

FNCB Bancorp, Inc.
Form DEF 14A
April 17, 2017
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to 240.14a-12

FNCB Bancorp, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: _____

(2) Aggregate number of securities to which transaction applies: _____

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____

(4) Proposed maximum aggregate value of transaction: _____

(5) Total fee paid: _____

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid: _____

(2) Form, Schedule or Registration No.: _____

(3) Filing Party: _____

(4) Date Filed: _____

FNCB BANCORP, INC.

102 East Drinker Street

Dunmore, Pennsylvania 18512

NOTICE OF 2017 ANNUAL MEETING OF SHAREHOLDERS

To our Shareholders:

FNCB Bancorp, Inc., a Pennsylvania corporation (“FNCB”) will hold an Annual Meeting of Shareholders at FNCB Bank’s (the “Bank”) Exeter Branch Office located at 1625 Wyoming Avenue, Exeter, Pennsylvania 18643, on May 17, 2017 at 9:00 A.M. Eastern Time, for the following purposes:

1. To elect three (3) directors to the Board of Directors for terms expiring in 2020 and until their successors are elected;
2. To hold an advisory vote on the compensation of FNCB’s named executive officers;
3. To ratify the appointment of Baker Tilly Virchow Krause, LLP as FNCB’s independent registered public accounting firm for the year ending December 31, 2017; and
4. To transact any other business properly presented at the annual meeting and any adjournment or postponement of the meeting.

The Board of Directors unanimously recommends that you vote “FOR” each of the proposals named above.

The shareholders of record at the close of business on April 7, 2017 (the "Record Date") are entitled to notice of, and to vote at, the annual meeting or any adjournment of postponement thereof.

Please refer to the attached proxy statement and the 2016 Annual Report to Shareholders. You may obtain a copy of this Proxy Statement and the Annual Report on Form 10-K including the financial statements and exhibits for the 2016 fiscal year at no cost on our website at www.fnbc.com/investorrelations.

By Order of the Board of Directors,

/s/ Dominick L. DeNaples
Dominick L. DeNaples, Chairman
Dunmore, Pennsylvania
April 17, 2017

IMPORTANT NOTICE

Please vote your shares by one of the following methods as soon as possible, whether or not you plan to attend the Annual Meeting: (1) a toll-free telephone call, (2) the Internet, or (3) the enclosed proxy in the postage paid envelope provided. If you hold shares through a broker, trust, bank or other nominee holder, please complete the voting instructions of that broker or custodian. Brokers may not vote your shares on the election of directors and the advisory vote on the compensation of FNCB's named executive officers unless you provide your nominee with specific instructions as to how to vote your shares. Please vote your shares so your vote can be counted.

PROXY STATEMENT

TABLE OF CONTENTS

	PAGE
Frequently Asked Questions and Answers	3
General Information	5
Date, Time and Place of Annual Meeting	5
Internet Availability of Proxy Materials	5
Purpose of the Annual Meeting	5
Record Date, Quorum and Voting Rights	6
Solicitation of Proxies and Voting	6
Revocation of Proxies	7
Principal Beneficial Owners of FNCB's Common Stock	8
Principal Owners	8
Beneficial Ownership by Directors, Executive Officers and Nominees	9
PROPOSAL 1 Election of Directors	10
Information as to Nominees	11
Information as to Directors Who Will Continue in Office	12
Information as to Executive Officers and Significant Employees	14
Corporate Governance	16
Code of Ethics	17
Shareholder Communications	17
Submission of Shareholder Proposals for 2018 Annual Meeting	17
The Board of Directors	18
Committees of the Board of Directors	19
Director Compensation	20
Compensation Committee	20
Risk Management Committee	21
Corporate Governance Committee	21
Director Nominations	21
Audit Committee	22
Report of the Audit Committee	22
Executive Compensation	23
Compensation Discussion and Analysis	23
Compensation Committee Report	32
Summary Compensation Table	33
Grants of Plan-Based Awards	34
Potential Payments Upon Termination or Change in Control	37
Compensation Committee Interlocks and Insider Participation	39
Stock Performance Graph and Table	40
PROPOSAL 2 Advisory Vote on Compensation of FNCB's Named Executive Officers	41
Certain Relationships and Related Transactions	41
PROPOSAL 3 Ratification of the Appointment of Independent Registered Public Accounting Firm	43
Fees Paid to Independent Registered Public Accounting Firm	43
Section 16(a) Beneficial Ownership Reporting Compliance	44

Other Matters	44
Additional Information	44

FREQUENTLY ASKED QUESTIONS AND ANSWERS

Who is entitled to vote?

Only those shareholders who held their shares of record as of the close of business on April 7, 2017, the Record Date, are entitled to vote. As of April 7, 2017, there were 16,692,314 shares of FNCB's common stock outstanding and entitled to vote. Each of FNCB's shareholders on the Record Date is entitled to one vote per share.

How do I vote?

If you are a shareholder of record as of April 7, 2017, you may vote your shares by using one of four methods: mail, via the internet, telephone or in person. (See instructions on the proxy card).

How does discretionary authority apply?

If you are a shareholder of record and vote by proxy but make no specification how to vote your shares on your proxy card that you have otherwise properly executed, the proxy holders will vote the shares represented by your proxy by voting **FOR** each of the proposals listed on the proxy card.

Is my vote confidential?

Yes. Only the Judge of Election, the proxy holders and the transfer agent will have access to your proxy. All comments will remain confidential unless you ask that your name be disclosed.

Who will count the votes?

A representative of FNCB's transfer agent, American Stock Transfer and Trust Company, LLC, will tabulate the votes and act as Judge of Election.

What does it mean if I receive more than one proxy?

Your shares are probably registered in more than one name or are held in more than one account. Vote all proxies to ensure that all your shares are voted.

What constitutes a quorum?

As of April 7, 2017, 16,692,314 shares of common stock were outstanding and entitled to vote. The presence, in person or by proxy, of shareholders entitled to cast at least a majority of the votes which all shareholders are entitled to cast, constitutes a quorum for the transaction of business at the annual meeting. If you vote by proxy or in person, you will be considered part of the quorum.

What percentage of stock do the directors and officers own?

Approximately 14.17% of FNCB's common stock as of April 7, 2017 is owned by our directors and executive officers as a group. (See page 9 of the proxy statement for more details).

What are the solicitation expenses?

FNCB has retained American Stock Transfer and Trust Company, LLC of Brooklyn, New York as its transfer agent. In its capacity as transfer agent, American Stock Transfer and Trust Company, LLC will assist in the distribution of proxy materials and solicitation of votes, and will act as the Judge of Election. The estimated fee to provide these services is \$13,200 plus out-of-pocket expenses.

Who is the largest principal shareholder?

The largest principal shareholder of FNCB as of April 7, 2017 is Louis A. DeNaples (see page 9 of the proxy statement for more details).

How many votes are needed to approve each proposal and what are the effects of abstentions or broker non-votes on the voting results?

Proposal Number	Item	Vote Required for Approval of Each Item	Abstentions*	Uninstructed Shares/Effect of Broker Non-votes	Signed but Unmarked Proxy Cards
1	Election of Directors	Plurality	No effect	Not voted/No effect	Voted "for"
2	Advisory Vote on the compensation of FNCB's named executive officers	Majority of votes cast	No effect	Not voted/No effect	Voted "for"
3	Ratification of Baker Tilly Virchow Krause, LLP as FNCB's independent registered public accounting firm for the year ending December 31, 2017	Majority of votes cast	No effect	Discretionary vote by Broker	Voted "for"

* Abstentions are included in determining whether a quorum is present.

FNCB Bancorp, Inc.

102 E. Drinker Street

Dunmore, PA 18512

PROXY STATEMENT

FOR THE 2017 ANNUAL MEETING OF SHAREHOLDERS, to be held on May 17, 2017

Date, Time and Place of Annual Meeting

This proxy statement is being furnished as part of the solicitation of proxies by the Board of Directors (the “Board”) of FNCB Bancorp, Inc. (“FNCB”), a Pennsylvania business corporation and registered bank holding company, to be voted at FNCB’s 2017 annual meeting of shareholders (“annual meeting”). The annual meeting will be held at FNCB Bank’s (the “Bank”) Exeter Branch Office, 1625 Wyoming Avenue, Exeter, Pennsylvania 18643 on Wednesday, May 17, 2017 at 9:00 a.m., prevailing time. All inquiries regarding the annual meeting should be directed to Joseph Coccia, Secretary of FNCB. This proxy statement and the enclosed form of proxy are first being sent to shareholders of FNCB on or about April 17, 2017.

Internet Availability of Proxy Materials

The proxy materials relating to the 2017 annual meeting and the 2016 Annual Report on Form 10-K are available free of charge on the Internet. Please go to www.fncb.com/investorrelations to view and obtain the materials online.

Purpose of the Annual Meeting

At the annual meeting, shareholders will be requested:

to elect three (3) directors to the Board of Directors for terms expiring in 2020 and until their successors are duly elected and qualified;

to hold an advisory vote on the compensation of FNCB's named executive officers;

to ratify the appointment of Baker Tilly Virchow Krause, LLP as FNCB's independent registered public accounting firm for the year ending December 31, 2017; and

to transact any other business properly presented at the annual meeting and any adjournment or postponement of the meeting.

We have not authorized anyone to provide you with information about FNCB; therefore, you should rely only on the information contained in this document or on documents to which we refer you. Although we believe we have provided you with all the information helpful to you in your decision to vote, events may occur at FNCB after printing this proxy statement that might affect your decision or the value of your stock.

Record Date, Quorum and Voting Rights

FNCB's Board has fixed April 7, 2017 as the Record Date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting. On the Record Date, FNCB had 16,692,314 shares of common stock, par value \$1.25 per share (the "common stock"), outstanding and entitled to vote, held by approximately 1,921 shareholders. FNCB's common stock is the only authorized class of stock entitled to vote.

Under Pennsylvania law and FNCB's bylaws, the presence of a quorum, in person or by proxy, is required for each matter to be acted upon at the annual meeting. The presence, in person or by proxy, of a majority of the shares of common stock entitled to vote at the annual meeting, constitutes a quorum for the transaction of business at the annual meeting. Votes withheld and abstentions will be counted in determining the presence of a quorum. A "broker non-vote" results on a matter when your broker or nominee returns a proxy but does not vote on a proposal because it does not have discretionary authority to vote on that proposal and has not received voting instructions from you. We believe that your broker or nominee only has discretionary voting power with respect to the proposal regarding the ratification of the appointment of the independent registered public accounting firm for 2017.

Each holder of common stock is entitled to one vote, in person or by proxy, for each share of common stock held in his or her name in FNCB's books as of the Record Date. If your shares are held in an account at a bank, brokerage firm, broker-dealer or other similar organization, then you are a beneficial owner of shares held in "street name." In that case, you will have received these proxy materials from that organization holding your account and, as a beneficial owner, you have the right to instruct your broker, bank, trustee, or nominee how to vote the shares held in your account. If no voting instructions are given, your broker or nominee has discretionary authority to vote your shares on your behalf on routine matters. If you hold your shares in "street name" through a broker, trust, bank or other nominee, your nominee holder may not be able to vote your shares on the proposal to elect directors and the advisory vote on the compensation of FNCB's named executive officers unless you provide specific instructions how to vote on those proposals.

Assuming the presence of a quorum, the three (3) nominees for director receiving the highest number of votes will be elected at the annual meeting. The advisory vote on the compensation of FNCB's named executive officers, the ratification of Baker Tilly Virchow Krause, LLP as FNCB's independent registered public accounting firm for 2017, and any other matters that may come before the annual meeting, will require the affirmative vote of a majority of the votes cast on the proposal to be approved. Any abstention or broker non-votes will not be counted as a vote cast on a proposal but will be counted in determining whether a quorum is present at the annual meeting.

Solicitation of Proxies and Voting

The cost of preparing, assembling, printing, mailing and soliciting proxies, and any additional material regarding the annual meeting that FNCB sends to its shareholders will be paid by FNCB. In addition to solicitation by American Stock Transfer and Trust Company, LLC, the directors, officers and employees of FNCB and the Bank may solicit proxies from shareholders personally or by telephone, facsimile or other electronic means without additional compensation. Arrangements will be made with brokerage firms and other custodians, nominees and fiduciaries to forward proxy solicitation materials to the beneficial owners of the common stock held of record by these persons, and upon their request, FNCB will reimburse them for their reasonable forwarding expenses.

Shareholders of record can vote their shares by: (1) completing and returning the enclosed written proxy card; (2) by telephone using the toll-free number, 1-800-776-9437; and (3) the Internet. To vote via the Internet, go to www.voteproxy.com and follow the onscreen instructions. Please have your control number from your proxy card available when you access the web page.

Shareholders of record can also vote in person at the meeting. Submitting your voting instructions by returning a proxy card or by voting over the telephone or over the Internet will not affect your right to attend the meeting and vote. The method by which you vote will in no way limit your right to vote in person at the annual meeting, after giving written notice to Joseph Coccia, Secretary of FNCB.

Please note that you may not vote shares held in street name in person at the annual meeting unless you obtain a legal proxy from that organization holding your account. If your shares are held in an account at another bank, brokerage firm, broker-dealer or other similar organization, these proxy materials are being forwarded to you by your broker or nominee which is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker how to vote and are also invited to attend the meeting. **If you plan to attend the annual meeting, you will be required to provide a “Broker Letter” as proof of ownership of FNCB’s common stock to be allowed to attend the annual meeting.** Your broker or nominee has enclosed a voting instruction card for you to use in directing the broker or nominee how to vote your shares.

Revocation of Proxies

A shareholder of record who returns a proxy may revoke the proxy prior to the time it is voted at the annual meeting in any one of the following ways:

by giving written notice of revocation to Joseph Coccia, Secretary of FNCB Bancorp, Inc., 102 East Drinker Street, Dunmore, Pennsylvania 18512; or

by executing a later-dated proxy and giving written notice to the Secretary of FNCB; or

by voting in person after giving written notice to the Secretary of FNCB.

Attendance by a shareholder at the annual meeting will not in and of itself constitute a revocation of the proxy.

PRINCIPAL BENEFICIAL OWNERS OF FNCB’S COMMON STOCK

Principal Owners

The following table sets forth, as of April 7, 2017, information about the number of shares held by persons FNCB knows to be the beneficial owners of more than 5.0% of FNCB’s outstanding common stock. As of April 7, 2017, FNCB had 16,692,314 shares of common stock outstanding and entitled to vote.

<u>Name and Address</u>	Shares Beneficially Owned (1)	Percent of Outstanding Common Stock Beneficially Owned
Louis A. DeNaples 400 Mill Street Dunmore, PA 18512	1,730,813	10.37%

(1) All shares are owned individually or jointly with a spouse unless otherwise indicated. For additional details on the shares beneficially owned, see “Beneficial Ownership by Directors, Executive Officers and Nominees” on page 9.

Beneficial Ownership by Directors, Executive Officers and Nominees

The following table sets forth certain information concerning the number and percentage of whole shares of FNCB's common stock beneficially owned by each of its directors and director nominees, its executive officers whose compensation is disclosed in this Proxy Statement, its principal shareholders who own more than 5.0% of FNCB's common stock, and by its current directors and all executive officers as a group, as of April 7, 2017. The address of each of the beneficial owners identified is 102 E. Drinker Street, Dunmore, PA 18512. Except as otherwise indicated, each person included in this table owns his or her shares directly and possesses sole voting and sole investment power with respect to all such shares; none of which are pledged as security. Except as set forth below, FNCB knows of no other person or persons who beneficially owns more than five percent (5.0%) of FNCB's common stock. Further, FNCB is not aware of any arrangement which at a subsequent date may result in a change of control of FNCB.

Name	Position	Number of Shares	Percentage (15)
William G. Bracey (1)	Director of FNCB and the Bank	106,796	*
Joseph Coccia (2)	Director of FNCB and the Bank; Secretary of the Board of Directors	181,820	1.09%