the increased lending capability.

Table of Contents

THE MERGER AGREEMENT

Structure of the Merger

Subject to the terms and conditions of the Merger Agreement, at the completion of the Merger, Peoples will merge with and into First Capital, with First Capital as the surviving corporation. The separate existence of Peoples will terminate and Peoples common stock will be cancelled as a consequence of the Merger. First Capital common stock will continue to be listed on the NASDAQ Capital Market under the symbol "FCAP." Subsequent to the Merger, Peoples Bank will be merged with and into First Harrison Bank, a wholly-owned subsidiary of First Capital.

Under the Merger Agreement, the officers and directors of First Capital serving at the effective time of the Merger will continue to serve as the officers and directors of First Capital after the Merger is consummated.

Merger Consideration

If the Merger is completed, each share of Peoples common stock (except for specified shares of Peoples common stock held by Peoples or First Capital and any dissenting shares) will be converted, at the election of the shareholder and subject to certain adjustments and election and allocation procedures described below, into the right to receive, without interest, either (i) 382.83 shares (the "Exchange Ratio") of First Capital common stock (the "Stock Consideration"), or (ii) \$9,475.00 in cash (the "Cash Consideration") (collectively, the "Merger Consideration"). Peoples shareholders who would otherwise be entitled to a fractional share of First Capital common stock upon the completion of the Merger will instead receive an amount in cash (without interest) equal to the fractional share interest multiplied by the Average First Capital Closing Price.

The Merger Agreement provides that fifty percent (50%) of the outstanding shares of Peoples must be converted into the Stock Consideration, with the balance of the outstanding Peoples shares converted into the Cash Consideration. If Peoples shareholder elections would result in the issuance of First Capital common stock for more or less than fifty percent (50%) of the outstanding Peoples shares, then their elections may be subject to reallocation as described under "The Merger Agreement Election and Allocation Procedures." As a result of the reallocation, Peoples shareholders may not receive cash or First Capital shares to the full extent that they elect.

The Merger Agreement also provides for the possibility of an additional cash payment to shareholders of Peoples if and to the extent that Peoples sells certain specified assets (the "Contingent Assets") prior to the effective time of the Merger, or First Capital sells such assets within twenty-six (26) months after the effective time of the Merger. If Peoples sells the Contingent Assets prior to the effective time of the Merger or has entered into a written contract for the sale of such assets which are then purchased within sixty (60) days after the effective time, then the Merger Consideration will be increased by (i) 100% of the net sales proceeds received with respect to the sale of the Contingent Assets (net of any commissions) in excess of \$3,750,000, up to \$5,600,000 of the proceeds of such sale and (ii) fifty percent (50%) of any such sale proceeds in excess of \$5,600,000. If the Contingent Assets are not sold by Peoples, then First Capital will use commercially reasonable efforts in the ordinary course of business to sell the Contingent Assets within twenty-four (24) months of the effective time of the Merger. If First Capital (i) sells the Contingent Assets within (24) months after the effective time of the Merger or has entered into a written contract for the sale of such assets which are then purchased within sixty (60) days after the expiration of such twenty-four (24) month period, First Capital will distribute fifty percent (50%) of such sale proceeds in excess of \$3,750,000 on a pro rata basis to the former shareholders of Peoples. No guarantee can be made that the Contingent Assets will be sold in the manner or in the timeframes described above or that Peoples shareholders Peoples shareholders will receive any additional cash payment.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

The Merger Consideration is subject to adjustment as follows:

Change in Average First Capital Closing Price.

If the Average First Capital Closing Price (defined as the average per share closing price of First Capital common stock for the 20 trading days preceding the 5th calendar before the effective time of the Merger) is greater than \$24.75 at the effective time of the Merger, then (i) the aggregate Stock Consideration will be increased by a percentage equal to one-half of the percentage increase in the Average First Capital Closing Price above \$24.75 (with a corresponding decrease in the Exchange Ratio), up to a minimum number of 560,868 shares of First Capital common stock (or an Exchange Ratio of 365.27 shares) to be issued as Stock Consideration, and (ii) the aggregate Cash Consideration will be increased by a percentage equal to one-half of the percentage increase in the Average First Capital Closing Price above \$24.75, to a maximum of \$15,283,654 (or \$9,953.54 per share) to be issued as Cash Consideration; or

If the Average First Capital Closing Price is less than \$24.75 at the effective time of the Merger, then (i) the aggregate Stock Consideration will be decreased by a percentage equal to one-half of the percentage decrease in the Average First Capital Closing Price below \$24.75 (with a corresponding increase in the Exchange Ratio), up to a maximum number of 620,124 shares of First Capital common stock (or an Exchange Ratio of 403.86 shares) to be issued as Stock Consideration, and (ii) the aggregate Cash Consideration will be decreased by a percentage equal to one-half of the percentage decrease in the Average First Capital Closing Price below \$24.75, to a minimum of \$13,828,767 (or \$9,006.04 per share) to be issued as Cash Consideration.

Decrease in Peoples' Consolidated Net Book Value. If the Consolidated Net Book Value (as defined the Merger Agreement) of Peoples is greater than \$26,410,000 but less than \$29,010,000, the Merger Consideration will be reduced by the difference between the Consolidated Net Book Value and \$29,010,000.

The following table shows the range of hypothetical adjustments to the Cash Consideration per Peoples share and the Exchange Ratio based on (1) changes in the Average First Capital Closing Price within the minimum and maximum price range, with a mid-point of \$24.75 per First Capital share; and (2) various levels of Consolidated Net Book Value as of the Closing Date. The values in the table are for illustrative purposes only. The actual values will be determined immediately before the Merger becomes effective. The table assumes no cash issued in lieu of fractional shares of First Capital common stock.

Peoples Consolidated Net Book Value (in thousands)	Average First Capital Closing Price					
	Minimum (9.9% decrease) \$22.30		Mid-Point \$24.75		Maximum (10.1% increase) \$27.25	
	Exchange Ratio (First Capital shares)	Cash Consideration	Exchange Ratio (First Capital shares)	Cash Consideration	Exchange Ratio (First Capital shares)	Cash Consideration
\$ 29,010	403.86	\$ 9,006.04	382.83	\$ 9,475.00	365.27	\$ 9,953.54
\$ 28,000	389.11	\$ 8,677.16	369.54	\$ 9,146.12	353.20	\$ 9,624.66
\$ 27,000	374.51	\$ 8,351.53	356.38	\$ 8,820.49	341.25	\$ 9,299.03
\$ 26,410	365.89	\$ 8,159.41	348.62	\$ 8,628.37	334.20	\$ 9,106.91

As of June 30, 2015, Peoples would have reported Consolidated Net Book Value (as defined in the Merger Agreement) of more than \$29,010,000. Assuming that value remained in effect on the closing date, there would not be a book value-related price adjustment. Based on the \$26.27 closing trading price of First Capital common stock on September 14, 2015, the Exchange Ratio would be 371.75

Table of Contents

First Capital shares for each Peoples share, and the Cash Consideration would be \$9,765.95 for each Peoples share.

Election and Allocation Procedures for Peoples Shareholders

Peoples shareholders will receive an Election Form and instructions for both (i) electing their preferred form of Merger Consideration and (ii) exchanging their shares of Peoples common stock for shares of First Capital common stock and any cash payments they may be entitled to receive. Peoples shareholders may elect to receive all stock, all cash or a combination of stock and cash, subject to allocation as described below, or they may make no election.

To be effective, an Election Form must be properly completed, signed and actually received by Computershare Limited, as Election Agent, not later than 5:00 p.m., local time, on the deadline set forth in the Election Form, or such other time and date as the parties may agree in writing, which we refer to as the election deadline.

To be properly completed, your Election Form must be accompanied by one or more stock certificates representing all shares of Peoples common stock covered by your Election Form, together with duly executed transmittal materials included in or required by the Election Form. If you cannot deliver your stock certificates because they have been lost, stolen or destroyed, you must provide an indemnity satisfactory to First Capital and the Election Agent at the time you submit your Election Form.

If you do not properly complete and return your Election Form together with your Peoples stock certificates (or the indemnity) before the election deadline, you will be treated as having made no election with respect to your shares, and your shares will be converted into the right to receive the Cash Consideration or the Stock Consideration, depending upon the elections made by other Peoples shareholders. Accordingly, we urge you to locate your stock certificates as soon as possible. Please contact William L. Dawson at Peoples if you have questions about your stock certificates.

The Merger Agreement provides that 50% (the "Stock Conversion Number") of the outstanding Peoples shares must be converted into First Capital common stock, with the balance of the outstanding Peoples shares converted into cash. If the number of shares elected to be converted into First Capital common stock (a "Stock Election") equals the Stock Conversion Number, then:

all shares for which an election to receive cash has been made (a "Cash Election") and all shares for which no election has been made (a "Non-Election") will be converted into the right to receive cash; and

all shares for which a Stock Election has been made will be converted into the right to receive shares of First Capital common stock.

If the number of shares electing to receive First Capital common stock is less than the Stock Conversion Number, then:

all shares for which a Stock Election has been made will be converted into the right to receive shares of First Capital common stock; and

the Non-Elections shall be converted to Stock Elections, on a pro rata basis, until a sufficient number of Non-Election shares have been converted so that the total Non-Election shares so converted, when added to the Stock Election shares, is equal to the Stock Conversion Number.

If, following the conversion of all Non-Elections to Stock Elections, the number of Stock Election shares still is less than the Stock Conversion Number, the Cash Elections shall be eliminated (each in

Table of Contents

its entirety) and converted to Stock Elections (each in its entirety) and the Cash Election shares shall be converted into the right to receive shares of First Capital stock and cash in the following manner:

the Election Agent will select from among the holders of Cash Election shares, on a pro rata basis (other than holders of dissenting shares), a sufficient number of such shares ("Stock Designated Shares") such that the number of Stock Designated Shares will, when added to the number of Stock Election shares and Non-Election shares, be equal as closely as practicable to the Stock Conversion Number, and all such Stock Designated Shares shall be converted into the right to receive shares of First Capital stock; and

the Cash Election shares not so selected as Stock Designated Shares shall be converted into the right to receive cash.

If the number of shares electing to receive First Capital common stock has been made exceeds the Stock Conversion Number, then the Stock Elections shall be eliminated (each in its entirety) and converted into the right to receive First Capital stock and cash in the following manner:

the Election Agent will select from among the holders of Stock Election shares, on a pro rata basis, a sufficient number of such shares ("Cash Designated Shares") such that the number of Stock Election shares, when reduced by the Cash Designated Shares, is equal as closely as practicable to the Stock Conversion Number, and all such Cash Designated Shares shall be converted into the right to receive the Cash Consideration; and

the Stock Election shares not so selected as Cash Designated Shares shall be converted into the right to receive the Stock Consideration.

The term "Cash Election" means an election by the holder of shares of Peoples common stock to receive the Cash Consideration. Holders of dissenting shares will be deemed to have made a Cash Election. The term "Stock Election" means an election by the holder of shares of Peoples common stock to receive the Stock Consideration. The term "Non-Election" means the holder of the Peoples common stock makes no election or has no preference as to receipt of Cash Consideration or Stock Consideration.

As a result of these allocation procedures, there is a risk that even if a Peoples shareholder properly elects to receive cash, all or a portion of the Merger Consideration such shareholder receives may be in the form of shares of common stock which the shareholder did not elect to receive. Similarly, there is a risk that even if a shareholder properly elects to receive stock, all or a portion of the Merger Consideration such shareholder receives may be in the form of cash which the shareholder did not elect to receive.

Additionally, a pro rata reduction in the Cash Consideration a Peoples shareholder may receive (and a corresponding increase in the Stock Consideration such shareholder receives) will be made if necessary to allow First Capital's tax counsel to deliver its opinion as to the qualification of the Merger as a "reorganization" within the meaning of Section 368(a) of the Code. Accordingly, the risk that a Peoples shareholder will receive a portion of the Merger Consideration in a form that such shareholder did not elect could result in, among other things, tax consequences that differ from those that would have resulted had the shareholder received the form of consideration the shareholder had elected (including the recognition of taxable gain to the extent cash is received). Please see the section captioned "Material U.S. Federal Income Tax Consequences."

Should First Capital change the number of shares of First Capital common stock issued and outstanding prior to the effective time by way of a stock split, stock dividend, recapitalization or similar transaction with respect to the outstanding First Capital common stock, and the record date for that transaction is prior to the effective time, the Exchange Ratio will be adjusted so the shareholders receive, in the aggregate, a number of shares of First Capital common stock representing the same

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

percentage of outstanding shares of First Capital common stock at the effective time as would have been represented by the number of shares of First Capital common stock the shareholders of Peoples would have received if any of the foregoing actions had not occurred.

The following examples illustrate how the Merger Agreement's election and allocation procedures would work in certain hypothetical scenarios:

Total shares of Peoples common stock outstanding:	3,071
Stock Conversion Number (50%):	1,536 shares

Illustration A More than 50% of the shares choose the Stock Consideration.

Stock Election shares:	1,600
Cash Election shares:	1,400
Non-Election shares (no election made):	71

Allocation result:

1,536 Stock Election shares would be converted into shares of First Capital common stock.

64 Stock Election shares would be converted into the Cash Consideration, determined on a pro rata basis from among the shareholders making a Stock Election.

All 1,400 Cash Election shares would be converted into the Cash Consideration.

All 71 Non-Election shares would be converted into the Cash Consideration.

Illustration B More than 50% of the shares choose the Cash Consideration.

Stock Election shares:	1,400
Cash Election shares:	1,600
Non-Election shares:	71

Allocation result:

All 1,400 Stock Election shares would be converted into shares of First Capital common stock.

All 71 Non-Election shares would be converted into shares of First Capital common stock.

1,535 Cash Election shares would be converted into the Cash Consideration.

65 of the Cash Election shares would be converted into shares of First Capital common stock, determined on a pro rata basis from among the shareholders making a Cash Election.

Illustration C Fewer than 50% choose the Stock Consideration.

Stock Election shares:	1,500
Cash Election shares:	1,500
Non-Election shares:	71

Allocation result:

Edgar Filing: FIRST CAPITAL INC - Form 424B3

All 1,500 Stock Election shares would be converted into shares of First Capital common stock.

All 1,500 Cash Election shares would be converted into the Cash Consideration.

36 Non-Election shares would be converted into shares of First Capital common stock, determined on a pro rata basis from among the shareholders who fail to make an election.

The remaining 35 Non-Election shares would be converted into the Cash Consideration.

Table of Contents

Exchange and Payment Procedures

When and after the effective time of the Merger occurs, each certificate representing shares of Peoples common stock will represent only the right to receive the Merger Consideration in accordance with the terms of the Merger Agreement. First Capital has reserved a sufficient number of shares of First Capital common stock to be issued as a part of the Merger Consideration.

Once the Merger has occurred, First Capital must cause the applicable Merger Consideration to be paid to each Peoples shareholder within 5 business days following the Election Agent's receipt of that shareholder's stock certificates representing shares of Peoples common stock, accompanied by that shareholder's properly completed and executed Election Form. First Capital will then issue:

a check in the amount of cash that the Peoples shareholder has the right to receive;

a certificate representing that number of whole shares of First Capital common stock that the Peoples shareholder has the right to receive; and

a check in the amount of any cash payable to the Peoples shareholder in lieu of any fractional share of First Capital common stock.

If a Peoples shareholder is unable to deliver stock certificates with the shareholder's properly completed and executed Election Form because those certificates have been lost, stolen or destroyed, then the shareholder must comply with the instructions that accompany the Election Form to receive the Merger Consideration. First Capital will issue the Merger Consideration in exchange for such lost, stolen or destroyed certificates only after the shareholder submits an affidavit that the shareholder's stock certificates have been lost, stolen or destroyed, and posts a bond or delivers other indemnity reasonably satisfactory to First Capital as indemnity against any claim that may be made with respect to the certificate.

No interest will be paid on any Merger Consideration that any shareholder will be entitled to receive pursuant to the terms of the Merger Agreement.

The stock transfer books of Peoples will be closed immediately upon the effective time of the Merger. Thereafter, no transfers of shares of Peoples common stock will be recorded on the stock transfer records of Peoples (other than to settle transfers of Peoples common stock that occurred prior to the effective time of the Merger). If certificates representing shares of Peoples common stock are presented for transfer after the completion of the Merger, they will be cancelled and exchanged for the Merger Consideration. First Capital will be entitled to rely on Peoples' stock transfer books to establish the identity of those persons entitled to receive Merger Consideration.

Dividends and Distributions

Until Peoples common stock certificates are surrendered for exchange, any dividends or other distributions declared after the effective time of the Merger with respect to First Capital common shares into which shares of Peoples common stock may have been converted will accrue but will not be paid. When such certificates have been duly surrendered, First Capital will pay any unpaid dividends or other distributions, without interest.

Representations and Warranties

The Merger Agreement contains representations and warranties of Peoples, on the one hand, and First Capital, on the other hand, to each other, as to, among other things:

the corporate organization and existence of each party;

the authority of each party to enter into the Merger Agreement, perform its obligations under the Merger Agreement and make it valid and binding;

Table of Contents

the fact that the Merger Agreement does not conflict with or violate:

the articles of incorporation and by-laws of each party,

applicable law, and

agreements, instruments or obligations of each party;

the capitalization of Peoples and First Capital;

each party's compliance with applicable law;

the accuracy of statements made and materials provided to the other party;

the absence of material litigation;

the inapplicability of certain statutory anti-takeover provisions as to each party;

each party's shareholder approval requirements;

the absence of a shareholder rights plan with respect to each party;

each party's financial statements and filings with applicable regulatory authorities;

the absence of undisclosed obligations or liabilities;

title to properties and compliance with environmental laws;

employee benefit plans and related matters;

the filing and accuracy of tax returns;

the adequacy of each party's deposit insurance and other policies of insurance;

the accuracy and completeness of each party's corporate and financial records;

Edgar Filing: FIRST CAPITAL INC - Form 424B3

payments to be made to any brokers or finders in connection with the Merger;

each party's compliance with the Bank Secrecy Act;

the absence of undisclosed agreements with regulatory agencies; and

that each party received a rating of "satisfactory" or better in its most recent Community Reinvestment Act examination.

In addition, the Merger Agreement contains representations and warranties of Peoples to First Capital as to:

the absence of any undisclosed material contracts;

validity of loans and adequacy of loan loss reserves;

Peoples' obligations to its employees;

the non-occurrence of certain events since December 31, 2014;

the absence of insider transactions;

indemnification agreements;

the absence of undisclosed indemnification agreements;

the required approval of Peoples shareholders;

valid ownership or licensing rights in intellectual property used by Peoples;

the adequacy of Peoples' internal controls;

Table of Contents

the proper administration of Peoples' fiduciary accounts; and

the receipt of a fairness of a fairness opinion from PBS.

Further, the Merger Agreement contains representations and warranties of First Capital to Peoples as to:

filings with the Securities and Exchange Commission;

the non-occurrence of certain events since March 31, 2015;

sufficiency of funds to complete the Merger; and

the receipt of a fairness of a fairness opinion from Raymond James.

None of the representations and warranties of the parties will survive the consummation of the Merger. Additionally, the parties qualified many of the representations and warranties contained in the Merger Agreement with exceptions set forth in disclosure letters which were separately delivered by each party to the other party.

Conduct of Business Prior to Completion of the Merger

Peoples has agreed to certain restrictions on its activities until the Merger is completed or terminated. The following is a summary of the more significant restrictions imposed upon them by the Merger Agreement, subject to the exceptions set forth in the Merger Agreement. Specifically, without the prior consent of First Capital, Peoples may not:

make any change in the capitalization or the number of issued and outstanding shares of capital stock;

redeem any of its outstanding shares of common stock;

merge, combine, consolidate, or effect a share exchange with, or sell its assets or any of its securities to any other person, corporation, or entity, or enter into any other similar transaction not in the ordinary course of business;

purchase any "step up" bonds or any security with a maturity in excess of three years;

purchase any assets or securities or assume any liabilities of another bank holding company, bank, corporation, or other entity, except in the ordinary course of business necessary in managing its investment portfolio;

make any changes in the composition of its executive officers, directors or other key management personnel;

make any change in the compensation or title of any officer, director or key management employee or make any change in the compensation or title of any other employee, other than consistent with past practices in the ordinary course of business;

Edgar Filing: FIRST CAPITAL INC - Form 424B3

enter into any bonus, incentive compensation, stock option, deferred compensation, profit sharing, retirement, pension, group insurance or other benefit or any employment or consulting agreement;

incur any obligation or liability, make any pledge, or encumber or sell any of its assets, purchase or otherwise acquire or dispose of any of its assets in any other manner, except in the ordinary course of its business and for adequate value consistent with past practice;

alter, amend or repeal its articles of incorporation or bylaws except as contemplated by the Merger Agreement or unless such amendment is necessary to complete the Merger or the consummation of the transactions contemplated by the Merger;

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

enter into any new capital commitments or make any capital expenditures in excess of \$10,000 each, other than pursuant to binding commitments existing on the date of the Merger Agreement;

enter into any contract, agreement, lease, commitment, understanding, arrangement or transaction or incur any liability or obligation requiring payments by it or any of its subsidiaries which exceed \$10,000, whether individually or in the aggregate, or that is not a trade payable or incurred in the ordinary course of business, other than as contemplated by the Agreement;

make, renew or otherwise modify any loan, loan commitment, letter of credit or other extension of credit (individually, a "Loan" and collectively, "Loans") if the Loan is an existing credit on its books and classified as "substandard," "doubtful," "loss" or "special mention", or make any first mortgage loan in excess of \$300,000 or any other Loan in excess of \$100,000;

except for the acquisition or disposition in the ordinary course of business of other real estate owned, acquire or dispose of any real or personal property or fixed asset constituting a capital investment in excess of \$2,500 individually or \$10,000 in the aggregate;

make any investment subject to any restrictions, whether contractual or statutory, which materially impairs its ability to dispose freely of such investment at any time; or, subject any of their properties or assets to a mortgage, lien, claim, charge, option, restriction, security interest or encumbrance, except for tax and other liens which arise by operation of law and with respect to which payment is not past due or is being contested in good faith by appropriate proceedings, pledges or liens required to be granted in connection with acceptance by it or any subsidiary of government deposits and pledges or liens in connection with Federal Home Loan Bank borrowings;

file any applications or make any contract with respect to branching or site location or relocation;

make any material change in its accounting methods or practices, other than changes required by changes in applicable laws or regulations or GAAP, or change any of its methods of reporting income and deductions for federal income tax purposes, except as required by changes in applicable laws or regulations;

change its lending, investment, deposit or asset and liability management or other banking policies except as may be required by applicable law or regulations;

enter into any future contract, option or other agreement or take any other action for purposes of hedging the exposure of its interest-earning assets and interest-bearing liabilities to changes in market rates of interest;

acquire in any manner whatsoever (other than to realize upon collateral for a defaulted loan) any business or entity;

incur any liability for borrowed funds (other than in the case of deposits, federal funds purchased, securities sold under agreements to repurchase and Federal Home Loan Bank advances in the ordinary course of business) or place upon or permit any encumbrance of any nature upon any of its properties or assets, except as otherwise provided in the Agreement;

engage in any loan transaction with an "affiliate" (as defined in the Merger Agreement) or any other transaction with an affiliate which is not in the ordinary course of business; and

Edgar Filing: FIRST CAPITAL INC - Form 424B3

pay or commit to pay any management or consulting or other similar type of fees other than as previously disclosed to First Capital.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

In addition, Peoples may pay to its shareholders its usual and customary cash dividend of no greater than \$126.00 per share on a semi-annual basis. This dividend may be prorated for a quarterly period if the parties anticipate the Merger will close after the end of a quarter but prior to the customary semi-annual dividend date occurring at the end of the next quarter. Further, Peoples may not pay a dividend during the quarter in which the Merger is scheduled to consummate if its shareholders will become entitled to receive First Capital's regular quarterly cash dividend on their shares of First Capital Common Stock received in the Merger during such quarter.

Covenants

In addition to the restrictions noted above, First Capital and Peoples have agreed to take several other actions, such as:

to carry on their respective business diligently, substantially in the manner as is presently being conducted and in the ordinary course of business;

to use commercially reasonable efforts to preserve their respective business organization intact, keep available the services of the present officers and employees and preserve their respective present relationships with customers and those having business dealings with each of them;

to use commercially reasonable efforts to maintain all of the properties and assets owned or utilized in the operation of their respective businesses as currently conducted in good operating condition and repair, reasonable wear and tear excepted;

to maintain their respective books, records and accounts in the usual, regular and ordinary manner, on a basis consistent with prior years;

to timely file all required regulatory reports;

to not knowingly do or fail to do anything which will cause a breach of, or default in, any of their respective contracts, agreements, commitments, obligations, understandings, arrangements, leases or licenses to which they are a party or by which they or any of their respective subsidiaries may be subject or bound which would reasonably be expected to have a Material Adverse Effect;

to use their respective reasonable best efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws to permit consummation of the Merger as promptly as practicable and cooperate fully with the other party to that end;

to submit the Merger Agreement to its shareholders at a meeting to be called and held at the earliest possible reasonable date;

to proceed expeditiously, cooperate fully and use commercially reasonable efforts to procure all consents, authorizations, approvals, registrations and certificates, in completing all filings and applications and in satisfying all other requirements prescribed by law which are necessary for consummation of the Merger;

to use commercially reasonable efforts to obtain any required third party consents to agreements, contracts, commitments, leases, instruments and documents;

to maintain insurance on its assets, properties and operations, and fidelity coverage in such amounts and with regard to such liabilities and hazards as were insured as of the date of the Merger Agreement;

to coordinate with each other prior to issuing any press releases;

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

to supplement, amend and update the disclosure schedules to the Merger Agreement as necessary;

to give the other party's representatives and agents, including investment bankers, attorneys or accountants, upon reasonable notice, access during normal business hours throughout the period prior to the effective time of the Merger to the other party's properties, facilities operations, books and records;

to deliver updated financial statements, any reports, notices or proxy statements sent by either party to any governmental authority, and any orders issued by any governmental authority, to the other party when available;

to not knowingly take any action that is intended or is reasonably likely to result in (i) any of its representations and warranties set forth in the Merger Agreement being or becoming untrue in any material respect, (ii) any of the conditions to the Merger not being satisfied, (iii) a material violation of any provision of the Merger Agreement, or (iv) a material delay in the consummation of the Merger, except in each case as may be required by applicable law or regulation;

in the case of Peoples, to receive within ten days of the date of the Merger Agreement the written fairness opinion of PBS that the Merger Consideration is fair to the shareholders of Peoples from a financial point of view;

in case of First Capital, to file all applications and notices to obtain the necessary regulatory approvals for the transactions contemplated by the Merger Agreement;

in the case of First Capital, to file a registration statement with the Securities and Exchange Commission covering the shares of First Capital common stock to be issued to Peoples shareholders pursuant to the Merger Agreement and to list such shares for trading on the NASDAQ Capital Market;

to continue the indemnification rights of the present and former officers and directors of Peoples or Peoples Bank in respect of actions or omissions (other than actions or omissions which constitute fraud) occurring on or prior to the effective time in accordance with the indemnification rights set forth in the articles of incorporation and bylaws of Peoples and Peoples Bank as of the date of the Agreement;

to promptly give the other party written notice to the other upon becoming aware of the existence, or the impending or threatened occurrence of, any events which have caused or would cause or constitute a breach of any of the representations, warranties, covenants or agreements made to or with the other party in the merger Agreement and use its reasonable best efforts in good faith to prevent or promptly remedy the same; and

to give prompt notice to the other party of any fact, event or circumstance known to it that has resulted in or is reasonably likely, individually or taken together with all other facts, events and circumstances known to it, to result in any Material Adverse Effect (as defined below in "The Merger Agreement Conditions to the Merger") with respect to it.

Acquisition Proposals by Third Parties

Until the Merger is completed or the Merger Agreement is terminated, Peoples has agreed that it, and its officers, directors and representatives, and those of Peoples Bank, will not:

initiate, solicit, encourage or otherwise facilitate any inquiries or the making of any proposal or offer with respect to a merger, reorganization, share exchange, consolidation or similar transaction involving Peoples or Peoples Bank, or any purchase of all or substantially all of the

Table of Contents

assets of Peoples or Peoples Bank or more than 10% of the outstanding equity securities of Peoples or Peoples Bank (collectively, a "Peoples Acquisition Proposal") ; or

engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any person or entity relating to a Peoples Acquisition Proposal, or otherwise facilitate any effort or attempt to make or implement a Peoples Acquisition Proposal.

Peoples is not prohibited from (i) complying with its disclosure obligations under federal or state law; (ii) providing information in response to a request therefor by a person or entity who has made an unsolicited bona fide written Peoples Acquisition Proposal if the board of directors of Peoples or Peoples Bank receives from such person or entity requesting the information an executed confidentiality agreement; (iii) engaging in any negotiations or discussions with any person or entity who has made an unsolicited bona fide written Peoples Acquisition Proposal or (iv) recommending such an Peoples Acquisition Proposal to the shareholders of Peoples if the Peoples board of directors determines in good faith (after consultation with outside legal counsel) that:

such action would be required in order for its directors to comply with their fiduciary duties under applicable law;

that such Peoples Acquisition Proposal, if accepted, is reasonably likely to be consummated, taking into account all legal, financial and regulatory aspects of the proposal and the person or entity making the proposal; and

if consummated, result in a transaction materially more favorable to Peoples' shareholders from a financial point of view than the Merger.

Peoples agrees that it will notify First Capital if any such inquiries, proposals or offers are received by, any such information is requested from, or any such discussions or negotiations are sought to be initiated or continued with, Peoples, Peoples Bank, or any of its representatives.

Conditions to the Merger

The obligation of First Capital and Peoples to consummate the Merger is subject to the satisfaction or waiver, on or before the completion of the Merger, of a number of conditions, including:

The Merger Agreement must receive the approval of the shareholders of First Capital and Peoples;

The representations and warranties made by the parties in the Merger Agreement must be true, accurate and correct in all material respects as of the effective date of the Merger unless the inaccuracies do not or will not have a Material Adverse Effect (as defined below) on the party making the representations and warranties.

For purposes of the Merger Agreement, Material Adverse Effect is defined to mean any effect which is material and adverse to the results of operations, properties, assets, liabilities, conditions (financial or otherwise), value or business of First Capital and its subsidiaries or Peoples and its subsidiaries, taken as a whole, or which would materially impair the ability of First Capital or Peoples to perform its obligations under the Merger Agreement or otherwise materially threaten or impede the consummation of the Merger and the other transactions contemplated by the Merger Agreement; provided, however, that a Material Adverse Effect shall not include the impact of: (a) changes in banking and similar laws of general applicability to banks or their holding companies or interpretations thereof by courts or governmental authorities, (b) changes in generally accepted accounting principles or regulatory accounting requirements applicable to banks or their holding companies generally, (c) effects of any action or omission taken by a party with the prior written consent of the other party, (d) changes resulting from expenses (such as legal, accounting and investment bankers' fees) incurred in

Table of Contents

connection with the Merger Agreement or the transactions contemplated therein, (e) the impact of the announcement of the Merger Agreement and the transactions contemplated thereby, and compliance with the Merger Agreement on the business, financial condition or results of operations of First Capital and its subsidiaries or Peoples and its subsidiaries, and (f) the occurrence of any military or terrorist attack within the United States or any of its possessions or offices; *provided* that without regard to any other provision of the Merger Agreement, a Material Adverse Effect shall be deemed to have occurred in the event of the imposition of a formal regulatory enforcement action against First Capital, First Harrison, Peoples, or Peoples Bank following the date of the Merger Agreement;

All regulatory approvals required to consummate the transactions contemplated by the Merger Agreement shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired and no such approvals shall contain any conditions, restrictions or requirements which the Peoples or First Capital board of directors reasonably determines in good faith would either (i) have a Material Adverse Effect on the Combined Entity or (ii) reduce the benefits of the Merger to such a degree that Peoples (or in the case of First Capital, that First Capital) would not have entered into the Merger Agreement had such conditions, restrictions or requirements been known; and

None of Peoples, Peoples Bank, First Capital or First Harrison Bank shall be subject to any statute, rule, regulation, injunction, order or decree which prohibits, prevents or makes illegal completion of the Merger, and no material claim, litigation or proceeding shall have been initiated or threatened relating to the Merger Agreement or the Merger.

The other party must have performed, in all material respects, all of their covenants and agreements as required by the Merger Agreement at or prior to the effective time of the Merger;

Each party must have received from the other party at the closing of the Merger all the items, documents, and other closing deliveries of the other party required by the Merger Agreement;

The parties must have received an opinion from Krieg DeVault LLP that the Merger constitutes a tax free "reorganization" for purposes of Section 368 of the Internal Revenue Code, as amended;

First Capital shall have registered its shares of First Capital common stock to be issued to shareholders of Peoples in the Merger with the Securities and Exchange Commission, and all state securities and blue sky approvals, authorizations and exemptions required to offer and sell such shares shall have been received, the Registration Statement on Form S-4, of which this proxy statement/prospectus is a part, shall have been declared effective by the Securities and Exchange Commission and no stop order suspending the effectiveness of the Registration Statement can have been issued or threatened;

The First Capital common stock to be issued to Peoples shareholders must have been approved for listing on the NASDAQ Capital Market, subject to official notice of issuance.

Expenses

Except as otherwise provided in the Merger Agreement, Peoples and First Capital will be responsible for their respective expenses incidental to the Merger. In the event that this Agreement is terminated by either party as a result of the failure of the shareholders of the other party to approve the Merger Agreement, the party whose shareholders failed to approve the Merger Agreement must pay or reimburse the other party all of the other party's actual and reasonably documented out of pocket fees and expenses (including reasonable legal fees and expenses) actually incurred in connection with the Merger (but not in excess of \$200,000 in the aggregate).

Table of Contents

Employee Benefit Matters

The Merger Agreement requires First Capital to make available to the officers and employees of Peoples and Peoples Bank who continue as employees of First Capital or any subsidiary substantially the same employee benefits on substantially the same terms and conditions as First Capital offers to its similarly situated officers and employees. Peoples and Peoples Bank employees will receive full credit, after the Merger, for all prior service with Peoples, Peoples Bank, or their predecessors for purposes of any applicable eligibility and vesting service requirements under any of First Capital's employee benefit plans. Peoples and The Peoples Bank of Bullitt County employees who become employees of First Capital or any of its subsidiaries will become eligible to participate in First Capital's employee benefit plans as soon as reasonably practicable after the effective time of the Merger, or if later, as of the termination of the corresponding Peoples benefit plan.

Termination

Subject to conditions and circumstances described in the Merger Agreement, either Peoples or First Capital may terminate the Merger Agreement if, among other things, any of the following occur:

Peoples or First Capital shareholders do not approve the Merger Agreement at their respective special meeting;

any governmental authority shall have issued an order, decree, judgment or injunction that permanently restrains, enjoins or otherwise prohibits or makes illegal the consummation of the Merger, and such order shall have become final and non-appealable, or if any consent or approval of a governmental authority whose consent or approval is required to consummate the Merger has been denied and such denial shall have become final and non-appealable;

the Merger has not been consummated by January 31, 2016 (provided the terminating party is not the party whose breach of the Merger Agreement caused the failure to consummate prior to January 31, 2016);

the respective Boards of Directors of Peoples and First Capital mutually agree to terminate the Merger Agreement;

Peoples' board of directors approves any Peoples Acquisition Proposal or publicly recommends that the shareholders of Peoples accept or approve any Peoples Acquisition Proposal; or

Peoples enters into, or publicly announces its intention to enter into, a definitive agreement, agreement in principle or letter of intent with respect to any Peoples Acquisition Proposal.

Subject to conditions and circumstances described in the Merger Agreement, Peoples may terminate the Merger Agreement at any time prior to the effective time of the Merger if any of the following occur:

any event shall have occurred which is not capable of being cured prior to January 31, 2016 and would result in a condition to the Merger not being satisfied;

First Capital breaches or fails to perform any of its representations, warranties or covenants contained in the Merger Agreement which breach or failure to perform would give rise to the failure of a condition to the Merger, and such condition is not capable of being cured by January 31, 2016, or has not been cured by First Capital within 20 business days after Peoples' receipt of written notice of such breach from Peoples; or

there has been a Material Adverse Effect on First Capital on a consolidated basis as of the effective time, as compared to that in existence as of June 4, 2015.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

Additionally, First Capital may terminate the Merger Agreement at any time prior to the effective time of the Merger if any of the following occur:

any event shall have occurred which is not capable of being cured prior to January 31, 2016 and would result in a condition to the Merger not being satisfied;

Peoples breaches or fails to perform any of its representations, warranties or covenants contained in the Merger Agreement which breach or failure to perform would give rise to the failure of a condition to the Merger, and such condition is not capable of being cured by January 31, 2016, or has not been cured by Peoples within 20 business days after First Capital's receipt of written notice of such breach from First Capital;

Peoples' board of directors fails to include its recommendation to approve the Merger in the proxy statement

there has been a Material Adverse Effect on Peoples on a consolidated basis as of the effective time, as compared to that in existence as of June 4, 2015; or

the Consolidated Net Book Value of Peoples (as defined in the Merger Agreement) is less than \$26,410,000.

Under certain circumstances described in the Merger Agreement, a \$900,000 termination fee will be payable by Peoples to First Capital if the Merger Agreement is terminated and the Merger is not consummated. See "The Merger Agreement Termination Fee."

Termination Fee

Peoples shall pay First Capital a \$900,000 termination fee if the Merger Agreement is terminated for any of the following reasons:

Peoples' board of directors fails to include its recommendation to approve the Merger in the proxy statement;

Peoples' board of directors approves any Peoples Acquisition Proposal or publicly recommends that the shareholders of Peoples accept or approve any Peoples Acquisition Proposal;

Peoples enters into, or publicly announces its intention to enter into, a definitive agreement, agreement in principle or letter of intent with respect to any Peoples Acquisition Proposal;

If either party terminates the Merger Agreement because it is not approved by the requisite vote of the shareholders of Peoples and, prior to the date that is twelve months after such termination, Peoples or Peoples Bank enters into any Peoples Acquisition Agreement or a Peoples Acquisition Agreement is consummated; or

If either party terminates the Merger Agreement because the consummation of the Merger has not occurred by January 31, 2016 and (A) prior to the date of such termination a Peoples Acquisition Proposal was made and (B) prior to the date that is twelve months after such termination, Peoples or Peoples Bank enters into any Peoples Acquisition Agreement or any Peoples Acquisition Proposal is consummated.

Management and Operations After the Merger

First Capital's officers and directors serving at the effective time of the Merger shall continue to serve as First Capital's officers and directors until such time as their successors have been duly elected and qualified or until their earlier resignation, death, or removal from office. First Capital's articles of incorporation and by-laws in existence as of the effective time of the Merger shall remain First

Table of Contents

Capital's articles of incorporation and by-laws following the effective time, until such Articles of Incorporation and By-laws are further amended as provided by applicable law.

Effective Time of the Merger

Unless otherwise mutually agreed to by the parties, the effective time of the Merger will occur on the fifth (5th) business day following the date by which the last of the following has occurred: (i) the fulfillment or waiver of all conditions precedent to the Merger and (ii) the expiration of all waiting periods in connection with the bank regulatory applications filed for the approval of the Merger. The parties currently anticipate closing the Merger in the fourth quarter of 2015.

Regulatory Approvals for the Merger

Under the terms of the Merger Agreement, the Merger cannot be completed until First Capital receives necessary regulatory approvals, which include the approval of the Office of the Comptroller of the Currency and the Federal Reserve Board. First Capital will file applications with each regulatory authority to obtain the approvals. First Capital cannot be certain when such approvals will be obtained or if they will be obtained.

Accounting Treatment of the Merger

First Capital will account for the Merger under the "acquisition" method of accounting in accordance with United States' generally accepted accounting principles. Using the purchase method of accounting, the assets (including identified intangible assets) and liabilities of Peoples will be recorded by First Capital at their respective fair values at the time of the completion of the Merger. The excess of First Capital's purchase price over the net fair value of the tangible and identified intangible assets acquired less liabilities assumed, will be recorded as goodwill.

NASDAQ Capital Market Listing

First Capital common stock currently is listed on the NASDAQ Capital Market under the symbol "FCAP." The shares to be issued to the Peoples shareholders in the Merger will be eligible for trading on the NASDAQ Capital Market.

Dissenters' Rights

Each share of Peoples common stock held by a shareholder who has given notice of its intention to assert the right to dissent in accordance with Kentucky law, has not voted to approve the Merger Agreement, and has otherwise complied with the applicable provisions of the Kentucky Business Corporations Act ("KBCA") to dissent from the Merger will not be converted into the right to receive the Merger Consideration. Instead, such a dissenting shareholder will become entitled to receive whatever may be determined to be the "fair value" of the dissenter's shares under the applicable provisions of the KBCA. If at any time a Peoples shareholder fails to take an action required to perfect its rights as a dissenting shareholder, that shareholder will be treated as though its Peoples shares had been converted at the effective time into the right to receive the Cash Consideration, without any interest thereon. Peoples will give First Capital prompt notice of any shareholder demands received by Peoples for payment of the fair value of Peoples common stock. Prior to the effective time, Peoples will not make any payment with respect to, or settle or offer to settle, any such demands except with prior consent of First Capital. For more information regarding the right of Peoples shareholders to dissent from the Merger, see the section entitled "Dissenters' Rights of Peoples Shareholders" beginning on page 178 of this joint proxy statement/prospectus. In addition, a copy of Chapter 271B, Subtitle 13 of the KBCA, the Kentucky dissenters' rights statute, is attached as *Annex D* to this joint proxy statement/prospectus.

Table of Contents

**INTERESTS OF CERTAIN DIRECTORS AND EXECUTIVE OFFICERS
OF PEOPLES IN THE MERGER**

When considering the recommendation of the Peoples board of directors, you should be aware that some of the executive officers and directors of Peoples and The Peoples Bank of Bullitt County may be deemed to have interests that are different from, or in conflict with, your interests. Except as described below, to the knowledge of Peoples, the executive officers and directors of Peoples do not have any material interest in the Merger apart from their interests as shareholders of Peoples.

First Capital has agreed that all rights to indemnification and exculpation from liabilities for acts or omissions occurring prior to the effective time of the Merger existing in favor of current or former directors and officers of Peoples and The Peoples Bank of Bullitt County as provided in the articles of incorporation or bylaws of Peoples and The Peoples Bank of Bullitt County and any existing indemnification agreements or arrangements disclosed to First Capital shall survive the Merger and shall continue in full force and effect in accordance with their terms to the extent permitted by law, and shall not be amended, repealed or otherwise modified in any manner that would adversely affect the rights thereunder of such individuals for acts or omissions occurring or alleged to occur at or prior to the effective time of the Merger.

The Peoples Bank of Bullitt County has a Senior Officers Security Plan for the benefit of two executive officers Chairman and Chief executive Officer G. William Hardy, and President W.L. Dawson. The Plan provides for payment of benefits upon death, disability, or retirement at age 65 or later, which may be paid over 10 years or in a lump sum. The present value of Peoples' obligation under the Plan was recorded at approximately \$355,000 as of December 31, 2014, and was funded by bank-owned life insurance valued at approximately \$760,000 as of that date. Because Mr. Hardy and Mr. Dawson are both fully vested and have reached retirement age, the Merger will have no effect on accelerating their eligibility for or payment of benefits under the Plan.

Table of Contents

DESCRIPTION OF FIRST CAPITAL COMMON STOCK

General

First Capital is authorized to issue 5,000,000 shares of common stock having a par value of \$.01 per share and 1,000,000 shares of preferred stock having a par value of \$.01 per share. Each share of First Capital's common stock has the same relative rights as, and is identical in all respects with, each other share of common stock.

Common Stock

Dividends. First Capital can pay dividends out of statutory surplus or from certain net profits if, as and when declared by its board of directors. The payment of dividends by First Capital is subject to limitations that are imposed by law and applicable regulation. The holders of common stock of First Capital are entitled to receive and share equally in any dividends as may be declared by the board of directors of First Capital out of funds legally available for the payment of dividends. If First Capital issues preferred stock, the holders of the preferred stock may have a priority over the holders of the common stock with respect to dividends.

Voting Rights. The holders of common stock of First Capital possess exclusive voting rights in First Capital. They elect First Capital's board of directors and act on any other matters as are required to be presented to them under applicable law or as are otherwise presented to them by the board of directors. Each holder of common stock is entitled to one vote per share and does not have any right to cumulate votes in the election of directors. First Capital's articles of incorporation, however, provide that a holder of First Capital common stock who owns, together with certain affiliates or persons acting in concert, in excess of 10% of the then-outstanding shares of common stock cannot vote any shares in excess of 10% unless permitted by the board of directors of First Capital. If First Capital issues preferred stock, holders of preferred stock may also possess voting rights. Certain matters require the vote of 80% of the outstanding shares entitled to vote thereon.

Liquidation. In the event of liquidation, dissolution or winding up of First Capital, the holders of its common stock would be entitled to receive, after payment or provision for payment of all its debts and liabilities, all of the assets of First Capital available for distribution. If First Capital issues preferred stock, the holders of the preferred stock may have a priority over the holders of the common stock in the event of liquidation or dissolution.

Preemptive Rights. Holders of the common stock of First Capital are not entitled to preemptive rights with respect to any shares that may be issued. The common stock is not subject to redemption.

Preferred Stock

First Capital may issue preferred stock with such designations, powers, preferences and rights as First Capital's board of directors may from time to time determine. The board of directors can, without stockholder approval, issue preferred stock with voting, dividend, liquidation and conversion rights that could dilute the voting strength of the holders of the common stock and may assist management in impeding an unfriendly takeover or attempted change in control. None of the shares of the authorized preferred stock will be issued in connection with the merger and there are no plans to issue preferred stock.

Table of Contents

COMPARISON OF THE RIGHTS OF SHAREHOLDERS

Under the Merger Agreement, Peoples shareholders will exchange their shares of Peoples common stock for shares of First Capital common stock and/or cash. Peoples is organized under the laws of the Commonwealth of Kentucky, and the rights of Peoples shareholders are governed by the applicable laws of the Commonwealth of Kentucky, including the KBCA, and the Peoples articles of incorporation (the "Peoples Articles") and the Peoples by-laws (the "Peoples Bylaws"). First Capital is organized under the laws of the State of Indiana, and the rights of First Capital's shareholders are governed by the applicable laws of the State of Indiana, including the Indiana Business Corporation Law (the "IBCL"), and First Capital's articles of incorporation (the "First Capital Articles") and fifth amended and restated by-laws (the "First Capital By-Laws"). In addition, as First Capital common stock is listed on the NASDAQ Capital Market, First Capital's corporate governance is subject to compliance with the Nasdaq Corporate Governance Rules. Upon consummation of the Merger, the Peoples shareholders will become First Capital shareholders, and the First Capital Articles, the First Capital By-Laws, the IBCL and the rules and regulations applying to public companies will govern their rights as First Capital shareholders.

The following discussion is a summary of the material differences between the current rights of First Capital shareholders and the current rights of Peoples shareholders, but does not purport to be a complete description of those differences. These differences may be determined in full by reference to the IBCL, the KBCA, the First Capital Articles, the Peoples Articles, the First Capital By-Laws, the Peoples Bylaws and such other governing documents referenced in this summary of shareholder rights. First Capital has filed with the SEC and/or made available on its corporate website its respective governing documents referenced in this summary of shareholder rights and will send copies of these documents to you, without charge, upon your request. See "Where You Can Find More Information" beginning on page 182.

First Capital

Peoples

Authorized Capital Stock

First Capital is authorized to issue up to 5,000,000 shares of common stock, \$0.01 par value, of which 2,758,586 shares were outstanding as of September 4, 2015. First Capital is also authorized to issue up to 1,000,000 shares of preferred stock, \$0.01 par value. As of September 4, 2015, there were no shares of preferred stock outstanding.

Peoples is authorized to issue 5,080 shares of common stock, \$25.00 par value, of which 3,071 shares were outstanding as of August 31, 2015.

Issuance of Additional Shares

First Capital's board of directors may authorize the issuance of additional shares of common stock up to the amounts authorized in the First Capital Articles, without shareholder approval, subject only to the restrictions of the IBCL, the First Capital Articles and the NASDAQ Capital Market. First Capital's board of directors may also authorize the issuance of preferred stock up to the amounts authorized in the First Capital Articles, without shareholder approval, possessing voting and conversion rights that could adversely affect the voting power of First Capital's common shareholders, subject to any restrictions imposed on the issuance of such shares by the IBCL, the First Capital Articles and the NASDAQ Capital Market. Any preferred shares issued may also rank senior to First Capital's common stock as to rights upon liquidation, winding-up or dissolution.

Section 271B.6-210 of the KBCA permits the board of directors of a Kentucky corporation to authorize the issuance of additional shares, up to the amounts authorized in the corporation's articles of incorporation, unless the articles of incorporation reserve such a right to the shareholders. The Peoples Articles do not reserve such a right.

Table of Contents

First Capital

Peoples

Number, Classification and Qualifications of Directors

The First Capital Articles provide that the board of directors shall be comprised of not less than five nor more than fifteen directors. The exact number of directors is determined by resolution adopted by a majority of the entire board of directors. The First Capital board of directors currently consists of 12 members. The First Capital Articles further provide for the board of directors to be divided into three classes, with directors in each class elected to staggered three-year terms. Holders of common stock are entitled to elect one class of directors constituting approximately one-third of the board of directors for a three-year term at each annual meeting of shareholders. Consequently, it could take two annual elections to replace a majority of the First Capital board of directors.

The Peoples By-Laws provide that the board of directors shall be comprised of seven directors. The board of directors may increase or decrease by 30% or less without shareholder approval, but only the shareholders may approve an increase or decrease in the board of directors by more than 30%. The Peoples board of directors currently consists of six members.

Any vacancy occurring on the board of directors, whether resulting from an increase in the number of directors or otherwise, may be filled by the affirmative vote of not less than a majority of the remaining directors then in office, even though such directors remaining in office may constitute less than a quorum of the board of directors.

Any vacancy occurring on the board of directors, whether resulting from an increase in the number of directors or otherwise, may be filled by the affirmative vote of not less than a majority of the remaining directors then in office, even though such directors remaining in office may constitute less than a quorum of the board of directors.

The First Capital Articles provide that directors need not be shareholders of First Capital. The First Capital By-Laws provide that a person 75 years of age or older shall not be eligible to serve as a director, but a current director can continue to serve until the annual meeting immediately following the date on which he or she becomes 75 years of age.

Election of Directors

First Capital's directors are elected by a plurality of the votes cast by the shares entitled to vote at a meeting at which a quorum is present. First Capital's Articles do not allow cumulative voting.

The Peoples Bylaws provide for cumulative voting. Holders of common stock are entitled to cast the aggregate number of votes equal to the number of shares of common stock held by such shareholder, multiplied by the number of directors to be elected at such election. The People's Bylaws state that directors are not to be elected in any other manner.

Table of Contents

First Capital

Peoples

Removal of Directors

Under the IBCL, directors may be removed in any manner provided in the corporation's articles of incorporation. In addition, the shareholders or directors may remove one or more directors with or without cause, unless the articles of incorporation provide otherwise. The First Capital Articles provide that any director or the entire board of directors may be removed only for cause as determined by the affirmative vote of the holders of not less than two-thirds of the outstanding shares of First Capital entitled to vote in an election of directors, which vote must be taken at a meeting of shareholders called expressly for the purpose of removing one or more directors. Cause for removal is deemed to exist only if the director has been convicted of a felony or has been found by a court to be liable for gross negligence or misconduct in the performance of such director's duty to First Capital, in a matter of substantial importance to First Capital, and such conviction or adjudication is no longer subject to direct appeal.

Under Kentucky law, directors may be removed with or without cause, unless the corporation's articles of incorporation provide that directors may be removed only for cause. Additionally, the KBCA provides that a director may be removed by the shareholders only at a meeting called for that purpose. The meeting notice must state that removal is the purpose, or one of the purposes, of the meeting.

Transactions Involving Directors

The IBCL allows a director to have a direct or indirect interest in a transaction with First Capital if any of the following circumstances have been established: (i) the transaction was fair to First Capital; (ii) the material facts of the transaction and the director's interest were disclosed or known to the board of directors or a committee of the board and the board of directors or committee authorized, approved or ratified the transaction; or (iii) the material facts of the transaction and the director's interest were disclosed or known to the shareholders entitled to vote and they authorized, approved or ratified the transaction. A transaction is authorized, approved or ratified under clause (ii) above if it received the affirmative vote of the majority of the directors on the board or the committee who had no interest in the transaction, but a transaction may not be authorized, approved or ratified by a single director. For purposes of the shareholder vote to authorize, approve or ratify a transaction under clause (iii) above, shares owned by or voted under the control of the interested director may be counted in the vote.

The KBCA allows a director to have a direct or indirect interest in a transaction with Peoples if any of the following is true: (i) the transaction was fair to Peoples; (ii) the material facts of the transaction and the director's interest were disclosed or known to the board of directors or a committee of the board and the board of directors or committee authorized, approved or ratified the transaction; or (iii) the material facts of the transaction and the director's interest were disclosed or known to the shareholders entitled to vote and they authorized, approved or ratified the transaction. A transaction is authorized, approved or ratified under clause (ii) above if it received the affirmative vote of the majority of the directors on the board or the committee who had no interest in the transaction, but a transaction may not be authorized, approved or ratified by a single director. For purposes of the shareholder vote to authorize, approve or ratify a transaction under clause (iii) above, shares owned by or voted under the control of the interested director may not be counted in the vote (but may be counted when determining whether the transaction is approved under other sections of the KBCA).

Table of Contents

First Capital

Peoples

Director Liability

Pursuant to the IBCL, a First Capital director will not be liable to First Capital shareholders for any action or failure to act in his or her capacity as director, unless the director has breached or failed to perform his or her duties as a director in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner the director reasonably believes to be in the best interests of the corporation, and the breach or failure to perform these duties constitutes willful misconduct or recklessness.

The Peoples Articles provide that a director will not be personally liable to Peoples or its shareholders for monetary damages for breaches of his duties as a director, except for liability involving acts or omissions not in good faith or which involve intentional misconduct or known violations of the law, approval of an unlawful distribution to shareholders, or a transaction where the director derived an improper personal benefit or where a director's personal financial interest conflicts with Peoples' or its shareholders' financial interests.

Indemnification of Directors, Officers and Employees

Under the IBCL, an Indiana corporation may indemnify an individual made a party to a proceeding because the individual is or was a director against liability incurred in the proceeding if (i) the individual's conduct was in good faith, (ii) the individual reasonably believed, in the case of conduct in the individual's official capacity with the corporation, that the individual's conduct was in the best interests of the corporation, and in all other cases, that the individual's conduct was at least not opposed to the corporation's best interests, and (iii) in the case of any criminal proceeding, the individual either had reasonable cause to believe that the individual's conduct was lawful, or the individual had no reasonable cause to believe that the individual's conduct was unlawful.

Under the KBCA, a Kentucky corporation may indemnify an individual made a party to a proceeding because the individual is or was a director or officer against liability incurred in the proceeding if (i) the individual's conduct was in good faith, (ii) the individual reasonably believed, in the case of conduct in the individual's official capacity with the corporation, that the individual's conduct was in the best interests of the corporation, and in all other cases, that the individual's conduct was at least not opposed to the corporation's best interests, and (iii) in the case of any criminal proceeding, the individual had no reasonable cause to believe that the individual's conduct was unlawful.

Unless limited by its articles of incorporation, a corporation must indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because the director is or was a director of the corporation against reasonable expenses incurred by the director in defense of the proceeding. In addition, unless limited by its articles of incorporation, an officer of a corporation, whether or not a director, is entitled to mandatory indemnification to the same extent as a director, and a corporation may also indemnify and advance expenses to an officer, employee or agent to the same extent as to a director.

Unless limited by its articles of incorporation, a corporation must indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because the director is or was a director of the corporation against reasonable expenses incurred by the director in defense of the proceeding. In addition, unless limited by its articles of incorporation, an officer of a corporation, whether or not a director, is entitled to mandatory indemnification to the same extent as a director, and a corporation may also indemnify and advance expenses to an officer, employee or agent to the same extent as to a director.

The First Capital Articles provide that every person who is or was a director, officer or employee of First Capital or any other corporation for which he is or was serving in any capacity at the request of First Capital shall be indemnified by First Capital against expenses (including attorneys' fees), judgments, settlements, penalties and fines that may be incurred by him in connection with such action, suit or proceeding, provided that the person is wholly successful with respect to the claim, action, suit or proceeding, or acted

Unless the corporation's articles of incorporation contain a provision further limiting a director's liability for monetary damages, any action taken as a director, or any failure to take any action as a director, will not be the basis for monetary damages or injunctive relief unless (1) the director has breached or failed to perform his duties as a director in good faith, on an informed basis and in a manner he honestly believes to be in the best interests of the corporation and (ii) in the case of an action for monetary damages, the breach or failure to perform constitutes willful misconduct or

Table of Contents

First Capital

in good faith in what he reasonably believed to be in, if conduct was in his official capacity, or not opposed to, in all other cases, the best interests of First Capital or any other corporation for which he is or was serving in any capacity at the request of First Capital. First Capital will also indemnify each director, officer and employee acting in such capacity in connection with criminal proceedings provided the director, officer or employee had reasonable cause to believe that his conduct was lawful, or no reasonable cause to believe that his conduct was unlawful. First Capital may also advance expenses or undertake the defense of a director, officer or employee upon receipt of a written affirmation of such person's good faith belief that he has met the applicable standard of conduct and upon receipt of an undertaking by such person to repay such expenses if it should ultimately be determined that he is not entitled to indemnification.

In order for a director, officer or employee to be entitled to indemnification, the person must be wholly successful with respect to such claim, or one of the following groups must determine that the director, officer or employee has met the standard of conduct required by the First Capital Articles: (a) the board of directors of First Capital acting by a quorum consisting of directors who are not at the time parties to such claim, action, suit or proceeding, (b) by a majority vote of a committee designated by the board of directors consisting of two or more directors who are not at the time parties to such claim, action, suit or proceeding, (c) special legal counsel selected as described in the First Capital Articles, or (d) shareholders who are not at the time parties to such claim, action, suit or proceeding.

The First Capital Articles state that the indemnification provided in the Articles is not to be deemed exclusive of any other rights such person seeking indemnification might have under the Articles, By-Laws, resolution, contract or otherwise.

The IBCL permits First Capital to purchase insurance on behalf of its directors, officers, employees and agents against liabilities arising out of their positions with First Capital, whether or not such liabilities would be within the above indemnification provisions. Pursuant to this authority, First Capital maintains such insurance for the directors, officers and employees of First Capital and any subsidiary of First Capital.

Peoples

wanton or reckless disregard for the best interests of the corporation and its shareholders. A person bringing an action for monetary damages for breach of duty has the burden of proving by clear and convincing evidence the provisions of (i) and (ii) above, and the burden of proving that the breach or failure to perform was the legal cause of the damages suffered by the corporation.

The Peoples Articles provide that each person who is or becomes an executive officer or director of Peoples will be indemnified and advanced expenses with respect to all threatened, pending or completed actions, suits or proceedings in which such person was, is, or is threatened to be made a named defendant or respondent in connection with his official capacity at Peoples.

The KBCA permits a Kentucky corporation to purchase insurance on behalf of its directors, officers, employees and agents against liabilities arising out of their positions with the corporation, whether or not the corporation would have the power to indemnify against the same liability, as provided above. Peoples does not maintain such insurance.

Table of Contents

First Capital

Peoples

Advance Notice Requirements for Presentation of Business and Nominations of Directors at Annual Meetings of Shareholders

The First Capital By-Laws provide that nominations for the election of directors may be made by the board of directors, or, in a timely manner, by any shareholder entitled to vote in the election of directors. To be made in a timely manner, the Secretary of First Capital must receive notice of the nomination from the shareholder in writing not less than 90 nor more than 120 days prior to the meeting. However, if First Capital gives less than 100 days' notice of the meeting to the shareholders or prior public disclosure is given or made to shareholders, written notice of the shareholder nomination must be delivered to the Secretary of First Capital within 10 days of the date the notice was mailed to shareholders or made by public disclosure.

The Peoples Articles and Bylaws do not include advance notice requirements for director nominations or business proposals.

Additionally, shareholders may submit proposals for business to be considered at First Capital's annual meeting of shareholders, so long as the shareholders satisfy the timely notice requirements outlined above.

Special Meetings of Shareholders

The First Capital Articles provide that special meetings of shareholders may only be called by the chairman of the board of directors or by the board of directors pursuant to a resolution adopted by a majority of the total number of directors First Capital would have if there were no vacancies on the board of directors. Shareholders do not have the ability to call a special meeting of shareholders.

The Peoples Bylaws provide that special meetings of shareholders may be called by the president, the board of directors, or shareholders holding at least 33 and 1/3% of all the votes entitled to be cast on any issue proposed to be considered at such meeting make a written demand for such meeting.

Shareholder Action Without a Meeting

The IBCL provides that any action required or permitted to be taken at an annual or special meeting of shareholders may be taken without a meeting and without prior notice if before or after the action all of the shareholders entitled to vote consent in writing. While Indiana corporations without a class of voting shares registered under Section 12 of the Securities Exchange Act of 1934 may have less than all of the shareholders consent in writing, First Capital does not fall within that exception.

The KBCA provides that any action required or permitted to be taken at an annual or special meeting of shareholders may be taken without a meeting and without prior notice if before or after the action all of the shareholders entitled to vote consent in writing.

Table of Contents

First Capital

Peoples

Amendment of Articles of Incorporation and By-laws

The IBCL generally requires the approval of at least a majority of a quorum of shareholders present at a shareholders' meeting (and, in certain cases, a majority of all shares held by any voting group entitled to vote) for amendments to an Indiana corporation's articles of incorporation. However, the IBCL permits a corporation in its articles of incorporation to specify a higher shareholder vote requirement for certain amendments.

The First Capital Articles may only be altered, amended or repealed by the affirmative vote of not less than two-thirds of the directors then in office. Further, certain provisions of the First Capital Articles may only be altered, amended or repealed by the affirmative vote of the holders of not less than two-thirds of the outstanding shares of First Capital capital stock entitled to vote in the election of directors, given at a meeting of shareholders duly called for that purpose. These provisions include Article III, Section 3.04, Article IV, Sections 4.02, 4.05 and 4.06, and provisions in Articles V, VI, VII, IX, and X.

The First Capital Articles and the First Capital By-Laws provide that the First Capital By-Laws may only be altered, amended or repealed by resolution adopted by at least two-thirds of the board of directors of First Capital.

The KBCA provides that an amendment of the corporation's articles of incorporation will be approved if the votes cast favoring the amendment exceed the votes cast opposing the amendment within each voting group entitled to vote. If the amendment would materially and adversely affect the rights of a shareholder or otherwise entitle the shareholders within the voting group to exercise dissenters' rights, the amendment must be approved by a majority of the votes entitled to be cast on the amendment within the voting group.

The Peoples Bylaws can be amended or repealed by the board of directors, except for Article 2, Section 2.01 regarding changing from a fixed to variable range size of board of directors.

Table of Contents

First Capital

Peoples

Business Combination Restrictions and Other Shareholder Limitations

The First Capital Articles require the approval of (i) the holders of at least 80% of First Capital's outstanding shares of voting stock and (ii) at least a majority of the outstanding shares entitled to vote thereon, not including the related person, to approve certain business combinations (including but not limited to mergers, sale of significant assets, issuance of securities, and agreements to do any of the foregoing) involving a related person except in cases where the proposed transaction has been approved in advance by a two-thirds vote of those members of First Capital's board of directors who are unaffiliated with the related person and were directors prior to the time when the related person became a related person.

The term "related person" includes any individual or entity that owns beneficially or controls, directly or indirectly, 10% or more of the outstanding shares of voting stock of First Capital or an affiliate of the person or entity.

A "business combination" includes:

any merger or consolidation of First Capital with or into any related person;

any sale, lease, exchange, mortgage, transfer, or other disposition of 25% or more of the assets of First Capital or a subsidiary of First Capital;

any merger or consolidation of a related person with or into First Capital or a subsidiary of First Capital;

any sale, lease, exchange, transfer, or other disposition of 25% or more of the assets of a related person to First Capital or a subsidiary of First Capital;

the issuance of any securities of First Capital or a subsidiary of First Capital to a related person;

the acquisition by First Capital or a subsidiary of First Capital of any securities of a related person;

The Kentucky Business Combination Act, Sections 271B.12-200 through 271B.12-230 of the KBCA prohibit a Kentucky corporation from engaging in a business combination with a 10% or greater shareholder or its affiliate or associate for five years following the acquisition of such 10% or greater stake, unless the board, by a majority vote of the continuing directors, approves the combination prior to the 10% or greater acquisition. If not previously approved by the board, the 10% or greater shareholder or its affiliate or associate may effect a business combination only after the expiration of a five-year period and then only with the approval of 80% of the outstanding shares and two-thirds of the outstanding shares not owned by the 10% or greater shareholder, or if the aggregate amount of the offer meets certain fair price requirements.

The Kentucky Business Combination Act does not apply to bank holding companies or to a corporation with fewer than 500 beneficial owners of its stock unless the corporation amends its articles of incorporation to provide that the corporation will be subject to the requirements of the Act. Peoples shareholders approved a 1991 amendment to the Peoples Articles electing to be governed by the Kentucky Business Combination Act.

any reclassification of common stock of First Capital or any
recapitalization involving the common stock of First Capital; or

any agreement or other arrangement providing for any of the
foregoing.

Table of Contents

First Capital

Peoples

Under the business combinations provision of the IBCL, any shareholder who acquires a 10%-or-greater ownership position in an Indiana corporation with a class of voting shares registered under Section 12 of the Securities Exchange Act of 1934 (and that has not opted-out of this provision) is prohibited for a period of five years from completing a business combination (generally a merger, significant asset sale or disposition or significant issuance of additional shares) with the corporation unless, prior to the acquisition of such 10% interest, the board of directors of the corporation approved either the acquisition of such interest or the proposed business combination. If such board approval is not obtained, then five years after a 10% shareholder has become such, a business combination with the 10% shareholder is permitted if all provisions of the articles of incorporation of the corporation are complied with and either a majority of disinterested shareholders approves the transaction or all shareholders receive a price per share determined in accordance with the fair price criteria of the business combinations provision of the IBCL.

Table of Contents

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

General. The following is a summary of the material anticipated United States federal income tax consequences generally applicable to a "U.S. Holder" (as defined below) of Peoples common stock with respect to the exchange of Peoples common stock for First Capital common stock and/or cash pursuant to the Merger. This summary is based on the Code, Treasury Regulations, judicial decisions and administrative pronouncements, each as in effect as of the date of this joint proxy statement/prospectus. All of the foregoing are subject to change at any time, possibly with retroactive effect, and all are subject to differing interpretation. No advance ruling has been sought or obtained from the Internal Revenue Service ("IRS") regarding the United States federal income tax consequences of the Merger. As a result, no assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Peoples common stock that is for United States federal income tax purposes:

a United States citizen or resident alien;

a corporation, or other entity taxable as a corporation for United States federal income tax purposes, created or organized under the laws of the United States or any state therein or the District of Columbia;

a trust if (1) it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable United States Treasury Regulations to be treated as a United States person; or

an estate, the income of which is subject to United States federal income taxation regardless of its source.

If a partnership (including an entity treated as a partnership for United States federal income tax purposes) holds Peoples common stock, the tax treatment of a partner in the partnership will generally depend on the status of such partner and the activities of the partnership. Partners in a partnership holding Peoples common stock should consult their own tax advisors.

This discussion assumes that U.S. holders hold their Peoples common stock as capital assets within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended ("Code"). This summary does not address any tax consequences arising under United States federal tax laws other than United States federal income tax laws, nor does it address the laws of any state, local, foreign or other taxing jurisdiction, nor does it address any aspect of income tax that may be applicable to non-U.S. Holders of Peoples common stock. In addition, this summary does not address all aspects of United States federal income taxation that may apply to U.S. Holders of Peoples common stock in light of their particular circumstances or U.S. Holders that are subject to special rules under the Code, such as holders of Peoples common stock that are partnerships or other pass-through entities (and persons holding their Peoples common stock through a partnership or other pass-through entity), persons who acquired shares of Peoples common stock as a result of the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan, persons subject to the alternative minimum tax, tax-exempt organizations, financial institutions, broker-dealers, traders in securities that have elected to apply a mark to market method of accounting, insurance companies, persons having a "functional currency" other than the U.S. dollar and persons holding their Peoples common stock as part of a straddle, hedging, constructive sale or conversion transaction.

Holders of Peoples common stock are strongly urged to consult their own tax advisors as to the tax consequences of the Merger on their particular circumstances, including tax return reporting

Table of Contents

requirements, the applicability and effect of federal, state, local and other applicable tax laws and the effect of any proposed changes in the tax laws.

Tax Consequences of the Merger Generally. First Capital and Peoples have structured the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. The obligations of First Capital and Peoples to consummate the Merger are conditioned upon the receipt of an opinion from Krieg DeVault LLP, counsel to First Capital, to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. This opinion will be based, in part, upon customary representations made by First Capital and Peoples. First Capital and Peoples have not requested and do not intend to request any ruling from the IRS. None of the tax opinions given in connection with the Merger will be binding on the IRS or any court. Consequently, there can be no assurance that the Internal Revenue Service will not disagree with or challenge any of the conclusions described therein. In addition, if any of the facts, representations, or assumptions upon which the opinion is based are inconsistent with the actual facts, the United States federal income tax consequences of the Merger could be adversely affected. It is assumed for purposes of the remainder of the discussion in this section that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. As a result of the Merger being treated as a reorganization within the meaning of Section 368(a) of the Code, the following material U.S. federal income tax consequences will result from the Merger:

no gain or loss will be recognized by First Capital, First Harrison Bank, Peoples or The Peoples Bank of Bullitt County by reason of the Merger;

the tax basis of the assets of Peoples in the hands of First Capital will be the same as the tax basis of such assets in the hands of Peoples immediately prior to the Merger; and

the holding period of the assets of Peoples to be received by First Capital will include the period during which such assets were held by Peoples.

Exchange of Shares of Peoples Common Stock Solely for Shares of First Capital Common Stock. A Peoples shareholder that exchanges all of its shares of Peoples common stock solely for shares of First Capital common stock in the Merger will not recognize any gain or loss (except with respect to cash received in lieu of a fractional share of First Capital common stock, as discussed below).

Exchange of Shares of Peoples Common Stock Solely for Cash. A Peoples shareholder that exchanges all of its shares of Peoples common stock solely for cash in the Merger will (unless treated as a dividend under Section 302 of the Code as discussed below) recognize capital gain or loss on the exchange in an amount equal to the difference, if any, between the amount of cash received and its adjusted tax basis in the Peoples common stock surrendered. Any capital gain or loss will be long-term capital gain or loss if the Peoples shareholder's holding period for its Peoples common stock is more than one year as of the date of the Merger. The deductibility of capital losses is subject to limitations. In some cases, cash received in the Merger could be treated as having the effect of the distribution of a dividend under the tests set forth in Section 302 of the Code, in which case such cash received would be treated as dividend income. These rules are complex and dependent upon the specific factual circumstances particular to each Peoples shareholder. Accordingly, each Peoples shareholder is urged to consult its tax advisor regarding application of those rules to the particular facts relevant to such Peoples shareholder.

Exchange of Peoples Common Stock for Cash and First Capital Common Stock. A Peoples shareholder that exchanges all of its Peoples common stock for a combination of shares of First Capital common stock and cash (other than any cash received in lieu of a fractional share of First Capital common stock) in the Merger will recognize gain (but not loss) equal to the lesser of (1) the sum of the amount of cash and the fair market value of the First Capital common stock received in the Merger, minus the adjusted tax basis of the Peoples common stock surrendered in the Merger, or

Table of Contents

(2) the amount of cash received in the Merger. For this purpose, a Peoples shareholder generally must calculate gain or loss separately for each identifiable block of shares of Peoples common stock exchanged by the shareholder in the Merger, and a loss realized on one block of shares of Peoples common stock may not be used by the shareholder to offset a gain realized on another block of shares of Peoples common stock. Peoples shareholders should consult their tax advisors regarding the manner in which cash and shares of First Capital common stock should be allocated among their shares of Peoples common stock and the specific U.S. federal income tax consequences thereof.

In addition, for purposes of determining the character of this gain, a Peoples shareholder will be treated as having received only shares of First Capital common stock in exchange for such shareholder's shares of Peoples common stock and as having redeemed immediately a portion of such shares of First Capital common stock for the cash received (excluding any cash received in lieu of a fractional share of First Capital common stock). Unless the redemption is treated as a dividend under the principles of Section 302 of the Code (to the extent of such Peoples shareholder's share of the undistributed earnings and profits of Peoples), the consequences of which are described above, the gain will be capital gain (and, if the Peoples shareholder's holding period for its Peoples common stock is more than one year as of the date of the Merger, long-term capital gain).

Cash Received Instead of a Fractional Share of First Capital Common Stock. A Peoples shareholder that receives cash in lieu of a fractional share of First Capital common stock will be treated as having received the fractional share pursuant to the Merger and then as having exchanged the fractional share for cash in a redemption by First Capital. As a result, a Peoples shareholder will generally recognize gain or loss equal to the difference between the amount of cash received and the tax basis of such shareholder's fractional share interest as set forth above. This gain or loss will generally be capital gain or loss unless the redemption is classified as a dividend under the principles of Section 302 of the Code (the consequences of which are described above). The deductibility of capital losses is subject to limitations.

Tax Basis. A Peoples shareholder's aggregate tax basis in the shares of First Capital common stock received in the Merger (including a fractional share of First Capital common stock, if any, deemed to be issued and redeemed by First Capital) will be equal to the shareholder's aggregate adjusted tax basis in such shareholder's shares of Peoples common stock surrendered in the Merger, decreased by the amount of any cash received in the Merger (other than any cash received in lieu of a fractional share of First Capital common stock), and increased by the amount of any gain recognized by such Peoples shareholder in the Merger (including any portion of the gain that is treated as a dividend, but excluding any gain or loss resulting from the deemed issuance and redemption of a fractional share of First Capital common stock). A Peoples shareholder's tax basis in its shares of First Capital common stock may be determined with reference to each identifiable block of shares of Peoples common stock surrendered in the Merger. Peoples shareholders should consult their tax advisors regarding the manner in which shares of First Capital common stock should be allocated among their shares of Peoples common stock for purposes of identifying the tax basis of the shares of First Capital common stock.

Holding Period. A Peoples shareholder's holding period for shares of First Capital common stock received in the Merger (including a fractional share of First Capital common stock, if any, deemed to be issued and redeemed by First Capital) will include the holding period of the shares of Peoples common stock surrendered in the Merger. A Peoples shareholder's holding period in its shares of First Capital common stock may be determined with reference to each identifiable block of shares of Peoples common stock surrendered in the Merger. Peoples shareholders should consult their tax advisors regarding the manner in which shares of First Capital common stock should be allocated among their shares of Peoples common stock for purposes of identifying the holding period of the shares of First Capital common stock.

Table of Contents

Tax on Net Investment Income. Certain U.S. Holders whose income exceeds certain threshold amounts will be subject to a 3.8% Medicare contribution tax on "net investment income" in tax years beginning on or after January 1, 2013. Net investment income generally includes dividends and capital gains with respect to the sale, exchange, or other disposition of stock.

Backup Withholding and Information Reporting. Payments of cash to a holder of Peoples common stock may, under certain circumstances, be subject to information reporting and backup withholding at a rate of 28% of the cash payable to the holder, unless the holder provides proof of an applicable exemption or furnishes its taxpayer identification number, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a holder under the backup withholding rules are not an additional tax and will be allowed as a refund or credit against the holder's U.S. federal income tax liability, provided the required information is furnished to the IRS. A Peoples shareholder owning at least one percent (by vote or value) of the total outstanding shares of Peoples common stock or having a tax basis of \$1,000,000 or more in its shares of Peoples common stock, immediately before the Merger, is required to file a statement with the shareholder's U.S. federal income tax return setting forth the tax basis in the shares of Peoples common stock exchanged in the Merger, the fair market value of the shares of First Capital common stock and the amount of any cash received in the Merger. In addition, all Peoples shareholders will be required to retain records pertaining to the Merger.

The preceding discussion is intended only as a summary of material U.S. federal income tax consequences of the Merger. It is not a complete analysis or discussion of all potential tax effects that may be important to you. Thus, Peoples urges Peoples shareholders to consult their own tax advisors as to the specific tax consequences to them resulting from the Merger, including tax return reporting requirements, the applicability and effect of federal, state, local, and other applicable tax laws and the effect of any proposed changes in the tax laws.

For the reasons set forth above, the Peoples board of directors determined that the Merger, the Merger Agreement, and the transactions contemplated by the Merger Agreement are advisable and in the best interests of Peoples and its shareholders, and approved and adopted the Merger Agreement. The Peoples board of directors unanimously recommends that Peoples shareholders vote "FOR" approval of the Merger Agreement and the Merger.

Table of Contents

INFORMATION ABOUT FIRST CAPITAL

Business

First Capital was incorporated under Indiana law on September 11, 1998. On December 31, 1998, First Capital became the holding company for First Federal Bank, A Federal Savings Bank (the "Bank") upon First Harrison Bank's reorganization as a wholly owned subsidiary of First Capital resulting from the conversion of First Capital, Inc., M.H.C. (the "MHC"), from a federal mutual holding company to a stock holding company. On January 12, 2000, First Capital completed a merger of equals with HCB Bancorp, the former holding company for Harrison County Bank, and First Harrison Bank changed its name to First Harrison Bank. On March 20, 2003, First Capital acquired Hometown Bancshares, Inc. ("Hometown"), a bank holding company located in New Albany, Indiana.

First Capital's primary business activity is the ownership of the common stock of First Harrison Bank. Management of First Capital and First Harrison Bank are substantially similar and First Capital neither owns nor leases any property, but instead uses the premises, equipment and furniture of First Harrison Bank in accordance with applicable regulations.

First Harrison Bank is regulated by the Office of the Comptroller of the Currency (the "OCC") and the Federal Deposit Insurance Corporation (the "FDIC"). First Harrison Bank's deposits are federally insured by the FDIC under the Deposit Insurance Fund. First Harrison Bank is a member of the Federal Home Loan Bank System.

Availability of Information

First Capital's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are made available free of charge on First Capital's Internet website, www.firstharrison.com, as soon as practicable after First Capital electronically files such material with, or furnishes it to, the Securities and Exchange Commission. The contents of First Capital's website shall not be incorporated by reference into this joint proxy statement/prospectus or into any reports First Capital files with or furnishes to the Securities and Exchange Commission.

Market Area and Competition

First Harrison Bank considers Harrison, Floyd, Clark and Washington counties in Indiana its primary market area. All of its offices are located in these four counties, which results in most of First Harrison Bank's loans being made in these four counties. The main office of First Harrison Bank is located in Corydon, Indiana, 35 miles west of Louisville, Kentucky. First Harrison Bank aggressively competes for business with local banks, as well as large regional banks. Its most direct competition for deposit and loan business comes from the commercial banks operating in these four counties. Based on data published by the FDIC as of June 30, 2014, First Harrison Bank is the leader among FDIC-insured institutions in deposit market share in Harrison County, First Harrison Bank's primary county of operation.

Lending Activities

General. Over the last few years, First Harrison Bank has continued to transform the composition of its balance sheet from that of a traditional thrift institution to that of a commercial bank. On the asset side, this is being accomplished in part by selling in the secondary market the newly-originated qualified fixed-rate residential mortgage loans while retaining variable rate residential mortgage loans in the portfolio. This transformation is also enhanced by an expanded commercial lending staff dedicated to growing commercial real estate and commercial business loans. First Harrison Bank also continues to originate consumer loans and residential construction loans for the loan portfolio. First Harrison Bank does not offer, and has not offered, Alt-A, sub-prime or no-document mortgage loans.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

Loan Portfolio Analysis. The following table presents the composition of First Harrison Bank's loan portfolio by type of loan at the dates indicated.

	At December 31,									
	2014		2013		2012		2011		2010	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
(Dollars in thousands)										
Mortgage Loans:										
Residential(1)	\$ 106,679	34.61%	\$ 107,029	35.65%	\$ 108,097	37.37%	\$ 116,338	40.84%	\$ 130,143	43.11%
Land	11,028	3.58	10,309	3.43	9,607	3.32	9,910	3.48	9,534	3.16
Commercial real estate	78,314	25.40	76,496	25.48	68,731	23.76	57,680	20.25	59,901	19.84
Residential construction(2)	10,347	3.36	14,423	4.80	12,753	4.41	10,988	3.86	8,151	2.70
Commercial real estate construction	1,422	0.46	1,715	0.57	3,299	1.14	743	0.26	0	0.00
Total mortgage loans	207,790	67.41	209,972	69.93	202,487	70.00	195,659	68.69	207,729	68.81
Consumer Loans:										
Home equity and second mortgage loans	37,513	12.17	34,815	11.60	36,962	12.78	38,641	13.57	43,046	14.26
Automobile loans	25,274	8.20	23,983	7.99	21,922	7.58	20,627	7.24	19,384	6.42
Loans secured by savings accounts	1,018	0.33	1,138	0.38	770	0.27	767	0.27	1,042	0.34
Unsecured loans	3,316	1.07	3,541	1.18	3,191	1.10	3,126	1.10	3,076	1.02
Other(3)	5,075	1.65	4,824	1.61	5,303	1.84	5,312	1.86	5,732	1.90
Total consumer loans	72,196	23.42	68,301	22.76	68,148	23.57	68,473	24.04	72,280	23.94
Commercial business loans	28,282	9.17	21,956	7.31	18,612	6.43	20,722	7.27	21,911	7.25
Total gross loans	308,268	100.00%	300,229	100.00%	289,247	100.00%	284,854	100.00%	301,920	100.00%
Less:										
Due to borrowers on loans in process	3,325		7,142		4,306		4,768		3,119	
Deferred loan fees net of direct costs	(506)		(341)		(202)		(143)		(222)	
Allowance for loan losses	4,846		4,922		4,736		4,182		4,473	
Total loans, net	\$ 300,603		\$ 288,506		\$ 280,407		\$ 276,047		\$ 294,550	

(1) Includes conventional one- to four-family and multi-family residential loans.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

- (2) Includes construction loans for which First Harrison Bank has committed to provide permanent financing.
- (3) Includes loans secured by lawn and farm equipment, mobile homes and other personal property.

Table of Contents

Residential Loans. First Harrison Bank's lending activities have concentrated on the origination of residential mortgages, both for sale in the secondary market and for retention in First Harrison Bank's loan portfolio. Residential mortgages secured by multi-family properties totaled \$19.2 million, or 18.0% of the residential loan portfolio at December 31, 2014. Substantially all residential mortgages are collateralized by properties within First Harrison Bank's market area.

First Harrison Bank offers both fixed-rate mortgage loans and adjustable rate mortgage ("ARM") loans typically with terms of 15 to 30 years. First Harrison Bank uses loan documents approved by the Federal National Mortgage Corporation ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") whether the loan is originated for investment or sale in the secondary market.

Historically, First Harrison Bank has retained its residential loan originations in its portfolio. Retaining fixed-rate loans in its portfolio subjects First Harrison Bank to a higher degree of interest rate risk. Beginning in 2004, one of First Harrison Bank's strategic goals was to expand its mortgage business by originating mortgage loans for sale, while offering a full line of mortgage products to current and prospective customers. This practice increases First Harrison Bank's lending capacity and allows First Harrison Bank to more effectively manage its profitability since it is not required to predict the prepayment, credit or interest rate risks associated with retaining either the loan or the servicing asset. For the year ended December 31, 2014, First Harrison Bank originated and funded \$29.1 million of residential mortgage loans for sale in the secondary market. For a further discussion of First Harrison Bank's mortgage banking operations, see "*Business Mortgage Banking Activities*."

ARM loans originated have interest rates that adjust at regular intervals of one to five years, with up to 2.0% caps per adjustment period and 6.0% lifetime caps, based upon changes in the prevailing interest rates on United States Treasury Bills. First Harrison Bank also originates "hybrid" ARM loans, which are fixed for an initial period three or five years and adjust annually thereafter. First Harrison Bank may occasionally use below market interest rates and other marketing inducements to attract ARM loan borrowers. The majority of ARM loans provide that the amount of any increase or decrease in the interest rate is limited to 2.0% (upward or downward) per adjustment period and generally contains minimum and maximum interest rates. Borrower demand for ARMs versus fixed-rate mortgage loans is a function of the level of interest rates, the expectations of changes in the level of interest rates and the difference between the interest rates and loan fees offered for fixed-rate mortgage loans and interest rates and loan fees for ARM loans. The relative amount of fixed-rate and ARM loans that can be originated at any time is largely determined by the demand for each in a competitive environment.

First Harrison Bank's lending policies generally limit the maximum loan-to-value ratio on fixed-rate and ARM loans to 80% of the lesser of the appraised value or purchase price of the underlying residential property unless private mortgage insurance to cover the excess over 80% is obtained, in which case the mortgage is limited to 95% (or 97% under a Freddie Mac program) of the lesser of appraised value or purchase price. The loan-to-value ratio, maturity and other provisions of the loans made by First Harrison Bank are generally reflected in the policy of making less than the maximum loan permissible under federal regulations, in accordance with established lending practices, market conditions and underwriting standards maintained by First Harrison Bank. First Harrison Bank requires title, fire and extended insurance coverage on all mortgage loans originated. All of First Harrison Bank's real estate loans contain due on sale clauses. First Harrison Bank generally obtains appraisals on all its real estate loans from outside appraisers.

Construction Loans. First Harrison Bank originates construction loans for residential properties and, to a lesser extent, commercial properties. Although First Harrison Bank originates construction loans that are repaid with the proceeds of a limited number of mortgage loans obtained by the borrower from another lender, the majority of the construction loans that First Harrison Bank

Table of Contents

originates are permanently financed in the secondary market by First Harrison Bank. Construction loans originated without a commitment by First Harrison Bank to provide permanent financing are generally originated for a term of six to 12 months and at a fixed interest rate based on the prime rate.

First Harrison Bank originates speculative construction loans to a limited number of builders operating and based in First Harrison Bank's primary market area and with whom First Harrison Bank has well-established business relationships. At December 31, 2014, First Harrison Bank had approved speculative construction loans, a construction loan for which there is not a commitment for permanent financing in place at the time the construction loan was originated, with total commitments of \$3.3 million and outstanding balances of \$2.5 million. First Harrison Bank limits the number of speculative construction loans outstanding to any one builder based on First Harrison Bank's assessment of the builder's capacity to service the debt.

Most construction loans are originated with a loan-to-value ratio not to exceed 80% of the appraised estimated value of the completed property. The construction loan documents require the disbursement of the loan proceeds in increments as construction progresses. Disbursements are based on periodic on-site inspections by an independent appraiser.

Construction lending is inherently riskier than residential mortgage lending. Construction loans, on average, generally have higher loan balances than residential mortgage loans. In addition, the potential for cost overruns because of the inherent difficulties in estimating construction costs and, therefore, collateral values and the difficulties and costs associated with monitoring construction progress, among other things, are major contributing factors to this greater credit risk. Speculative construction loans have the added risk that there is not an identified buyer for the completed home when the loan is originated, with the risk that the builder will have to service the construction loan debt and finance the other carrying costs of the completed home for an extended time period until a buyer is identified. Furthermore, the demand for construction loans and the ability of construction loan borrowers to service their debt depends highly on the state of the general economy, including market interest rate levels and the state of the economy of First Harrison Bank's primary market area. A material downturn in economic conditions could be expected to have a material adverse effect on the credit quality of the construction loan portfolio.

Commercial Real Estate Loans. Commercial real estate loans are generally secured by small retail stores, professional office space and, in certain instances, farm properties. Commercial real estate loans are generally originated with a loan-to-value ratio not to exceed 75% of the appraised value of the property. Property appraisals are performed by independent appraisers approved by First Harrison Bank's board of directors. First Harrison Bank seeks to originate commercial real estate loans at variable interest rates based on the prime lending rate or the United States Treasury Bill rate for terms ranging from ten to 15 years and with interest rate adjustment intervals of five years. First Harrison Bank also originates fixed-rate balloon loans with a short maturity, but a longer amortization schedule.

Commercial real estate lending affords First Harrison Bank an opportunity to receive interest at rates higher than those generally available from residential mortgage lending. However, loans secured by such properties usually are greater in amount, more difficult to evaluate and monitor and, therefore, involve a greater degree of risk than residential mortgage loans. Because payments on loans secured by multi-family and commercial properties are often dependent on the successful operation and management of the properties, repayment of such loans may be affected by adverse conditions in the real estate market or the economy. First Harrison Bank seeks to minimize these risks by limiting the maximum loan-to-value ratio to 75% and strictly scrutinizing the financial condition of the borrower, the quality of the collateral and the management of the property securing the loan. First Harrison Bank also obtains loan guarantees from financially capable parties based on a review of personal financial statements.

Table of Contents

Commercial Business Loans. Commercial business loans are generally secured by inventory, accounts receivable, and business equipment such as trucks and tractors. Many commercial business loans also have real estate as collateral. First Harrison Bank generally requires a personal guaranty of payment by the principals of a corporate borrower, and reviews the personal financial statements and income tax returns of the guarantors. Commercial business loans are generally originated with loan-to-value ratios not exceeding 75%.

Aside from lines of credit, commercial business loans are generally originated for terms not to exceed seven years with variable interest rates based on the prime lending rate. Approved credit lines totaled \$35.3 million at December 31, 2014, of which \$16.3 million was outstanding. Lines of credit are originated at fixed and variable interest rates for one-year renewable terms.

A director of First Capital and First Harrison Bank is a shareholder of a farm implement dealership that contracts with First Harrison Bank to provide sales financing to the dealership's customers. First Harrison Bank does not grant preferential credit under this arrangement. During the year ended December 31, 2014, First Harrison Bank granted approximately \$978,000 of credit to customers of the dealership and all loans purchased from the corporation had an aggregate outstanding balance of \$1.2 million at December 31, 2014. At December 31, 2014, three loans purchased from the corporation were delinquent 30 days or more with an aggregate outstanding balance of \$15,000.

Commercial business lending generally involves greater risk than residential mortgage lending and involves risks that are different from those associated with residential and commercial real estate lending. Real estate lending is generally considered to be collateral-based lending with loan amounts based on predetermined loan-to-collateral values and liquidation of the underlying real estate collateral is viewed as the primary source of repayment in the event of borrower default. Although commercial business loans are often collateralized by equipment, inventory, accounts receivable or other business assets, the liquidation of collateral in the event of a borrower default is often an insufficient source of repayment because accounts receivable may be uncollectible and inventories and equipment may be obsolete or of limited use, among other things. Accordingly, the repayment of a commercial business loan depends primarily on the creditworthiness of the borrower (and any guarantors), while liquidation of collateral is a secondary, and often insufficient, source of repayment. First Harrison Bank has five commercial lenders and two commercial credit analysts committed to growing commercial business loans to facilitate the changes desired in First Harrison Bank's balance sheet. First Harrison Bank also uses an outside loan review company to review selected commercial credits on an annual basis.

Consumer Loans. First Harrison Bank offers a variety of secured or guaranteed consumer loans, including automobile and truck loans, home equity loans, home improvement loans, boat loans, mobile home loans and loans secured by savings deposits. In addition, First Harrison Bank offers unsecured consumer loans. Consumer loans are generally originated at fixed interest rates and for terms not to exceed seven years. The largest portion of First Harrison Bank's consumer loan portfolio consists of home equity and second mortgage loans followed by automobile and truck loans. Automobile and truck loans are originated on both new and used vehicles. Such loans are generally originated at fixed interest rates for terms up to five years and at loan-to-value ratios up to 90% of the blue book value in the case of used vehicles and 90% of the purchase price in the case of new vehicles.

First Harrison Bank originates variable-rate home equity and fixed-rate second mortgage loans generally for terms not to exceed five years. The loan-to-value ratio on such loans is limited to 80%, taking into account the outstanding balance on the first mortgage loan.

First Harrison Bank's underwriting procedures for consumer loans includes an assessment of the applicant's payment history on other debts and ability to meet existing obligations and payments on the proposed loans. Although the applicant's creditworthiness is a primary consideration, the underwriting process also includes a comparison of the value of the security, if any, to the proposed loan amount. First Harrison Bank underwrites and originates the majority of its consumer loans internally, which

Table of Contents

management believes limits exposure to credit risks relating to loans underwritten or purchased from brokers or other outside sources.

Consumer loans generally entail greater risk than do residential mortgage loans, particularly in the case of consumer loans which are unsecured or secured by assets that depreciate rapidly, such as automobiles. In the latter case, repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment for the outstanding loan and the remaining deficiency often does not warrant further substantial collection efforts against the borrower. In addition, consumer loan collections depend on the borrower's continuing financial stability, and, therefore, are more likely to be adversely affected by job loss, divorce, illness or personal bankruptcy. Furthermore, the application of various federal and state laws, including federal and state bankruptcy and insolvency laws, may limit the amount which can be recovered on such loans. Such loans may also give rise to claims and defenses by the borrower against First Harrison Bank as the holder of the loan, and a borrower may be able to assert claims and defenses that it has against the seller of the underlying collateral.

Loan Maturity and Repricing

The following table sets forth certain information at December 31, 2014 regarding the dollar amount of loans maturing in First Harrison Bank's portfolio based on their contractual terms to maturity, but does not include potential prepayments. Demand loans, which are loans having neither a stated schedule of repayments nor a stated maturity, and overdrafts are reported as due in one year or less. Loan balances do not include undisbursed loan proceeds, unearned income and allowance for loan losses.

	Within One Year	After One Year Through 3 Years	After 3 Years Through 5 Years	After 5 Years Through 10 Years	After 10 Years Through 15 Years	After 15 Years	Total
(Dollars in thousands)							
Mortgage loans:							
Residential	\$ 6,632	\$ 14,299	\$ 11,811	\$ 29,292	\$ 18,697	\$ 25,948	\$ 106,679
Commercial real estate and land loans(1)	12,013	16,051	15,321	22,586	16,447	8,346	90,764
Residential construction(2)	10,347	0	0	0	0	0	10,347
Consumer loans	17,253	23,229	8,556	15,820	7,273	65	72,196
Commercial business	13,951	6,015	2,886	2,303	1,991	1,136	28,282
Total gross loans	\$ 60,196	\$ 59,594	\$ 38,574	\$ 70,001	\$ 44,408	\$ 35,495	\$ 308,268

(1) Includes commercial real estate construction loans.

(2) Includes construction loans for which First Harrison Bank has committed to provide permanent financing.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

The following table sets forth the dollar amount of all loans due after December 31, 2015, which have fixed interest rates and floating or adjustable interest rates.

	Fixed Rates	Floating or Adjustable Rates
(Dollars in thousands)		
Mortgage loans:		
Residential	\$ 57,661	\$ 42,386
Commercial real estate and land loans	21,329	57,422
Residential construction	0	0
Consumer loans	27,424	27,519
Commercial business	8,669	5,662
Total gross loans	\$ 115,083	\$ 132,989

Loan Solicitation and Processing. A majority of First Harrison Bank's loan originations are made to existing customers. Walk-ins and customer referrals are also a source of loan originations. Upon receipt of a loan application, a credit report is ordered to verify specific information relating to the loan applicant's employment, income and credit standing. A loan applicant's income is verified through the applicant's employer or from the applicant's tax returns. In the case of a real estate loan, an appraisal of the real estate intended to secure the proposed loan is undertaken, generally by an independent appraiser approved by First Harrison Bank. The mortgage loan documents used by First Harrison Bank conform to secondary market standards.

First Harrison Bank requires that borrowers obtain certain types of insurance to protect its interest in the collateral securing the loan. First Harrison Bank requires either a title insurance policy insuring that First Harrison Bank has a valid first lien on the mortgaged real estate or an opinion by an attorney regarding the validity of title. Fire and casualty insurance is also required on collateral for loans.

Loan Commitments and Letters of Credit. First Harrison Bank issues commitments for fixed- and adjustable-rate single-family residential mortgage loans and commercial loans conditioned upon the occurrence of certain events. Such commitments are made in writing on specified terms and conditions and are honored for up to 60 days from the date of application, depending on the type of transaction. First Harrison Bank had outstanding loan commitments of approximately \$7.4 million at December 31, 2014.

As an accommodation to its commercial business loan borrowers, First Harrison Bank issues standby letters of credit or performance bonds usually in favor of municipalities for whom its borrowers are performing services. At December 31, 2014, First Harrison Bank had outstanding letters of credit of \$693,000.

Loan Origination and Other Fees. Loan fees and points are a percentage of the principal amount of the mortgage loan that is charged to the borrower for funding the loan. First Harrison Bank usually charges a fixed origination fee on residential real estate loans and long-term commercial real estate loans. Current accounting standards require loan origination fees and certain direct costs of underwriting and closing loans to be deferred and amortized into interest income over the contractual life of the loan. Deferred fees and costs associated with loans that are sold are recognized as income at the time of sale. First Harrison Bank had \$506,000 of net deferred loan costs at December 31, 2014.

Mortgage Banking Activities. Mortgage loans originated and funded by First Harrison Bank and intended for sale in the secondary market are carried at the lower of aggregate cost or market value. Aggregate market value is determined based on the quoted prices under a "best efforts" sales agreement with a third party. Net unrealized losses are recognized through a valuation allowance by charges to income. Realized gains on sales of mortgage loans are included in noninterest income.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

Commitments to originate and fund mortgage loans for sale in the secondary market are considered derivative financial instruments to be accounted for at fair value. First Harrison Bank's mortgage loan commitments subject to derivative accounting are fixed rate mortgage commitments at market rates when initiated. At December 31, 2014, First Harrison Bank had commitments to originate \$306,000 in fixed-rate mortgage loans intended for sale in the secondary market after the loans are closed. Fair value is estimated based on fees that would be charged on commitments with similar terms.

Delinquencies. First Harrison Bank's collection procedures provide for a series of contacts with delinquent borrowers. A late charge is assessed and a late charge notice is sent to the borrower after the 15th day of delinquency. After 20 days, the collector places a phone call to the borrower. When a payment becomes 60 days past due, the collector issues a default letter. If a loan continues in a delinquent status for 90 days or more, First Harrison Bank generally initiates foreclosure or other litigation proceedings.

Nonperforming Assets. Loans are reviewed regularly and when loans become 90 days delinquent, the loan is placed on nonaccrual status and the previously accrued interest income is reversed unless, in the opinion of management, the outstanding interest remains collectible. Typically, payments received on a nonaccrual loan are applied to the outstanding principal and interest as determined at the time of collection of the loan when the likelihood of further loss on the loan is remote. Otherwise, First Harrison Bank applies the cost recovery method and applies all payments as a reduction of the unpaid principal balance.

The following table sets forth information with respect to First Harrison Bank's nonperforming assets for the dates indicated. Nonperforming assets include nonaccrual loans, accruing loans that are 90 days or more past due, and foreclosed real estate.

	At December 31,				
	2014	2013	2012	2011	2010
	(Dollars in thousands)				
Loans accounted for on a nonaccrual basis:					
Residential real estate(1)	\$ 919	\$ 1,533	\$ 2,773	\$ 2,528	\$ 3,230
Commercial real estate(2)	449	1,576	2,961	2,858	1,780
Commercial business	1,642	1,898	1,776	1,928	2,148
Consumer	129	252	73	87	390
Total	3,139	5,259	7,583	7,401	7,548
Accruing loans past due 90 days or more:					
Residential real estate(1)	68	180	215	143	334
Commercial real estate(2)	0	0	0	38	0
Commercial business	0	0	0	0	20
Consumer	17	47	74	182	25
Total	85	227	289	363	379
Total nonperforming loans	3,224	5,486	7,872	7,764	7,927
Foreclosed real estate, net	78	466	295	661	591
Total nonperforming assets	\$ 3,302	\$ 5,952	\$ 8,167	\$ 8,425	\$ 8,518
Total nonperforming loans to net loans	1.07%	1.90%	2.81%	2.81%	2.69%
Total nonperforming loans to total assets	0.68%	1.23%	1.71%	1.77%	1.75%
Total nonperforming assets to total assets	0.70%	1.34%	1.78%	1.92%	1.88%

(1)

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Includes residential construction loans.

(2)

Includes commercial real estate construction and land loans.

106

Table of Contents

First Harrison Bank accrues interest on loans over 90 days past due when, in the opinion of management, the estimated value of collateral and collection efforts are deemed sufficient to ensure full recovery. First Harrison Bank did not recognize any interest income on nonaccrual loans for the fiscal year ended December 31, 2014. First Harrison Bank would have recorded interest income of \$194,000 for the year ended December 31, 2013 had nonaccrual loans been current in accordance with their original terms.

Restructured Loans. Periodically, First Harrison Bank modifies loans to extend the term or make other concessions to help borrowers stay current on their loans and avoid foreclosure. First Harrison Bank does not forgive principal or interest on loans or modify interest rates to rates that are below market rates. These modified loans are also referred to as "troubled debt restructurings" or "TDRs".

Restructured loans can involve loans remaining on nonaccrual, moving to nonaccrual, or continuing on accrual status, depending on the individual facts and circumstances of the borrower. Generally, a nonaccrual loan that is restructured in a TDR remains on nonaccrual status for a period of at least six months following the restructuring to ensure that the borrower performs in accordance with the restructured terms including consistent and timely payments. At December 31, 2014, TDRs totaled \$4.0 million and the related allowance for loan losses on TDRs was \$1.3 million. TDRs on nonaccrual status totaling \$2.1 million at December 31, 2014 are included in the nonperforming loans totals above. TDRs performing according to their restructured terms and on accrual status totaled \$1.9 million at December 31, 2014. See Note 4 in the accompanying Notes to Consolidated Financial Statements, which is incorporated herein by reference, for additional information regarding TDRs.

Classified Assets. The OCC has adopted various regulations regarding problem assets of financial institutions. The regulations require that each insured institution review and classify its assets on a regular basis. In addition, in connection with examinations of insured institutions, OCC examiners have the authority to identify problem assets and, if appropriate, require them to be classified. There are three classifications for problem assets: substandard, doubtful and loss. "Substandard" assets have one or more defined weaknesses and are characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. "Doubtful" assets have the weaknesses of substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions and values questionable, and there is a high possibility of loss. An asset classified as "loss" is considered uncollectible and of such little value that continuance as an asset of the institution is not warranted. If an asset or portion thereof is classified as loss, the insured institution charges off an amount equal to 100% of the portion of the asset classified as loss. The regulations also provide for a "special mention" category, described as assets which do not currently expose the institution to sufficient risk to warrant adverse classification, but have potential weaknesses that deserve management's close attention.

At December 31, 2014, First Harrison Bank had \$3.1 million in doubtful loans and \$7.0 million in substandard loans, of which all but \$6.9 million are included in total nonperforming loans disclosed in the above table. In addition, First Harrison Bank identified \$3.9 million in loans as special mention loans at December 31, 2014.

Current accounting rules require that impaired loans be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price or the fair value of collateral if the loan is collateral dependent. A loan is classified as "impaired" by management when, based on current information and events, it is probable that First Harrison Bank will be unable to collect all amounts due in accordance with the terms of the loan agreement. If the fair value, as measured by one of these methods, is less than the recorded investment in the impaired loan, First Harrison Bank establishes a valuation allowance with a provision charged to expense. Management reviews the valuation of impaired loans on a quarterly basis to consider changes due to

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

the passage of time or revised estimates. At December 31, 2014, all impaired loans were considered to be collateral dependent for the purposes of determining fair value.

Values for collateral dependent loans are generally based on appraisals obtained from independent licensed real estate appraisers, with adjustments applied for estimated costs to sell the property, costs to complete unfinished or repair damaged property and other factors. New appraisals are generally obtained for all significant properties when a loan is identified as impaired, and a property is considered significant if the value of the property is estimated to exceed \$200,000. Subsequent appraisals are obtained as needed or if management believes there has been a significant change in the market value of the property. In instances where it is not deemed necessary to obtain a new appraisal, management bases its impairment and allowance for loan loss analysis on the original appraisal with adjustments for current conditions based on management's assessment of market factors and management's inspection of the property. At December 31, 2014, discounts from appraised values used to value impaired loans for estimates of changes in market conditions, the condition of the collateral, and estimated costs to sell the property ranged from 10% to 48%.

An insured institution is required to establish and maintain an allowance for loan losses at a level that is adequate to absorb estimated credit losses associated with the loan portfolio, including binding commitments to lend. General allowances represent loss allowances which have been established to recognize the inherent risk associated with lending activities. When an insured institution classifies problem assets as "loss," it is required either to establish an allowance for losses equal to 100% of the amount of the assets, or charge off the classified asset. The amount of its valuation allowance is subject to review by the OCC, which can order the establishment of additional general loss allowances. First Harrison Bank regularly reviews the loan portfolio to determine whether any loans require classification in accordance with applicable regulations.

At December 31, 2014, 2013 and 2012, the aggregate amounts of First Harrison Bank's classified assets were as follows:

At December 31,			
	2014	2013	2012
(Dollars in thousands)			
Classified assets:			
Loss	\$	\$	\$
Doubtful	3,139	5,259	7,583
Substandard	6,967	5,904	8,072
Special mention	3,937	4,066	4,041

Loans classified as impaired in accordance with accounting standards included in the above regulatory classifications and the related allowance for loan losses are summarized below at the dates indicated:

At December 31,			
	2014	2013	2012
(Dollars in thousands)			
Impaired loans with related allowance	\$ 2,034	\$ 3,129	\$ 4,093
Impaired loans with no allowance	3,005	3,791	3,711
Total impaired loans	\$ 5,039	\$ 6,920	\$ 7,804

Allowance for loan losses:			
Related to impaired loans	\$ 1,351	\$ 1,529	\$ 1,652
Related to other loans	3,495	3,393	3,084

Table of Contents

See Note 4 in the accompanying Notes to Consolidated Financial Statements, which is incorporated herein by reference, for additional information regarding impaired loans and the related allowance for loan losses.

Foreclosed Real Estate. Foreclosed real estate held for sale is carried at fair value minus estimated costs to sell. Costs of holding foreclosed real estate are charged to expense in the current period, except for significant property improvements, which are capitalized. Valuations are periodically performed by management and an allowance is established by a charge to non-interest expense if the carrying value exceeds the fair value minus estimated costs to sell. The net income from operations of foreclosed real estate held for sale is reported in non-interest income. At December 31, 2014, First Harrison Bank had foreclosed real estate totaling \$78,000. See Note 6 in the accompanying Notes to Consolidated Financial Statements for additional information regarding foreclosed real estate.

Allowance for Loan Losses. Loans are First Harrison Bank's largest concentration of assets and continue to represent the most significant potential risk. In originating loans, First Harrison Bank recognizes that losses will be experienced and that the risk of loss will vary with, among other things, the type of loan made, the creditworthiness of the borrower over the term of the loan, general economic conditions and, in the case of a secured loan, the quality of the collateral. First Harrison Bank maintains an allowance for loan losses to absorb losses inherent in the loan portfolio. The allowance for loan losses represents management's estimate of probable loan losses based on information available as of the date of the financial statements. The allowance for loan losses is based on management's evaluation of the loan portfolio, including historical loan loss experience, delinquencies, known and inherent risks in the nature and volume of the loan portfolio, information about specific borrower situations, estimated collateral values, and economic conditions.

The loan portfolio is reviewed quarterly by management to evaluate the adequacy of the allowance for loan losses to determine the amount of any adjustment required after considering the loan charge-offs and recoveries for the quarter. Management applies a systematic methodology that incorporates its current judgments about the credit quality of the loan portfolio. In addition, the OCC, as an integral part of its examination process, periodically reviews First Harrison Bank's allowance for loan losses and may require First Harrison Bank to make additional provisions for estimated losses based on its judgments about information available to it at the time of its examination.

The methodology used in determining the allowance for loan losses includes segmenting the loan portfolio by identifying risk characteristics common to pools of loans, determining and measuring impairment of individual loans based on the present value of expected future cash flows or the fair value of collateral, and determining and measuring impairment for pools of loans with similar characteristics by applying loss factors that consider the qualitative factors which may affect the loss rates.

Specific allowances related to impaired loans and other classified loans are established where the present value of the loan's discounted cash flows, observable market price or collateral value (for collateral dependent loans) is lower than the carrying value of the loan. The identification of these loans results from the loan review process that identifies and monitors credits with weaknesses or conditions which call into question the full collection of the contractual payments due under the terms of the loan agreement. Factors considered by management include, among others, payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. At December 31, 2014, First Capital's specific allowances totaled \$1.4 million, including a specific allowance of \$1.3 million on a commercial loan secured by a medical office facility and medical equipment. The loan had a balance of \$1.6 million at December 31, 2014 and the loan was on nonaccrual status.

For loans evaluated on a pool basis, management applies loss factors to pools of loans with common risk characteristics (e.g., residential mortgage loans, home equity loans, commercial real estate

Table of Contents

loans). The loss factors are derived from First Harrison Bank's historical loss experience. Loss factors are adjusted for significant qualitative factors that, in management's judgment, affect the collectability of the loan portfolio segment. The significant qualitative factors include the levels and trends in charge-offs and recoveries, trends in volume and terms of loans, levels and trends in delinquencies, the effects of changes in underwriting standards and other lending practices or procedures, the experience and depth of the lending management and staff, effects of changes in credit concentration, changes in industry and market conditions and national and local economic trends and conditions. Management evaluates these conditions on a quarterly basis and evaluates and modifies the assumptions used in establishing the loss factors.

At December 31, 2013, the historical loss experience used to estimate the allowance for loan losses was for the most recent twelve calendar quarters. Effective as of December 31, 2014, First Capital began using the most recent twenty calendar quarters as the basis for developing the historical loss factors, which increased the estimated allowance for loan losses by approximately \$91,000 at December 31, 2014.

At December 31, 2014, management adjusted the qualitative factors for the commercial real estate, commercial business, vacant land, and home equity and second mortgage portfolio segments which increased the estimated allowance for loan losses related to those portfolio segments by approximately \$1.6 million. These changes we made to better reflect management's analysis of inherent losses in these portfolio segments at December 31, 2014.

At December 31, 2014, for each loan portfolio segment management applied an overall qualitative factor of 1.18 to First Capital's historical loss factors. The overall qualitative factor is derived from management's analysis of changes and trends in the following qualitative factors:

Underwriting Standards Management reviews the findings of periodic internal audit loan reviews, independent outsourced loan reviews and loan reviews performed by First Harrison Banking regulators to evaluate the risk associated with changes in underwriting standards. At December 31, 2014, management assessed the risk associated with this component as neutral, requiring no adjustment to the historical loss factors.

Economic Conditions Management analyzes trends in housing and unemployment data in the Harrison, Floyd and Clark counties of Indiana, First Capital's primary market area, to evaluate the risk associated with economic conditions. Due to a decrease in new home construction and an increase in unemployment in First Capital's primary market area, management assigned a risk factor of 1.20 for this component at December 31, 2014.

Past Due Loans Management analyzes trends in past due loans for First Capital to evaluate the risk associated with delinquent loans. In general, past due loan ratios have remained at elevated levels compared to historical amounts since 2007, and management assigned a risk factor of 1.20 for this component at December 31, 2014.

Other Internal and External Factors This component includes management's consideration of other qualitative factors such as loan portfolio composition. First Capital has focused on origination of commercial business and real estate loans in an effort to convert First Capital's balance sheet from that of a traditional thrift institution to a commercial bank. In addition, First Capital has increased its investment in mortgage loans in which it does not hold a first lien position. Commercial loans and second mortgage loans generally entail greater credit risk than residential mortgage loans secured by a first lien. As a result of changes in the loan portfolio composition, management assigned a risk factor of 1.30 for this component at December 31, 2014.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

Each of the four factors above was assigned an equal weight to arrive at an average for the overall qualitative factor of 1.18 at December 31, 2014. The effect of the overall qualitative factor was to increase the estimated allowance for loan losses by \$520,000 at December 31, 2014.

Management also adjusts the historical loss factors for loans classified as watch, special mention and substandard that are not individually evaluated for impairment. The adjustments consider the increased likelihood of loss on classified loans based on First Capital's separate historical loss experience for classified loans. The effect of these adjustments for classified loans was to increase the estimated allowance for loan losses by \$664,000 at December 31, 2014.

See Notes 1 and 4 in the accompanying Notes to Consolidated Financial Statements, which are incorporated herein by reference, for additional information regarding management's methodology for estimating the allowance for loan losses.

The following table sets forth an analysis of First Harrison Bank's allowance for loan losses for the periods indicated.

	Year Ended December 31,				
	2014	2013	2012	2011	2010
	(Dollars in thousands)				
Allowance at beginning of period	\$ 4,922	\$ 4,736	\$ 4,182	\$ 4,473	\$ 4,931
Provision for loan losses	190	725	1,525	1,825	2,037
	5,112	5,461	5,707	6,298	6,968
Recoveries:					
Residential real estate	7	60	16	18	9
Commercial real estate and land	6	17	1	0	4
Commercial business	17	74	10	45	9
Consumer	324	202	200	248	214
Total recoveries	354	353	227	311	236
Charge-offs:					
Residential real estate	140	353	418	819	620
Commercial real estate and land	0	92	108	396	1,326
Commercial business	6	20	17	333	29
Consumer	474	427	655	879	756
Total charge-offs	620	892	1,198	2,427	2,731
Net (charge-offs) recoveries	(266)	(539)	(971)	(2,116)	(2,495)
Balance at end of period	\$ 4,846	\$ 4,922	\$ 4,736	\$ 4,182	\$ 4,473
Ratio of allowance to total loans outstanding at the end of the period	1.57%	1.64%	1.64%	1.47%	1.48%
Ratio of net charge-offs to average loans outstanding during the period	0.09%	0.19%	0.35%	0.72%	0.80%

Table of Contents**Allowance for Loan Losses Analysis**

The following table sets forth the breakdown of the allowance for loan losses by loan category at the dates indicated.

	At December 31,									
	2014		2013		2012		2011		2010	
	Amount	Percent of Outstanding Loans in Category	Amount	Percent of Outstanding Loans in Category	Amount	Percent of Outstanding Loans in Category	Amount	Percent of Outstanding Loans in Category	Amount	Percent of Outstanding Loans in Category
	(Dollars in thousands)									
Residential real estate(1)	\$ 669	37.97%	\$ 874	40.45%	\$ 922	41.78%	\$ 861	44.70%	\$ 1,045	45.81%
Commercial real estate and land loans(2)	1,702	29.44	1,436	29.48	1,381	28.22	1,362	23.99	1,106	23.00
Commercial business	1,480	9.17	1,446	7.31	1,223	6.43	1,160	7.27	1,251	7.25
Consumer	995	23.42	1,116	22.76	1,210	23.57	799	24.04	1,071	23.94
Total allowance for loan losses	\$ 4,846	100.00%	\$ 4,922	100.00%	\$ 4,736	100.00%	\$ 4,182	100.00%	\$ 4,473	100.00%

(1) Includes residential construction loans.

(2) Includes commercial real estate construction loans.

Investment Activities

Federally chartered savings institutions have authority to invest in various types of liquid assets, including United States Treasury obligations, securities of various federal agencies and of state and municipal governments, deposits at the applicable Federal Home Loan Bank, certificates of deposit of federally insured institutions, certain bankers' acceptances and federal funds. Subject to various restrictions, such savings institutions may also invest a portion of their assets in commercial paper, corporate debt securities and mutual funds, the assets of which conform to the investments that federally chartered savings institutions are otherwise authorized to make directly. Savings institutions are also required to maintain minimum levels of liquid assets that vary from time to time. First Harrison Bank may decide to increase its liquidity above the required levels depending upon the availability of funds and comparative yields on investments in relation to return on loans.

First Harrison Bank is required under federal regulations to maintain a minimum amount of liquid assets and is also permitted to make certain other securities investments. The balance of First Harrison Bank's investments in short-term securities in excess of regulatory requirements reflects management's response to the significantly increasing percentage of deposits with short maturities. Management intends to hold securities with short maturities in First Harrison Bank's investment portfolio in order to enable First Harrison Bank to match more closely the interest-rate sensitivities of its assets and liabilities.

First Harrison Bank periodically invests in mortgage-backed securities, including mortgage-backed securities guaranteed or insured by Ginnie Mae, Fannie Mae or Freddie Mac. Mortgage-backed securities generally increase the quality of First Harrison Bank's assets by virtue of the guarantees that back them, are more liquid than individual mortgage loans and may be used to collateralize borrowings or other obligations of First Harrison Bank. Of First Harrison Bank's total mortgage-backed securities portfolio at December 31, 2014, securities with a market value of \$238,000 have adjustable rates as of that date.

First Harrison Bank also invests in collateralized mortgage obligations ("CMOs") issued by Ginnie Mae, Fannie Mae and Freddie Mac, as well as private issuers. CMOs are complex mortgage-backed securities that restructure the cash flows and risks of the underlying mortgage collateral.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

At December 31, 2014, neither First Capital nor First Harrison Bank had an investment in securities (other than United States Government and agency securities), which exceeded 10% of First Capital's consolidated stockholders' equity at that date.

Edgar Filing: FIRST CAPITAL INC - Form 424B3

Table of Contents

The following table sets forth the securities portfolio at the dates indicated.

	At December 31,											
	2014				2013				2012			
	Fair Value	Amortized Cost	Percent of Portfolio	Weighted Average Yield(1)	Fair Value	Amortized Cost	Percent of Portfolio	Weighted Average Yield(1)	Fair Value	Amortized Cost	Percent of Portfolio	Weighted Average Yield(1)
(Dollars in thousands)												
Securities Held to Maturity(2)												
Mortgage-backed securities(3)	6	6	0.01	1.86%	9	9	0.01	1.63%	12	12	0.01	1.96%
	\$ 6	\$ 6	0.01%		\$ 9	\$ 9	0.01%		\$ 12	\$ 12	0.01%	

Securities Available for Sale

Debt securities: