

Form 5500-SF Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation		Short Form Annual Return/Report of Small Employee Benefit Plan This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA), and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500-SF.		OMB Nos. 1210-0110 1210-0089 2016 This Form is Open to Public Inspection	
Part I Annual Report Identification Information					
For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016					
A This return/report is for:		<input checked="" type="checkbox"/> a single-employer plan <input type="checkbox"/> a multiple-employer plan (not multiemployer) (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) <input type="checkbox"/> a one-participant plan <input type="checkbox"/> a foreign plan			
B This return/report is		<input type="checkbox"/> the first return/report <input type="checkbox"/> the final return/report <input type="checkbox"/> an amended return/report <input type="checkbox"/> a short plan year return/report (less than 12 months)			
C Check box if filing under:		<input type="checkbox"/> Form 5558 <input type="checkbox"/> automatic extension <input type="checkbox"/> DFVC program <input type="checkbox"/> special extension (enter description)			
Part II Basic Plan Information —enter all requested information					
1a Name of plan FARMERS NATIONAL BANK RETIREMENT PLAN		1b Three-digit plan number (PN) ▶		001	
		1c Effective date of plan		01/01/1980	
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) FARMERS NATIONAL BANK 136 WEST MAIN STREET, P.O. BOX 631 LEBANON, KY 40033-0631		2b Employer Identification Number (EIN)		61-0189297	
		2c Sponsor's telephone number		270-692-3177	
		2d Business code (see instructions)		522120	
3a Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor.		3b Administrator's EIN			
		3c Administrator's telephone number			
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN, and the plan number from the last return/report.		4b EIN			
a Sponsor's name		4c PN			
5a Total number of participants at the beginning of the plan year		5a		30	
b Total number of participants at the end of the plan year.....		5b		23	
c Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....		5c			
d(1) Total number of active participants at the beginning of the plan year.....		5d(1)		28	
d(2) Total number of active participants at the end of the plan year		5d(2)		22	
e Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested		5e		2	
Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.					
Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including, if applicable, a Schedule SB or Schedule MB completed and signed by an enrolled actuary, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.					
SIGN HERE	Filed with authorized/valid electronic signature.	07/21/2017	GEORGE B. SPRAGENS		
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator		
SIGN HERE					
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor		
Preparer's name (including firm name, if applicable) and address (include room or suite number)				Preparer's telephone number	

- 6a** Were all of the plan's assets during the plan year invested in eligible assets? (See instructions.) ☒ Yes ☐ No
- b** Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? (See instructions on waiver eligibility and conditions.) ☒ Yes ☐ No
- If you answered "No" to either line 6a or line 6b, the plan cannot use Form 5500-SF and must instead use Form 5500.**
- c** If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☒ Yes ☐ No ☐ Not determined

Part III Financial Information

7 Plan Assets and Liabilities		(a) Beginning of Year	(b) End of Year
a Total plan assets	7a	2042116	2181931
b Total plan liabilities	7b		
c Net plan assets (subtract line 7b from line 7a)	7c	2042116	2181931
8 Income, Expenses, and Transfers for this Plan Year		(a) Amount	(b) Total
a Contributions received or receivable from:			
(1) Employers	8a(1)	96000	
(2) Participants	8a(2)		
(3) Others (including rollovers)	8a(3)		
b Other income (loss)	8b	96964	
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c		192964
d Benefits paid (including direct rollovers and insurance premiums to provide benefits)	8d	37759	
e Certain deemed and/or corrective distributions (see instructions) .	8e		
f Administrative service providers (salaries, fees, commissions)	8f	15390	
g Other expenses	8g		
h Total expenses (add lines 8d, 8e, 8f, and 8g)	8h		53149
i Net income (loss) (subtract line 8h from line 8c)	8i		139815
j Transfers to (from) the plan (see instructions)	8j		

Part IV Plan Characteristics

- 9a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
1A 3D
- b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

Part V Compliance Questions

10 During the plan year:		Yes	No	N/A	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (See instructions and DOL's Voluntary Fiduciary Correction Program)	10a		X		
b Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.)	10b		X		
c Was the plan covered by a fidelity bond?	10c	X			2000000
d Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	10d		X		
e Were any fees or commissions paid to any brokers, agents, or other persons by an insurance carrier, insurance service, or other organization that provides some or all of the benefits under the plan? (See instructions.)	10e		X		
f Has the plan failed to provide any benefit when due under the plan?	10f		X		
g Did the plan have any participant loans? (If "Yes," enter amount as of year-end.)	10g		X		
h If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	10h				
i If 10h was answered "Yes," check the box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	10i				

Part VI Pension Funding Compliance

11 Is this a defined benefit plan subject to minimum funding requirements? (If "Yes," see instructions and complete Schedule SB (Form 5500) and line 11a below)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
11a Enter the unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40	11a 0
12 Is this a defined contribution plan subject to the minimum funding requirements of section 412 of the Code or section 302 of ERISA?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(If "Yes," complete line 12a or lines 12b, 12c, 12d, and 12e below, as applicable.)	
a If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions, and enter the date of the letter ruling granting the waiver. Month _____ Day _____ Year _____	
If you completed line 12a, complete lines 3, 9, and 10 of Schedule MB (Form 5500), and skip to line 13.	
b Enter the minimum required contribution for this plan year	12b
c Enter the amount contributed by the employer to the plan for this plan year	12c
d Subtract the amount in line 12c from the amount in line 12b. Enter the result (enter a minus sign to the left of a negative amount)	12d
e Will the minimum funding amount reported on line 12d be met by the funding deadline?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

Part VII Plan Terminations and Transfers of Assets

13a Has a resolution to terminate the plan been adopted in any plan year?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If "Yes," enter the amount of any plan assets that reverted to the employer this year	13a
b Were all the plan assets distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
c If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)	
13c(1) Name of plan(s):	13c(2) EIN(s)
13c(3) PN(s)	

Part VIII Trust Information

14a Name of trust	14b Trust's EIN
14c Name of trustee or custodian	14d Trustee's or custodian's telephone number

Part IX IRS Compliance Questions

15a Is the plan a 401(k) plan? If "No," skip b.	<input type="checkbox"/> Yes <input type="checkbox"/> No
15b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	<input type="checkbox"/> Design-based safe harbor <input type="checkbox"/> "Prior year" ADP test <input type="checkbox"/> "Current year" ADP test <input type="checkbox"/> N/A
16a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	<input type="checkbox"/> Ratio percentage test <input type="checkbox"/> Average benefit test <input type="checkbox"/> N/A
16b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	<input type="checkbox"/> Yes <input type="checkbox"/> No
17a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter ____/____/____ and the serial number _____.	
17b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter ____/____/____.	
18 Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	<input type="checkbox"/> Yes <input type="checkbox"/> No
19 Was any plan participant a 5% owner who had attained at least age 70 ½ during the prior plan year?	<input type="checkbox"/> Yes <input type="checkbox"/> No

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>FARMERS NATIONAL BANK RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>FARMERS NATIONAL BANK</u>	D Employer Identification Number (EIN) <u>61-0189297</u>
E Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B	F Prior year plan size: <input checked="" type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input type="checkbox"/> More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2016</u>	
2 Assets:	
a Market value	2a <u>2042116</u>
b Actuarial value	2b <u>2168389</u>
3 Funding target/participant count breakdown	(1) Number of participants (2) Vested Funding Target (3) Total Funding Target
a For retired participants and beneficiaries receiving payment	<u>1</u> <u>279662</u> <u>279662</u>
b For terminated vested participants	<u>1</u> <u>16201</u> <u>16201</u>
c For active participants	<u>28</u> <u>588374</u> <u>594367</u>
d Total	<u>30</u> <u>884237</u> <u>890230</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)	<input type="checkbox"/>
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.29 %</u>
6 Target normal cost	6 <u>54132</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		<u>07/19/2017</u>
	Signature of actuary	Date
<u>NICK H. MEGGOS, EA</u>	Type or print name of actuary	<u>17-07406</u>
<u>NYHART</u>	Firm name	Most recent enrollment number
<u>101 WEST VANDALIA STREET SUITE 240</u>		<u>618-307-9090</u>
<u>EDWARDSVILLE, IL 62025</u>	Address of the firm	Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2016
v. 160205

Part II Beginning of Year Carryover and Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	62321	1215811
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9	Amount remaining (line 7 minus line 8)	62321	1215811
10	Interest on line 9 using prior year's actual return of <u>-0.89</u> %	-555	-10821
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		59369
b(1)	Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.46</u> %		3835
b(2)	Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c	Total available at beginning of current plan year to add to prefunding balance		63204
d	Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	42729	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	19037	1204990

Part III Funding Percentages			
14	Funding target attainment percentage	14	106.08%
15	Adjusted funding target attainment percentage	15	243.57%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	115.24%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
03/25/2016	24000	0			
06/27/2016	24000	0			
09/27/2016	24000	0			
12/28/2016	24000	0			
Totals ►			18(b)	96000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a	Contributions allocated toward unpaid minimum required contributions from prior years	19a 0
b	Contributions made to avoid restrictions adjusted to valuation date	19b 0
c	Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 92503
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?		<input type="checkbox"/> Yes <input type="checkbox"/> No
c If line 20a is "Yes," see instructions and complete the following table as applicable:		
Liquidity shortfall as of end of quarter of this plan year		
(1) 1st	(2) 2nd	(3) 3rd

Part V	Assumptions Used to Determine Funding Target and Target Normal Cost		
21 Discount rate:			
a Segment rates:		1st segment: 4.43%	2nd segment: 5.91%
		3rd segment: 6.65%	<input type="checkbox"/> N/A, full yield curve used
b Applicable month (enter code)			21b 0
22 Weighted average retirement age			22 65
23 Mortality table(s) (see instructions) <input checked="" type="checkbox"/> Prescribed - combined <input type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute			
Part VI	Miscellaneous Items		
24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.			27
Part VII	Reconciliation of Unpaid Minimum Required Contributions For Prior Years		
28 Unpaid minimum required contributions for all prior years			28 0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)			29 0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)			30 0
Part VIII	Minimum Required Contribution For Current Year		
31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)			31a 54132
b Excess assets, if applicable, but not greater than line 31a			31b 54132
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment		0	0
b Waiver amortization installment		0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount			33
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)			34 0
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement			0
36 Additional cash requirement (line 34 minus line 35)			36 0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)			37 92503
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)			38a 92503
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances			38b 0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)			39 0
40 Unpaid minimum required contributions for all years			40 0
Part IX	Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)		
41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected <input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years			
b Eligible plan year(s) for which the election in line 41a was made <input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011			
42 Amount of acceleration adjustment			42
43 Excess installment acceleration amount to be carried over to future plan years			43

Active Participant Schedule

Active participant information grouped based on age and credited service.

Age Group	Years of Service									
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up
Under 25	2	2								
25 to 29	2	2								
30 to 34		1	3							
35 to 39			2	1						
40 to 44	1			1		1				
45 to 49						1				
50 to 54		1				2				
55 to 59						2				
60 to 64						1				
65 to 69	1	1								
70 & up			1							

Except where otherwise indicated, the following assumptions were selected by the plan sponsor with the concurrence of the actuary. Prescribed assumptions are based on the requirements of the relevant law, the Internal Revenue Code and applicable regulation. The actuary was not able to evaluate the prescribed assumptions for reasonableness for the purpose of the measurement.

Valuation Date January 1, 2016

Participant and Asset Information Collected as of January 1, 2016

Retirement Rates (FE)	<u>Age</u>	<u>Rate</u>
	65	100%

For all participants no older than the youngest age above, these rates result in a weighted average retirement age of 65

Mortality Rates

Healthy/Disabled(FE)	IRS 2016 Small Plan Combined Static Mortality - sex distinct RP2000 combined for annuitants and non-annuitants as provided in IRC 430(h)(3). Mortality is projected 7 years past the valuation date for annuitants and 15 years past the valuation date for non-annuitants using scale AA
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Lump Sum (FE)	IRS 2016 Applicable Mortality as prescribed by IRC 417(e)
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ASC 960 (FE)	RP-2014 with fully generational improvements from 2006 based on the MP-2015 improvement scale
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Disability Rates (FE)	Not Applicable
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Withdrawal Rates (FE)	Not Applicable
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Annual Pay Increases (CO)	4.00%
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Interest Rates

	1st Segment (0-5 years)	2nd Segment (5-20 years)	3rd Segment (20+ years)
Minimum Funding and Benefit Restrictions - Prescribed (CO)	4.43%	5.91%	6.65%
PBGC and Maximum Funding - Prescribed (CO)	1.41%	3.96%	4.97%
ASC 960 (CO)	6.00%	6.00%	6.00%

All segment rates are based on the sponsor's election to use a 0 month lookback. The PBGC interest rates are based on the sponsor's election to use the Alternative calculation method. The Alternative calculation method was elected in 2010.

Payment Form Election

Lump Sum	95%
Annuity (FE)	5%

Expense and/or Contingency Loading (FE)

The Target Normal Cost is increased by \$0 to cover anticipated administrative expenses paid from the trust during the 2016 plan year

Marital Status and Ages (FE)

100% of Participants assumed to be married with wives assumed to be 2 years younger than their husbands

Market Value of Assets

Equal to the fair value of assets as of the valuation date, plus the discounted value of contributions made following the valuation date and before the date of this report for the purpose of satisfying the prior year's funding requirements.

Plan Asset Valuation Method

PPA Smoothed Value of Assets. Gains or losses on the Market Value of Assets are recognized over three years, subject to a 10% corridor around the Market Value of Assets.

Expected Rate of Return on Assets (CO)

For determination of the Plan Asset value, the expected return on assets is equal to the Effective Interest Rate.

Cost Method

PPA requires the use of the Unit Credit cost method for determining the minimum required contribution and PBGC premiums. The maximum tax deductible contribution calculation includes limited Projected Unit Credit calculations as required under IRC 404(o).

ASC 960 requires the use of the Unit Credit cost method.

FE indicates an assumption representing an estimate of future experience

MD indicates an assumption representing observations of estimates inherent in market data

CO indicates an assumption representing a combination of an estimate of future experience and observations of market data

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Farmers National Bank Retirement Plan	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Farmers National Bank	D Employer Identification Number (EIN) 61-0189297	
E Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B		
F Prior year plan size: <input checked="" type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input type="checkbox"/> More than 500		

Part I Basic Information			
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2016</u>			
2 Assets:			
a Market value.....	2a	2,042,116	
b Actuarial value.....	2b	2,168,389	
3 Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	1	279,662	279,662
b For terminated vested participants	1	16,201	16,201
c For active participants	28	588,374	594,367
d Total	30	884,237	890,230
4 If the plan is in at-risk status, check the box and complete lines (a) and (b) <input type="checkbox"/>			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5 6.29%		
6 Target normal cost	6 54,132		

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		07/19/2017 Date
Nick H. Meggos, EA Type or print name of actuary		1707406 Most recent enrollment number
Nyhart Firm name		618-307-9090 Telephone number (including area code)
101 West Vandalia Street Suite 240 Edwardsville IL 62025 Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	62,321	1,215,811
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9 Amount remaining (line 7 minus line 8).....	62,321	1,215,811
10 Interest on line 9 using prior year's actual return of <u>-0.89%</u>	-555	-10,821
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year).....		59,369
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.46%</u>		3,835
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		63,204
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	42,729	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d - line 12).....	19,037	1,204,990

14	Funding target attainment percentage	14	106.08%
15	Adjusted funding target attainment percentage	15	243.57%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	115.24%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

18 Contributions made to the plan for the plan year by employer(s) and employees:						
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	
03/25/2016	24,000	0				
06/27/2016	24,000	0				
09/27/2016	24,000	0				
12/28/2016	24,000	0				
			Totals ►	18(b)	96,000	18(c) 0

a Contributions allocated toward unpaid minimum required contributions from prior years.....	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	92,503

C If line 20a is "Yes," see instructions and complete the following table as applicable:

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
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Company, branch, etc. at end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:			
a Segment rates:	1st segment: 4.43 %	2nd segment: 5.91 %	3rd segment: 6.65 %
			<input type="checkbox"/> N/A, full yield curve used
b Applicable month (enter code)	21b		0
22 Weighted average retirement age	22		65
23 Mortality table(s) (see instructions)	<input checked="" type="checkbox"/> Prescribed - combined <input type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute		

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	54,132	
b Excess assets, if applicable, but not greater than line 31a	31b	54,132	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	0	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement			0
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	92,503	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	92,503	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	<input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years		
b Eligible plan year(s) for which the election in line 41a was made	<input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

Summary of Contributions

Below is a summary of historical contributions.

Effective Rate: 6.29%

Contributions for Plan Year Beginning in 2016

Contribution Date	Amount	Discounted Value
March 25, 2016	\$24,000	\$23,666
June 27, 2016	\$24,000	\$23,298
September 27, 2016	\$24,000	\$22,944
December 28, 2016	\$24,000	\$22,595
Totals	\$96,000	\$92,503

Age	Expected Actives at Age	Retirement Rate	Expected Retirements	Weighted Age
65.00	23.60	100.00%	23.60	1,534.00
66.00	0.00	100.00%	0.00	0.00
67.00	2.00	100.00%	2.00	134.00
68.00	0.00	100.00%	0.00	0.00
69.00	0.00	100.00%	0.00	0.00
70.00	0.00	100.00%	0.00	0.00
71.00	0.00	100.00%	0.00	0.00
72.00	0.00	100.00%	0.00	0.00
73.00	1.00	100.00%	1.00	73.00
Total			26.60	1,741.00

Weighted Average Retirement Age = Weighted Age/Expected Retirements : **65.44**

* Please note that the retirement rates are a weighted average of the rates shown in Part V for active participants eligible to retire at the age and zero for all other active participants.

Plan Effective Date

The plan was last restated effective 1/1/2011 and most recently amended effective 1/1/2012

Plan Status

The plan is open to new participants and all participants are eligible to accrue additional benefits

Eligibility for Participation

An eligible employee shall become a participant on the first day of the plan year following his attainment of $\frac{1}{2}$ year of service and age 20 $\frac{1}{2}$

Accrued Benefit

The accrued benefit is determined as the sum of 1.00% of Plan Compensation multiplied by years of service since 1/1/1994 plus 0.65% of Plan Compensation in excess of Covered Compensation multiplied by years of service since 1/1/1994 up to a maximum of 30 years plus the frozen accrued benefit as of 1/1/1994 multiplied by the ratio of Monthly Average Compensation as of the date of determination over the Monthly Average Compensation at 1/1/1994

Benefits

Normal Retirement

Eligibility	The later of attainment of age 65 or the 5th anniversary of plan participation
Benefit	Accrued Benefit

Late Retirement

Eligibility	Participation continues after normal retirement date
Benefit	Greater of accrued retirement benefit commencing as of the first day of the month following his late retirement date based on plan compensation and credited service at such date or accrued benefit as of normal retirement date actuarially increased for delayed commencement

Death before Retirement

Eligibility	5 years of service
Benefit	The beneficiary of a participant will receive the present value of the vested accrued benefit

Termination Benefit

Eligibility	Five (5) years of credited service for vesting
Benefit	The actuarial equivalent of vested accrued benefit

Disability

Eligibility	A participant's Accrued Benefit is 100% vested after earning 5 years of vesting service
Benefit	The actuarial equivalent of vested accrued benefit

Plan Compensation

The monthly average of compensation for the consecutive five year period which produces the highest average

Credited Service

For Vesting

A year of vesting service is credited for each plan year in which a participant is credited with 1000 hours of service

For Benefit Accrual

A year of benefit service is credited for each plan year in which a participant is credited with 500 hours of service

Employee Contributions

Participants shall not be required or permitted to make contributions under the Plan

Payment Forms

Normal Form

The normal form of benefit for single participants is a single life annuity. The normal form of benefit for married participants is an actuarially equivalent qualified joint and 50% survivor annuity

Optional Forms

Life Annuity, Life Annuity with payments guaranteed for 5, 10, or 15 years, 50%, 75%, or 100% Joint and Survivor Annuity, and a Single Sum payment

Actuarial Equivalence

For non-decreasing annuities: Actuarial Equivalence will be computed using 7.50% interest and the 1983 Group Annuity Mortality Male mortality table weighted 50% male rates and 50% female rates

For accelerated forms of payment: Actuarial Equivalence will be computed using the "PPA applicable mortality table" and the interest rate determined under Code Section 417(e)(3) for the month of October preceding the next Plan Year that contains the annuity starting date

Plan Provisions Not Included

We are not aware of any plan provisions not included in the valuation

Adjustments Made for Subsequent Events

We are not aware of any event following the measurement date and prior to the date of this report that would materially impact the results of this report

Changes since Prior Valuation and Key Notes

There have been no changes to the plan provisions since the last valuation.

The interest rates and mortality assumptions have been updated as required under the Pension Protection Act, all subsequent legislation, and associated IRS Regulations, including the changes presented by the Bipartisan Budget Act of 2015. These changes resulted in an increase in the Funding Target and the Target Normal Cost.

The mortality table used to measure ASC 960 liabilities has been changed to RP-2014 with fully generational improvements from 2006 based on the MP-2015 improvement scale. The mortality table previously used was based on generational improvements from 2006 based on the improvement scale from the 2014 Social Security Trustees Report. This change resulted in an increase in the Present Value of Accrued Benefits.

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