

FARMERS NATIONAL BANC CORP /OH/
Form 11-K
June 27, 2018
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-35296

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
Farmers National Bank 401(k) Retirement Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:
Farmers National Banc Corp.

20 South Broad Street

Canfield, Ohio 44406

Table of Contents

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

YEARS ENDED DECEMBER 31, 2017 AND 2016

TABLE OF CONTENTS

<u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	PAGE NO.	2 - 3
<u>STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS</u> <u>December 31, 2017 and 2016</u>		4
<u>STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS</u> <u>Years ended December 31, 2017 and 2016</u>		5
<u>NOTES TO THE FINANCIAL STATEMENTS</u>		6 - 14
<u>SUPPLEMENTARY INFORMATION</u>		
<u>SCHEDULE H, PART IV, LINE 4i SCHEDULE OF ASSETS</u> <u>(HELD AT END OF YEAR)</u> <u>December 31, 2017</u>		15 - 16
<u>SIGNATURE</u>		17

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE PLAN PARTICIPANTS AND THE PLAN ADMINISTRATOR

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Farmers National Bank 401(k) Retirement Savings Plan (the Plan) as of December 31, 2017 and 2016, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes (collectively referred to as the *financial statements*). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2017 and 2016, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Table of Contents

Supplemental Schedule

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2017, has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The information in the supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ SKODA MINOTTI & CO.

SKODA MINOTTI & CO.

We have served as the Plan's auditor since 2011.

Cleveland, Ohio

June 19, 2018

Table of Contents

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2017 AND 2016

	2017	2016
INVESTMENTS, AT FAIR VALUE		
Non-interest-bearing cash	\$ 39,721	\$ 35,060
Registered investment companies	25,618,827	21,580,175
Farmers National Banc Corp. Common Stock	1,043,609	942,396
	26,702,157	22,557,631
FULLY BENEFIT-RESPONSIVE INVESTMENT CONTRACT AT CONTRACT VALUE	1,550,101	1,308,890
RECEIVABLES		
Notes receivable from participants	8,669	10,801
Employee contributions	54,661	50,130
Employer contributions	17,015	16,703
	80,345	77,634
	28,332,603	23,944,155
LIABILITY		
Corrective distributions payable	(27,991)	(33,382)
NET ASSETS AVAILABLE FOR BENEFITS	\$ 28,304,612	\$ 23,910,773

The accompanying notes are an integral part of these financial statements.

Table of Contents

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment income		
Net appreciation in fair value of investments	\$ 3,059,458	\$ 1,556,340
Interest and dividends	845,527	611,549
	3,904,985	2,167,889
Other income	281	1,056
Contributions		
Participants	1,617,060	1,526,159
Companies	559,773	506,048
Rollovers	143,073	262,863
	2,319,906	2,295,070
Total additions	6,225,172	4,464,015
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefits paid to participants	1,799,630	3,095,524
Administrative expense	31,703	7,140
Total deductions	1,831,333	3,102,664
NET INCREASE	4,393,839	1,361,351
NET ASSETS AVAILABLE FOR BENEFITS:		
BEGINNING OF YEAR	23,910,773	22,549,422
END OF YEAR	\$ 28,304,612	\$ 23,910,773

The accompanying notes are an integral part of these financial statements.

Table of Contents

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following brief description of the Farmers National Bank 401(k) Retirement Savings Plan (the Plan) provides only general information. The Plan covers eligible employees from Farmers National Bank of Canfield, Farmers Trust Company, Farmers National Insurance LLC and National Associates Inc. (collectively, the Companies). Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Employees are eligible to participate in the Plan and receive employer matching and discretionary contributions when they are age 21 or older and have completed 90 days of service. Plan entry dates are January 1st, April 1st, July 1st and October 1st following the date of eligibility.

Contributions

A participant may contribute, through payroll reductions, from 1% to 100% of their compensation to the Plan on a pre-tax basis and/or Roth contributions, up to the maximum dollar amount allowed by law (plus catch-up contributions as defined by the Plan document). Participants may also make rollover contributions to the Plan from other qualified defined benefit or defined contribution plans.

The Plan permits matching contributions, discretionary contributions, qualified non-elective contributions (QNEC) and qualified matching contributions (QMAC) by the Companies. The Companies match 50% of the first 6% of compensation that the participant contributes to the Plan. The Companies do not match catch-up contributions. Employer matching contributions totaled \$559,773 and \$506,048 for the Plan years ended December 31, 2017 and 2016, respectively. During the years ended December 31, 2017 and 2016, the Companies did not make any discretionary contributions, QNEC, or QMAC.

Participant Accounts

Each participant's account is credited with the participant's contributions, the Companies' allocation of discretionary employer contributions, matching contributions, and any earnings thereon, and charged with an allocation of administrative expenses. Discretionary contributions are allocated as a percentage of compensation of eligible participants for the Plan year. Allocations of the earnings and expenses are based on the participant's account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Table of Contents

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN (continued)

Vesting

Participants are immediately vested in their contributions plus earnings thereon. Vesting in the Companies' matching and discretionary contributions is based on years of continuous service according to the following schedule:

Years of Service	Vested Percentage
Less than 2 years	0%
2 years but less than 3	20%
3 years but less than 4	40%
4 years but less than 5	60%
5 years but less than 6	80%
6 years or more	100%

Forfeitures

Forfeited nonvested accounts totaled \$39,721 and \$35,060 at December 31, 2017 and 2016, respectively. Forfeitures may be used to reduce the Companies' matching contributions to the Plan, restore participants' forfeitures, be added to the Companies' matching contributions or used to offset Plan expenses as defined by the Plan document. During 2017 and 2016, forfeitures of \$35,896 and \$39,191, respectively, were used to reduce the Companies' matching contributions, and no forfeitures were reallocated to participants in the Plan.

Investment Options

Upon enrollment in the Plan, participants may direct contributions to their accounts into various investment options offered by the Plan.

Payment of Benefits

On termination of service due to death, disability, retirement, or separation of service, a participant may elect to receive installment payments or a lump-sum amount equal to the value of the participant's vested interest in his or her account. Participants may also elect to receive periodic payments through a life annuity equal to the value of the participant's vested interest in his or her account. Upon proven financial hardship, participants may elect to receive a distribution equal to the value of their deferral contributions plus rollovers.

Table of Contents

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Investments held by a defined contribution plan are required to be reported at fair value, except for fully benefit-responsive investment contracts. Contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. Contract value, as reported to the Plan by EMJAY Corporation, the custodian of the Plan, represents contributions made under the contract, plus earnings, less participant withdrawals, wrapper fees, and administrative expenses.

Investment Valuation and Income Recognition

Investments are reported at fair value except for fully benefit-responsive investment contracts. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on the investments purchased and sold, as well as held during the year.

The Plan's registered investment companies and Farmers National Banc Corp. Common Stock (including gains and losses on investments purchased and sold, as well as held during the year) appreciated in value by \$3,059,458 and \$1,556,340 during the years ended December 31, 2017 and 2016, respectively.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

The Plan allows administrative expenses to be paid either by the Plan or the Companies, at the discretion of the Companies. During the years ended December 31, 2017 and 2016, administrative expenses paid by the Plan were \$31,703 and \$7,140, respectively.

Table of Contents

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

The Plan evaluated subsequent events through June 19, 2018, the date these financial statements were available to be issued. Other than as described in Note 8, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes receivable are reclassified as distributions based upon the terms of the Plan document. Interest income of \$281 and \$1,056 for 2017 and 2016 respectively, has been recorded as other income in the accompanying Statements of Changes in Net Assets Available for Benefits.

3. FAIR VALUE MEASUREMENTS

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. It applies to fair value measurements already recognized or permitted by existing standards. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs used in valuation models (Level 3 measurements).

Table of Contents

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

3. FAIR VALUE MEASUREMENTS (continued)

The three levels of the fair value hierarchy under GAAP are described as follows:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. |
| Level 2 | Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets. Level 2 inputs include those other than quoted prices that are observable for the asset or liability. Level 2 inputs are derived principally from, or are corroborated by, observable market data by correlation or other means. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term of the asset or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Non-interest-bearing cash Valued at cost, which equals fair value.

Registered investment companies and common stock Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Table of Contents

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

3. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2017:

	Level 1	Total
Non-interest-bearing cash	\$ 39,721	\$ 39,721
Registered investment companies	25,618,827	25,618,827
Common stock	1,043,609	1,043,609
Total assets at fair value	\$ 26,702,157	\$ 26,702,157

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2016:

	Level 1	Total
Non-interest-bearing cash	\$ 35,060	\$ 35,060
Registered investment companies	21,580,175	21,580,175
Common stock	942,396	942,396
Total assets at fair value	\$ 22,557,631	\$ 22,557,631

4. GUARANTEED INVESTMENT CONTRACT

The Plan is invested in a Guaranteed Interest Fund (the Fund), a fully benefit-responsive investment contract through Great-West Life & Annuity Insurance Company. The Fund invests primarily in stable value products, such as traditional guaranteed investment funds (GIFs), separate account GIFs, and synthetic GIFs.

The key difference between a synthetic investment contract and a traditional investment contract is that the Plan owns the underlying assets of the synthetic investment contract. A synthetic investment contract includes a wrapper contract which is an agreement for the wrap issuer, such as a bank or insurance company, to make payments to the Plan in certain circumstances. The wrapper contract typically includes certain conditions and limitations on the underlying assets owned by the Plan. With traditional investment contracts, the Plan owns only the contract itself. Synthetic and traditional investment contracts are designed to accrue interest based on crediting rates established by the contract issuers. The contract held by the Plan is considered a traditional investment contract.

The traditional investment contract held by the Plan is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the Plan. The

crediting rate is based on a formula established by the contract issuer but may not be less than 0%. The crediting rate is reviewed on a quarterly basis for resetting. The contract cannot be terminated before the scheduled maturity date.

Table of Contents

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

4. GUARANTEED INVESTMENT CONTRACT (continued)

The Plan's ability to receive amounts due in accordance with fully benefit-responsive investment contracts is dependent on the third-party issuer's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Certain events might limit the ability of the Plan to transact at contract value with the contract issuer. These events may be different under each contract. Examples of such events include the following:

1. The Plan's failure to qualify under Section 401(a) of the Internal Revenue Code or the failure of the trust to be tax-exempt under Section 501(a) of the Internal Revenue Code
2. Premature termination of the contracts
3. Plan termination or merger
4. Changes to the Plan's prohibition on competing investment options
5. Bankruptcy of plan sponsor or other plan sponsor events (for example, divestitures or spinoff of a subsidiary) that significantly affect the Plan's normal operations.

In addition, certain events allow the issuer to terminate the contracts with the Plan and settle at an amount different from contract value. Those events may be different under each contract. Examples of such events include the following:

1. An uncured violation of the Plan's investment guidelines
2. A breach of material obligation under the contract
3. A material misrepresentation
4. A material amendment to the agreements without the consent of the issuer.

Certain events limit the ability of the Plan to transact at contract value, allow the issuer to terminate the contract, or require the Plan sponsor to settle at an amount different than the contract value. Such events include the following: (1) mergers, (2) mass layoffs, (3) Plan terminations, (4) implementation of early retirement incentive programs, or (5) other events within the control of the Fund or Plan sponsor resulting in a material and adverse financial impact on the issuer's obligations under the GICs. The Plan's management has no knowledge that the occurrence of any such event, which would limit the Plan's ability to transact at contract value with participants, is probable.

Distributions to the Fund's unit holders are declared daily from the net investment income and automatically reinvested in the Fund on a monthly basis, when paid.

Table of Contents

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

5. TAX STATUS

The Companies adopted a Prototype Non-Standardized Profit Sharing Plan, which received a favorable opinion letter from the Internal Revenue Service (IRS) on March 31, 2014, which stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter, however the Plan sponsor believes the Plan as currently designed, is being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

6. PLAN TERMINATION

Although they have not expressed any intent to do so, the Companies have the right under the Plan to discontinue contributions at any time and to terminate the Plan, subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

7. PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of registered investment companies managed by Federated Investors, Inc. (Federated) and a guaranteed interest fund managed by Great-West Life & Annuity Insurance Company. Federated is related to the Record Keeper of the Plan, Great-West Financial, and is related to EMJAY Corporation, the custodian. Since these parties are related, these transactions are considered party-in-interest transactions.

During 2017, the Plan purchased 10,756 shares and sold 6,369 shares of Farmers National Banc Corp. Common Stock. The Plan holds 70,753 shares of Farmers National Banc Corp. Common Stock at December 31, 2017 with a cost basis of \$638,433. During 2016, the Plan purchased 17,609 shares and sold 6,102 shares of Farmers National Banc Corp. Common Stock. The Plan held 66,365 shares of Farmers National Banc Corp. Common Stock at December 31, 2016 with a cost basis of \$542,864. During the years ended December 31, 2017 and 2016, the Plan recorded dividend income on Farmers National Banc Corp. Common Stock of \$15,899 and \$10,557, respectively. During the years ended December 31, 2017 and 2016, the Plan recorded appreciation on Farmers National Banc Corp. Common Stock of \$43,800 and \$382,228, respectively.

8. CORRECTIVE DISTRIBUTIONS PAYABLE

In order to pass the 2017 and 2016 Actual Deferral Percentage (ADP) Test, the Plan's management elected to refund excess elective deferrals and earnings thereon to certain highly-compensated employees. The calculated amount for 2017 was \$27,991 and was distributed on February 21, 2018. The calculated amount for 2016 was \$33,382 and was distributed by March 15, 2017. These amounts have been included as a corrective distributions payable in the accompanying Statements of Net Assets Available for Benefits at December 31, 2017 and 2016.

Table of Contents

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

9. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

Table of Contents

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

EIN: 34-0214400

PLAN NO: 002

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS

(HELD AT END OF YEAR)

DECEMBER 31, 2017

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment, including maturity date, rate of interest, collateral, par, or maturity value	Cost	Current value
	<i>Non-interest-bearing cash</i>			\$ 39,721
	<i>Registered investment companies</i>			
	American Century Value Fund	70,918 shares	**	634,008
	American Funds Amcap Fund	89,716 shares	**	2,852,971
*	Federated Government Obligations Fund	938,000 shares	**	938,000
*	Federated High Yield Bond Fund	24,330 shares	**	243,305
*	Federated Total Return Bond Fund	183,963 shares	**	2,005,202
*	Federated Ultrashort Bond Fund	15,999 shares	**	145,752
	Fidelity Advisor Real Estate Fund	8,149 shares	**	179,212
	Goldman Sachs Small/Mid Cap Growth Fund	35,741 shares	**	796,319
	JP Morgan Small Cap Core Fund	2,627 shares	**	140,026
	Openheimer Developing Markets Fund	15,214 shares	**	662,744
	Openheimer International Growth Fund	41,494 shares	**	1,810,410
	Openheimer Main Street Fund	2,968 shares	**	149,779
	PIMCO Commodity Real Return Strategy Fund	18,481 shares	**	125,118
	T. Rowe Price Retirement 2010 Fund	3,462 shares	**	63,296
	T. Rowe Price Retirement 2015 Fund	18,442 shares	**	276,273
	T. Rowe Price Retirement 2020 Fund	52,706 shares	**	1,188,003
	T. Rowe Price Retirement 2025 Fund	31,009 shares	**	545,454
	T. Rowe Price Retirement 2030 Fund	84,449 shares	**	2,188,926
	T. Rowe Price Retirement 2035 Fund	27,335 shares	**	518,562
	T. Rowe Price Retirement 2040 Fund	15,962 shares	**	434,825
	T. Rowe Price Retirement 2045 Fund	23,518 shares	**	434,391
	T. Rowe Price Retirement 2050 Fund	3,090 shares	**	47,962
	T. Rowe Price Retirement 2055 Fund	17,792 shares	**	277,207
	Vanguard 500 Index Fund	19,953 shares	**	4,924,905
	Vanguard Mid Cap Index Fund	21,251 shares	**	897,432
	Vanguard Mid Cap Value Index Fund	14,289 shares	**	825,065

Vanguard Small Cap Index Fund	32,697	shares	**	2,313,680
<i>Balance to next page</i>				25,658,548

* Parties-in-interest
See Report of Independent Registered Public Accounting Firm.

Table of Contents

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

EIN: 34-0214400

PLAN NO: 002

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS

(HELD AT END OF YEAR)

DECEMBER 31, 2017

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment, including maturity date, rate of interest, collateral, par, or maturity value	Cost	Current value
				\$ 25,658,548
*	<i>Farmers National Banc Corp. Common Stock</i>	70,753 shares	**	1,043,609
*	<i>Fully benefit-responsive investment contract</i>			
*	Guaranteed Interest Fund	N/A shares	**	1,550,101
*	<i>Notes receivable from participants</i>	Interest rates of 3.25% - 4.25% with various maturities through 2020		
			-0-	8,669
				\$ 28,260,927

* Parties-in-interest
See Report of Independent Registered Public Accounting Firm.

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Farmers National Bank 401(k) Retirement Savings Plan) have duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

Farmers National Bank 401(k)

Retirement Savings Plan

/s/ Mark A. Nicastro
Mark A. Nicastro
Chief Human Resources Officer
Farmers National Banc Corp.
June 27, 2018