

**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

**2018**

**This Form is Open to Public Inspection**

**Part I Annual Report Identification Information**

For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

- A** This return/report is for:
- a single-employer plan  a multiple-employer plan (not multiemployer) (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- a one-participant plan  a foreign plan
- B** This return/report is:
- the first return/report  the final return/report
- an amended return/report  a short plan year return/report (less than 12 months)
- C** Check box if filing under:
- Form 5558  automatic extension  DFVC program
- special extension (enter description)

**Part II Basic Plan Information**—enter all requested information

<b>1a</b> Name of plan FARMERS NATIONAL BANK RETIREMENT PLAN		<b>1b</b> Three-digit plan number (PN) ▶	001
<b>2a</b> 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		<b>1c</b> Effective date of plan	01/01/1980
		<b>2b</b> Employer Identification Number (EIN)	61-0189297
		<b>2c</b> Sponsor's telephone number	270-692-3177
		<b>2d</b> Business code (see instructions)	522120
<b>3a</b> Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor.		<b>3b</b> Administrator's EIN	
		<b>3c</b> Administrator's telephone number	
<b>4</b> If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report.		<b>4b</b> EIN	
<b>a</b> Sponsor's name		<b>4d</b> PN	
<b>c</b> Plan Name			
<b>5a</b> Total number of participants at the beginning of the plan year .....		<b>5a</b>	30
<b>b</b> Total number of participants at the end of the plan year .....		<b>5b</b>	25
<b>c</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) .....		<b>5c</b>	
<b>d(1)</b> Total number of active participants at the beginning of the plan year .....		<b>5d(1)</b>	29
<b>d(2)</b> Total number of active participants at the end of the plan year .....		<b>5d(2)</b>	23
<b>e</b> Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested .....		<b>5e</b>	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.	07/13/2019	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

- 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  
 If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4135452. (See instructions.)

<b>Part III Financial Information</b>			
<b>7</b>		<b>(a) Beginning of Year</b>	<b>(b) End of Year</b>
<b>7</b>	Plan Assets and Liabilities		
<b>a</b>	Total plan assets .....	2467893	2070626
<b>b</b>	Total plan liabilities .....		
<b>c</b>	Net plan assets (subtract line 7b from line 7a) .....	2467893	2070626
<b>8</b>	Income, Expenses, and Transfers for this Plan Year	<b>(a) Amount</b>	<b>(b) Total</b>
<b>a</b>	Contributions received or receivable from:		
	(1) Employers .....	99000	
	(2) Participants .....		
	(3) Others (including rollovers) .....		
<b>b</b>	Other income (loss) .....	-82717	
<b>c</b>	Total income (add lines 8a(1), 8a(2), 8a(3), and 8b) .....		16283
<b>d</b>	Benefits paid (including direct rollovers and insurance premiums to provide benefits) .....	397674	
<b>e</b>	Certain deemed and/or corrective distributions (see instructions) ...		
<b>f</b>	Administrative service providers (salaries, fees, commissions) .....	15876	
<b>g</b>	Other expenses .....		
<b>h</b>	Total expenses (add lines 8d, 8e, 8f, and 8g) .....		413550
<b>i</b>	Net income (loss) (subtract line 8h from line 8c) .....		-397267
<b>j</b>	Transfers to (from) the plan (see instructions) .....		

<b>Part IV Plan Characteristics</b>	
<b>9a</b>	If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions: <u>1A 3D</u>
<b>b</b>	If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

<b>Part V Compliance Questions</b>		<b>Yes</b>	<b>No</b>	<b>Amount</b>
<b>10</b>	During the plan year:			
<b>a</b>	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) .....		X	
<b>b</b>	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.) .....		X	
<b>c</b>	Was the plan covered by a fidelity bond? .....	X		2000000
<b>d</b>	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....		X	
<b>e</b>	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.) .....		X	
<b>f</b>	Has the plan failed to provide any benefit when due under the plan? .....		X	
<b>g</b>	Did the plan have any participant loans? (If "Yes," enter amount as of year-end.) .....		X	
<b>h</b>	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) .....			
<b>i</b>	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 .....			

**Part VI Pension Funding Compliance**

<b>11</b>	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
<b>11a</b>	Enter the unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 .....	<b>11a</b> <span style="float: right;">0</span>
<b>12</b>	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.)		
<b>a</b>	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 _____	
<b>If you completed line 12a, complete lines 3, 9, and 10 of Schedule MB (Form 5500), and skip to line 13.</b>		
<b>b</b>	Enter the minimum required contribution for this plan year .....	<b>12b</b>
<b>c</b>	Enter the amount contributed by the employer to the plan for this plan year .....	<b>12c</b>
<b>d</b>	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) .....	<b>12d</b>
<b>e</b>	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**

<b>13a</b>	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 .....	<b>13a</b>
<b>b</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
<b>c</b>	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.)	
<b>13c(1)</b>	<b>13c(2)</b>	<b>13c(3)</b>
Name of plan(s):	EIN(s)	PN(s)

**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

**2018**

**This Form is Open to Public Inspection**

For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

▶ **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.

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

<b>1</b> Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2018</u>			
<b>2</b> Assets:			
	<b>a</b> Market value.....	<b>2a</b>	<u>2467893</u>
<b>b</b> Actuarial value .....	<b>2b</b>	<u>2424451</u>	
<b>3</b> Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
	<b>a</b> For retired participants and beneficiaries receiving payment .....	<u>1</u>	<u>292589</u>
	<b>b</b> For terminated vested participants .....	<u>0</u>	<u>0</u>
	<b>c</b> For active participants .....	<u>29</u>	<u>852922</u>
	<b>d</b> Total .....	<u>30</u>	<u>1145511</u>
<b>4</b> If the plan is in at-risk status, check the box and complete lines (a) and (b)..... <input type="checkbox"/>			
<b>a</b> Funding target disregarding prescribed at-risk assumptions .....	<b>4a</b>		
<b>b</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 .....	<b>4b</b>		
<b>5</b> Effective interest rate.....	<b>5</b>	<u>5.91 %</u>	
<b>6</b> Target normal cost .....	<b>6</b>	<u>68531</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.

<b>SIGN HERE</b>	
Signature of actuary	<u>06/27/2019</u>
<u>J. MALCOLM MERRILL, FSA, EA</u>	Date
Type or print name of actuary	<u>17-08053</u>
<u>NYHART</u>	Most recent enrollment number
Firm name	<u>317-845-3601</u>
<u>8415 ALLISON POINTE BOULEVARD</u> <u>SUITE 300</u> <u>INDIANAPOLIS, IN 46250</u>	Telephone number (including area code)
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

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

**Schedule SB (Form 5500) 2018  
v. 171027**

**Part II Beginning of Year Carryover and Prefunding Balances**

	(a) Carryover balance	(b) Prefunding balance
<b>7</b> Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	0	1230000
<b>8</b> Portion elected for use to offset prior year's funding requirement (line 35 from prior year) .....	0	0
<b>9</b> Amount remaining (line 7 minus line 8).....	0	1230000
<b>10</b> Interest on line 9 using prior year's actual return of <u>9.03</u> %.....	0	111069
<b>11</b> Prior year's excess contributions to be added to prefunding balance:		
<b>a</b> Present value of excess contributions (line 38a from prior year).....		104241
<b>b(1)</b> 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>6.10</u> %.....		6359
<b>b(2)</b> Interest on line 38b from prior year Schedule SB, using prior year's actual return.....		0
<b>c</b> Total available at beginning of current plan year to add to prefunding balance.....		110600
<b>d</b> Portion of (c) to be added to prefunding balance.....		0
<b>12</b> Other reductions in balances due to elections or deemed elections.....	0	141069
<b>13</b> Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....	0	1200000

**Part III Funding Percentages**

<b>14</b> Funding target attainment percentage .....	<b>14</b>	106.54%
<b>15</b> Adjusted funding target attainment percentage.....	<b>15</b>	210.96%
<b>16</b> Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement .....	<b>16</b>	105.39%
<b>17</b> If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage. ....	<b>17</b>	%

**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
03/28/2018	27000	0			
06/26/2018	27000	0			
09/25/2018	27000	0			
12/27/2018	18000	0			
<b>Totals ▶</b>			<b>18(b)</b>	99000	<b>18(c)</b> 0

**19** Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

<b>a</b> Contributions allocated toward unpaid minimum required contributions from prior years.....	<b>19a</b>	0
<b>b</b> Contributions made to avoid restrictions adjusted to valuation date .....	<b>19b</b>	0
<b>c</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	<b>19c</b>	95798

**20** Quarterly contributions and liquidity shortfalls:

**a** Did the plan have a "funding shortfall" for the prior year?.....  Yes  No

**b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?.....  Yes  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	(4) 4th

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

**21** Discount rate:

<b>a</b> Segment rates:	1st segment: 3.92%	2nd segment: 5.52%	3rd segment: 6.29%	<input type="checkbox"/> N/A, full yield curve used
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**b** Applicable month (enter code) ..... **21b** 0

**22** Weighted average retirement age ..... **22** 65

**23** Mortality table(s) (see instructions) Prior regulation:  Prescribed - combined  Prescribed - separate  Substitute  
 Current regulation:  Prescribed - combined  Prescribed - separate  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. ....  Yes  No

**25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ....  Yes  No

**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ....  Yes  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**

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

**Part VIII Minimum Required Contribution For Current Year**

**31** Target normal cost and excess assets (see instructions):

<b>a</b> Target normal cost (line 6) .....	<b>31a</b>	68531
<b>b</b> Excess assets, if applicable, but not greater than line 31a .....	<b>31b</b>	68531

<b>32</b> Amortization installments:	Outstanding Balance	Installment
<b>a</b> Net shortfall amortization installment .....	0	0
<b>b</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**

<b>34</b> Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33).....	<b>34</b>	0
	Carryover balance	Prefunding balance
<b>35</b> Balances elected for use to offset funding requirement.....	0	0
<b>36</b> Additional cash requirement (line 34 minus line 35).....	<b>36</b>	0
<b>37</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	<b>37</b>	95798
<b>38</b> Present value of excess contributions for current year (see instructions)		
<b>a</b> Total (excess, if any, of line 37 over line 36) .....	<b>38a</b>	95798
<b>b</b> Portion included in line 38a attributable to use of prefunding and funding standard carryover balances .....	<b>38b</b>	0
<b>39</b> Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37).....	<b>39</b>	0
<b>40</b> Unpaid minimum required contributions for all years .....	<b>40</b>	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 .....  2 plus 7 years  15 years

**b** Eligible plan year(s) for which the election in line 41a was made .....  2008  2009  2010  2011

**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	1	1								
25 to 29	2	2								
30 to 34	1	1	4	1						
35 to 39			1	1						
40 to 44		1		2						
45 to 49		1				2				
50 to 54			1							
55 to 59						2				
60 to 64						3				
65 to 69		2								
70 & up										

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, 2018

**Participant and Asset Information Collected as of** January 1, 2018

**Retirement Rates (FE)**

<u>Age</u>	<u>Rate</u>
65	100%

As the plan is not large enough to have credible experience, in our professional judgement, use of an assumption more sophisticated than a single point estimate is not merited.

**Mortality Rates**

Healthy/Disabled(FE) IRS 2018 Small Plan Combined Static Mortality - sex distinct RP-2006 base mortality table combined for annuitants and non-annuitants as provided in IRC 430(h)(3). Mortality projections are based on SOA improvement scale MP-2016 and the projection methodology described in IRS regulations 1.430(h)(3)-1(c).

The mortality table is prescribed by federal regulation.

Lump Sum (FE) IRS 2018 Applicable Mortality as prescribed by IRC 417(e)

The mortality table is prescribed by federal regulation.

ASC 960 (FE) RP-2014 with fully generational improvements from 2006 based on the MP-2016 improvement scale

As the plan is not large enough to have credible experience, mortality assumptions are set to reflect general population trends.

**Disability Rates (FE)** Not Applicable

Due to the size and lack of subsidies, in our professional judgement, explicitly valuing a disability decrement does not improve the accuracy of a valuation sufficiently to justify the added complexity.

**Withdrawal Rates (FE)**

Rates in accordance with the Crocker Sarason Straight T-7 table. Sample rates as follows:

Age	Rate
25	9.67%
35	8.71%
45	6.35%
55	1.55%

As the plan is not large enough to have credible experience, withdrawal assumptions reflect the results of general termination experience studies.

**Annual Pay Increases (CO)**

4.00%

The annual pay increase reflects the employer's average target increase for a career employee.

**Interest Rates**

	1st Segment (0-5 years)	2nd Segment (5-20 years)	3rd Segment (20+ years)
Minimum Funding and Benefit Restrictions - Prescribed (CO)	3.92%	5.52%	6.29%
PBGC and Maximum Funding - Prescribed (CO)	1.81%	3.68%	4.53%
ASC 960 (CO)	5.00%	5.00%	5.00%

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.

Minimum and Maximum funding interest rates are prescribed by IRS regulation. The ASC 960 interest rate has been set by the plan sponsor in conjunction with their asset advisors. Detailed evaluation of this assumption was outside the scope of our engagement.

**Payment Form Election (FE)**

Lump Sum	95%
Annuity	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 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 for periods prior to 1/1/2017 and equal to the expected long-term rate of return of 5.00% for periods on or after 1/1/2017.

**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)**

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**

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▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

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For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

▶ **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.

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

<b>1</b> Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2018</u>			
<b>2</b> Assets:			
<b>a</b> Market value .....	<b>2a</b>	2,467,893	
<b>b</b> Actuarial value .....	<b>2b</b>	2,424,451	
<b>3</b> Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
<b>a</b> For retired participants and beneficiaries receiving payment .....	1	292,589	292,589
<b>b</b> For terminated vested participants .....	0	0	0
<b>c</b> For active participants .....	29	852,922	856,652
<b>d</b> Total .....	30	1,145,511	1,149,241
<b>4</b> If the plan is in at-risk status, check the box and complete lines (a) and (b)..... <input type="checkbox"/>			
<b>a</b> Funding target disregarding prescribed at-risk assumptions .....	<b>4a</b>		
<b>b</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 .....	<b>4b</b>		
<b>5</b> Effective interest rate .....	<b>5</b>	5.91%	
<b>6</b> Target normal cost .....	<b>6</b>	68,531	

**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.

<b>SIGN HERE</b>		06/27/2019
	Signature of actuary	Date
J. Malcolm Merrill, FSA, EA		1708053
Type or print name of actuary		Most recent enrollment number
Nyhart		317-845-3601
Firm name		Telephone number (including area code)
8415 Allison Pointe Boulevard		
Suite 300		
Indianapolis IN 46250		
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

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

**Schedule SB (Form 5500) 2018  
v. 171027**



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

**21** Discount rate:

<b>a</b> Segment rates:	1st segment: 3.92%	2nd segment: 5.52%	3rd segment: 6.29%	<input type="checkbox"/> N/A, full yield curve used
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**b** Applicable month (enter code)..... **21b** 0

**22** Weighted average retirement age ..... **22** 65

**23** Mortality table(s) (see instructions) Prior regulation:  Prescribed - combined  Prescribed - separate  Substitute  
 Current regulation:  Prescribed - combined  Prescribed - separate  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. ....  Yes  No

**25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ....  Yes  No

**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ....  Yes  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**

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

**Part VIII Minimum Required Contribution For Current Year**

**31** Target normal cost and excess assets (see instructions):

<b>a</b> Target normal cost (line 6).....	<b>31a</b>	68,531
<b>b</b> Excess assets, if applicable, but not greater than line 31a .....	<b>31b</b>	68,531

<b>32</b> Amortization installments:	Outstanding Balance	Installment
<b>a</b> Net shortfall amortization installment.....	0	0
<b>b</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**

<b>34</b> Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33).....	<b>34</b>	0
	Carryover balance	Prefunding balance
<b>35</b> Balances elected for use to offset funding requirement.....	0	0
<b>36</b> Additional cash requirement (line 34 minus line 35).....	<b>36</b>	0
<b>37</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	<b>37</b>	95,798

**38** Present value of excess contributions for current year (see instructions)

<b>a</b> Total (excess, if any, of line 37 over line 36) .....	<b>38a</b>	95,798
<b>b</b> Portion included in line 38a attributable to use of prefunding and funding standard carryover balances .....	<b>38b</b>	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 .....  2 plus 7 years  15 years

**b** Eligible plan year(s) for which the election in line 41a was made .....  2008  2009  2010  2011

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### Summary of Contributions

Below is a summary of historical contributions.

Effective Rate: 5.91%

### Contributions for Plan Year Beginning in 2018

<b>Contribution Date</b>	<b>Amount</b>	<b>Discounted Value</b>
March 28, 2018	\$27,000	\$26,637
June 26, 2018	\$27,000	\$26,263
September 25, 2018	\$27,000	\$25,889
December 27, 2018	\$18,000	\$17,009
<b>Totals</b>	<b>99,000.00</b>	<b>95,798.00</b>

Age	Expected Actives at Age	Retirement Rate	Expected Retirements	Weighted Age
65.00	12.0832	100.00%	12.0832	785.4048
66.00	0.0000	100.00%	0.0000	0.0000
67.00	0.0000	100.00%	0.0000	0.0000
68.00	0.0000	100.00%	0.0000	0.0000
69.00	2.0000	100.00%	2.0000	138.0000
Total			14.0832	923.4048

Weighted Average Retirement Age = Weighted Age/Expected Retirements : **65.57**

\* 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.

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### 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

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### 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

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### 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

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## 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. The plan has adopted the Small Plan Combined Table based on RP-2014 and Scale MP-2016 for the current plan year. These changes resulted in an increase in the Funding Target, and Target Normal Cost.

To better reflect anticipated plan experience, for ASC 960 purposes, the mortality improvement scale was updated from the generational MP-2016 projection scale to the generational MP-2017 projection scale. The RP-2014 Mortality Table continues to be the underlying mortality basis. This change results in a small decrease in the Present Value of Accumulated Benefits.

The mortality table used to compute lump sums was updated from the 2017 Applicable Mortality Table to the 2018 Applicable Mortality Table. This change results in an increase in the Funding Target, Target Normal Cost, and Present Value of Accumulated Benefits.

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