

# FIRST NATIONAL BANCORP, INC.

A BANK HOLDING COMPANY FOR



## PROXY STATEMENT ANNUAL MEETING OF SHAREHOLDERS OF FIRST NATIONAL BANCORP, INC.

May 12, 2016

FIRST NATIONAL BANCORP, INC., a Michigan corporation and registered bank holding company, is submitting this Proxy Statement to its shareholders (the “*Shareholders*”) in connection with the solicitation of proxies by the Board of Directors (the “*Board*”) of First National Bancorp, Inc. (the “*Company*”) for use at the 2016 Annual Meeting of Shareholders to be held at the offices of First National Bank of Michigan (the “*Bank*”) at 348 West Michigan Avenue, Kalamazoo, Michigan 49007, at 5:00 p.m. on May 12, 2016 and at any adjournments or postponements thereof (the “*Annual Meeting*”).

As indicated in the accompanying Notice of the Annual Meeting, the Shareholders will be asked to consider and vote upon the following proposals:

1. Election of Daniel E. Bitzer, Eric V. Brown, Jr., Joseph S. Calvaruso, James J. DeKruyter, James S. DeMoss, John M. Dunn, James S. Gunderson, David L. Holmes, Ben Ipema, Larry D. Lueth, Sondra K. Phillips, John M. Schreuder and Joshua T. Weiner as directors of First National Bancorp, Inc. for a one year term expiring at the 2017 annual meeting of shareholders.
2. Approval of the First National Bancorp, Inc. Employee Stock Purchase Plan.
3. Ratification of the appointment of the independent auditors for the year ending December 31, 2016.

We will also transact such other business as may properly come before the meeting or any adjournments thereof.

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*The foregoing introductory information provides only a very brief overview. While this overview may be useful to you as you review the more detailed information in the remainder of this Proxy Statement, you should not rely exclusively upon this overview. Instead, you should carefully review this entire Proxy Statement and the attached Annex A and Annex B.*

## **GENERAL INFORMATION**

### **Attending in person**

Only the Shareholders, their proxy holders and guests of the Company may attend the Annual Meeting.

### **Who may vote**

The Shareholders of the Company, as recorded in our stock register on April 12, 2016 (the “**Record Date**”), may vote at the Annual Meeting. As of both the Record Date and the date of this Proxy Statement, the Company had 1,889,916 issued and outstanding shares. Each such share is entitled to one vote on each of the matters presented for shareholder action at the Annual Meeting.

### **How to vote**

You may either vote in person at the Annual Meeting or by proxy. We recommend you vote by proxy even if you plan to attend the Annual Meeting.

### **How proxies work**

Your proxy covers all shares registered in your name. By properly executing and returning your proxy, your shares will be voted at the Annual Meeting according to your instructions unless you revoke the proxy prior to or at the Annual Meeting. You may vote for all, some or none of the director nominees and you may vote for, against or abstain from voting on Proposals 2 and 3.

If you return your proxy without voting instructions, your shares will be voted FOR the election of all of the director nominees and FOR Proposals 2 and 3. If you return a properly executed proxy, the persons named as proxy holders will have discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting.

**To ensure your proxy is received prior to the Annual Meeting, please return it no later than May 10, 2016.** If your proxy is not received prior to the Annual Meeting, your shares will not be voted at the Annual Meeting unless they are voted in person at the Annual Meeting.

### **Revoking a proxy**

The grant of a proxy on the enclosed form of proxy does not preclude you from voting in person or otherwise revoking a proxy. Attendance at the Annual Meeting will not, in and of itself, constitute revocation of a proxy. You may revoke your proxy before it is voted by:

- submitting a new proxy with a later date;
- notifying the Company’s Secretary in writing before the Annual Meeting; or
- voting in person at the Annual Meeting.

### **Quorum**

In order to carry on the business of the Annual Meeting, we must have a quorum. This means at least a majority of the outstanding shares of Company common stock eligible to vote at the Annual Meeting must be represented at the Annual Meeting by proxy or in person, including abstentions.

## **Votes needed**

The director nominees who receive a plurality of the votes cast will be elected to fill the 11 seats on the Board. Abstentions will not be included in the vote count.

Proposals 2 and 3 will be approved if a majority of shares voted on the proposal are voted in favor of the proposal. Abstentions will not be included in the vote count.

We do not know of any other matters to be presented at the Annual Meeting. Generally, any other proposal to be voted on at the Annual Meeting would be approved if a majority of shares voted on the proposal are voted in favor of the proposal. Abstentions would not be included in the vote count.

As of the date of this Proxy Statement, the Company's directors and executive officers were the beneficial owners of 25.69% of the issued and outstanding shares of common stock of the Company. See "Beneficial Stock Ownership" below.

## **BUSINESS**

First National Bancorp, Inc. is a Michigan corporation that was incorporated on July 7, 2005 to organize and serve as the bank holding company for First National Bank of Michigan, a national banking association with branches located at 348 West Michigan Avenue, Kalamazoo, Michigan 49007, 2700 W. Centre Ave., Portage, Michigan 49024, 5313 West Main Street, Kalamazoo, Michigan 49009 and 141 Ionia NW, Grand Rapids, Michigan 49503. The Company received approval from the Federal Reserve Board to become a bank holding company and acquired all of the stock of the Bank. The Bank received regulatory approval to open from the Office of the Comptroller of the Currency and for deposit insurance with the Federal Deposit Insurance Corporation. The Bank focuses on the local community, emphasizing personal service to individuals and businesses in its primary service area.

The Bank offers convenient service, local decision-making and competitively priced deposit and loan products in its primary service area. By focusing its operations on the communities it serves, the Bank should be able to respond to changes in the market more quickly than large non-local institutions.

## **PROPOSAL 1 - ELECTION OF DIRECTORS**

The Board currently consists of 13 members who serve one-year terms. The 13 director nominees listed below, all of whom are current directors of the Company, were nominated by the Board to fill the 13 Board seats for one year terms expiring at the 2017 annual meeting of shareholders. Biographical information on each of the director nominees is given below. All director nominees have indicated their willingness to serve on the Board if elected. If, prior to the Annual Meeting, a director nominee determines that he or she will be unable to serve on the Board for the upcoming year, your proxy authorizes the proxy holders to vote your shares for a replacement nominee if one is selected.

**DANIEL E. BITZER.** Mr. Bitzer was named President and Senior Lender of the Bank in December 2015. Prior to his role as President, Dan held the position of Grand Rapids Market President for his first four years at the bank. During his tenure in Grand Rapids, Dan successfully led the bank's expansion into the Grand Rapids market, growing that location to over \$100 million in loans and approximately \$57 million in deposits. In July 2014, Mr. Bitzer was promoted to Executive Vice President and Senior Lender, with overall responsibility for the bank's loan portfolio. Before joining the bank, he worked in the area banking community for over 30 years and is a former instructor of Economics at Western Michigan University. Mr. Bitzer holds a Bachelor of Science in Mathematics from Ferris State University and a Master of Arts in Economics from Western Michigan University. He is currently on the Commissioning Committee for the U.S.S. Gerald R. Ford (CVN 78).

**ERIC V. BROWN, JR.** Mr. Brown is of counsel to the law firm of Warner, Norcross & Judd LLP. Mr. Brown is a broad-based business counselor. He has served as an advisor and counselor in a substantial number of business transactions for both private and public companies as well as the organization of the Bank, the Company and a venture capital firm. He served on the boards of two other banks and bank holding companies in Michigan for a period in excess of 30 years. He is a member of the board of directors and General Counsel of Kalsec, Inc., a

producer of natural colors, flavors, hops and nutritional ingredients for the food and beverage industries. He also is a member of the board of directors of Lafourche Realty Company, Inc., an oil and gas and real estate company. He has been active in the Business Law Section of the American Bar Association for the last 20 years, including participation as a regular member of the Mergers and Acquisitions Committee. As such, he was on the editorial board of a task force which published a Model Stock Purchase Agreement, with commentary, in 1995, and a Model Asset Purchase Agreement, with commentary, in 2000. He has also been active with an American Bar Association task force which has published a Model Joint Venture Agreement. Mr. Brown is listed in the 2003-2015 editions of The Best Lawyers in America under Corporate, Mergers & Acquisitions and Securities Law Sections. Mr. Brown's extensive experience with the business and banking communities is a great asset to the Board.

**JOSEPH S. CALVARUSO.** Mr. Calvaruso is the Executive Director of the Gerald R. Ford Presidential Foundation. During his tenure at the Foundation, Mr. Calvaruso's leadership roles have included the ceremonies to unveil the Statue of President Ford in the U.S. Capitol Rotunda and tributes to First Lady Betty Ford when she passed away in 2011, Campaign for the Legacy of the Gerald R. Ford to build a learning center, and centennial events in tribute to President Ford's 100<sup>th</sup> Birthday. He has led the effort to bring prominent speakers to the Library and Museum through conferences, educational outreach, and public programming. Prior to joining the Foundation, Mr. Calvaruso was a banker for over 29 years holding several senior management positions. He also served in leadership positions with the Risk Management Association (RMA) including its International Board of Directors. Currently, Mr. Calvaruso is a Trustee of Albion College, Vice Chairman of the Michigan Certified Development Corporation, and Vice President of the Comstock Township Library Board. He is a graduate of Albion College and Western Michigan University.

**JAMES J. DEKRUYSER.** Mr. DeKruyter currently serves on the board of the Kalamazoo Christian Schools Foundation and the Christian School board, and Gull Lake Ministries. He has served many volunteer organizations including the Kalamazoo YMCA, Sherman Lake YMCA, Open Hearts Ministries, the national board of Youth for Christ, and the Youth for Christ Foundation. Mr. DeKruyter also served as director of Michigan National Bank – Kalamazoo.

**JAMES S. DEMOSS.** Dr. DeMoss is a practicing Emergency Medicine physician and President of Southwestern Michigan Emergency Services, P.C., which has staffed Bronson Methodist Hospital's Emergency Department for over 40 years. His organization also provides emergency physician staffing of several other hospitals in southwest Michigan. Prior to becoming President of SWMES, P.C., Dr. DeMoss served in several administrative positions within the organization and brings with him a unique knowledge regarding the operations and needs of a midsize professional company providing healthcare in southwest Michigan. An avid outdoor sportsman and enthusiast, Dr. DeMoss supports many wildlife habitat conservation efforts.

**JOHN M. DUNN.** Dr. Dunn is the president of Western Michigan University in Kalamazoo, Michigan. Prior to his appointment in 2007, Dr. Dunn held administrative, research and teaching appointments at Southern Illinois University Carbondale, the University of Utah, Oregon State University and the University of Connecticut. Dr. Dunn is internationally recognized for his efforts to enhance the lives of individuals with disabilities, specifically their long-term health. Dr. Dunn is an active participant in state and community efforts that focus on quality-of-life issues and enhancing economic development. He serves on several regional governing boards which include the internationally acclaimed Gilmore Keyboard Festival, Southwest Michigan First, the W.E. Upjohn Institute and the WMU Foundation. Dr. Dunn's presidency at WMU has been one of vision, collaboration and achievement. His leadership has strengthened Higher Education, the Community and the State in countless ways. Among the principal initiatives of his presidency are a heightened commitment to globalization and sustainability, educational opportunities for former foster care youth, and the establishment of collaborative affiliations with the WMU Home Stryker M.D. School of Medicine and the WMU Thomas M. Cooley Law School. His focus remains on ensuring that every University and community resource, including human potential, be provided the support needed to develop fully and fulfill its promise.

**JAMES S. GUNDERSON.** Mr. Gunderson was the Founder and President of Engineered Packaging Systems (sold to Alco Standard in 1996). Currently, he is involved in the ownership of a number of small businesses including, Technical Packaging Systems, Gulf States Electric, Your Shower Door, Grand Rapids, and My Shower Door, Tampa, My Shower Door, St. Pete and The Shower Door Place Rosedale, MN. Additionally, he serves on the Board of Bronson Healthcare Group (past Chairman) in Kalamazoo, Michigan. Mr. Gunderson has served numerous community organizations including Kalamazoo County Chamber of Commerce (past Chairman) and the

Kalamazoo County Chamber Foundation. Mr. Gunderson's business experience and knowledge of the Kalamazoo business environment are valuable resources for the Bank.

**DAVID L. HOLMES.** Mr. Holmes was an owner and general legal counsel of Phoenix Properties, LLC, a real estate management and development firm in Kalamazoo, Michigan from 1995 to 2010, at which time the business was sold to other partners of the company. Prior to 1995 he was in private practice as a partner in the Kalamazoo office of Howard & Howard Attorneys, P.C. Mr. Holmes remains an active commercial real estate investor. He has been involved as a community volunteer, including having served on the City of Kalamazoo Planning Commission, President of the LIFT Foundation, Chairperson of the Greater Kalamazoo United Way Pacesetter campaign and Vice Chairman of the Finance Council at St. Catherine of Siena Parish. Mr. Holmes brings to the Board extensive experience with the community's real estate market.

**BEN IPEMA.** Mr. Ipema is Chief Operating Officer at Level Data, Inc. a "software as a service" (SaaS) company which provides custom software and data integration services for K-12 Public School Districts throughout the United States. Ben is involved in The Exhibit House, which provides trade show exhibit design, build and management services; and, Airpower America, a local company producing the LiquiVac and MaxAir, air powered consumer products. Mr. Ipema's diverse experience provides a unique and valuable resource for the Bank. Mr. Ipema has served many charitable and civic organizations in Kalamazoo, including Bronson Health Foundation, Kalamazoo Deacons Conference, Southern Heights Church, Kalamazoo Christian Schools and various organizations dedicated to education, poverty and housing.

**LARRY D. LUETH.** Mr. Lueth currently serves as CEO and President of the Company. He also serves as CEO of the Bank, having served as President and Senior Lender for the Bank since its inception in 2006. Prior to founding the Bank, Mr. Lueth served as Regional President for the Kalamazoo Region of National City Bank, now PNC Bank. Mr. Lueth has served many civic organizations in Kalamazoo and is board member and Vice President of The Park Club, finance committee member of Ascension Health – Michigan and board member of Downtown Tomorrow, Inc.

**SONDRA K. PHILLIPS.** Ms. Phillips is the sole owner of SKP Design, a firm that she founded in 1996 and Interior Design Schemes, a web based company that offers based pre-packaged interior design schemes. SKP Design offers both commercial and residential interior design services; Sondra is NCIDQ and EDAC certified. Ms. Phillips graduated from the University of Michigan in 1989. Prior to starting SKP Design, Sondra held positions with Tilton and Lewis in Chicago, Eckert-Wordell Architects and First of America Bank in Kalamazoo. Her community activities include serving on the Permanent Collection Committee at the Kalamazoo Institute of Arts and the Development Committee at the Kalamazoo Symphony Orchestra. She has two children. Ms. Phillips' passion for marketing, her small business perspective and community connections as a lifelong resident make her an asset to the Bank Board.

**JOHN M. SCHREUDER.** Mr. Schreuder is the Senior Executive and Chairman of the Board of both the Company and the Bank. Mr. Schreuder has been Chairman of the Board since the Bank's inception in April, 2006. He has over 35 years of banking experience in Kalamazoo, Michigan. Mr. Schreuder has served on behalf of many civic and charitable organizations and currently is on the Board of Directors of the Michigan Bankers Association and treasurer of Heritage Community of Kalamazoo.

**JOSHUA T. WEINER.** Mr. Weiner is the CEO of the Meyer C. Weiner Company, a commercial real estate development firm headquartered in Portage, Michigan. Mr. Weiner is the principal in over 55 income-producing real estate entities; and his primary business interest is in ownership and management for long term asset appreciation. Mr. Weiner's historical experience has provided him with in-depth knowledge of a variety of industries and this background provides the Bank with a valuable resource. Mr. Weiner's familiarity with the Kalamazoo market and the region is another asset for the Bank. Mr. Weiner has extensive experience in the banking industry from prior developmental and regional board positions with National City Bank and Irwin Union Bank and Trust. Mr. Weiner is a Board member of Bronson Health Foundation, and has served numerous charitable and civic causes and organizations, including the Kalamazoo Regional Chamber of Commerce, Western Michigan University Foundation, the United Way, the Jewish Federation of Southwest Michigan, Big Brothers/Big Sisters, Kalamazoo Civic Theatre and Farmers Alley Theatre.

**THE BOARD RECOMMENDS THAT SHAREHOLDERS  
VOTE “FOR” THE ELECTION OF ALL OF THE DIRECTOR NOMINEES.**

**Committees of the Board**

*Audit Committee*

The Audit Committee oversees the financial reporting and accounting processes of the Company. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors and reviews its fees for audit and non-audit services and the scope and results of audits performed by them. The Audit Committee also reviews the Company’s internal accounting controls, the proposed form of its financial statements, the results of internal audits and compliance programs, and the results of the examinations received from regulatory authorities. As of the date of this proxy statement, and Eric V. Brown, Jr., James J. DeKruyter, and Ben Ipema serve on the Audit Committee. All of the members of the Audit Committee are “independent” directors as determined by the Board. The Audit Committee met three times during 2015.

*Compensation Committee*

The Compensation Committee determines and oversees the Company’s executive compensation philosophy, structure, policies and programs, assesses whether the Company’s compensation structure establishes appropriate incentives for management and employees, reviews salaries, bonuses and other compensation of all officers of the Company, administers the Company’s stock-based compensation plans, makes recommendations to the board of directors regarding the grants of stock-based compensation awards under these plans, and annually reviews the Company’s benefit programs. As of the date of this proxy statement, Eric V. Brown, John M. Dunn, James S. Gunderson, and Joshua T. Weiner serve on the Compensation Committee. All of the members of the Compensation Committee are “independent” directors as determined by the Board. The Compensation Committee met three times during 2015.

**PROPOSAL 2 – APPROVAL OF EMPLOYEE STOCK PURCHASE PLAN**

**General**

The Board has adopted and approved, subject to shareholder approval, the First National Bancorp, Inc. Employee Stock Purchase Plan (the “*Plan*”). The Board believes that the Company’s interests would be advanced by securing for the Company and its shareholders the benefits of the incentive inherent in the ownership of the Company’s common stock by employees. The Board believes that approval of the Plan is in the best interests of the Company and its shareholders.

The purpose of the Plan is to encourage employees to promote the best interests of the Company and align the interests of employees with those of the Company’s shareholders by permitting employees to purchase shares of Company common stock at a price less than market value.

The following summarizes the principal features of the Plan. This summary is not complete and it is qualified in its entirety by reference to the terms of the Plan, a copy of which is attached as Annex A to this proxy statement.

**Authorized Shares**

Subject to customary anti-dilution adjustments, 50,000 shares of Company common stock are authorized for purchase under the Plan.

**Eligible Employees**

All active employees of the Company or its subsidiaries (including the Bank) are eligible to participate in the Plan, except those who (1) have been employed for less than two years, or such shorter period of time as the Compensation Committee of the Board may determine in its sole discretion, or (2) earn more than an amount as the Compensation Committee of the Board may determine in its sole discretion from time to time.

## **Purchase of Stock**

An employee who wishes to participate in the Plan would authorize the Company to make regular payroll deductions from the employee's compensation to be used for the purchase of stock pursuant to the Plan. The purchase price of each share would be 95% of the market value of shares of Company common stock on the most recent cut-off date prior to the share purchase date, unless the Compensation Committee of the Board determines to use a higher price or a lower price that is at least 85% of the market value.

## **Limitations on Participation**

The Plan requires each participant to have at least \$25, but not more than \$500, per pay period deducted from his or her pay for use under the Plan, unless the Compensation Committee of the Board changes these amounts.

A participant may not purchase more than \$25,000 of market value of stock in any one calendar year, and in no event in an amount that exceeds that permitted by the Internal Revenue Code. In addition, no participant would be permitted to purchase stock if the participant, immediately after purchasing stock, would own stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company.

## **Termination of Participation**

A participant could elect at any time to withdraw from participation in the Plan and withdraw the balance accumulated in his or her payroll deduction account upon proper notice to the Company. A participant who withdraws from the Plan will not be permitted to again participate in the Plan during the purchase period in which the withdrawal occurred or the following purchase period.

Generally, if a participant retires, dies, becomes disabled, terminates employment or is otherwise no longer eligible to participate in the Plan, no further payroll deductions would be made for that participant, and the balance in the participant's payroll deduction account would be paid to the participant or, in the event of the participant's death, his or her estate or beneficiaries.

## **Administration of the Plan**

The Plan will be administered by the Compensation Committee of the Board or any other committee that the Board may designate.

## **Amendment and Termination of the Plan**

The Compensation Committee or the Board could amend the Plan at any time and could also terminate the Plan at any time.

## **Effective Date of the Plan**

Subject to approval by shareholders, the first purchase period under the Plan began on January 1, 2016. If the Plan is not approved by our shareholders, any payroll deductions made under the plan in 2016 will be returned to the participants.

**THE BOARD RECOMMENDS THAT SHAREHOLDERS  
VOTE "FOR" APPROVAL OF PROPOSAL 2.**

## **PROPOSAL 3 – RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT AUDITORS FOR THE YEAR ENDING DECEMBER 31, 2016**

The Audit Committee has appointed Plante & Moran, PLLC as the Company's independent auditors to audit the consolidated financial statements of the Company and its subsidiaries as of and for the year ending December 31, 2016, and to perform such other appropriate audit-related accounting, tax compliance or other tax services as may be approved by the Audit Committee. The Audit Committee and the Board propose and recommend

that shareholders ratify the appointment of Plante & Moran, PLLC as the independent auditors for the year ending December 31, 2016.

This appointment is being submitted to shareholders for ratification. While ratification is not required, the Company believes it is an important corporate decision in which shareholders should participate. If the shareholders do not ratify the selection of Plante & Moran, PLLC to act as the Company's independent auditors for the year ending December 31, 2016, the Audit Committee will consider a change in independent auditors for the next year.

### **BENEFICIAL\* STOCK OWNERSHIP**

The following table sets forth information as of April 12, 2016 regarding each person (including any group as that term is defined in Section 13(d)(3) of the Securities Exchange Act of 1934) who was known to be the beneficial (the right to vote or dispose of shares) owner of more than 5% of the Company's common stock as of that date. The table also sets forth the number of shares of common stock beneficially owned by each of our directors (including director nominees) and executive officers as of April 12, 2016.

Name of Beneficial Owner	Common Stock	Rights to Acquire <sup>(1)</sup>	Restricted Stock	Approximate Percent of Common Stock <sup>(2)</sup>
Eric V. Brown, Jr.	31,100	0	0	1.65
Daniel E. Bitzer	4,000	16,750		0.21
Joseph S. Calvaruso	7,500	0	0	0.40
James J. DeKruyter	123,358	0	0	6.53
James S. DeMoss	100	0	0	0.01
John M. Dunn	10,100	0	0	0.53
James S. Gunderson	37,500	0	0	1.98
David L. Holmes	20,000	0	0	1.06
Ben Ipema	40,000	0	0	2.12
Larry D. Lueth	25,000	66,000	0	1.32
Sondra K. Phillips	3,500	0	0	0.19
John M. Schreuder	76,600	77,500	0	4.05
Joshua T. Weiner	105,000	0	0	5.56
Matthew J. Morgan	1,500	2,250	300	0.10

\* "Beneficial" for the purposes of this table means the right to vote or dispose of shares held directly and shares held by the beneficial owner's corporation or partnership ownership share, trust, estate, spouse, ancestors, children, grandchildren, great grand-children, and spouses of children, grandchildren, and great grandchildren.

<sup>(1)</sup> The numbers in the "Rights to Acquire" column represent the shares that may be acquired by exercise of stock options granted under the Company's 2006, 2009 and 2012 Stock Option and Restricted Stock Plans. These numbers are not reflected in the "Approximate Percent of Common Stock" column.

<sup>(2)</sup> Based on 1,889,916 shares issued and outstanding as of April 12, 2016.

### **EXECUTIVE OFFICERS**

Current executive officers are as follows:

Name	Position	Officer Since
John M. Schreuder	Senior Executive and Chairman of the Company and the Bank	March 23, 2006
Larry D. Lueth	CEO and President of the Company and CEO of the Bank	March 23, 2006
Daniel E. Bitzer	President and Senior Lender of the Bank	December 1, 2011
Matthew J. Morgan	CFO and Secretary / Treasurer of the Company and the Bank	January 1, 2015



## **FINANCIAL INFORMATION**

The Profit and Loss Statement of the Company for fiscal year 2015 and the Balance Sheet as of December 31, 2015 are attached as Annex B.

## **MISCELLANEOUS**

### **Solicitation of Proxies**

The Company will bear the cost of the solicitation of proxies from Shareholders, including the cost of printing and mailing this Proxy Statement and the accompanying materials. In addition to solicitation by mail, proxies may be solicited in person, or by telephone, facsimile or otherwise in writing or electronic transmission, by directors, officers and regular employees of the Company or the Bank (none of whom will be paid any additional compensation for such services).

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## ANNEX A

### FIRST NATIONAL BANCORP, INC. 2016 EMPLOYEE STOCK PURCHASE PLAN

#### SECTION 1 PURPOSE OF PLAN

The purpose of the First National Bancorp, Inc. 2016 Employee Stock Purchase Plan is to encourage Employees of the Company and the Company's Subsidiaries to promote the best interests of the Company and to align the interests of Employees with the Company's shareholders by permitting Eligible Employees to purchase shares of the Company's Common Stock. The purchase of Common Stock under the Plan is intended to qualify as the exercise of an option granted under, and the Plan is intended to qualify as, an employee stock purchase plan under Section 423 of the Code.

#### SECTION 2 DEFINITIONS

The following words have the following meanings unless a different meaning is plainly required by the context:

- 2.1 "Board" means the Board of Directors of the Company.
- 2.2 "Code" means the Internal Revenue Code of 1986, as amended. Each reference herein to a section or sections of the Code shall, unless otherwise noted, be deemed to include a reference to the rules and regulations issued under such section(s) of the Code.
- 2.3 "Committee" means the Compensation Committee of the Board or such other committee as the Board shall designate to administer the Plan.
- 2.4 "Common Stock" means the common stock of the Company.
- 2.5 "Company" means First National Bancorp, Inc., a Michigan corporation, and its successors and assigns.
- 2.6 "Cut-Off Date" means the date on which the Company determines the amount of funds in each Participant's Share Purchase Account, which funds shall be used to purchase shares of Common Stock on the next succeeding Share Purchase Date pursuant to the Plan. Unless otherwise determined by the Committee, the Cut-Off Date shall be the seventh day prior to the end of each Option Period during the term of the Plan or, if such day is not a business day, the next succeeding business day.
- 2.7 "Election Form" means a notice (in a form approved by the Committee) that an Eligible Employee must complete to participate in the Plan and authorize payroll deductions to be made on the Eligible Employee's behalf under the Plan.
- 2.8 Subject to Section 5 below, "Eligible Employees" means all present and future active Employees of the Company and its Subsidiaries, except (a) Employees who have been employed by the Company or a Subsidiary for less than two years, or such shorter period as the Committee may determine in its sole discretion from time to time for an Option Period, and (b) Employees who earn more than an amount as the Committee may determine in its sole discretion from time to time for an Option Period, but not less than the threshold for determining highly compensated employees under Section 414(q) of the Code.
- 2.9 "Employee" means an employee of the Company or its Subsidiaries.

- 2.10** "**Investment Sharebuilder Account**" means the book-entry account established on behalf of a Participant pursuant to Section 8.2 below, in which shares of Common Stock purchased under the Plan shall be held.
- 2.11** "**Market Value**" of a share of Common Stock as of any Share Purchase Date or other applicable date means: (a) if the Common Stock is listed for trading on a national securities exchange, the last reported sales price on the most recent Cut-Off Date prior to such Share Purchase Date or other applicable date, or if the Common Stock shall not have been traded on the national securities exchange on such Cut-Off Date or other applicable date, the last reported sales price on the first day before such Cut-Off Date or other applicable date on which Common Stock was so traded; (b) if the Common Stock is not so listed for trading, the fair market value of a share of Common Stock based on an independent appraisal of the Company's shares as of a valuation or appraisal date coinciding with or most recently preceding the Cut-Off Date prior to such Share Purchase Date or other applicable date, but not more than twelve months before such date; or (c) if the Common Stock is not listed for trading on a national securities exchange or independently appraised, or if the Committee determines in good faith that relying on the most recent independent appraisal is no longer reasonable due to subsequent events or information that may materially affect the value of the Company's shares the fair market value of a share of Common Stock will be determined by the Committee in good faith, taking into account such factors as it considers advisable. Factors that the Committee may, but need not, consider include, without limitation, recent appraisals of the Common Stock, the prices at which recent sales of Common Stock have been made, and the most recent reported bid and asked prices, if any, of the Common Stock as reported by the Company's market makers, if any, on the applicable date.
- 2.12** "**Option Period**" means each calendar quarter, beginning on the first day of each such calendar quarter and ending on the last day of such calendar quarter.
- 2.13** "**Participant**" means an Eligible Employee who has elected to participate in the Plan in accordance with Section 6.1 below.
- 2.14** "**Plan**" means the First National Bancorp, Inc. 2016 Employee Stock Purchase Plan as set forth herein, as it may be amended from time to time.
- 2.15** "**Purchase Price**" means the purchase price for a share of Common Stock to be paid by a Participant on a Share Purchase Date, as determined under Section 8.1 below.
- 2.16** "**Share Purchase Account**" means the administrative record keeping account established on behalf of a Participant pursuant to Section 7.1 below, to which his or her payroll deductions and any dividend reinvestments shall be credited.
- 2.17** "**Share Purchase Date**" means a date on which shares of Common Stock are purchased pursuant to the Plan. Unless otherwise determined by the Committee, the Share Purchase Date shall be the last business day of each Option Period during the term of the Plan.
- 2.18** "**Subsidiary**" means any corporation or other entity of which 50% or more of the outstanding voting stock or voting ownership interest is directly or indirectly owned or controlled by the Company or by one or more Subsidiaries of the Company, now or in the future.

### SECTION 3 ADMINISTRATION

**3.1 General.** The Committee shall administer the Plan. The Committee may delegate record keeping, calculation, payment and other ministerial administrative functions to individuals designated by the Committee, who may be employees of the Company and its Subsidiaries. Subject to the express provisions of the Plan, the Committee shall have authority to interpret the Plan, to prescribe, amend and rescind rules, regulations and procedures relating to it, and to make all other determinations necessary or advisable in administering the Plan, all of which determinations shall be final and binding upon all persons unless otherwise determined by the Board. The

Committee shall hold its meetings at such times and places as it considers advisable. Action may be taken by a written instrument signed by all of the members of the Committee and any action so taken shall be fully as effective as if it had been taken at a meeting duly called and held. The Committee shall make such rules and regulations for the conduct of its business as it considers advisable.

**3.2 Indemnification of Committee Members.** Neither any member or former member of the Committee, nor any individual or group to whom authority or responsibility is or has been delegated, shall be personally responsible or liable for any act or omission in connection with the performance of powers or duties or the exercise of discretion or judgment in the administration and implementation of the Plan. Each person who is or shall have been a member of the Committee shall be indemnified and held harmless by the Company from and against any cost, liability or expense imposed or incurred in connection with such person's or the Committee's taking or failing to take any action under the Plan or the exercise of discretion or judgment in the administration and implementation of the Plan. Each such person shall be justified in relying on information furnished in connection with the Plan's administration by any appropriate person or persons.

#### **SECTION 4 STOCK SUBJECT TO THE PLAN**

**4.1 Number of Shares of Common Stock.** There shall be reserved for issuance and purchase by Participants under the Plan a total of 50,000 shares of Common Stock, subject to adjustment as provided in Section 4.2. Shares of Common Stock available under the Plan shall be authorized and unissued shares or shares repurchased by the Company. Notwithstanding the foregoing, the combined total value of all shares of Common Stock offered and sold under the Plan and any other "compensatory benefit plans" (as defined in Rule 701 of the Securities Act of 1933) during any 12-month period shall be limited to the greater of (i) \$1 million, (ii) 15% of the Company's total assets, or (iii) 15% of all the outstanding shares of Common Stock.

**4.2 Adjustments.** In the event of a stock dividend, stock split, recapitalization, merger, reorganization, consolidation, combination or exchange of shares of Common Stock during the term of the Plan, the number of shares reserved and authorized to be issued under the Plan shall be adjusted proportionately, and such other adjustments shall be made as determined by the Committee or the Board. In the event of any other change affecting the Common Stock, such adjustments shall be made as determined by the Committee or the Board to give proper effect to such change.

#### **SECTION 5 ELIGIBILITY**

Participation in the Plan shall be open only to Eligible Employees. No option rights may be granted under the Plan to any person who is not an Eligible Employee. No Eligible Employee shall be granted option rights under the Plan if such Employee, immediately after receiving the grant of such option rights under the Plan, would own (as determined pursuant to Sections 423(b)(3) and 424(d) of the Code) stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or any of its Subsidiaries.

#### **SECTION 6 PARTICIPATION AND WITHDRAWAL**

##### **6.1 Election Form; Changes to Election Form.**

**(a) Initial Election.** Participation by any Eligible Employee in the Plan shall be entirely voluntary. Any Eligible Employee may become a Participant by completing and delivering an Election Form to the Company. Such Eligible Employee shall become a Participant as of the first day of the next Option Period following the delivery of his or her Election Form, provided that the Election Form has been delivered at least seven business days prior to the beginning of that Option Period. The Election Form will authorize specified regular payroll deductions (within the limits specified in Section 7.2 below) from the Participant's periodic compensation during the time he or she is a Participant and will allow the Participant to elect to apply any cash dividends paid on shares acquired under this Plan to the Participant's Share Purchase Account.

(b) **Changes to Election.** Payroll deductions shall be made for each Participant in accordance with the Election Form and shall continue until the Participant's participation terminates, the Election Form is modified or the Plan is terminated. A Participant may increase or decrease his or her payroll deduction (within the limits specified in Section 7.2 below) by delivering a new Election Form to the Company no later than seven business days prior to the beginning of an Option Period. The Company or the applicable Subsidiary shall deduct the modified amount from the Participant's payroll beginning with the first pay date to occur during the next Option Period. A Participant may not increase or decrease his or her payroll deductions during any Option Period.

**6.2 Withdrawal.** A Participant may elect at any time to withdraw from participation in the Plan by written notice delivered to the Company no later than seven business days before a pay date, or by such other time as the Committee may from time to time determine. A Participant who ceases to be an Eligible Employee will automatically cease to be a Participant. Upon withdrawal from the Plan either voluntarily by a Participant or due to the Participant no longer being an Eligible Employee, (a) the Participant shall cease to be a Participant, (b) his or her Election Form shall be revoked insofar as subsequent payroll deductions that occur on or after seven days after his or her withdrawal notice is delivered to the Company or the date the Participant ceases to be an Eligible Employee, and (c) the amount in his or her Share Purchase Account, as well as any payroll deductions made after such withdrawal notice is provided, shall be returned to him or her. An Eligible Employee who has voluntarily withdrawn from the Plan shall not be eligible for reinstatement as a Participant during the Option Period in which such withdrawal occurs or during the following Option Period.

## **SECTION 7 PAYROLL DEDUCTIONS; DIVIDEND REINVESTMENT**

**7.1 Share Purchase Account.** The Company and its Subsidiaries will maintain a Share Purchase Account for each Participant. Authorized payroll deductions shall begin with the first pay date to occur on or after the first day of the first Option Period with respect to which a Participant has elected (in accordance with Section 6.1) to participate in the Plan. Payments made by Participants through payroll deductions shall be credited to each Participant's Share Purchase Account. No amounts other than payroll deductions and dividend reinvestments, if any, authorized under the Plan may be credited to a Participant's Share Purchase Account, unless the Committee otherwise consents in writing. No Participant shall be entitled to any interest on amounts held in his or her Share Purchase Account.

**7.2 Limits on Payroll Deductions.** The amount of the payroll deduction specified by a Participant in his or her Election Form shall not be less than Twenty-Five Dollars (\$25) nor more than Five Hundred Dollars (\$500) for each pay period, or such other amount(s) as the Committee may determine in its sole discretion from time to time. Any such limit established by the Committee shall comply with the requirements of Section 423 of the Code.

**7.3 Dividend Reinvestment.** A Participant may elect in the Participant's Election Form that any cash dividends paid on shares of Common Stock issued under this Plan will be paid and credited to the Participant's Share Purchase Account. Payments of any cash dividends to the Purchase Account shall begin with the first cash dividend declared and paid on or after a Participant has acquired shares under this Plan.

## **SECTION 8 PURCHASE OF COMMON STOCK; INVESTMENT SHAREBUILDER ACCOUNTS**

**8.1 Purchase Price.** The Purchase Price for each share of Common Stock purchased on a Share Purchase Date shall be such price that the Committee may determine in its sole discretion from time to time that is at least eighty-five percent (85%) of the Market Value of the Common Stock as of the Share Purchase Date.

### **8.2 Method of Purchase and Investment Sharebuilder Accounts.**

(a) **Purchase.** Except as otherwise provided herein, each Participant having funds in his or her Share Purchase Account on a Cut-Off Date shall be, without any further action, granted an option on the next succeeding Share Purchase Date to purchase the number of whole shares of Common Stock which the funds in his or her Share Purchase Account on such Cut-Off Date could purchase on such Share

Purchase Date, and each such Participant shall, without any further action, be deemed to have exercised such option on such Share Purchase Date. Fractional shares shall not be acquired under this Plan and any amount of cash remaining in the Participant's Share Purchase Account after the purchase of whole shares shall continue to be held in the Participant's Share Purchase Account for the immediately following Option Period. Options that are not exercised automatically shall expire immediately and in no event shall any option be exercisable beyond the periods specified in Section 423(b)(7) of the Code. If the number of available shares on a Share Purchase Date is not sufficient to exhaust all Share Purchase Accounts, the available shares shall be allocated in proportion to the funds available in each Share Purchase Account and the Plan shall terminate.

**(b) Investment Sharebuilder Account.** All shares purchased under the Plan shall be recorded and held in book entry only and maintained in Investment Sharebuilder Accounts for Participants under the terms of this Plan. Any cash dividends paid with respect to the shares in a Participant's Investment Sharebuilder Account may, if elected by a Participant in his or her Election Form, be applied to the Participant's Share Purchase Account for the purchase of shares of Common Stock pursuant to the terms of this Plan, and shares so purchased shall be added to the shares held for a Participant in his or her Investment Sharebuilder Account. Any stock dividends paid with respect to the shares in a Participant's Investment Sharebuilder Account shall be added to the shares held for a Participant in his or her Investment Sharebuilder Account.

**8.3 Limitation on Value of Common Stock to be Purchased.** A Participant shall not have and may not exercise any option that would permit the Participant's rights to purchase Common Stock under the Plan to accrue at a rate that exceeds Twenty-five Thousand Dollars (\$25,000) of Common Stock (determined at the time of the grant of the option) in any one calendar year, and in no event may such option rights accrue at a rate which exceeds that permitted by Section 423(b)(8) of the Code.

**8.4 Title of Accounts.** Each Investment Sharebuilder Account may be in the name of the Participant or, if so indicated on such Participant's Election Form, in his or her name jointly or as tenants in common with a member of the Participant's family, with right of survivorship. With the Committee's consent, a Participant may be permitted to (a) designate a beneficiary to receive the Common Stock held in the Participant's Investment Sharebuilder Account upon death or (b) transfer the Common Stock held in the Investment Sharebuilder Account to a revocable trust for the benefit of the Participant.

**8.5 Rights as a Shareholder.** After a Participant's Share Purchase Account has been charged with the amount of the Purchase Price on a Share Purchase Date, the Participant shall have all of the rights and privileges of a shareholder of the Company with respect to shares purchased under the Plan and held in his or her Investment Sharebuilder Account. Participants will be notified as to the amount and status of their Share Purchase Accounts and Investment Sharebuilder Accounts at the time and in the manner determined by the Committee, but in no event less than quarterly.

**8.6 Transfer of Shares.** A Participant may not sell or transfer any shares purchased pursuant to the Plan unless the shares are registered under all applicable federal and state securities laws, or exemptions from such registration requirements are available. In addition, the Committee may impose restrictions on any shares purchased pursuant to the Plan as the Committee deems advisable, including, without limitation, holding periods or further transfer restrictions, forfeiture provisions, and restrictions under applicable federal or state securities laws. The Company may place a "stop transfer" order against shares of Common Stock issued under this Plan until full compliance with all requirements of applicable law.

## SECTION 9 RIGHTS ON TERMINATION OF EMPLOYMENT

**9.1 Contributions and Share Purchase Account.** If a Participant terminates employment during an Option Period, no further contributions on behalf of the terminated Participant shall be made and the amount in the Participant's Share Purchase Account, as well as any payroll deductions made after termination of employment, shall be returned to him or her.

**9.2 Redemption Right.** The Company will have a continuing option (but not an obligation), exercisable at any time after the termination of a Participant's employment for any reason, to purchase, and the Participant shall be required to sell to the Company upon notice of exercise of the Company's option, all of the shares that the Participant acquired pursuant to this Plan at a price equal to the Market Value at the time of the sale. This option shall be binding on any purchaser, assignee or transferee of a Participant's shares acquired pursuant to this Plan. The Company may exercise its option by providing written notice to the Participant or other holders of the shares. The Company shall pay for the Shares in a lump sum.

**9.3 Put Option.** A Participant, or any purchaser, assignee or transferee of a Participant's shares acquired pursuant to this Plan, may request, at any time after termination of a Participant's employment for any reason, that the Company purchase all of the shares that the Participant acquired pursuant to this Plan at a price equal to the Market Value at the time of the sale. The Company will have the sole discretion whether or not to repurchase the Participant's shares upon receiving notice of such a request. If the Company elects to purchase the shares, the Company shall pay for the Shares in a lump sum.

## **SECTION 10 GENERAL PROVISIONS**

**10.1 Rights Not Transferable.** Rights under the Plan are not transferable by a Participant other than by will or the laws of descent and distribution, and are exercisable during his or her lifetime only by the Participant.

**10.2 Amendment of the Plan.** The Committee or the Board may at any time, and from time to time, amend the Plan in any respect; provided, however, the Plan may not, without approval of the Company's shareholders, be amended in any way that will cause the Plan to fail to meet the requirements of Section 423 of the Code. Any amendments to the Plan required under the Code to be approved by the Company's shareholders shall not become effective unless and until such shareholder approval is obtained in accordance with the requirements of the Code.

**10.3 Termination of the Plan.** The Plan and all rights of Employees hereunder shall terminate at the earliest of (a) when all shares of Common Stock reserved under the Plan have been purchased or (b) at any time, at the discretion of the Board. Notice of termination shall be given to all Participants, but any failure to give notice shall not impair the termination. Upon termination of the Plan, all amounts in a Participant's Share Purchase Account shall be returned to such Participant and the Participant's Investment Sharebuilder Account will continue to be maintained for the Participant.

**10.4 Governing Law; Compliance with Law.** The Plan shall be construed in accordance with the laws of the state of Michigan and applicable federal law. The Company's obligation to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel for the Company, be required. The Company may make such provisions as it may deem appropriate for the withholding of any taxes or payment of any taxes which it determines may be required to withhold or pay in connection with a Participant's participation in the Plan.

**10.5 Not an Employment Contract.** The Plan shall not be deemed to constitute a contract of employment between the Company or any Subsidiary and any Eligible Employee or Participant or to be consideration or inducement for the employment of any Eligible Employee or Participant. The Plan shall not be deemed to give any Participant or Eligible Employee the right to be retained as an Employee or in any other service of the Company or any Subsidiary, or to interfere with the right of the Company or any Subsidiary to discharge any Participant or Eligible Employee at any time regardless of the effect that such discharge shall have upon such person as a participant in the Plan.

**10.6 Effective Dates.** The first Option Period under the Plan shall commence on January 1, 2016 and end on March 31, 2016, unless the Committee determines that the first Option Period should be later.

**10.7 Shareholder Approval.** The Plan is subject to approval of the Company's shareholders within 12 months from the date of adoption of the Plan by the Company's board of directors. If such approval is not obtained,

the Plan shall terminate. Upon such a termination, the value of any discount in Purchase Price to the Market Value of shares of Common Stock previously purchased under the Plan may be taxable as ordinary income.

**10.8 Investment Intent.** The Committee may require a Participant to confirm that he or she is purchasing with investment intent and not with a view to resale or other distribution.

**10.9 Severability.** In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of the Plan and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.



**ANNEX B**

**FIRST NATIONAL BANCORP, INC. and SUBSIDIARY  
Consolidated Financial Report  
December 31, 2015**