FNCB Bancorp, Inc.
Form 424B5
January 28, 2019

Filed Pursuant to Rule 424(b)(5)

Registration Number 333-227599

The information contained in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been declared effective under the Securities Act of 1933, as amended, by the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell the securities and are not soliciting an offer to buy the securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED JANUARY 28, 2019

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated September 28, 2018)

$20,000,000

Common Stock

We are offering shares of our common stock, $1.25 par value per share. Our common stock is listed on The Nasdaq Capital Market under the symbol "FNCB." On January 25, 2019, the last reported sale price of our common stock on The Nasdaq Capital Market was $9.55 per share.

Investing in our common stock involves risks. Before making a decision to purchase our common stock, potential purchasers should consider the information set forth in the "Risk Factors" section beginning on page S-9 of this prospectus supplement, on page 5 of the accompanying prospectus and in our most recently filed Annual Report on Form 10-K, which is incorporated herein by reference.

	Per Share	Total
Price to public	$	$
Underwriting discounts [(1)]	$	$
Proceeds to us, before expenses	$	$

(1) The underwriters will also be reimbursed for certain expenses incurred in this offering. See “Underwriting” for details.

We have granted the underwriters an option to purchase up to an additional 15% of the offered amount of common stock for 30 days after the date of this prospectus supplement at the public offering price, less discounts and commissions.

Neither the Securities and Exchange Commission, or the SEC, nor any state securities commission or any bank regulatory agency has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The shares of common stock are not savings accounts, deposits or other obligations of any depository institution and are not insured or guaranteed by the Federal Deposit Insurance Corporation, or the FDIC, or any other government agency or instrumentality.

The underwriters expect to deliver the shares to purchasers in book-entry form only, through the facilities of The Depository Trust Company, against payment on or about , 2019.

Sole Bookrunner

Performance Trust Capital Partners, LLC

Lead Manager

FIG Partners, LLC

The date of this prospectus supplement is , 2019

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Prospectus Supplement

Prospectus

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus and any free writing prospectus filed by us and the additional information incorporated by reference herein before deciding to purchase shares of our common stock.

To the extent there is a conflict between the information contained in this prospectus supplement and the information contained in the accompanying prospectus, you should rely on the information in this prospectus supplement. You should also read and consider the additional information under the captions "Where You Can Find More Information" and "Incorporation of Certain Information by Reference" in this prospectus supplement.

This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or SEC, utilizing a "shelf" registration process for the delayed offering and sale of securities pursuant to Rule 415 under the Securities Act of 1933, as amended, or the Securities Act. Under the shelf registration process, we may, from time to time, sell the securities described in the accompanying prospectus in one or more offerings up to a total amount of $75,000,000. The shelf registration statement was declared effective on October 9, 2018.

In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus supplement, in the accompanying prospectus and in any free writing prospectus with respect to this offering filed by us with the SEC. Neither we nor the underwriters have authorized any other person to provide you with different information. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any free writing prospectus with respect to the offering filed by us with the SEC and the documents incorporated by reference herein and therein is accurate only as of their respective dates (or, with respect to particular information contained in such document, as of the date set forth within such document as the date as of which such particular information is provided), regardless of the time of delivery of this prospectus supplement or any sale of a security. Our business, financial condition, results of operations and prospects may have changed since those dates.

We and the underwriters are not offering to sell nor seeking offers to buy shares of our common stock in any jurisdiction where offers and sales are not permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the common stock in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the

accompanying prospectus must inform themselves about and observe any restrictions relating to the offering of the common stock and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

As used in this prospectus supplement, the terms “we,” “us,” and “our” mean FNCB Bancorp, Inc. and its subsidiaries (including FNCB Bank) and predecessors, unless the context indicates otherwise. In certain circumstances, however, we use the term “FNCB” to solely refer to FNCB Bancorp, Inc.

Unless otherwise indicated, currency amounts in this prospectus supplement and in the accompanying prospectus are stated in U.S. dollars.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and file with the SEC proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Our SEC filings are available to the public from the SEC's web site at www.sec.gov or on our website at www.fncb.com under the "Investor Relations" tab. Information on, or that can be accessible through, our website does not constitute a part of, and is not incorporated by reference in, this prospectus supplement or the accompanying prospectus or other offering materials.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC's rules allow us to incorporate by reference information into this prospectus supplement. This means that we can disclose important information to you by referring you to another document. Any information referred to in this way is considered part of this prospectus supplement from the date we file that document. Any reports filed by us with the SEC after the date of this prospectus supplement will automatically update and, where applicable, supersede any information contained in this prospectus supplement or incorporated by reference in this prospectus supplement. We incorporate by reference the following documents (other than information "furnished" and not "filed"):

our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on March 9, 2018;
those portions of our Definitive Proxy Statement on Schedule 14A, filed with the SEC on April 17, 2018 that are incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2017;
our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018, June 30, 2018 and September 30, 2018;
our Current Reports on Form 8-K filed with the SEC on January 5, 2018, January 24, 2018, January 31, 2018, February 28, 2018, April 11, 2018, April 25, 2018, May 16, 2018, July 5, 2018, July 26, 2018, July 30, 2018, October 2, 2018, October 31, 2018, December 21, 2018 and December 26, 2018;
the description of our common stock in our registration statement on Form S-3, filed with the SEC on September 28, 2018;
any documents we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of this prospectus supplement and before the termination of the offering of the securities offered hereby.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus supplement is delivered, upon his or her written or oral request, a copy of any or all documents referred to above which have been or may be incorporated by reference into this prospectus supplement, excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You may request a copy of these filings, at no cost, by writing or telephoning us at:

FNCB Bancorp, Inc.
Attn: Investor Relations
102 East Drinker Street
Dunmore, Pennsylvania 18512
(570) 348-6419

You should rely only on the information incorporated by reference or set forth in this prospectus supplement or the accompanying prospectus. Neither we nor the underwriters, nor any dealer or agent have authorized anyone else to provide you with additional or different information. We are not, and the underwriters are not, making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus supplement, the accompanying prospectus, any other offering material or any document incorporated by reference is accurate as of any date other than the dates on the front of those documents (or, with respect to particular information contained in such document, as of the date set forth within such document as the date as of which such particular information is provided).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, including the information included or incorporated by reference in this prospectus supplement, contains statements which are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements include statements relating to the outlook for our future business and financial performance and/or the performance of the banking industry and economy in general. These statements, which are based on certain assumptions and estimates and describe our future plans, results, strategies and expectations, can generally be identified by the use of the words and phrases “may,” “will,” “should,” “could,” “would,” “goal,” “plan,” “potential,” “estimate,” “project,” “believe,” “intend,” “anticipate,” “expect,” “targ “continue,” “seek,” “projection” and other variations of such words and phrases and similar expressions.

We have made the forward-looking statements included or incorporated by reference in this prospectus supplement based on assumptions and estimates that we believe to be reasonable in light of the information available to us at the time of such statements. However, these forward-looking statements are subject to significant risks and uncertainties, and could be affected by many factors. Factors that could have a material adverse effect on our business, financial condition, results of operations and future growth prospects can be found in the “Risk factors” section of this prospectus supplement, elsewhere in this prospectus supplement and in the documents incorporated by reference in this prospectus supplement. These factors include, but are not limited to, the following:

- weakness in the economic environment, in general, and within our market area could pose significant challenges for us and could adversely affect our financial condition and results of operations;
- our concentrations of loans, including those to insiders and related parties, may create a greater risk of loan defaults and losses;
- our financial condition and results of operations would be adversely affected if the allowance for loan and lease losses is not sufficient to absorb actual losses or if increases to the allowance for loan and lease losses were required;
- if management concludes that the decline in value of any of our investment securities is other-than-temporary, we are required to write down the security to reflect credit-related impairments through a charge to earnings;
- changes in interest rates could reduce income, cash flows and asset values;
- we may not be able to retain or grow our core deposit base, which could adversely impact our funding costs;
- we are subject to credit risk, which could adversely affect our profitability;
- our risk management framework may not be effective in mitigating risks or losses to us;
- we are dependent on the use of data and modeling in both our management’s decision-making generally and in meeting regulatory expectations in particular;
- our portfolio of loans to small and mid-sized community-based businesses may increase our credit risk;
- the appraisals and other valuation techniques we use in evaluating and monitoring loans secured by real property and other real estate owned may not accurately reflect the net value of the asset;
- we depend on information technology and telecommunications systems of third parties, and any systems failures or interruptions could adversely affect our operations and financial condition;
- we may be adversely affected by the soundness of other financial institutions;
- we may face risks with respect to future expansion of acquisition activity;
- we may not be able to successfully compete with others for business;

changes in either our financial condition or in the general banking industry could result in a loss of depositor confidence;
we are a bank holding company and depend on dividends from our subsidiary, FNCB Bank, or the Bank, to operate;
if we lose access to wholesale funding sources, we may not be able to meet the cash flow requirements of our depositors, creditors, and borrowers, or have the operating cash needed to fund corporate expansion and other corporate activities;
interruptions or security breaches of our information systems could negatively affect our financial performance, financial condition or reputation;
if our information technology is unable to keep pace with growth or industry developments or if technological developments result in higher costs or less advantageous pricing, financial performance may suffer;
we rely on management and other key personnel and the loss of any of them may adversely affect our operations;
we may be a defendant from time to time in a variety of litigation and other actions, which could have a material adverse effect on our financial condition, results of operations and cash flows;
our disclosure controls and procedures and internal controls over financial reporting may not achieve their intended objectives;

- federal and state regulators periodically examine our business and may require us to remediate adverse examination findings or may take enforcement action against us;
- we may be required to act as a source of financial and managerial strength for the Bank in times of stress;
- we face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations;
- we are subject to numerous “fair and responsible” banking laws designed to protect consumers, and failure to comply with these laws could lead to a wide variety of sanctions;
- we are subject to laws regarding the privacy, information security and protection of personal information and any violation of these laws or another incident involving personal, confidential or proprietary information of individuals could damage our reputation and otherwise adversely affect our business;
- rulemaking changes implemented by the Consumer Financial Protection Bureau will result in higher regulatory and compliance costs that may adversely affect our business;
- potential limitations on incentive compensation contained in proposed federal agency rulemaking may adversely affect our ability to attract and retain our highest performing employees;
- the Bank’s FDIC deposit insurance premiums and assessments may increase;
- new or changed legislation or regulation and regulatory initiatives could adversely affect us through increased regulation and increased costs of doing business;
- changes in accounting standards could impact our reported earnings;
- we are subject to extensive government regulation, supervision and possible regulatory enforcement actions, which may subject us to higher costs and lower shareholder returns;
- we may need to raise additional capital in the future, but that capital may not be available when it is needed and on terms favorable to current shareholders;
- damage to our reputation could significantly harm our businesses, competitive position and prospects for growth; and
- other factors and risks described under the “Risk Factors” section of this prospectus supplement and in Part II, Item 1A of our most recently filed Annual Report on Form 10-K under the caption “Risk Factors.”

Because of these risks and other uncertainties, our actual results, performance or achievement, or industry results, may be materially different from the anticipated or estimated results discussed in the forward-looking statements in this prospectus supplement. Our past results of operations are not necessarily indicative of our future results. You should not rely on any forward-looking statements, which represent our beliefs, assumptions and estimates only as of the dates on which they were made, as predictions of future events. All written or oral forward-looking statements that are made by or are attributable to us are expressly qualified by this cautionary notice. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of new information or unanticipated events, except as may otherwise be required by law.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus and may not contain all the information that you need to consider in making your investment decision. To understand this offering fully, you should read this prospectus supplement and the accompanying prospectus carefully. You should carefully read the sections titled "Risk Factors" in this prospectus supplement and in the accompanying prospectus and the documents identified in the section "Incorporation of Certain Information by Reference."

Our Company

We are a bank holding company, headquartered in Dunmore, Pennsylvania. Our primary activity consists of owning and operating FNCB Bank (the "Bank"), our wholly-owned subsidiary, which operates 16 full-service branch offices within its primary market area, Northeastern Pennsylvania, and a Limited Purpose Banking Office based in Allentown, Lehigh County, Pennsylvania. The Bank provides substantially all of our earnings as a result of its banking services. We had net income of $6.3 million for the nine months ended September 30, 2018. Total assets were $1.3 billion at September 30, 2018.

Our History

The Bank was established as a national banking association in 1910. FNCB Bancorp, Inc. ("FNCB") incorporated in 1997, is a Pennsylvania business corporation and a registered bank holding company headquartered in Dunmore, Pennsylvania. On October 4, 2016, FNCB filed an amendment to its articles of incorporation to change its name from First National Community Bancorp, Inc. to its present name, FNCB Bancorp, Inc., effective October 17, 2016.

We became an active bank holding company on July 1, 1998 when we acquired 100% ownership of the Bank. Effective June 30, 2016, following receipt of required regulatory approvals from the Pennsylvania Department of Banking and Securities, the Bank completed a charter conversion from a national bank to a Pennsylvania state bank. Following the change in charter, the Bank changed its name from First National Community Bank to its present name, FNCB Bank.

Recent Developments

2018 and Fourth Quarter 2018 Financial Results

On January 25, 2019, we reported our unaudited preliminary financial results for the quarter and year ended December 31, 2018. We reported net income of $13.3 million for 2018, compared to net income of $0.1 million for 2017, and net income of $7.1 million for the fourth quarter of 2018 compared to a net loss of $6.1 million for the fourth quarter of 2017. Included in the results for 2018 and the fourth quarter of 2018 was a gain of $6.0 million, after expenses, in connection with a previously disclosed insurance recovery.

The tables below present certain of our unaudited preliminary financial results as of and for the three months and year ended December 31, 2018 and certain unaudited financial condition information as of December 31, 2018, as indicated.

(Dollars in thousands, except share and per share data)	**As of and for the Three Months Ended December 31, 2018**	**As of and for the Year Ended December 31, 2018**
Income Statement Data:		
Interest income	$11,718	$45,085
Interest expense	2,581	8,578
Net interest income before provision for loan and lease losses	9,137	36,507
Provision (credit) for loan and lease losses	(199)	2,550
Net interest income after provision (credit) for loan and lease losses	9,336	33,957
Noninterest income	7,422	11,790
Noninterest expense	7,941	29,327
Income before income tax expense	8,817	16,420
Income tax expense	1,749	3,071
Net income	$7,068	$13,349
Share and Per Share Data:		
Earnings per share—Basic	$0.42	$0.79
Earnings per share—Diluted	$0.42	$0.79
Cash dividends declared per common share	$0.05	$0.17
Book value per share(1)	$5.78	$5.78
Weighted average common shares outstanding - Basic	16,820,337	16,799,004
Weighted average common shares outstanding - Diluted	16,840,933	16,820,753

(Dollars in thousands, except share and per share data)	As of December 31, 2018
Balance Sheet Data:	
Assets	
Cash and cash equivalents	$36,481
Securities available for sale at fair value	296,923
Securities held to maturity, at amortized cost	—
Restricted stock, at cost	3,123
Loans held for sale	820
Loans, net of allowance for loan and lease losses	829,581
Bank premises and equipment, net	14,425
Accrued interest receivable	3,614
Bank-owned life insurance	31,015
Other real estate owned	919
Net deferred tax assets	10,693
Other assets	10,138
Total assets	$1,237,732
Liabilities	
Demand (non-interest-bearing) deposits	$156,600
Interest-bearing deposits	939,029
Total deposits	1,095,629
Federal Home Loan Bank of Pittsburgh advances	18,930
Subordinated debentures	5,000
Junior subordinated debentures	10,310
Total borrowed funds	34,240
Accrued interest payable	338
Other liabilities	10,306
Total liabilities	1,140,513
Total shareholders' equity	97,219
Total Liabilities and shareholders' equity	$1,237,732

	As of December 31, 2018	
Performance Ratios:		
Return on average assets(2)	1.09	%
Return on average equity(2)	15.38	%
Net interest margin(3)	3.22	%
Noninterest income to operating income(3)	24.17	%
Selected Ratios:		
Loans to deposits	76.59	%
Noninterest-bearing deposits to total deposits	14.29	%
Cost of deposits	0.71	%
Asset Quality Ratios:		
Allowance for loan and lease losses to total loans	1.13	%
Nonperforming loans to total loans	0.56	%
Allowance for loan and lease losses to nonperforming loans	202.70	%
Net charge-offs to average loans	0.25	%
Loan loss provision to net charge-offs	123.50	%
Capital and Related Ratios:		
Tier I leverage ratio	8.50	%
Total risk-based capital to risk-adjusted assets	12.69	%
Average equity to average total assets(2)	7.10	%

(1) We calculate book value per share as total shareholders' equity at the end of the relevant period divided by the outstanding number of shares of our common stock at the end of the relevant period.

(2) Average balances were calculated using average daily balances. Average balances for loans include non-accrual loans.

(3) Tax-equivalent adjustments were calculating using the prevailing statutory rate of 21.0% for the twelve months ended December 31, 2019.

The financial information for the quarter and year ended December 31, 2018 presented herein is preliminary and based upon currently available information, and is subject to revision as a result of, among other things, the completion of our financial closing process. Furthermore, these preliminary results have not been audited or reviewed by our registered independent public accountants, nor have any other review procedures been performed by them with respect to these results. Accordingly, no opinion or any other form of assurance can be provided with respect to this information. Our actual results could differ from these estimates based on the completion of the review and audit process.

THE OFFERING

Issuer	FNCB Bancorp, Inc.
Common stock offered by us	shares (or shares if the underwriters exercise their option in full to purchase additiona
Common stock outstanding after this offering[(1)]	shares (or shares if the underwriters exercise their option in full to purchase additiona
Underwriters' option to purchase additional shares	We have granted the underwriters an option to purchase up to an additional 15% of the offered amount of common stock from us within 30 days after the date of this prospectus supplement.
Public offering price per share	$
Use of proceeds	We expect to use substantially all of the net proceeds of this offering for general corporate purposes, including the contribution of a portion of the proceeds to the Bank as additional capital to support growth in its lending and investment operations. The net proceeds of this offering that we contribute to the Bank will qualify as Tier 1 capital at the Bank for regulatory purposes. For a more complete description, see "Use of Proceeds."
Participation by existing shareholders	At our request, the underwriters are making available a portion of the common stock being offered by this prospectus supplement for sale at the public offering price to our existing shareholders, which include certain of our directors, officers and other individuals associated with us. We do not know if these persons will choose to participate in this offering, but any purchases they do make will reduce the number of shares available to investors who are not our shareholders. Any participants who are officers or directors of the Company shall be subject to a lock-up agreement, including with respect to any shares sold to them in the offering. See "Underwriting—Participation by Existing Investors." The underwriters will receive the same underwriting discount on any shares purchased by these parties as they will on any other shares sold to the public in this offering.
Dividends	Our ability to pay dividends to our shareholders is largely dependent on the Bank's ability to pay dividends to FNCB. Bank regulations limit the amount of dividends that may be paid without the prior approval of the Bank's regulatory agency. We cannot give you any assurance regarding the amount of any potential future dividends. See also "Price Range of Common Stock and Dividends."
Market and trading symbol	Our common stock is traded on The Nasdaq Capital Market under the symbol "FNCB."

Risk factors	Investing in our common stock involves certain risks. Before investing in our common stock, you should carefully consider the information under "Risk Factors" beginning on page S-9 and the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

(1) The number of shares of common stock outstanding immediately after this offering is based on 16,821,371 shares of common stock outstanding as of December 31, 2018, and excludes shares issuable pursuant to the exercise of the underwriters' purchase option. It also excludes an aggregate of 19,200 shares reserved for issuance under our equity compensation plans subject to outstanding awards (other than shares of restricted stock) and any remaining shares reserved for issuance pursuant to our dividend reinvestment and stock purchase plan.

SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table provides summary selected historical consolidated financial data for us for the periods and as of the dates indicated. Except for the data under “Selected Financial Ratios,” “Selected Performance Ratios,” “Asset Quality Ratios” and “Capital Ratios,” the summary historical consolidated financial data for the years ended December 31, 2017, 2016 and 2015, and as of December 31, 2017 and 2016, are derived from our audited consolidated financial statements which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which is incorporated by reference in this prospectus supplement. The summary historical consolidated financial data for the year ended December 31, 2014, and as of December 31, 2015 and 2014, are derived from audited consolidated financial statements that are not incorporated by reference in this prospectus supplement.

The summary historical consolidated financial data as of September 30, 2018 and for the nine months ended September 30, 2018 and 2017 are derived from our unaudited interim consolidated financial statements, which are included in our Quarterly Reports on Form 10-Q for the quarter ended September 30, 2018, which is incorporated by reference in this prospectus supplement. The summary historical consolidated financial data as of September 30, 2017 are derived from unaudited interim consolidated financial statements that are not included or incorporated by reference in this prospectus supplement. We have prepared our unaudited consolidated financial statements on the same basis as our audited financial statements and have included all adjustments, consisting of normal and recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for the unaudited periods.

The financial information presented in the table below is not necessarily indicative of our financial condition, results of operations or cash flows of any other period. You should read this information in conjunction with our “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2017, and in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, each of which is incorporated by reference into this prospectus supplement. See “Where You Can Find More Information.”

	As of and for the Nine Months Ended September 30,		**As of and for the Years Ended December 31,**			
(Dollars in thousands, except share and per share data)	**2018**	**2017**	**2017**	**2016**	**2015**	**2014**
Income Statement Data:						
Interest income	$33,367	$27,727	$37,848	$34,748	$32,201	$32,673
Interest expense	5,997	3,479	4,800	4,197	4,801	6,147
Net interest income before provision for loan and lease losses	27,370	24,248	33,048	30,551	27,400	26,526

Provision (credit) for loan and lease losses	2,749	486	769	1,153	(1,345)	(5,869)
Net interest income after provision for loan and lease losses	24,621	23,762	32,279	29,398	28,745	32,395
Noninterest income	4,368	5,307	7,225	6,203	7,800	14,920
Noninterest expense	21,386	20,265	28,069	27,545	28,464	33,569
Income before income tax expense	7,603	8,804	11,435	8,056	8,081	13,746
Income tax expense (benefit)	1,322	2,543	11,288	1,747	(27,759)	326
Net income	$6,281	$6,261	$147	$6,309	$35,840	$13,420
Share and Per Share Data:						
Earnings per share—Basic	$0.37	$0.37	$0.01	$0.38	$2.17	$0.81
Earnings per share—Diluted	$0.37	$0.37	0.01	$0.38	$2.17	$0.81
Cash dividends declared per common share	$0.12	$0.09	$0.13	$0.09	$—	$—
Book value per share(1)	$5.15	$5.82	$5.32	$5.43	$5.22	$3.12
Weighted average common shares outstanding – Basic	16,791,815	16,711,172	16,722,966	16,571,262	16,499,622	16,472,660
Weighted average common shares outstanding - Diluted	16,813,948	16,728,852	16,740,288	16,572,695	16,499,622	16,472,871

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(Dollars in thousands, except share and per share data)	As of and for the Nine Months Ended September 30, 2018	2017	As of and for the Years Ended December 31, 2017	2016	2015	2014
***Balance Sheet Data*:**						
Assets						
Cash and cash equivalents	$30,297	$43,810	$37,746	$112,445	$21,083	$35,667
Securities available for sale at fair value	289,664	282,037	290,377	276,015	253,773	218,989
Securities held to maturity, at amortized cost	—	—	—	—	—	—
Restricted stock, at cost	3,333	2,450	2,763	3,311	6,344	2,803
Loans held for sale	938	147	1,095	596	683	603
Loans, net of allowance for loan and lease losses	854,489	750,627	761,609	722,860	724,926	658,747
Bank premises and equipment, net	13,895	10,482	10,388	10,784	11,193	11,003
Accrued interest receivable	4,061	3,203	3,234	2,757	2,475	2,075
Bank-owned life insurance	30,873	30,332	30,460	29,933	29,381	28,817
Other real estate owned	715	1,088	1,023	2,048	3,154	2,255
Net deferred tax assets	16,382	23,507	15,785	26,875	27,807	—
Other assets	6,475	9,428	7,825	7,975	9,799	9,070
Total assets	$1,251,122	$1,157,111	$1,162,305	$1,195,599	$1,090,618	$970,029
Liabilities						
Demand (non-interest-bearing) deposits	$166,967	$162,426	$176,325	$173,702	$154,531	$124,064
Interest-bearing deposits	928,154	820,786	826,123	841,437	667,015	671,272
Total deposits	1,095,121	983,212	1,002,448	1,015,139	821,546	795,336
Federal Home Loan Bank of Pittsburgh advances	46,490	45,350	44,968	58,537	135,802	61,194
Subordinated debentures	5,000	5,000	5,000	10,000	14,000	25,000
Junior subordinated debentures	10,310	10,310	10,310	10,310	10,310	10,310
Total borrowed funds	61,800	60,660	60,278	78,847	160,112	96,504
Accrued interest payable	318	244	241	242	11,165	10,262
Other liabilities	7,306	15,513	10,147	11,000	11,617	16,529
Total liabilities	1,164,545	1,059,629	1,073,114	1,105,228	1,004,440	918,631
Total shareholders' equity	86,577	97,482	89,191	90,371	86,178	51,398
Total liabilities and shareholders' equity	$1,251,122	$1,157,111	$1,162,305	$1,195,599	$1,090,618	$970,029

	As of and for the Nine Months Ended September 30,		As of and for the Years Ended December 31,			
	2018	2017	2017	2016	2015	2014
Performance Ratios:						
Return on average assets[2]	0.69 %	0.74 %	0.01 %	0.57 %	3.57 %	1.38 %
Return on average equity[2]	9.68 %	8.87 %	0.15 %	6.82 %	63.24 %	29.50 %
Net interest margin[3]	3.24 %	3.18 %	3.23 %	3.13 %	2.99 %	3.08 %
Noninterest income to operating income[3]	11.47 %	15.82 %	15.79 %	14.88 %	18.73 %	30.30 %
Selected Ratios:						
Loans to deposits	78.54 %	76.98 %	76.62 %	71.79 %	88.63 %	84.05 %
Noninterest-bearing deposits to total deposits	15.25 %	16.52 %	15.63 %	14.65 %	17.03 %	16.86 %
Cost of deposits	0.75 %	0.48 %	0.44 %	0.37 %	0.39 %	0.47 %
Asset Quality Ratios:						
Allowance for loan and lease losses to total loans	1.14 %	1.17 %	1.17 %	1.15 %	1.20 %	1.72 %
Nonperforming loans to total loans	0.51 %	0.35 %	0.34 %	0.31 %	0.52 %	0.82 %
Allowance for loan and lease losses to nonperforming loans	223.80 %	335.43 %	350.43 %	376.86 %	232.05 %	208.62 %
Net charge-offs to average loans[4]	0.32 %	(0.02)%	0.02 %	0.21 %	0.20 %	(0.51 %)
Loan loss provision to net charge-offs	140.54 %	1,130.23 %	499.35 %	75.66 %	(5)	(5)
Capital and Related Ratios:						
Tier I leverage ratio	7.66 %	8.10 %	7.74 %	7.53 %	7.27 %	6.05 %
Total risk-based capital to risk-adjusted assets	11.42 %	12.17 %	12.08 %	12.06 %	11.79 %	13.67 %
Average equity to average total assets[2]	7.14 %	8.36 %	8.36 %	8.42 %	5.64 %	4.66 %

(1) We calculate book value per share as total shareholders’ equity at the end of the relevant period divided by the outstanding number of shares of our common stock at the end of the relevant period.

(2) Average balances were calculated using average daily balances. Average balances for loans include non-accrual loans. Results for the nine months ended September 30, 2018 and 2017 have been annualized for purposes of comparison.

(3) Tax-equivalent adjustments were calculating using the prevailing statutory rate of 21.0% for the nine months ended September 30, 2018 and 34.0% for all prior periods.

(4) The ratios calculated as of and for the nine months ended September 30, 2018 and 2017 represent the annualized calculations.

(5) Not reported because we reported a credit for loan loss provision to net charge-offs for 2015 and 2014, which we have omitted here.

RISK FACTORS

Investing in shares of our common stock involves significant risks, including the risks described below and the other risk factors concerning our business included in our most recent Annual Report on Form 10-K. You should carefully consider the following risks, together with the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and our most recently filed Annual Report on Form 10-K and the other periodic reports we file with the SEC before purchasing shares of our common stock. Our business, financial condition or results of operations could be negatively affected if the events contemplated by these risks or if additional risks and uncertainties not currently known to us or those that we currently view to be immaterial were to occur. If this were to happen, the value of our common stock could decline significantly and you could lose all or part of your investment. The risks discussed below also include forward-looking statements, and actual results may differ substantially from those discussed. See "Cautionary Note Regarding Forward-Looking Statements."

Risks Related to Our Business

We are subject to interest rate risk, which could adversely affect our profitability.

Our profitability, like that of most financial institutions, depends to a large extent on our net interest income, which is the difference between our interest income on interest-earning assets, such as loans and investment securities, and our interest expense on interest-bearing liabilities, such as deposits and borrowings.

Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Board of Governors of the Federal Reserve System, or the Federal Reserve. Changes in monetary policy, including changes in interest rates, could influence not only the interest we receive on loans and securities and the interest we pay on deposits and borrowings, but such changes could affect our ability to originate loans and obtain deposits, the fair value of our financial assets and liabilities, and the average duration of our assets. If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other investments, our net interest income, and therefore earnings, could be adversely affected. Earnings could also be adversely affected if the interest rates received on loans and other investments fall more quickly than the interest rates paid on deposits and other borrowings. Any substantial, unexpected or prolonged change in market interest rates could have a material adverse impact on our business, financial condition and results of operations.

We use simulation analysis to model net interest income for various interest rate scenarios over a five-year time horizon. Based on the simulation analysis, our interest sensitivity profile at September 30, 2018 displayed liability sensitivity in the near term, next 18 months, moving to an asset sensitivity position in the later years of the model.

Accordingly, given the current rising rate environment, we would expect decreases in net interest income if interest rates rise over the next 18 months. However, net interest income is projected to trend upwards over the life of the simulation due primarily to higher replacement rates on loans and securities exceeding funding cost increases quarter over quarter. These simulations are based on numerous assumptions, including but not limited to: the nature and timing of interest rate levels, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits, reinvestment of asset and liability cash flows, customer behavior in a rising rate environment and other factors. When short-term interest rates rise, the rate of interest we pay on our interest-bearing liabilities may rise more quickly than the rate of interest that we receive on our interest-earning assets, which may cause our net interest income to decrease. Additionally, a shrinking yield premium between short-term and long-term market interest rates, a pattern usually indicative of investors' waning expectations of future growth and inflation, commonly referred to as a flattening of the yield curve, typically reduces our profit margin as we borrow at shorter terms than the terms at which we lend and invest.

In addition, an increase in interest rates could also have a negative impact on our results of operations by reducing the ability of borrowers to repay their current loan obligations. These circumstances could not only result in increased loan defaults, foreclosures and charge-offs, but also reduce collateral values and necessitate further increases to the allowance for loan losses, which could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to retain or grow our core deposit base, which could adversely impact our funding costs.

Like many financial institutions, we rely on customer deposits as our primary source of funding for our lending activities, and we continue to seek customer deposits to maintain this funding base. Our future growth will largely depend on our ability to retain and grow our deposit base. As of September 30, 2018, we had $1.095 billion in deposits. Our deposits are subject to potentially dramatic fluctuations in availability or price due to certain factors outside of our control, such as increasing competitive pressures for deposits, changes in interest rates and returns on other investment classes, customer perceptions of our financial health and general reputation, and a loss of confidence by customers in us or the banking sector generally, which could result in significant outflows of deposits within short periods of time or significant changes in pricing necessary to maintain current customer deposits or attract additional deposits. Any such loss of funds could result in lower loan originations, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to credit risk, which could adversely affect our profitability.

Our business depends on our ability to successfully measure and manage credit risk. As a lender, we are exposed to the risk that the principal of, or interest on, a loan will not be paid timely or at all or that the value of any collateral supporting a loan will be insufficient to cover our outstanding exposure. In addition, we are exposed to risks with respect to the period of time over which the loan may be repaid, risks relating to loan underwriting, risks resulting from changes in economic and industry conditions, and risks inherent in dealing with individual loans and borrowers. The creditworthiness of a borrower is affected by many factors including local market conditions and general economic conditions. If the overall economic climate in the United States generally, or in our market areas specifically, experiences material disruption, our borrowers may experience difficulties in repaying their loans, the collateral we hold may decrease in value or become illiquid, and our level of nonperforming loans, charge-offs and delinquencies could rise and require significant additional provisions for loan losses.

Our risk management practices, such as monitoring the concentrations of our loans and our credit approval, review and administrative practices, may not adequately reduce credit risk, and our credit administration personnel, policies and procedures may not adequately adapt to changes in economic or any other conditions affecting related customers and the quality of the loan portfolio. Many of our loans are made to small businesses that are less able to withstand competitive, economic and financial pressures than larger borrowers. Consequently, we may have significant exposure if any of these borrowers becomes unable to pay their loan obligations as a result of economic or market conditions, or personal circumstances, such as divorce, unemployment or death. A failure to effectively measure and limit the credit risk associated with our loan portfolio may result in loan defaults, foreclosures and additional charge-offs, and may necessitate that we significantly increase our allowance for loan losses, each of which could adversely affect our net income. As a result, our inability to successfully manage credit risk could have a material adverse effect on our business, financial condition and results of operations.

Our risk management framework may not be effective in mitigating risks or losses to us.

Our risk management framework is comprised of various processes, systems and strategies, and is designed to manage the types of risk to which we are subject, including, among others, credit, market, liquidity, interest rate and compliance. Our framework also includes financial or other modeling methodologies that involve management assumptions and judgment. Our risk management framework may not be effective under all circumstances and may not adequately mitigate any risk or loss to us. If our risk management framework is not effective, we could suffer unexpected losses and our business, financial condition, results of operations or growth prospects could be materially and adversely affected. We may also be subject to potentially adverse regulatory consequences.

We are dependent on the use of data and modeling in both our management's decision-making generally and in meeting regulatory expectations in particular.

The use of statistical and quantitative models and other quantitatively-based analyses is endemic to bank decision-making and regulatory compliance processes, and the employment of such analyses is becoming increasingly widespread in our operations. Liquidity stress testing, interest rate sensitivity analysis, allowance for loan loss measurement, portfolio stress testing and the identification of possible violations of anti-money laundering regulations are examples of areas in which we are dependent on models and the data that underlies them. We anticipate that model-derived insights will be used more widely in our decision-making in the future. While these quantitative techniques and approaches improve our decision-making, they also create the possibility that faulty data or flawed quantitative approaches could yield adverse outcomes or regulatory scrutiny. Secondarily, because of the complexity inherent in these approaches, misunderstanding or misuse of their outputs could similarly result in suboptimal decision making, which could have a material adverse effect on our business, financial condition and results of operations.

Our portfolio of loans to small and mid-sized community-based businesses may increase our credit risk.

Many of our commercial business and commercial real estate loans are made to small business or middle market customers. These businesses generally have fewer financial resources in terms of capital or borrowing capacity than larger entities and have a heightened vulnerability to economic conditions. If general economic conditions in the market area in which we operate negatively impact this important customer sector, our results of operations and financial condition may be adversely affected. Moreover, a portion of these loans have been made by us in recent years and the borrowers may not have experienced a complete business or economic cycle. The deterioration of our borrowers' businesses may hinder their ability to repay their loans with us, which could have a material adverse effect on our financial condition and results of operations.

The appraisals and other valuation techniques we use in evaluating and monitoring loans secured by real property and other real estate owned may not accurately reflect the net value of the asset.

In considering whether to make a loan secured by real property, we generally require an appraisal of the property. However, an appraisal is only an estimate of the value of the property at the time the appraisal is made, and, as real estate values may change significantly in relatively short periods of time (especially in periods of heightened economic uncertainty), this estimate may not accurately reflect the net value of the collateral after the loan is made. As a result, we may not be able to realize the full amount of any remaining indebtedness when we foreclose on and sell the relevant property. In addition, we rely on appraisals and other valuation techniques to establish the value of other real estate owned ("OREO"), that we acquire through foreclosure proceedings and to determine loan impairments. If any of these valuations are inaccurate, our financial statements may not reflect the correct value of our OREO, if any, and our allowance for loan losses may not reflect accurate loan impairments. Inaccurate valuation of OREO or inaccurate provisioning for loan losses could have a material adverse effect on our business, financial condition and results of operations.

We depend on information technology and telecommunications systems of third parties, and any systems failures or interruptions could adversely affect our operations and financial condition.

Our business depends on the successful and uninterrupted functioning of our information technology and telecommunications systems. We outsource many of our major systems, such as data processing, deposit processing, loan origination, email and anti-money laundering monitoring systems. The failure of these systems, or the termination of a third party software license or service agreement on which any of these systems is based, could interrupt our operations, and we could experience difficulty in implementing replacement solutions. In many cases, our operations rely heavily on secured processing, storage and transmission of information and the monitoring of a large number of transactions on a minute-by-minute basis, and even a short interruption in service could have significant consequences. Because our information technology and telecommunications systems interface with and depend on third party systems, we could experience service denials if demand for such services exceeds capacity or such third party systems fail or experience interruptions. If significant, sustained or repeated, a system failure or service denial could compromise our ability to operate effectively, damage our reputation, result in a loss of customer business and subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on our business, financial condition and results of operations. In addition, failure of third parties to comply with applicable laws and regulations, or fraud or misconduct on the part of employees of any of these third parties, could disrupt our operations or adversely affect our reputation.

We may be adversely affected by the soundness of other financial institutions.

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services companies are interrelated as a result of trading, clearing, counterparty and other relationships. As a result, defaults by, or even rumors or questions about, one or more financial services companies, or the financial services industry generally, could lead to market-wide liquidity problems and losses or defaults by us or other institutions. These losses could have a material adverse effect on our business, financial condition and results of operations.

We may face risks with respect to future expansion or acquisition activity.

We may selectively seek to expand our banking operations through limited *de novo* branching or opportunistic acquisition activities. We cannot be certain that any expansion activity, through *de novo* branching, acquisition of branches of another financial institution or a whole institution, or the establishment or acquisition of nonbanking financial service companies, will prove profitable or will increase shareholder value. The success of any acquisition will depend, in part, on our ability to realize the estimated cost savings and revenue enhancements from combining our business and that of the target company. Our ability to realize increases in revenue will depend, in part, on our ability to retain customers and employees, and to capitalize on existing relationships for the provision of additional products and services. If our estimates turn out to be incorrect or we are not able to successfully combine companies, the anticipated cost savings and increased revenues may not be realized fully or at all, or may take longer to realize than expected. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing business, diversion of management attention, or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients and employees or to achieve the anticipated benefits of the merger. As with any combination of banking institutions, there also may be disruptions that cause us to lose customers or cause customers to withdraw their deposits. Customers may not readily accept changes to their banking arrangements that we make as part of, or following, an acquisition. Additionally, the value of an acquisition to us is dependent on our ability to successfully identify and estimate the magnitude of any asset quality issues of acquired companies.

We may not be successful in overcoming these risks or other problems encountered in connection with potential acquisitions or other expansion activity. Our inability to overcome these risks could have an adverse effect on our ability to implement our business strategy and enhance shareholder value, which, in turn, could have a material adverse effect on our business, financial condition or results of operations. Additionally, if we record goodwill in connection with any acquisition, our financial condition and results of operation may be adversely affected if that goodwill is determined to be impaired, which would require us to take an impairment charge.

Risks Related to our Industry

Federal and state regulators periodically examine our business and may require us to remediate adverse examination findings or may take enforcement action against us.

The Federal Reserve, the Federal Deposit Insurance Company, or FDIC, and the Pennsylvania Department of Banking and Securities, or PDBS, periodically examine our business, including our compliance with laws and regulations. If, as a result of an examination, the Federal Reserve, FDIC or PDBS were to determine that our financial condition, capital resources, asset quality, earnings prospects, management, liquidity or other aspects of any of our operations had become unsatisfactory, or that we were in violation of any law or regulation, they may take a number of different remedial actions as they deem appropriate. These actions include the power to require us to remediate any such adverse examination findings.

In addition, these agencies have the power to take enforcement action against us to enjoin "unsafe or unsound" practices, to require affirmative action to correct any conditions resulting from any violation of law or regulation or unsafe or unsound practice, to issue an administrative order that can be judicially enforced, to direct an increase in our capital, to direct the sale of subsidiaries or other assets, to limit dividends and distributions, to restrict our growth, to assess civil money penalties against us or our officers or directors, to remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is imminent risk of loss to depositors, to terminate our deposit insurance and place the Bank into receivership or conservatorship. Any regulatory enforcement action against us could have a material adverse effect on our business, financial condition and results of operations.

We may be required to act as a source of financial and managerial strength for the Bank in times of stress.

We, as a bank holding company, are required to act as a source of financial and managerial strength to the Bank and to commit resources to support the Bank if necessary. We may be required to commit additional resources to the Bank at times when we may not be in a financial position to provide such resources or when it may not be in our, or our shareholders' or creditors', best interests to do so. A requirement to provide such support is more likely during times of financial stress for us and the Bank, which may make any capital we are required to raise to provide such support more expensive than it might otherwise be. In addition, any capital loans we make to the Bank are subordinate in right of repayment to deposit liabilities of the Bank.

We face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations.

The Bank Secrecy Act of 1970, the Uniting and Strengthening America by Providing Appropriate Tools to Intercept and Obstruct Terrorism Act of 2001, or the USA Patriot Act or Patriot Act, and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and to file reports such as suspicious activity reports and currency transaction reports. We are required to comply with these and other anti-money laundering requirements. Our federal and state banking regulators, the Financial Crimes Enforcement Network, or FinCEN, and other government agencies are authorized to impose significant civil money penalties for violations of anti-money laundering requirements. We are also subject to increased scrutiny of compliance with the regulations issued and enforced by the Office of Foreign Assets Control, or OFAC. If our program is deemed deficient, we could be subject to liability, including fines, civil money penalties and other regulatory actions, which may include restrictions on our business operations and our ability to pay dividends, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have significant reputational consequences for us. Any of these circumstances could have a material adverse effect on our business, financial condition or results of operations.

We are subject to numerous "fair and responsible banking" laws designed to protect consumers, and failure to comply with these laws could lead to a wide variety of sanctions.

The Community Reinvestment Act, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations, including state laws and regulations, prohibit discriminatory lending practices by financial institutions. The Federal Trade Commission Act and the Dodd-Frank Act prohibit unfair, deceptive, or abusive acts or practices by financial institutions. The U.S. Department of Justice, or DOJ, federal banking agencies, and other federal and state agencies are responsible for enforcing these fair and responsible banking laws and regulations. A challenge to an institution's compliance with fair and responsible banking laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution’s performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on our reputation, business, financial condition and results of operations.

We are subject to laws regarding the privacy, information security and protection of personal information and any violation of these laws or another incident involving personal, confidential or proprietary information of individuals could damage our reputation and otherwise adversely affect our business.

Our business requires the collection and retention of large volumes of customer data, including personally identifiable information, or PII, in various information systems that we maintain and in those maintained by third party service providers. We also maintain important internal company data such as PII about our employees and information relating to our operations. We are subject to complex and evolving laws and regulations governing the privacy and protection of PII of individuals (including customers, employees and other third parties). For example, our business is subject to the Gramm-Leach-Bliley Act, or the GLB Act, which, among other things: (i) imposes certain limitations on our ability to share nonpublic PII about our customers with nonaffiliated third parties; (ii) requires that we provide certain disclosures to customers about our information collection, sharing and security practices and afford customers the right to "opt out" of any information sharing by us with nonaffiliated third parties (with certain exceptions); and (iii) requires that we develop, implement and maintain a written comprehensive information security program containing appropriate safeguards based on our size and complexity, the nature and scope of our activities, and the sensitivity of customer information we process, as well as plans for responding to data security breaches. Various federal and state banking regulators and states have also enacted data breach notification requirements with varying levels of individual, consumer, regulatory or law enforcement notification in the event of a security breach. Ensuring that our collection, use, transfer and storage of PII complies with all applicable laws and regulations can increase our costs. Furthermore, we may not be able to ensure that customers and other third parties have appropriate controls in place to protect the confidentiality of the information that they exchange with us, particularly where such information is transmitted by electronic means. If personal, confidential or proprietary information of customers or others were to be mishandled or misused (in situations where, for example, such information was erroneously provided to parties who are not permitted to have the information, or where such information was intercepted or otherwise compromised by third parties), we could be exposed to litigation or regulatory sanctions under privacy and data protection laws and regulations. Concerns regarding the effectiveness of our measures to safeguard PII, or even the perception that such measures are inadequate, could cause us to lose customers or potential customers and thereby reduce our revenues. Accordingly, any failure, or perceived failure, to comply with applicable privacy or data protection laws and regulations may subject us to inquiries, examinations and investigations that could result in requirements to modify or cease certain operations or practices or in significant liabilities, fines or penalties, and could damage our reputation and otherwise adversely affect our operations, financial condition and results of operations.

Rulemaking changes implemented by the Consumer Financial Protection Bureau may result in higher regulatory and compliance costs that may adversely affect our business.

The Dodd-Frank Act created a new, independent federal agency, the Consumer Financial Protection Bureau, or CFPB, which was granted broad rulemaking, supervisory and enforcement powers under various federal consumer financial protection laws. The consumer protection provisions of the Dodd-Frank Act and the examination, supervision and enforcement of those laws and implementing regulations issued by the CFPB have created a more intense and complex environment for consumer finance regulation. The ultimate impact of this heightened scrutiny is uncertain but could result in changes to pricing, practices, products and procedures. It could also result in increased costs related to regulatory oversight, supervision and examination. These changes could have a material adverse effect on our business, financial condition and results of operations.

Potential limitations on incentive compensation contained in proposed federal agency rulemaking may adversely affect our ability to attract and retain our highest performing employees.

The Federal Reserve, other federal banking agencies and the SEC have jointly published proposed rules designed to implement provisions of the Dodd-Frank Act prohibiting incentive compensation arrangements that would encourage inappropriate risk taking at covered financial institutions, which includes a bank or bank holding company with $1 billion or more in consolidated assets. It cannot be determined at this time whether or when a final rule will be adopted and whether compliance with such a final rule will substantially affect the manner in which we structure compensation for our executives and other employees. Depending on the nature and application of the final rules, we may not be able to successfully compete with financial institutions and other companies that are not subject to some or all of the rules to retain and attract executives and other high performing employees.

The Bank's FDIC deposit insurance premiums and assessments may increase.

The Bank's deposits are insured by the FDIC up to legal limits and, accordingly, the Bank is subject to insurance assessments based on the Bank's average consolidated total assets less its average tangible equity. The Bank's regular assessments are determined by its risk classification, which is based on its regulatory capital levels and the level of supervisory concern that it poses. Numerous bank failures during the financial crisis and increases in the statutory deposit insurance limits increased resolution costs to the FDIC and put significant pressure on the Deposit Insurance Fund. In order to maintain a strong funding position and the reserve ratios of the Deposit Insurance Fund required by statute and FDIC estimates of projected requirements, the FDIC has the power to increase deposit insurance assessment rates and impose special assessments on all FDIC-insured financial institutions. Any future increases or special assessments could reduce our profitability and could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Common Stock and this Offering

The price of our common stock may fluctuate significantly, which may make it difficult for investors to resell shares of common stock at a time or price they find attractive.

Our stock price may fluctuate significantly as a result of a variety of factors, many of which are beyond our control. In addition to those described in "Cautionary Note Regarding Forward-Looking Statements," these factors include, among others:

- actual or anticipated quarterly fluctuations in operating results and financial condition;
- changes in financial estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to us or other financial institutions;
- speculation in the press or investment community generally or relating to our reputation or the financial services industry;
- failure to declare dividends on our common stock from time to time;
- failure to meet analysts' revenue or earnings estimates;
- failure to integrate any future acquisitions or realize anticipated benefits from any future acquisitions;
- strategic actions by us or our competitors, such as acquisitions, restructurings, dispositions or financings;
- fluctuations in the stock price and operating results of our competitors or other companies that investors deem comparable to us;
- future sales of our equity or equity-related securities;
- proposed or adopted regulatory changes or developments;
- anticipated or pending audits or litigation that involve or affect us;
- any future investigations or proceedings that involve or affect us;
- adverse weather conditions, including floods, tornadoes and hurricanes;
- geopolitical conditions such as acts or threats of terrorism or military conflicts;
- domestic and international economic factors unrelated to our performance; and
- general market conditions and, in particular, developments related to market conditions for the financial services industry.

In addition, in recent years, the stock market in general has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies, including for reasons unrelated to their operating performance. These broad market fluctuations may adversely affect our stock price, notwithstanding our operating results. We expect that the market price of our common stock will continue to fluctuate and there can be no assurances about the levels of the market prices for our common stock.

General market fluctuations, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes or credit loss trends, could also cause our stock price to decrease regardless of operating results.

The market price of our common stock may decline after this offering.

We are currently offering for sale shares of our common stock (shares of common stock if the underwriters exercise their over-allotment option in full). The possibility that substantial amounts of shares of our common stock may be sold in the public market may cause prevailing market prices for our common stock to decrease. Additionally, because stock prices generally fluctuate over time, there is no assurance that purchasers of common stock in the offering will be able to sell shares after the offering at a price equal to or greater than the actual purchase price. Purchasers should consider these possibilities in determining whether to purchase shares of common stock and the timing of any sale of shares of common stock.

The trading volume in our common stock has been low, and the sale of a substantial number of shares in the public market could depress the price of our stock and make it difficult for you to sell your shares.

Until March 5, 2018, our shares of common stock were quoted on the OTCQX. An average of 5,669 shares of our common stock traded on the OTCQX during 2017 on a daily basis. On March 5, 2018, our shares of common stock began trading on The Nasdaq Capital Market. An active, liquid market for our shares of common stock has not previously existed, and there can be no assurance that an active and liquid market will develop, or if one does develop, if it can be maintained. The absence of an active trading market may make it difficult for our shareholders to sell shares of our common stock at the prevailing price when desired or at all, particularly in large quantities. For a further discussion, see "Price Range of Common Stock and Dividends" to this prospectus supplement.

Although our common stock is listed on The Nasdaq Capital Market, it is thinly traded. Thinly traded stock can be more volatile than stocks trading at higher volumes. We cannot predict the trading volume of our common stock after this offering.

We cannot predict the effect of future sales of our common stock in the market, or the availability of shares of our common stock for sale in the market, on the market price of our common stock. Therefore, we cannot assure you that sales of substantial amounts of our common stock, or the potential for large amounts of market sales, would not cause the price of our common stock to decline. Following this offering, we expect to have approximately shares of common stock outstanding (or shares of common stock outstanding if the underwriters exercise their over-allotment option in full) based upon 16,821,371 shares of common stock outstanding as of December 31, 2018.

Our management will have broad discretion as to the use of proceeds from this offering, and we may not use the proceeds effectively.

We intend to use the net proceeds from this offering for general corporate purposes, including the contribution of a portion of the proceeds to the Bank as additional capital to support growth in its lending and investment operations. We will have significant flexibility in applying the net proceeds of this offering. Our net proceeds and the funds made available to us may be applied in ways with which some investors in this offering may not agree. Moreover, our management may use the proceeds in ways that do not improve our results of operations or enhance the value of our common stock. You will not have the opportunity, as part of your investment decision, to assess whether these proceeds are being used appropriately. Management's failure to use such funds effectively could have an adverse effect on our business, results of operations and financial condition. See "Use of Proceeds."

The rights of holders of our common stock to receive liquidation payments and dividend payments are junior to our existing and future indebtedness and to any senior securities we may issue in the future, and our ability to declare

dividends on the common stock may become limited.

Shares of the common stock are equity interests in FNCB and do not constitute indebtedness. As such, shares of the common stock will rank junior to all current and future indebtedness and other non-equity claims on FNCB with respect to assets available to satisfy claims on FNCB, including in a liquidation of FNCB. FNCB may, and the Bank and our other subsidiaries may also, incur additional indebtedness from time to time and may increase our aggregate level of outstanding indebtedness.

Our board of directors is authorized to cause us to issue additional classes or series of preferred stock without any action on the part of the shareholders. If we issue preferred shares in the future that have a preference over our common stock with respect to the payment of dividends or upon liquidation, or if we issue preferred shares with voting rights that dilute the voting power of the common stock, then the rights of holders of our common stock or the market price of our common stock could be adversely affected.

Our ability to pay dividends may become limited by regulatory restrictions. In addition, the ability of the Bank to pay dividends to FNCB is limited by the Bank's obligations to maintain sufficient accumulated net earnings and by other general restrictions on dividends that are applicable to state nonmember banks.

Holders of our common stock are only entitled to receive the dividends that our board of directors may declare out of funds legally available for those payments. Although we have historically paid cash dividends on our common stock, we are not required to do so. We cannot assure you that we will continue paying dividends in the future. This could adversely affect the market price of our common stock. Also, as discussed above, we are a bank holding company and our ability to declare and pay dividends depends in part on federal regulatory considerations, including the guidelines of the Federal Reserve regarding capital adequacy and dividends.