FARMERS NATIONAL BANC CORP /OH/
Form DEF 14A
March 21, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

FARMERS NATIONAL BANC CORP.

(Name of Registrant as Specified In Its Charter)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

20 South Broad Street

Canfield, Ohio 44406

March 17, 2016

To Our Shareholders:

You are cordially invited to attend the 2016 Annual Meeting of Shareholders of Farmers National Banc Corp. (Farmers or the Company) to be held April 21, 2016, at 3:30 p.m., Eastern Time, at the St. Michael Family Life Center, 300 North Broad Street, Canfield, Ohio 44406.

At the Annual Meeting, you will be asked to: (i) elect three Class III directors whose terms will expire at the Annual Meeting in 2019; (ii) consider an advisory vote on executive compensation; and (iii) ratify the Audit Committee s appointment of Crowe Horwath LLP as Farmers independent registered public accounting firm for the fiscal year ending December 31, 2016.

Your vote on these matters is important, regardless of the number of shares you own, and all shareholders are cordially invited to attend the Annual Meeting in person. However, whether or not you plan to attend the Annual Meeting, it is important that your shares be represented. In order to ensure that your shares are represented, I urge you to execute and return the enclosed proxy, or that you submit your proxy by telephone or Internet promptly.

Sincerely,

Kevin J. Helmick

President and Chief Executive Officer

Farmers National Banc Corp.

20 South Broad Street

Canfield, Ohio 44406

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held Thursday, April 21, 2016

The Annual Meeting of Shareholders of Farmers National Banc Corp. (Farmers or the Company) will be held at the St. Michael Family Life Center, 300 North Broad Street, Canfield, Ohio 44406, on Thursday, April 21, 2016, at 3:30 p.m., Eastern Time, for the following purposes:

1. the election of three Class III directors;

2. to approve, on an advisory basis, the compensation of the Company s named executive officers;

3. to ratify the appointment of Crowe Horwath LLP as Farmers independent registered public accounting firm for the fiscal year ending December 31, 2016; and

4. to transact such other business as may properly come before the meeting or any adjournments thereof.

The Board of Directors has fixed the close of business on March 7, 2016 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting. Your Board of Directors recommends that you vote **FOR** the election of each of the director nominees and **FOR** each of the other proposals.

By Order of the Board of Directors,

Carl D. Culp

Executive Vice President, Treasurer and Secretary

Canfield, Ohio

March 17, 2016

FARMERS NATIONAL BANC CORP.

PROXY STATEMENT

March 17, 2016

This proxy statement is furnished in connection with the solicitation by the Board of Directors of Farmers National Banc Corp., an Ohio corporation (Farmers or the Company), of the accompanying proxy to be voted at the 2016 Annual Meeting of Shareholders (the Annual Meeting) to be held Thursday, April 21, 2016, at 3:30 p.m., Eastern Time, and at any adjournment or postponement thereof. The mailing address of the principal executive offices of Farmers is 20 South Broad Street, Canfield, Ohio 44406; telephone number (330) 533-3341. This proxy statement, together with the related proxy and Farmers 2015 Annual Report to Shareholders (the Annual Report), are being mailed to the shareholders of the Company on or about March 17, 2016.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

When and Where will the Annual Meeting be Held?

The Annual Meeting will be held Thursday, April 21, 2016, at 3:30 p.m., Eastern Time, at the St. Michael Family Life Center, 300 North Broad Street, Canfield, Ohio 44406. To obtain directions to attend the Annual Meeting, please contact Shareholder Relations at (330) 533-5127.

Why did I Receive these Proxy Materials?

You have received these proxy materials because the Board of Directors is soliciting a proxy to vote your shares at the Annual Meeting. This proxy statement contains information that Farmers is required to provide to you under the rules of the Securities and Exchange Commission (the Commission) and is intended to assist you in voting your shares.

Who may Vote at the Annual Meeting?

The Board of Directors has set March 7, 2016 as the record date for the Annual Meeting. This means that only shareholders of record at the close of business on that date are entitled to notice of, and to vote at, the Annual Meeting or any adjournment(s) or postponement(s) thereof. At the close of business on March 7, 2016, 26,930,484 Common Shares, without par value (Common Shares) were issued and outstanding. Each common share entitles the holder to one vote on each item to be voted upon at the Annual Meeting and there is no cumulative voting.

What is the Difference between Holding Shares as a Shareholder of Record and as a Beneficial Owner ?

If your shares are registered directly in your name, you are considered the shareholder of record of those shares. Farmers has sent these proxy materials directly to all shareholders of record. Alternatively, if your shares are held in an account at a brokerage firm, bank, broker-dealer or other similar organization, which is sometimes called street name, then you are the beneficial owner of those shares, and these proxy materials were forwarded to you by that organization. The organization holding your shares is the shareholder of record for purposes of voting the shares at the Annual Meeting. As the beneficial owner, you have the right to direct that organization how to vote the Common Shares held in your account by following the voting instructions the organization provides to you.

How do I Vote?

Shareholders of record may vote on matters that are properly presented at the Annual Meeting in four ways:

- By completing the accompanying proxy and returning it in the envelope provided;
- By submitting your vote telephonically;
- By submitting your vote electronically via the Internet; or
- By attending the Annual Meeting and casting your vote in person.

For the Annual Meeting, Farmers is offering shareholders of record the opportunity to vote their Common Shares electronically through the Internet or by telephone. Instead of submitting the enclosed proxy by mail, shareholders of record may vote by telephone or via the Internet by following the procedures described on the enclosed proxy. In order to vote via telephone or the Internet, please have the enclosed proxy in hand, and call the number or go to the website listed on the proxy and follow the instructions. The telephone and Internet voting procedures are designed to authenticate shareholders identities, to allow shareholders to give their voting instructions, and to confirm that shareholders instructions have been recorded properly. Shareholders voting through the Internet should understand that they may bear certain costs associated with Internet access, such as usage charges from their Internet service providers. The deadline for voting through the Internet or by telephone is 3:30 a.m., Eastern Time, on April 21, 2016.

If you hold your Common Shares in street name, you should follow the voting instructions provided to you by the organization that holds your Common Shares. If you plan to attend the Annual Meeting and vote in person, ballots will be available. If your Common Shares are held in the name of your broker, bank or other shareholder of record, you must bring a legal proxy from the shareholder of record indicating that you were the beneficial owner of the shares on March 7, 2016 in order to vote in person.

How will My Shares be Voted?

If you vote by mail, through the Internet, by telephone or in person, your Common Shares will be voted as you direct. If you submit a valid proxy prior to the Annual Meeting, but do not complete the voting instructions, your Common Shares will be voted:

- **FOR** the election of each of the three Class III director nominees listed under **Proposal One Election of Directors;**
- **FOR** the approval of the compensation of the Company s named executive officers under **Proposal Two Advisory Vote on Executive Compensation;** and
- **FOR** the ratification of the appointment of Crowe Horwath LLP as Farmers independent registered public accounting firm for the year ending December 31, 2016 under **Proposal Three Ratification of Selection of Independent Registered Public Accounting Firm.**

Can Other Matters be Decided at the Annual Meeting?

On the date that this proxy statement was printed, Farmers was not aware of any matters to be raised at the Annual Meeting other than those included in this proxy statement. If you submit a valid proxy and other matters are properly presented for consideration at the Annual Meeting, then the individuals appointed as proxies will have the discretion to vote on those matters for you.

May I Revoke or Change My Vote?

Yes, proxies may be revoked at any time before a vote is taken or the authority granted is otherwise exercised. Revocation may be accomplished by:

- the execution of a later dated proxy with regard to the same Common Shares;

the execution of a later casted Internet or telephone vote with regard to the same Common Shares;

giving notice in writing to the Secretary at 20 South Broad Street, Canfield, Ohio 44406; or

notifying the Secretary in person at the Annual Meeting.

If your Common Shares are held in street name and you wish to revoke your proxy, you should follow the instructions provided to you by the record holder of your shares. If you wish to revoke your proxy in person at the Annual Meeting, you must bring a legal proxy from the shareholder of record indicating that you were the beneficial owner of the Common Shares on March 7, 2016. Attending the Annual Meeting will not, by itself, revoke your proxy.

Who Pays the Cost of Proxy Solicitation?

The accompanying proxy is solicited by and on behalf of the Board of Directors, whose notice of meeting is attached to this proxy statement, and the entire cost of such solicitation will be borne by Farmers. In addition to the use of the mail, proxies may be solicited by personal interview, telephone, facsimile and electronic mail by directors, officers and employees of Farmers. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of Common Shares held of record by such persons, and Farmers will reimburse them for reasonable out-of-pocket expenses incurred by them in connection therewith.

How Many Common Shares Must be Represented at the Annual Meeting in Order to Constitute a Quorum?

The shareholders present in person or by proxy at the Annual Meeting representing not less than one-third of Farmers outstanding Common Shares shall constitute a quorum for the Annual Meeting. Consequently, at least 8,976,828 Common Shares must be represented at the Annual Meeting in person or by proxy in order to constitute a quorum. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. Street name holders generally cannot vote their Common Shares directly and must instead instruct the broker, bank or other shareholder of record how to vote their Common Shares using the voting instructions provided by it. If a street name holder does not provide timely instructions, the broker or other nominee may have the authority to vote on some proposals but not others. If a broker or other nominee votes on one proposal, but does not vote on another proposal because the nominee does not have discretionary voting power and has not received instructions from the beneficial owner, this results in a broker non-vote. Broker non-votes on a matter are counted as present for purposes of establishing a quorum for the meeting, but are not considered entitled to vote on that particular matter.

What are the Voting Requirements to Elect the Directors and to Approve the Other Proposals Discussed in this Proxy Statement?

The vote required to approve each of the proposals that are scheduled to be presented at the Annual Meeting is as follows:

Proposal	Vote Required
Proposal One Election of Directors	Election of the three Class III director nominees requires the affirmative vote of the holders of a plurality of the Common Shares present, represented and entitled to vote at the Annual Meeting. Broker non-votes and proxies marked **WITHHOLD AUTHORITY** will not be counted toward the election of directors or toward the election of individual nominees and, thus, will have no effect other than that they will be counted for establishing a quorum.
Proposal Two Advisory Vote on Executive Compensation	The proposal to approve the resolution regarding the compensation of Farmers named executive officers requires the affirmative vote of the holders of a majority of the Common Shares present, represented and entitled to vote at the Annual Meeting. Shareholders may vote **FOR, AGAINST** or **ABSTAIN** from voting on Proposal Two. Broker non-votes will not be counted for the purpose of determining whether Proposal Two has been approved. Abstentions will be counted as present and entitled to vote for purposes of Proposal Two and, thus, will have the same effect as a vote against Proposal Two. As this is an advisory vote, the outcome of the vote is not binding on the Compensation Committee or the Board of Directors with respect to future executive compensation decisions, including those relating to the Company s named executive officers or otherwise. However, the Compensation Committee and the Board of Directors expect to take into account the outcome of the vote when considering future executive compensation decisions.
Proposal Three Ratification of Selection of Independent Registered Public Accounting Firm	The proposal to ratify the appointment of Farmers independent registered public accounting firm requires the affirmative vote of the holders of a majority of the Common Shares present, represented and entitled to vote at the Annual Meeting. Shareholders may vote **FOR, AGAINST** or **ABSTAIN** from voting on Proposal Three. Abstentions will be counted as present and entitled to vote for purposes of Proposal Three and, thus, will have the same effect as a vote against Proposal Three.

Under Ohio law, Farmers Articles of Incorporation, and Farmers Amended Code of Regulations (the Regulations), the nominees for election as directors who receive the greatest number of votes cast will be elected directors. Each shareholder will be entitled to cast one vote for each common share owned, and shareholders may not cumulate votes in the election of directors. Common shares as to which the authority to vote is withheld are not counted toward the election of directors. However, the Board of Directors has adopted a Majority Vote Withheld Policy in the event that Withhold Authority has been indicated by a majority of the votes cast with respect to any director in an uncontested election. A summary of this policy is set forth under the caption **CORPORATE GOVERNANCE Policies of the Board of Directors** beginning on page 9 of this proxy statement.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE

SHAREHOLDER MEETING TO BE HELD ON APRIL 21, 2016

This proxy statement, the Form 10-K for the year ended December 31, 2015 and the 2015 Annual Report to Shareholders are available at *www.farmersbankgroup.com*.

CORPORATE GOVERNANCE

The Board of Directors Independence

The Board of Directors is currently comprised of 11 members, three of whom are nominees for re-election at the Annual Meeting. Additional information regarding each director nominee is set forth in **Proposal One Election of Directors** beginning on page 13 of this proxy statement. In 2015, the Board of Directors affirmatively determined that each of the directors listed below is an independent director under the rules of The NASDAQ Stock Market LLC (NASDAQ):

Gregory C. Bestic	Lance J. Ciroli
Anne Frederick Crawford	Ralph D. Macali
Terry A. Moore	David Z. Paull
Earl R. Scott	James R. Smail
Gregg Strollo	Howard J. Wenger

The only director (or director nominee) of Farmers who has not been determined by the Board of Directors to be independent is Kevin J. Helmick, the Company s President and Chief Executive Officer.

During 2015, certain current directors and executive officers of Farmers, and their associates, were customers of, and had banking transactions with, various subsidiaries of the Company, including Farmers subsidiary bank, The Farmers National Bank of Canfield (Farmers Bank). All relationships between any director or executive officer and Farmers or any of its subsidiaries were conducted in the ordinary course of business. Farmers encourages its directors and executive officers to maintain these relationships and expects that these transactions will continue in the future. All loans and loan commitments included in such transactions were made and will be made: (i) in the ordinary course of business; (ii) on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to Farmers; and (iii) without more than the normal risk of collectability or present other unfavorable features. After reviewing the details of these relationships, the Board of Directors has determined that such relationships do not interfere with the exercise of any director s independent judgment in carrying out his or her responsibilities.

In assessing the independence of directors, the Board of Directors also considers the business relationships between Farmers and its directors or their affiliated businesses other than ordinary banking relationships. Where business relationships other than ordinary banking relationships exist, the Board of Directors evaluates the scope and nature of each business relationship. The business relationships between Farmers and its directors or the directors affiliated companies that were so considered by the Board of Directors was the position of Terry A. Moore as a partner, Chief Executive Officer and President of the law firm of Krugliak Wilkins Griffiths & Dougherty (KWGD), which last performed certain legal services for Farmers and Farmers Bank during 2014, prior to Mr. Moore s election as a director. In reviewing the independence of Mr. Moore as a director, the Board of Directors considered the relationship between Farmers and KWGD and determined that such firm received fees for the performance of legal services in 2014 far less than objective regulatory independence thresholds, and that the prior relationship of KWGD to the Company did not affect Mr. Moore s exercise of independent judgment in carrying out his duties as a director, including his duties as a compensation committee member and his ability to make independent judgments about the Company s executive compensation. Therefore, the Board considers Mr. Moore to be independent, although he is not yet considered eligible to serve on the Audit Committee.

Certain Relationships and Related Transactions

Farmers Audit Committee is responsible for reviewing and approving all related party transactions that are material to the Company s consolidated financial statements or otherwise require disclosure under Item 404 of Regulation S-K. Extensions of credit by Farmers or any of its subsidiaries to insiders of the Company or its subsidiaries are also regulated by Regulation O adopted under the Federal Reserve Act and the Federal Deposit Insurance Corporation Improvement Act. It is Farmers policy that any transactions with persons whom Regulation O defines as insiders (*i.e.*, executive officers, directors, principal shareholders and their related interests) are engaged in the same manner as transactions conducted with all members of the public. Transactions are reviewed and approved by the Audit Committee either on a case-by-case basis (such as loans made by Farmers Bank to an insider) or, in the case of an ongoing relationship, at the outset of the relationship with periodic review. All loans to insiders of Farmers: (i) are made in the ordinary course of business; (ii) are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the Company; and (iii) do not involve more than the normal risk of collectability or present other unfavorable features.

Attendance at Meetings

The Board of Directors held 15 meetings during 2015. All incumbent directors attended at least 75% of the total of all meetings of the Board of Directors and any committees thereof on which such director served during the year. In accordance with Farmers Corporate Governance Guidelines (the Corporate Governance Guidelines), directors are expected to attend all meetings of the Board of Directors, although it is understood that, on occasion, a director may not be able to attend a meeting. Directors are encouraged to attend the Annual Meeting. All of the then current members of the Board of Directors other than Gregory C. Bestic attended the 2015 Annual Meeting held on April 16, 2015.

Board Leadership Structure and Role in Risk Oversight

The Board of Directors has appointed Lance J. Ciroli as its non-executive Chairman. As Chairman, Mr. Ciroli presides over meetings of the Board of Directors, consults and advises the Board and its committees on the business and affairs of Farmers, and performs other responsibilities as may be assigned by the Board from time to time. During 2015, in connection with the completion of our acquisition of National Bancshares Corporation (National Bancshares), the Board of Directors added the position of Vice-Chair and appointed James R. Smail to that position. As Vice-Chair, Mr. Smail would preside over meetings of the Board of Directors in the absence of Mr. Ciroli, and also consult and advise the Board and its committees on the business and affairs of Farmers, and perform other responsibilities as may be assigned by the Board from time to time. Kevin J. Helmick, as President and Chief Executive Officer, is responsible both for overseeing Farmers day-to-day operations and for establishing and leading the execution of the Company s long-term strategic objectives, subject to the overall direction and supervision of the Board of Directors and its committees. Farmers does not have a formal policy with respect to separation of the offices of Chairman of the Board and Chief Executive Officer, as the Board of Directors believes that flexibility in appointing the Chairman of the Board allows the Board of Directors to make a determination as to such position from time to time and in a manner that it believes is in the best interest of Farmers and its shareholders. The Board of Directors believes that the current structure best serves Farmers because it allows Mr. Helmick to focus on managing the Company s day-to-day business while allowing Mr. Ciroli to lead the Board of Directors in its primary role of review and oversight of management. The Board of Directors also believes that its leadership structure has created an environment of open, efficient communication between the Board and management, enabling the Board to maintain an active, informed role in risk management by being able to monitor and manage those matters that may present significant risks to Farmers.

The role of the Board of Director in Farmers risk management process includes reviewing regular reports from senior management on areas of material risk to the Company, including operational, financial, legal, regulatory and strategic risks. The Board of Directors reviews these reports to enable it to understand and assess Farmers risk assessment, risk management and risk mitigation strategies. While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of both management and the Board also have responsibility for risk management. In accordance with the Board Enterprise Risk Management Committee Charter, the Board Enterprise Risk Management Committee assists the Board of Directors in its oversight of management s implementation and enforcement of Farmers policies, procedures and practices relating to: (i) the management of enterprise-wide risk; (ii) compliance with applicable laws and regulations and the maintenance of appropriate regulatory and economic capital and reserve levels; and (iii) the Company s long-term strategic plans and initiatives. In addition, the Audit Committee assists the Board of Directors in overseeing and monitoring management s conduct of Farmers financial reporting process and system of internal accounting and financial controls. Finally, the Compensation Committee oversees the management of risks relating to executive and non-executive compensation plans and arrangements. While each committee oversees certain risks and the management of such risks, the entire Board is regularly informed of such risks through committee reports.

Committees of the Board of Directors

The Board of Directors conducts its business through meetings of the Board and the following committees: (i) Audit Committee; (ii) Compensation Committee; (iii) Corporate Governance and Nominating Committee; (iv) Board Enterprise Risk Management Committee; and (v) Executive Committee. Each committee other than the Executive Committee meets on a regular basis and each committee reports their deliberations and actions to the full Board of Directors. Each of the committees has the authority to engage outside experts, advisors and counsel to the extent it considers appropriate to assist the committee in its work.

Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its responsibility to oversee the accounting and financial reporting process of the Company. The Audit Committee also reviews, evaluates and approves all related party transactions. The Audit Committee members currently are Earl R. Scott (Chairman), Gregory C. Bestic, Ralph D. Macali and Gregg Strollo. The Board of Directors has determined that Earl R. Scott qualifies as an audit committee financial expert. Specifically, the Board of Directors has determined that Earl R. Scott has all of the attributes listed in the definition of an audit committee financial expert set forth in the Instruction to Item 407(d)(5)(i) of Regulation S-K and in the NASDAQ listing requirements. Mr. Scott has acquired these attributes through education and experience as a certified public accountant. All of the Audit Committee members are considered independent for purposes of NASDAQ listing requirements. The Audit Committee operates under a written charter, which is reviewed annually by the Audit Committee and the Board of Directors to reflect current Commission and NASDAQ rules, requirements and best corporate practices. A copy of the current Audit Committee Charter is available on Farmers website at *www.farmersbankgroup.com*. The Audit Committee held four meetings during 2015.

Compensation Committee

The Compensation Committee establishes policies and levels of reasonable compensation for the executive officers of the Company and generally administers the Company s incentive compensation programs. The members of the Compensation Committee are David Z. Paull (Chair), Anne Frederick Crawford, Terry A. Moore, and Howard J. Wenger. All members of the Compensation Committee are considered independent for purposes of NASDAQ listing requirements. The Compensation Committee operates under a written charter, which is reviewed annually by the Compensation Committee and the Board of Directors to reflect current Commission and NASDAQ rules, requirements and best corporate practices. A copy of the current Compensation Committee Charter is available on Farmers website at *www.farmersbankgroup.com*. The Compensation Committee held seven meetings during 2015.

Pursuant to the terms of its charter, the Compensation Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Compensation Committee. In addition, the Compensation Committee may invite such members of management to its meetings, as it may deem desirable or appropriate, consistent with the maintenance of the confidentiality of compensation discussions. In addition, the Compensation Committee may delegate to the Chief Executive Officer, or another executive designee, the authority to approve salary and other compensation for employees below the executive officer level in accordance with overall pools, policy guidelines and limits approved by the Committee. Pursuant to its charter, the Compensation Committee has the authority to select, retain, terminate and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. Additional information regarding the Compensation Committee s role is set forth in the **COMPENSATION DISCUSSION AND ANALYSIS** section of this proxy statement, beginning on page 21.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee s purpose is to: (i) identify and recommend individuals to the Board of Directors for nomination as members of the Board and its committees; (ii) promote effective corporate governance, including developing and recommending to the Board of Directors a set of corporate governance principles applicable to the Company; and (iii) lead the Board of Directors in its annual review of the Board s performance and the performance of each of its committees. The Corporate Governance and Nominating Committee consists of Gregory C. Bestic (Chair), Anne Frederick Crawford, Ralph D. Macali, Terry A. Moore, and Howard J. Wenger. All members of the Corporate Governance and Nominating Committee are independent for purposes of NASDAQ listing requirements. The Board of Directors has adopted a written charter for the Corporate Governance and Nominating Committee and the Corporate Governance Guidelines, both of which are reviewed annually by the Corporate Governance and Nominating Committee and the Board of Directors to reflect current Commission and NASDAQ rules, requirements and best corporate practices. Copies of the Corporate Governance and Nominating Committee Charter and the Corporate Governance Guidelines are available on Farmers website at *www.farmersbankgroup.com*. The Corporate Governance and Nominating Committee held seven meetings during 2015.

Board Enterprise Risk Management Committee

The Board Enterprise Risk Management Committee oversees management s implementation and enforcement of the Company s policies, procedures and practices relating to the management of enterprise-wide risk. The members of the Board Enterprise Risk Management Committee are Lance J. Ciroli (Chair), David Z. Paull, Earl R. Scott, James R. Smail and Gregg Strollo. The Board Enterprise Risk Management Committee operates under a written charter, which is reviewed annually by the Committee and the Board of Directors. A copy of the current Board Enterprise Risk Management Committee Charter is available on Farmers website at *www.farmersbankgroup.com*. The Board Enterprise Risk Management Committee meets on a regular basis with Mr. Helmick and other executive officers of Farmers. The Board Enterprise Risk Management Committee held four meetings during 2015. Additional information regarding the Board Enterprise Risk Management Committee s role is set forth in the **COMPENSATION DISCUSSION AND ANALYSIS** section of this proxy statement, beginning on page 21.

Executive Committee

During 2015, in connection with the completion of our acquisition of National Bancshares, the Board of Directors created an Executive Committee, comprised of James R. Smail (Chair), Lance J. Ciroli, Kevin J. Helmick, and Terry A. Moore. The Executive Committee operates under a written charter, which is reviewed annually by the Committee and the Board of Directors. A copy of the current Executive Committee Charter is available on Farmers website at *www.farmersbankgroup.com*. The Executive Committee is authorized to act on behalf of the Board of Directors on all corporate actions for which applicable law does not require participation by the full Board. All actions taken by the Executive Committee must be reported at the next meeting of the Board of Directors. The Executive Committee held one meeting in 2015, although it is contemplated under the Executive Committee s charter that it will meet regularly, at least four times annually, on a going forward basis.

Policies of the Board of Directors

Majority Withheld Vote

The Board of Directors recognizes that, pursuant to Section 1701.55(B) of the Ohio Revised Code, director nominees who receive the greatest number of shareholder votes are automatically elected to the Board of Directors, regardless of whether the votes in favor of such nominees constitute a majority of the voting power of Farmers, because our Articles of Incorporation do not include alternative election standards. Nevertheless, the Board of Directors has adopted a policy that, in an uncontested election, any director nominee who receives a greater number of votes withheld from his or her election than votes for such election (a Majority Withheld Vote), should promptly tender his or her resignation to the Chairman of the Board of Directors. Thereafter, the Corporate Governance and Nominating Committee will consider the tendered resignation and recommend to the Board of Directors whether to accept or reject it. In considering whether to recommend to the Board of Directors to accept or reject the tendered resignation, the Corporate Governance and Nominating Committee will consider all information and factors deemed relevant, including, without limitation: (i) the reasons (if any) given by shareholders as to why they withheld their votes, and (ii) the qualifications and performance of the tendering director(s) and his or her contributions to the Board of Directors and Farmers. The Board of Directors will act on any tendered resignation within 90 days following certification of the shareholder vote. Following the Board of Directors determination, Farmers will promptly disclose the Board s decision whether to accept or reject the director s resignation offer (and, if applicable, the reasons for rejecting the resignation offer) in a press release and in a Current Report on Form 8-K. Any director who tenders his or her resignation pursuant to this provision shall not participate in the Corporate Governance and Nominating Committee s consideration or action by the Board of Directors regarding whether to accept the resignation offer. If a majority of the Board of Directors receives a Majority Withheld Vote at the same election, then the independent directors who did not receive a Majority Withheld Vote will consider the resignation offers and whether to accept or reject them.

Director Nominations

The Corporate Governance and Nominating Committee will consider candidates for director, including those recommended by a shareholder who submits the person s name and qualifications in writing. The Corporate Governance and Nominating Committee has no specific minimum qualifications for a recommended candidate, and does not consider shareholder recommended candidates differently from other candidates. The Corporate Governance and Nominating Committee considers the fit of an individual s skills with those of other directors and potential directors in building a Board that is effective and responsive to the needs of the Company and its shareholders. The following attributes are considered important to such consideration, but all may not necessarily be possessed by any one director candidate:

- personal qualities and characteristics, accomplishments and reputation in the business community, including high personal and professional values, ethics and integrity;

- current knowledge and contacts in the communities in which Farmers does business;

- ability and willingness to commit adequate time to diligently attend to Board of Director and committee matters;

ability to think and act independently yet constructively in a mutually respectful environment;

diversity of viewpoints, background, experience and other demographics; and

the ability of the nominee to satisfy the independence requirements of NASDAQ.

While the Board of Directors does not have a formal diversity policy, diversity of viewpoints, background, experience and other demographics is one criterion on which the Corporate Governance and Nominating Committee bases its evaluation of potential candidates for director positions. When identifying first-time candidates or nominees for director, or in evaluating individuals recommended by shareholders, the Corporate Governance and Nominating Committee will consider diversity, the current composition of the Board in light of the diverse communities and geographies we serve, and the interplay of the candidate s or nominee s experience, education, skills, background, gender, race, ethnicity and other qualities and attributes with those of the other Board members. The inclusion of diversity in the listed criteria reflects the Board of Director s belief that diversity is an important component of an effective Board and the Corporate Governance and Nominating Committee evaluates each potential director candidate on their specific skills, expertise and background, as well as traditional diversity concepts.

In addition to recommendations presented by shareholders, the Board of Directors maintains a current list of potential director candidates that fit the characteristics and qualifications of the Corporate Governance and Nominating Committee, which it uses from time to time to fill director vacancies or for director nominations. The Corporate Governance and Nominating Committee makes its recommendation regarding nominations to the Board of Directors, and nominees are selected by the Board of Directors.

Under the Regulations, a shareholder entitled to vote for the election of directors who intends to nominate a director for election must deliver written notice to the Secretary of Farmers no later than 90 days and no earlier than 120 days in advance of such meeting; provided, however, that if less than 90 days notice or prior disclosure of the date of the meeting is given or made to shareholders, written notice to the Secretary of the Company must be delivered or mailed not later than the close of business on the seventh day following the date on which notice of such meeting is first given or made to shareholders. The Board of Directors has adopted a policy that annual meetings of shareholders will be held on the third Thursday of April of each year unless and until publicly announces otherwise, consistent with our general past practice and the Regulations. Accordingly, for purposes of our 2017 annual meeting of shareholders, a nomination of a director for election must be received by Farmers Secretary no earlier than December 21, 2016 and not later than January 20, 2017.

The Corporate Governance Guidelines also formalize certain aspects of Farmers shareholder nomination process. Pursuant to the Regulations and/or the Corporate Governance Guidelines, each shareholder notice must include the following information regarding a director candidate:

1. the name, age, business address and residence address of the candidate;

2. the information required of director nominees under Item 401(a), (d), (e), and (f) of Regulation S-K (relating to the nature and existence of certain business, family, and/or legal relationships between the candidate and Farmers, as well as the candidate s prior business and directorship experience);

3. the number and class of all shares of each class of stock of the Company owned of record and beneficially owned by the candidate, as reported to the nominating shareholder by the candidate;

4. the information required of nominees under Item 404(a) of Regulation S-K (relating to the nature and existence of current or potential related party transactions between the candidate and Farmers);

5. a description of why the candidate meets the director criteria set forth in the Corporate Governance Guidelines;

6. a qualitative description of the specific talents and skills that the candidate would offer in service to the Company;

7. any written or oral agreement or understanding with the nominating shareholder or any other person that relates in any way to Farmers or how the candidate would vote or serve as a director;

8. a completed copy of the Company s Questionnaire for New Director Candidates;

9. all financial and business relationships of the candidate, or of any organization of which the candidate is an executive officer or principal shareholder or otherwise controls, with Farmers, the nominating shareholder or, to the candidate s knowledge, any other shareholder of the Company that is acting in concert with the nominating shareholder; and

10. the consent of the candidate to serve as a director of Farmers if so elected.

In addition, the shareholder notice must also include the following information regarding the shareholder making the nomination:

a. the name and address of the shareholder making the nomination;

b. the number and class of all shares of each class of stock of Farmers owned of record and beneficially owned by the shareholder;

c. a representation that the shareholder is a holder of record of Common Shares entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person specified in the notice;

d. a description of any arrangements between the shareholder and the candidate pursuant to which the nominations are to be made;

e. a description of any relationships, including business relationships, between the shareholder and the candidate;

f. whether the shareholder is acting in concert with any person with respect to the Common Shares;

g. whether the shareholder owns, holds or has the power to vote, individually or in concert with any other person, 5% or more of any class of voting stock of any other organization that competes with the Company;

h. the information required by Item 401(f) of Regulation S-K (relating to the nature and existence of certain legal proceedings involving Farmers and the nominating shareholder) and whether the shareholder has been or is currently subject to any enforcement action or penalty or, to the shareholder s knowledge, is currently under any investigation that could lead to such an enforcement action or penalty or criminal action;

i. whether the shareholder is acting on behalf of, or at the request of, any other shareholder; and

j. if the shareholder is other than an individual (i) the names of the shareholder s five most senior executive officers (or persons performing similar roles), (ii) the names and addresses of each person that has a 10% or more voting, ownership or economic interest in the shareholder and the respective amounts of such interests, (iii) the names and addresses of each person that would be deemed to control the shareholder and (iv) the name and address of any advisor to the shareholder that has the principal responsibility for its investment or voting decisions.

In the case of any investment fund or similar organization that is a nominating shareholder, these shareholder disclosure obligations shall also apply to the principal advisor to the fund. Also, if the shareholder is other than an individual, these disclosure requirements apply to the shareholder s principal shareholders, executive officers and other controlling parties.

During the course of any candidate s consideration, the Corporate Governance and Nominating Committee may request additional information through written director questionnaires and further communications to assess whether the candidate satisfies, in the view of the committee, requirements of the Company s Corporate Governance Guidelines, Director Code of Ethics, and other policies applicable to members of the Board and its committees.

If a nominating shareholder or director candidate believes that information supplied in response to any of the above inquiries is confidential, the shareholder or nominee may request confidential treatment for such information. In such event, the information shall be maintained on a confidential basis unless the Corporate Governance and Nominating Committee is advised by counsel that disclosure is appropriate in connection with the solicitation of proxies relating to the director candidate.

In the event that it is subsequently determined that any of the information provided by the candidate or nominating shareholder is materially inaccurate, a director candidate who provided the materially inaccurate information or whose nominating shareholder provided the materially inaccurate information shall be required to resign from the Board of Directors, and, in the event of a refusal to resign, such a determination shall constitute grounds for removal from the Board, unless it is determined by the Corporate Governance and Nominating Committee that the inaccuracy was inadvertent.

Shareholder Proposals for 2017 Annual Meeting

Proposals by shareholders intended to be presented at the 2017 Annual Meeting of Shareholders must be received by the Secretary of Farmers no later than November 17, 2016, to be eligible for inclusion in Farmers proxy, notice of meeting, and proxy statement relating to its 2017 Annual Meeting. Farmers will not be required to include in its proxy, notice of meeting, or proxy statement, a shareholder proposal that is received after that date or that otherwise fails to meet the requirements for shareholder proposals established by the applicable SEC rules.

If a shareholder intends to submit a proposal at Farmers 2017 Annual Meeting of Shareholders that is not eligible for inclusion in the proxy materials relating to the meeting, and the shareholder fails to give the Company notice in accordance with the requirements set forth in the Securities Exchange Act of 1934, as amended (the Exchange Act), by January 31, 2017, then the proxy holders will be allowed to use their discretionary authority with respect to such proposal if the proposal is properly raised at the Company s Annual Meeting in 2017. The submission of such a notice does not ensure that a proposal can be raised at Farmers Annual Meeting.

In each case written notice must be given to Farmers, addressed to its Corporate Secretary, at the following address: 20 South Broad Street, Canfield, Ohio 44406.

Shareholder Communications with Directors

All written communications addressed to an individual director at Farmers address or to one of the offices of a subsidiary of the Company, except those clearly of a marketing nature, will be forwarded directly to the director. All written communications addressed to the Board of Directors at Farmers address or to one of the offices of a subsidiary of the Company will be presented to the full Board of Directors at a meeting of the Board of Directors.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires Farmers directors, officers and persons who own beneficially more than 10% of its Common Shares (Section 16 Filers) to file reports of ownership and transactions in the Common Shares with the Commission and to furnish the Company with copies of all such forms filed. Farmers understands from the information provided to it by Section 16 Filers that the following transactions were not reported on a timely basis during 2015: (i) a purchase of 2,200 Common Shares on December 22, 2015 by director Anne Frederick Crawford; (ii) a purchase of 600 Common Shares on August 21, 2015 by director Gregg Strollo; and (iii) a purchase of 2,925 Common Shares on September 17, 2015 by executive officer Joseph A. Gerzina through his account in the Farmers 401(k) Profit Sharing Retirement Savings Plan.

PROPOSAL ONE ELECTION OF DIRECTORS

In accordance with the provisions of Farmers Regulations, the Board of Directors has currently fixed the number of directors at 11. The Board of Directors is currently divided into three classes, each with three-year terms, and there are currently four directors serving in Class I, four directors serving in Class II, and three directors serving in Class III.

The Corporate Governance and Nominating Committee has recommended to the Board of Directors the re-nomination of each of the three Class III directors. Set forth below for each nominee for election and for each director whose term will continue after the Annual Meeting is a brief statement, including age, principal occupation and business experience during the past five years. In addition, the following information provides the Corporate Governance and Nominating Committee s evaluation regarding the nomination of each of the director nominees and the key attributes, skills, and qualifications presented by each director nominee and the continuing directors. The following information, as of March 17, 2016, with respect to the age, principal occupation or employment, other affiliations and business experience during at least the last five years of each director and director nominee, has been furnished to Farmers by each director nominee and director. Except where indicated, no corporation is a parent, subsidiary, or other affiliate of Farmers.

Proxies cannot be voted for a greater number of persons than the number of nominees named in this proxy statement. If any nominee should become unavailable to serve for any reason, it is intended that votes will be cast for a substitute nominee designated by the Corporate Governance and Nominating Committee and approved by the Board of Directors. The Corporate Governance and Nominating Committee has no reason to believe that any nominee named will be unable to serve if elected.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR

EACH OF THE DIRECTOR NOMINEES.

NOMINEES FOR ELECTION AS CLASS III DIRECTORS

(Term Expiring in 2019)

Name	Age	Principal Occupation for Past Five Years and Other Information
Ralph D. Macali	60	Mr. Macali has served as a director of Farmers since December 2001 and is a member of the Audit and Corporate Governance and Nominating Committees. Mr. Macali is the Vice President of Palmer J. Macali, Inc., which owns and operates a retail grocery supermarket, and a partner in P.M.R.P. Partnership, which owns commercial and residential real estate. The Corporate Governance and Nominating Committee believes that the attributes, skills and qualifications Mr. Macali has developed through his education and business leadership experiences in the Mahoning Valley business market, as well as his experience as a director of Farmers, allow him to provide continued regional business and leadership expertise to the Board of Directors, and has nominated him for re-election.
Earl R. Scott	70	Mr. Scott has served as a director of Farmers since December 2003 and is a member of the Audit and Board Enterprise Risk Management Committees. Mr. Scott also serves as a director of Farmers Trust Company, a Farmers subsidiary. Mr. Scott is a certified public accountant and President of Reali, Giampetro & Scott, a local accounting firm with offices in the Mahoning Valley. He also serves as trustee and treasurer for Stepping into the Future, Inc., a non-profit corporation based in Vienna, Ohio. The Corporate Governance and Nominating Committee believes that the attributes, skills and qualifications Mr. Scott has developed through his education and leadership experiences in the field of accounting, his knowledge and business experience in the Mahoning Valley, as well as his experience as a director of Farmers, allow him to provide continued financial and regional business expertise to the Board of Directors, and has nominated him for re-election.
Gregg Strollo	60	Mr. Strollo has served as a director of Farmers since October 2011 and is a member of the Audit and Board Enterprise Risk Management Committees. Mr. Strollo currently serves as a partner, architect and President of Strollo Architects, a position he has held since 1996. Mr. Strollo serves on the Board of Directors locally for the Better Business Bureau and also for the Youngstown YMCA. In addition he holds the positions of Secretary and member of the Board of Directors for the American Institute of Architects in the State of Ohio. The Corporate Governance and Nominating Committee believes that the attributes, skills and qualifications Mr. Strollo has developed through his education and business and leadership experiences in the Mahoning Valley allow him to provide continued financial and regional business expertise to the Board of Directors, and has nominated him for re-election.

CLASS I DIRECTORS CONTINUING IN OFFICE

(Term Expiring in 2017)

Name	Age	Principal Occupation for Past Five Years and Other Information
Gregory C. Bestic	61	Mr. Bestic has served as a director of Farmers since April 2011 and is a member of the Audit and Corporate Governance and Nominating Committees. Mr. Bestic is a Principal in Schroedel, Scullin & Bestic, LLC, a certified public accounting and strategic advisory firm located in Canfield, Ohio. Mr. Bestic is a certified public accountant, a certified forensic accountant (Diplomate of the American Board of Forensic Accounting), a fellow of the American College of Forensic Examiners, and is designated as a Chartered Global Management Accountant. Mr. Bestic has practiced with Schroedel, Scullin & Bestic, LLC and its predecessor firm since 1980. He serves on a number of non-profit community and civic boards in the Mahoning Valley, including Salem Community Hospital (dba Salem Regional Medical Center), the Cardinal Joint Fire District, and the Advisory Committee of the Accounting and Finance Department of Youngstown State University. The Corporate Governance and Nominating Committee believes that the attributes, skills and qualifications Mr. Bestic has developed through his educational background in business and accounting, as well as his business and leadership experiences in the Mahoning Valley, will allow him to provide accounting, local business and corporate governance expertise to the Board of Directors.
Kevin J. Helmick	44	Mr. Helmick has served as a director of Farmers since April 2014 and as the President and Chief Executive Officer of Farmers since November 2013, and is a member of the Executive Committee. Prior to his appointment as President and Chief Executive Officer, Mr. Helmick served as the Executive Vice President and Secretary of the Company and Executive Vice President Retail and Wealth Management of Farmers Bank since January 2012. Prior to that, Mr. Helmick served as the Vice President of Wealth Management and Retail Services of Farmers Bank since 2008. The Corporate Governance and Nominating Committee believes that the attributes, skills and qualifications Mr. Helmick has developed through his education and experiences in the banking and financial services industries, as well as his significant past leadership positions with Farmers, allow him to provide continued business and leadership insight to the Board of Directors.
Terry A. Moore	60	Mr. Moore has served as a director of Farmers since April 2014 and is a member of the Compensation, Corporate Governance and Nominating, and ExecutiveCommittees. Mr. Moore is the Chief Executive Officer and President of Krugliak Wilkins Griffiths & Dougherty, a law firm located in Canton, Ohio, with which Mr. Moore has practiced as an attorney since 1990. As CEO and President, he is responsible, with other members of the firm s management committee, to direct and supervise the operations of the law firm. Mr. Moore serves on the Board of Directors of Mercy Medical Center, a non-profit hospital based in Canton, as Chairman of Board of the Mercy Medical Center Development Foundation, as an

Name	Age	Principal Occupation for Past Five Years and Other Information
		advisory board member for Malone University, a non-profit university based in Canton, and as trustee for the Hoover Foundation, a non-profit foundation based in Canton. The Corporate Governance and Nominating Committee believes that the attributes, skills and qualifications Mr. Moore has developed through his educational background in law, as well as his business and leadership experiences with his law firm and in Stark County, will allow him to provide leadership, local business and corporate governance expertise to the Board of Directors.
Howard J. Wenger	73	Mr. Wenger has served as a director of Farmers since July 2015 and is a member of the Compensation and Corporate Governance and Nominating Committees. Mr. Wenger been the President of Wenger Excavating, Inc. since 1966, Lake Region Oil, Inc. since 1979 and Northstar Asphalt, Inc., Massillon Materials, Inc. since 1985, excavating and building materials companies located in Dalton, Ohio. Mr. Wenger serves as trustee for Wayne County Community Foundation, a non-profit corporation based in Wooster, Ohio. The Corporate Governance and Nominating Committee believes that the attributes, skills and qualifications Mr. Wenger has developed from his lengthy experience in managing businesses and his entrepreneurial background enable Mr. Wenger to provide valuable insights to the Board, particularly in evaluating the business conditions in markets in which the Company operates as well as in setting corporate strategy.

CLASS II DIRECTORS CONTINUING IN OFFICE

(Term Expiring in 2018)

Name	Age	Principal Occupation for Past Five Years and Other Information
Lance J. Ciroli	65	Mr. Ciroli has served as a director of Farmers since October 2010 and has served as Chairman of the Board of Directors since October 2011. Mr. Ciroli is a member of the Executive Committee and Chair of the Board Enterprise Risk Management Committee. Since 2009, Mr. Ciroli has operated NBE Bank Consulting Services, a bank consulting services company, which he co-founded in 2009. Prior to founding NBE Bank Consulting Services, Mr. Ciroli was Assistant Deputy Comptroller, Office of the Comptroller of the Currency, United States Treasury Department, in Washington D.C., where he was responsible for the supervision and regulation of nationally chartered community banks in Northern and Eastern Ohio and the Lower Peninsula of Michigan. The Corporate Governance and Nominating Committee believes that the attributes, skills and qualifications Mr. Ciroli has developed through his extensive experience in the area of national bank supervision, as well as his knowledge and experience as a director of Farmers, allow him to provide regulatory and local business expertise to the Board of Directors.

Name	Age	Principal Occupation for Past Five Years and Other Information
Anne Frederick Crawford	52	Ms. Crawford has served as a director of Farmers since 2004 and is a member of the Compensation and Corporate Governance and Nominating Committees. Ms. Crawford is a self-employed/sole proprietor attorney-at-law located in Canfield, Ohio, concentrating her law practice in the areas of real estate, probate and estate planning for the entirety of her professional career. Ms. Crawford is also actively involved with a number of significant non-profit organizations and community initiatives in the Mahoning Valley. The Corporate Governance and Nominating Committee believes that the attributes, skills and qualifications Ms. Crawford has developed through her education and extensive experiences in the legal field and in the Mahoning Valley business market, as well as her knowledge and experience as a director of Farmers, allow her to provide legal and local business expertise to the Board of Directors.
David Z. Paull	61	Mr. Paull has served as a director of Farmers since January 2011 and is the Chair of the Compensation Committee and member of the Board Enterprise Risk Management Committee. Mr. Paull retired in February 2014 from serving as the Vice President, HR Operations and Labor Relations, for RTI International Metals, Inc., where he had previously been responsible for human resource activities for all domestic manufacturing locations in the United States. Mr. Paull has 36 years of experience working in and managing all aspects of the human resources and employee benefits functions, significant experience in corporate strategic and succession planning with both for profit and nonprofit enterprises, and has served as a member of the board of directors and executive committee of the Youngstown Warren Regional Chamber of Commerce and as a member of the board of directors of the Humility of Mary Center For Learning. The Corporate Governance and Nominating Committee believes that the attributes, skills and qualifications Mr. Paull has developed through his extensive business experience in the Mahoning Valley business market, as well as his knowledge and experience in the field of human resources and related areas of executive compensation and benefits, allow him to provide compensation related and local business expertise to the Board of Directors.
James R. Smail	69	Mr. Smail has served as a director of Farmers since July 2015 and is a member of the Executive and Board Enterprise Risk Management Committees. Mr. Smail also serves as a director of Farmers Trust Company, a Farmers subsidiary. Mr. Smail has served as Chairman, Director and Chief Executive Officer of J.R. Smail, Inc. since 1975, and Chairman and Director of Monitor Bancorp, Inc. since 1972. The Corporate Governance and Nominating Committee believes that the attributes, skills and qualifications Mr. Smail has from his experience in managing businesses and his experience in the financial institution industry, as well as his entrepreneurial skills, allow him to provide valuable insights to the Board of Directors in evaluating the business conditions in markets in which the Company operates, as well as setting corporate strategy.

BENEFICIAL OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth information as of March 7, 2016, regarding beneficial ownership of the Common Shares by each director, each director nominee, each of the named executive officers of Farmers appearing in the **Summary Compensation Table**, all directors, named executive officers and other executive officers of the Company as a group and by each person known to Farmers to own 5% or more of its Common Shares. In addition, unless otherwise indicated, all persons named below can be reached at Farmers National Banc Corp., 20 South Broad Street, Canfield, Ohio 44406.

Name	Total Beneficial Ownership[1]	Percent of Outstanding[2]
Gregory C. Bestic	33,997[3]	*
Lance J. Ciroli	39,773[4]	*
Anne Frederick Crawford.	74,662[5]	*
Ralph D. Macali	81,563[6]	*
Terry A. Moore	41,536[7]	*
David Z. Paull	34,155[8]	*
Earl R. Scott	27,557[9]	*
James R. Smail	1,308,656[10]	4.86%
Gregg Strollo	14,973[11]	*
Howard J. Wenger	287,890[12]	1.07%
Carl D. Culp	47,596[13]	*
Joseph A. Gerzina	26,374	*
Mark L. Graham	39,587[14]	*
Kevin J. Helmick	84,305[15]	*
Amber Wallace Soukenik	17,546[16]	*
Total (21 directors and executive officers)	2,366,359	8.87%
5% Or Greater Shareholders		
Ancora Advisors, LLC One Chagrin Highlands 2000 Auburn Drive, Suite 300 Cleveland, Ohio 44122	1,682,748[17]	6.25%

* Less than 1%

(1) The amounts shown represent the total outstanding Common Shares beneficially owned by the individuals or the Common Shares issuable upon the exercise of stock options within 60 days of March 7, 2016. Unless otherwise indicated, each individual has sole voting and dispositive power with respect to the Common Shares indicated.

(2) For all directors and executive officers, the percentage of class is based upon the sum of: (i) 26,930,484 Common Shares issued and outstanding on March 7, 2016; and (ii) the number of Common Shares, if any, as to which the named individual or group has the right to acquire beneficial ownership upon the exercise of stock options within 60 days of March 7, 2016.

(3) Mr. Bestic owns his Common Shares jointly with his spouse and he shares voting and dispositive power with respect thereto.

(4) Amount includes 3,404 Common Shares owned by Mr. Ciroli s spouse, over which Mr. Ciroli s spouse has voting and dispositive power.

(5) Ms. Crawford owns 63,445 Common Shares jointly with her spouse, and she has shared voting and dispositive power with respect to such shares. Amount includes 9,017 Common Shares held by trusts, over which Ms. Crawford s spouse is trustee with voting and dispositive power, and 2,200 Common Shares held in the Anne F. Crawford IRA.

(6) Amount includes 6,921 Common Shares owned by Mr. Macali s children, over which he has voting and dispositive power, and 9,189 Common Shares held in the Ralph Macali IRA. Amount also includes 17,820 and 33,846 Common Shares held by a trust and partnership, respectively, over which Mr. Macali has voting and dispositive power.

(7) Amount includes 10,100 Common Shares jointly owned with Mr. Moore s spouse, over which he shares voting and dispositive power. Amount also includes 17,500 Common Shares held by a trust over which Mr. Moore has voting and dispositive power.

(8) Amount includes 21,480 Common Shares jointly owned with Mr. Paull s spouse, over which Mr. Paull shares voting and dispositive power. Amount also includes 2,945 Common Shares held in the David Z. Paull IRA.

(9) Amount includes 10,278 Common Shares owned by Mr. Scott s spouse. Amount also includes 1,826 Common Shares over which Mr. Scott shares voting and dispositive power with his spouse, and 13,590 Common Shares held in two separate Earl Scott IRAs .

(10) Amount includes 9,034 held in the James Smail IRA. Amount also includes 345,494 Common Shares held by trusts over which Mr. Smail has voting and dispositive power.

(11) Amount includes 394 Common Shares owned by Mr. Strollo s son, over which Mr. Strollo shares voting and dispositive power with his spouse.

(12) Amount includes 37,419 Common Shares owned by Mr. Wenger s spouse. Amount also includes 33,147 Common Shares, 29,819 Common Shares and 74,104 Common Shares held directly by Lake Region Oil, Inc. (Lake), Massillon Materials, Inc. (Massillon) and Stark Materials, Inc. (Stark), respectively. Lake, Massillon and Stark may be deemed to have sole power to vote and dispose of the shares they beneficially own. Mr. Wenger is the sole shareholder and president of Lake, Massillon and Stark. Mr. Wenger may be deemed to have sole power to vote and dispose of the shares owned by Lake, Massillon and Stark.

(13) Mr. Culp owns 14,495 Common Shares jointly with his spouse, and Mr. Culp has shared voting and dispositive power with respect to such shares. Amount also includes 669 Common Shares owned by Mr. Culp s children over which Mr. Culp has voting and dispositive power.

(14) Amount includes 12,181 owned by Mr. Graham s spouse and 723 Common Shares owned by Mr. Graham s children over which Mr. Graham shares voting and dispositive power with his spouse. Amount also includes 289 Common Shares owned by his son over which Mr. Graham shares voting and dispositive power with his son.

(15) Mr. Helmick owns 1,904 Common Shares jointly with his spouse, and Mr. Helmick has shared voting and dispositive power with respect to such shares. Amount also includes 3,102 Common Shares held in the Kevin J. Helmick IRA and 2,500 Common Shares owned by Mr. Helmick s children over which Mr. Helmick has voting and dispositive power.

(16) Amount includes 2,000 Common Shares owned by Ms. Wallace Soukenik s spouse over which Ms. Wallace Soukenik shares voting and dispositive power.

(17) As reported on Amendment No. 3 to Schedule 13D filed with the Commission on September 9, 2014, Ancora Advisors, LLC (Ancora) is an investment advisor registered under the Investment Advisors Act of 1940, as amended, and is the investment advisor to the Ancora Trust, which includes the Ancora Income Fund, Ancora Equity Fund, Ancora Special Opportunity Fund, Ancora/Thelen Small-Mid Cap Fund, and Ancora MicroCap Fund (the Ancora Funds). Ancora has the power to dispose of 902,757 Common Shares (Advisory Client Shares) owned by the investment clients for which it acts as advisor, including the Ancora Funds, Merlin Partners, AAMAF LP, Birchwald Partners, LP, Ancora Catalyst Fund LP, and Ancora Greater China Fund LP. Ancora also has the power to dispose 704,871 Common Shares (Investment Client Shares) owned by investment clients of Ancora, although Ancora disclaims beneficial ownership of such Investment Client Shares. In addition, Frederick DiSanto, the Chief Executive Officer of Ancora, and other Ancora owners and employees own 75,120 Common Shares.

EQUITY COMPENSATION PLAN INFORMATION

Our 2012 Equity Incentive Plan (Equity Incentive Plan) authorizes the Company to issue up to 500,000 of Common Shares to our employees and non-employee directors in exchange for consideration in the form of goods or services. Information, as of December 31, 2015, on awards outstanding under the Equity Incentive Plan is set forth in the table below:

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights[(1)]	(b) Weighted-Average Exercise Price of Outstanding, Options, Warrants and Rights[(2)]	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))[(3)]
Equity compensation plans approved by security holders	127,875	N/A	179,020
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	127,875	N/A	179,020

(1) Amount represents awards of performance-based shares granted pursuant to the Equity Incentive Plan, the vesting of which is contingent upon corporate performance measured by evaluating our return on average equity (ROE) relative to the average ROE of a peer group of financial institutions during the applicable three-year performance period from the date of grant. Amount does not include outstanding awards of service-based restricted shares totaling 193,105, which are subject to vesting on the third anniversary of the date of grant of August 25, 2015, conditioned upon continued employment of the participants on such anniversary date.

(2) The weighted average exercise price is not determinable for the awards of performance-based shares described in footnote (1).

(3) Amount represents shares available for future issuance under the Equity Incentive Plan.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The following Compensation Discussion and Analysis provides information regarding the compensation programs for Farmers named executive officers, including: (i) the overall objectives of the Company s compensation program and what it is designed to reward; (ii) each element of compensation that is provided; and (iii) an explanation of the Compensation Committee s decisions regarding Farmers named executive officers. For purposes of this discussion, references to we, our and us refer to Farmers. This Compensation Discussion and Analysis is comprised of the following segments: **Executive Summary**, **Compensation Philosophy and Objectives**, **2015 Named Executive Officers Compensation**, and **Other Elements of our Compensation Programs**. For 2015, our named executive officers were:

Name	Title
Kevin J. Helmick	President and Chief Executive Officer
Carl D. Culp	Executive Vice President, Treasurer and Secretary of Farmers
Mark L. Graham	Executive Vice President and Chief Credit Officer
Joseph A. Gerzina	Senior Vice President, Chief Lending Officer and Regional President
Amber Wallace Soukenik	Senior Vice President and Chief Retail & Marketing Officer

Executive Summary

During 2015, we experienced historic growth through the completion of two acquisitions while we continued to deliver strong financial performance that compares well to our financial institution peers. In recognition of the historic change in our institution, we took certain one-time executive compensation actions, in addition to continuing our strong alignment of annual and long-term financial performance with our executive compensation practices and results.

Financial Performance and Significant Events affecting Compensation in 2015

On June 19, 2015, we completed our acquisition of National Bancshares, the bank holding company of First National Bank, for merger consideration of approximately $74 million, growing our organization from more than $1.0 billion in banking assets to $1.6 billion in banking assets, and from 19 banking offices to 33 banking offices in eastern Ohio.

On October 1, 2015, we completed our acquisition of Tri-State 1st Banc, Inc. (Tri-State), the holding company for 1st National Community Bank, for merger consideration of approximately $14 million, increasing our organization again to $1.8 billion in banking assets and 38 banking offices in eastern and southeastern Ohio and western Pennsylvania.

Our net income in 2015 was $8.1 million, or $0.36 per diluted share, compared to $9.0 million or $0.48 per diluted share for 2014. Excluding one-time expenses related to acquisition activities, our adjusted net income for 2015 was $12.9 million or $0.57 per diluted share. This financial metric was one of the three objective elements of our 2015 annual cash incentive plan (the Annual Incentive Plan) at a target level of $.52, so our performance resulted in payouts to our named executive officers in excess of the target level for this factor.

Our efficiency ratio for 2015 was 75.26% compared to 70.24% for 2014; excluding one-time expenses related to our acquisition activities, our adjusted efficiency ratio for 2015 was 66.19%. This financial metric also was an objective element of our Annual Incentive Plan, with a target of 68.0%, so our performance resulted in bonus payouts on this metric above the target level.

Our annualized return on average assets for 2015 was 0.54%, compared to 0.79% for 2014; excluding one-time expenses related to our acquisition activities, our adjusted annualized return on average assets for 2015 was 0.87%. This financial metric was the third objective element of our Annual Incentive Plan, with a target of 0.86%, resulting in payouts to participants on this metric slightly in excess of the target level.

The linkage between our financial performance and the resulting payouts for our named executive officers under our annual and long-term incentive programs is described more fully under the caption **2015 Named Executive Officers Compensation** beginning on page 26 in this Compensation Discussion and Analysis.

The foregoing and certain following financial presentations include the use of both GAAP (generally accepted accounting principles) and non-GAAP financial measures. We use these financial measures to monitor and evaluate our on-going performance and allocate resources, and we believe that these additional non-GAAP measures are useful to investors for financial analysis. A reconciliation of such non-GAAP financial measures to the most directly comparable GAAP financial measure can be found on pages 23-24 of our Annual Report on Form 10-K as filed with the Commission on March 10, 2016.

Significant Compensation Actions in 2015

During 2015, we evaluated all of our compensation programs, policies and payouts and concluded that our overall compensation structure is aligning well with our pay-for-performance focus and continues to promote long-term shareholder value. We undertook the following significant actions in 2015:

Base Salary

We reviewed the levels of base pay of our executive officers following the acquisitions of National Bancshares and Tri-State, which nearly doubled the size of our banking organization, and determined it was appropriate to make mid-year base salary adjustments to better reflect our significantly larger organization relative to our new peer banking organizations and to help retain our executive management team in a competitive environment. The adjustments to base salaries of our named executive officers is described more fully under **2015 Named Executive Officers Compensation** *Base Salary* beginning on page 26.

Annual Incentive Compensation

We continued the structure of the Annual Incentive Plan for our executive officers with three objective metrics, annualized return on average assets with a weighting of 30%, earnings per share with 30% weighting, and efficiency ratio with 20% weighting. We retained a subjective factor for each executive officer with 20% weighting, evaluated through a scorecard assessment of individual performance. Results under our 2015 Annual Incentive Plan for our named executive officers is described more fully under **2015 Named Executive Officers Compensation** *Annual Incentive Plan* beginning on page 27, but the following is a tabular summary of our 2015 Annual Incentive Plan objective metrics targets and results on an as adjusted basis excluding one-time expenses related to our significant acquisition activities:

Performance Metrics	**Weight(1)**	**Target**	**Actual**	**Payout %**
Earnings Per Share	30%	$ 0.52	$ 0.57	150%
Return on Average Assets	30%	0.86%	0.87%	110%
Efficiency Ratio	20%	68.00%	66.19%	117%

(1) Expressed as a percentage of total objective-based Annual Incentive Plan opportunity, with a 20% subjective metric comprising the remaining opportunity.

Long-term Incentive Compensation

Following our acquisition of National Bancshares, we granted special service-based long-term equity incentive awards to our management team, subject to three-year cliff vesting conditioned on continued employment, as a means of retaining our excellent executive level talent following the significant growth in Farmers, and rewarding our management team for successfully executing on our strategic acquisition plan.

During 2015 we granted equity-based long-term incentive compensation awards under our 2012 Equity Incentive Plan performance awards to help achieve our long-term performance, recruiting, retention and incentive goals, with performance-based vesting based on our average return on equity (ROE) compared to a group of peer companies over a three-year period ending on December 31, 2017, with 70% weighting of each executive officer s total long-term incentive compensation opportunity.

During 2015 we also issued cash-based long-term incentive compensation awards to our named executive officers under the Long-Term Incentive Compensation Plan, with performance-based vesting of such awards based on our total shareholder return (TSR) compared to a group of peer companies over a three-year period ending on December 31, 2017, with 30% weighting of each executive officer s total long-term incentive compensation opportunity.

The three-year performance period for cash-based long-term incentive compensation awards issued in 2013 under our Long-Term Incentive Compensation Plan resulted in the percentage payouts shown in following tabular summary, as described more fully under **2015 Named Executive Officers Compensation** *Long-Term Incentive Compensation Plans* beginning on page 29:

Long-Term Incentive Compensation Plan 2015 Vesting Summary

Performance Metrics	Weight	2013-2015 Percentile Performance Target	2013-2015 Percentile Performance Actual	Percentage Payout of Target
Relative TSR(1)	30%	50.0%	47.0%	99.4%
Relative ROE(2)	70%	50.0%	25.0%	61.4%

(1) Expressed as a percentile compared to the total shareholder return of a group of peer banking companies during the three-year performance period ending in 2015.

(2) Expressed as a percentile compared to the average return on average equity of a group of peer banking companies during the three-year performance period ending in 2015, excluding one-time expenses related to our acquisition activities in 2015.

Compensation Committee s Philosophy on Executive Compensation

Farmers goal is to hire and retain an executive management team which we believe will promote both short-term and long-term institutional success. We seek to achieve this goal by providing a fair, competitive compensation package that includes performance-based, at-risk pay components aligned with strategic and financial performance objectives in order to drive our annual and long-term performance, which ultimately aligns with long-term shareholder value. We also seek to implement a compensation program that appropriately balances risk and financial results so that our compensation programs maintain our overall safety and soundness.

The principal elements of each named executive officers compensation currently consist of base salary, annual cash incentive compensation and long-term incentive compensation. Like other employees, the named executive officers also receive matching contributions to their 401(k) retirement plan accounts. At our 2012 Annual Meeting, shareholders adopted and approved the Equity Incentive Plan, which allows the Compensation Committee to use equity-based awards as our additional long-term incentive compensation component on a going-forward basis.

The Role of the Compensation Committee in Determining Executive Compensation

The Compensation Committee oversees the compensation of our named executive officers and establishes our executive compensation philosophy, policy, elements and strategy and reviews proposed executive compensation plans and arrangements, including employment and severance arrangements with our executives. In addition, the Compensation Committee evaluates the performance of our executive officers in order to determine appropriate compensation adjustments as well as future compensation decisions. The Compensation Committee also reviews overall corporate policy regarding compensation and benefit programs that are generally available to all employees and may make recommendations concerning those programs.

Although the Compensation Committee has authority to approve individual compensation arrangements, for example employment contracts and individual incentive award goals, as well as authority to engage legal advisors and compensation consultants for advice about compensation issues, the Compensation Committee does not act entirely autonomously in considering and implementation our compensation plans. For example, the Compensation Committee recommends the terms of our annual incentive compensation program subject to final approval of the full Board of Directors. At the Compensation Committee s request, management may provide financial, tax, accounting, or operational information relevant to Compensation Committee deliberations.

Role of Compensation Consultant

As permitted by the Compensation Committee Charter, the Compensation Committee has engaged Pay Governance, LLC (Pay Governance) as its outside independent compensation consultant since 2011. Pursuant to the terms of its engagement by the Compensation Committee, Pay Governance generally reviews, analyzes and provides advice regarding our executive compensation and director compensation programs in relation to the objectives of those programs, including comparisons to designated peer group companies and to best practices, and also provides information and advice on competitive compensation practices and trends, along with specific views on our compensation programs. In its role as our independent compensation consultant, representatives of Pay Governance engaged in discussions with the Compensation Committee and responded on a regular basis to questions from the Committee and the Committee s other advisors, providing them with its opinions with respect to the design and implementation of current or proposed compensation programs. During fiscal 2014, Pay Governance reported directly to the Compensation Committee and the Committee retains the sole authority to retain or terminate Pay Governance.

Compensation Consultant Independence

The Compensation Committee has the responsibility to consider certain independence factors before selecting compensation consultants and other compensation advisers. In connection with the foregoing, the Compensation Committee reviewed, considered and discussed the relevant factors established by NASDAQ to determine such independence, both through surveying Pay Governance and by soliciting input from members of the Compensation Committee through our annual director and officer questionnaires. Based on its review, consideration and discussion, the Compensation Committee determined that the work performed and to be performed by Pay Governance as the Committee s compensation consultant has not raised and does not raise any conflict of interest, and also determined that Pay Governance qualifies as independent for purposes of the Exchange Act and revised NASDAQ Corporate Governance Requirements.

Say-on-Pay Consideration

At the Company s 2015 Annual Meeting of Shareholders, our shareholders approved the executive compensation as disclosed in the proxy statement for that Annual Meeting, with more than 90% of the Common Shares represented by those shareholders present in person or represented by proxy at the 2015 Annual Meeting voting for approval. The Compensation Committee evaluated the results of this strongly supportive advisory vote, together with the other factors and data discussed in this Compensation and Discussion Analysis, in determining executive compensation policies, making executive compensation decisions, and continuing implementation of its compensation philosophy and objectives.

Peer Group Evaluation and Executive Compensation Benchmarks

The Compensation Committee has generally evaluated compensation practices at similarly situated financial institutions to help determine the levels of compensation for financial services executives in our geographic market. In addition, the Compensation Committee does not have a practice of adhering to a strict formula in order to determine executive officer compensation packages rather has relied on a variety of factors including experience, responsibility, individual performance and our overall financial performance. However, given the competitive nature of the financial services industry in general, and the fact that we compete in a primary market with regional and national banking organizations that are significantly larger and that can provide more attractive compensation packages to top executive talent, the Compensation Committee recognizes the need to provide competitive overall compensation opportunities to retain our high-performing executives and attract new executive talent.

During 2011, the Compensation Committee undertook a detailed review of similarly situated financial institutions and with the assistance of Pay Governance established a peer group for purposes of determining competitive market positioning for the Committee s executive compensation determinations. The Compensation Committee used several factors to identify, evaluate and select these peer financial institutions including, but not limited to: (i) factors of size (*e.g.*, revenues, assets, employees and market capitalization); (ii) factors of profitability and growth (*e.g.*, revenue and operating income); and (iii) geographic location. The Compensation Committee continued its use of the following peer group of 20 companies for calendar 2015 (the 2015 Peer Group) to evaluate the competitiveness of our pay structures and levels, although several companies formerly included in our compensation peer group were no longer included due to acquisition or other significant corporate restructuring events:

AmeriServ Financial, Inc.	Mercantile Bank Corp.
Canandaigua National Corp.	Middlefield Banc Corp.
Chemung Financial Corp.	Ohio Valley Banc Corp.
CNB Financial Corp.	Peoples Bancorp Inc.
Cortland Bancorp Inc.	Premier Financial Bancorp Inc.
Evans Bancorp, Inc.	SB Financial Group, Inc.
First Citizens Banc Corp.	STAR Financial Group, Inc.
First Farmers Bank and Trust, Inc.	Summit Financial Group Inc.
Independent Alliance Banks, Inc.	The Citizens National Bank of Blufton
LCNB Corp.	United Community Financial Corp.

In connection with the completion of our acquisition of National Bancshares and Tri-State, the Compensation Committee, with the assistance of Pay Governance, undertook an extensive re-evaluation of our peer group and assessed the need to change the composition of the peer group to reflect the significantly increased size of Farmers. This re-evaluation resulted in an adjusted peer group including financial institutions with assets between $1.1 and $3.7 billion, with a median size of $1.8 billion and an average size of $2.0 billion, which now compares well to Farmers bank assets of approximately $1.8 billion. The Compensation Committee utilized the adjusted peer group for making late-year adjustments to base salaries of our executive officers, and will utilize the adjusted peer group for compensation decisions in 2016. The adjusted peer group is comprised of the following financial institutions:

AmeriServ Financial, Inc.	LCNB Corp.
Chemung Financial Corp.	Macatawa Bank Corp.
CNB Financial Corp.	MainSource Financial Group
Community Trust Bancorp, Inc.	Mercantile Bank Corp.
Farmers Capital Bank	Peoples Bancorp Inc.
First Defiance Financial	Premier Financial Bancorp Inc.
First Farmers Financial	SB Financial Group, Inc.
German American Bancorp, Inc.	STAR Financial Group, Inc.
Horizon Bancorp	Summit Financial Group Inc.
Independent Alliance Banks, Inc.	United Community Financial Corp.
Isabella Bank Corp.	

2015 Named Executive Officers Compensation

Base Salary

Base salaries are intended to reward the named executive officers based upon their roles with us and for their performance in those roles. For each named executive officer, their base salaries are reviewed annually subject to adjustments based upon our financial performance, the individual performance of the particular executive, and our overall compensation philosophy of providing base compensation levels for our executive officers within 10% of the median of peer financial institutions. For all executive officers who directly report to the Chief Executive Officer, Mr. Helmick evaluates each executive officer to determine whether a base salary increase or decrease was considered to be merited based upon individual performance, and reports his base salary adjustments to the Compensation Committee. As part of his evaluation process, Mr. Helmick evaluates each of our named executive officers on a variety of factors including leadership performance, strategic planning and execution, communication abilities, business knowledge and awareness and accountability. With regard to Mr. Helmick, during 2015 the Compensation Committee undertook a separate evaluation to determine whether a base salary adjustment was appropriate to continue to move Mr. Helmick toward the median of our 2015 Peer Group. In undertaking its evaluation, the Compensation Committee also evaluated Mr. Helmick based upon the individual performance factors described above, as well as Farmers overall financial and strategic performance.

As a result of the evaluations described above, the following merit-based base salary adjustments were initially made for 2015: (i) Mr. Helmick received a base salary increase of approximately 11% to $305,000; (ii) Mr. Culp received a base salary increase of approximately 3% to $185,850; (iii) Mr. Graham received a base salary increase of approximately 3% to $159,219; (iv) Mr. Gerzina received a base salary increase of approximately 3% to $154,733; and (v) Ms. Wallace Soukenik received a base salary increase of approximately 5% to $135,543.

During the course of 2015, the Compensation Committee reevaluated our executive officers base salaries due to our significant acquisitions and corresponding growth in 2015. The Compensation Committee desired to acknowledge the significant successes of our executive management team during the year in consummating and integrating the acquisitions, and to retain our executive talent in our changing and more competitive peer environment. The Compensation Committee also undertook a detailed reevaluation of our peer group, resulting in adjustments to the peer group on a foregoing basis, and in connection therewith evaluated our executive officers base salaries relative to our adjusted peer group, and discovered that base salaries for our executive officers were generally 15-20% below the corresponding median salaries. Accordingly, the following additional base salary adjustments were made during the second half of 2015 to reflect our compensation philosophy of providing base compensation opportunities within approximately 10% of our peer medians: (i) Mr. Helmick s base salary increased to $400,000; (ii) Mr. Culp s base salary increased to $195,000; (iii) Mr. Graham s base salary increased to $167,500; (iv) Mr. Gerzina s base salary increased to $167,500; and (v) Ms. Wallace Soukenik s base salary increased to $160,000.

Annual Incentive Plan

The Compensation Committee believes that performance-based annual cash incentives are an effective way to compensate executives for working together as a team to achieve short-term specific financial goals which the Compensation Committee and management have established as near-term drivers of our long-term success, as well as certain individualized goals specific to an executive s role and duties. The following is a discussion of the annual cash incentive program implemented by the Compensation Committee during 2015.

The Compensation Committee adopted our Annual Incentive Plan in 2011 to provide our executive officers and certain non-executive employees the opportunity to receive annual cash incentive payments based upon achievement of certain corporate and individual performance goals. As adopted, the Annual Incentive Plan is intended to foster superior financial results by providing equitable corporate-wide incentives that reward individual and team effort to achieve specified performance objectives to be determined and applied each fiscal year. Our full-time and part-time, regular, non-commissioned-based associates and executives, as well as those of our subsidiaries, are generally eligible to participate in the Annual Incentive Plan.

In 2015, the Compensation Committee established the target bonus awards (expressed as a percentage of base salary) under the Annual Incentive Plan for each eligible named executive officer. The following table sets forth the total target bonus opportunities for each participating named executive officer (expressed as a percentage of their base salaries):

	Target Annual Incentive Plan Opportunity
Named Executive Officer	**(as a % of base salary)**
Kevin J. Helmick	35%
Carl D. Culp	35%
Mark L. Graham	35%
Joseph A. Gerzina	35%
Amber Wallace Soukenik	30%

Payments under the Annual Incentive Plan are contingent primarily on the achievement of pre-established performance goals relating to objective financial metrics established for each participating named executive officer by the Compensation Committee, and secondarily upon the results of a subjective evaluation of each individual executive s performance. Each of the elements has an assigned weight and each of the objective financial criteria has a specific target or goal for the year. In the event that we (or the individual participant) do not meet the specified goal or target for a particular metric, then no compensation will be paid with respect to that objective portion of the Annual Incentive Plan. The Compensation Committee established a threshold payout of 50% of target opportunity upon attaining 80% of the objective metric targets, a target payout of 100% upon attainment of 100% of the objective metric targets, and a maximum payout of 150% of target opportunity. For performance falling within each of the percentile ranges, payouts are made on an interpolated basis.

In establishing the Annual Incentive Plan s objective metrics and targets for 2015, the Compensation Committee utilized the Company s budgeting model to set the performance at levels that were determined to be achievable with strong management performance. All named executive officers were allocated certain weightings of the three core corporate financial measures of earnings per share, efficiency ratio, and return on average assets. Those were the sole objective performance criteria allocated to Messrs. Helmick and Culp. The named executive officers other than Messrs. Helmick and Culp had significant additional objective metrics based on their specific areas of responsibility and oversight. Finally, in addition to the objective performance metrics, a subjective metric was included for each of the named executive officers with a weighting between 10% and 20% of the total bonus opportunity. The following tables set forth the applicable objective performance metrics, weightings, targets and percentage payouts for each of the named executive officers under the Annual Incentive Plan in 2015:

Kevin J. Helmick and Carl D. Culp

Performance Metrics	Weight(1)	Threshold	Target	Maximum	Actual	Payout %
Earnings Per Share	30%	$ 0.50	$ 0.52	$ 0.54	$ 0.57	150%
Return on Average Assets	30%	0.83%	0.86%	0.89%	0.87%	110%
Efficiency Ratio	20%	69.00%	68.00%	65.00%	66.19%	117%

(1) Expressed as a percentage of total objective-based Annual Incentive Plan opportunity.

Mark L. Graham

Performance Metrics	Weight(1)	Threshold	Target	Maximum	Actual	Payout %
Earnings Per Share	20%	$ 0.50	$ 0.52	$ 0.54	$ 0.57	150%
Efficiency Ratio	15%	69.00%	68.00%	65.00%	66.19%	117%
Return on Average Assets	10%	0.83%	0.86%	0.89%	0.87%	110%
Classified Loans Ratio2	25%	38%	35%	29.99%	12.39%	150%
Budget Management	20%	105%	100%	80%	90%	105%

(1) Expressed as a percentage of total objective-based Annual Incentive Plan opportunity.
(2) Farmers Bank s classified loans as a percentage of Tier 1 Capital plus the allowance for loan losses.

Joseph A. Gerzina

Performance Metrics	Weight	Threshold	Target	Maximum	Actual	Payout %
Earnings Per Share	20%	$ 0.50	$ 0.52	$ 0.54	$ 0.57	150%
Efficiency Ratio	15%	69.00%	68.00%	65.00%	66.19%	117%
Return on Average Assets	10%	0.83%	0.86%	0.89%	0.87%	110%
Market Net Profitability(1)	20%	85%	100%	115%	128%	150%
Expanded Market Loan Growth(2)	20%	80%	100%	100%	117%	100%

(1) Net profitability determined by the net income of the Farmers Bank office operating in Stark County, Ohio.
(2) Determined by loan growth in Market including indirect, mortgage, commercial and private client loans.

Amber Wallace Soukenik

Performance Metrics	Weight	Threshold	Target	Maximum	Actual	Payout %
Earnings Per Share	20%	$ 0.50	$ 0.52	$ 0.54	$ 0.57	150%
Efficiency Ratio	15%	69.00%	68.00%	65.00%	66.19%	117%
Return on Average Assets	10%	0.83%	0.86%	0.89%	0.87%	110%
Marketing Projects	20%	80%	100%	100%	100%	100%
Line of Business Support	20%	83%	100%	105%	103%	103%

As indicated above, in addition to the objective performance metrics, the Compensation Committee included a subjective metric for each of the named executive officers weighted between 10% and 20% of the total bonus opportunity for each executive officer. Payouts under this subjective metric were based on evaluations of overall job performance during 2015 using an extensive performance review scorecard for each executive. For each named executive officer other than Mr. Helmick, the scorecards were completed by Mr. Helmick and he provided the basis of his evaluations to the Compensation Committee for the subjective portion of the executive s bonus for 2015. For Mr. Helmick, each member of the Board of Directors completed a scorecard which were reviewed by the Compensation Committee in reaching a determination with respect to the subjective element of Mr. Helmick s 2015 annual bonus. Based upon such reviews and recommendations, the Compensation Committee approved the following percentage payouts with respect to the subjective element of the total bonus opportunity: (i) Mr. Helmick, 100% of the possible 20% weighting; (ii) Mr. Culp 100% of the possible 20% weighting; (iii) Mr. Graham 100% of the possible 10% weighting; (iv) Mr. Gerzina 100% of the possible 15% weighting; and (v) Ms. Wallace Soukenik 100% of the possible 15% weighting.

Finally, the Compensation Committee determined to include a circuit breaker in the 2015 Annual Incentive Plan based on our Texas ratio for the year. The Texas ratio is determined by dividing the amount of Farmers Bank s non-performing loans, other real estate owned and loans delinquent for more than 90 days, by Farmers Bank s tangible capital equity plus its loan loss reserves. If this ratio exceeded 20% for the year, no bonuses would be payable under the Annual Incentive Plan. Farmers Texas ratio for 2015 was 6.48%, well below this circuit breaker level. The Compensation Committee believes that the use of a circuit breaker in our annual bonus program helps maintain minimum levels of safety and soundness of our institution in the context of providing appropriate near-term incentives for achieving superior financial performance objectives.

In approving the payments under our Annual Incentive Plan for 2015 performance, the Compensation Committee evaluated whether to consider Farmers financial performance on an as adjusted basis excluding one-time expenses related to our significant acquisition activities. After considerable deliberation and input from Pay Governance, the Compensation Committee concluded that it was appropriate to consider Farmers financial performance as adjusted to exclude its one-time acquisitions expenses based on the timing of the acquisitions and the significant integration activities in the latter part of the year, and the corresponding benefit to Farmers of the successful acquisitions. If the financial performance had not been adjusted to exclude the acquisition expenses, no payments would have been made under objective metrics of the Annual Incentive Plan for 2015.

As a result of the performance of Farmers with respect to the above-described objective metrics and each named executive officer s individual performance evaluations, the Compensation Committee awarded the following payouts with respect to 2015 performance under the Annual Incentive Plan:

Named Executive Officer	**Amount Earned under Annual Incentive Plan for 2015**	**Payout as a Percentage of Target Opportunity for 2015**
Kevin J. Helmick	$ 169,960	121.40%
Carl D. Culp	$ 82,855	121.40%
Mark L. Graham	$ 74,483	127.05%
Joseph A. Gerzina	$ 67,155	114.55%
Amber Wallace Soukenik	$ 54,744	114.05%

Long-Term Incentive Compensation Plans

In conjunction with the initial adoption of the Annual Incentive Plan in 2011, the Board of Directors approved a long-term cash incentive compensation plan (the LTI Cash Program) under which our executive officers and certain other employees are eligible to receive awards for possible long-term cash incentive payments based on the achievement of prescribed corporate and/or individual performance metrics. The purpose of the LTI Cash Program was to foster and promote Farmer s long-term financial success and value by motivating performance through long-term incentive compensation, pending review and approval by the Compensation Committee. The LTI Cash Program was also intended to attract and retain the services of talented individuals and motivate participants to achieve performance objectives that promote sound and financially healthy growth. The LTI Cash Program became effective upon its approval by the Board of Directors and may continue until terminated by the Board.

In 2013 the Compensation Committee established the target award opportunities under the LTI Cash Program for each eligible named executive officer expressed as a percentage of a participant s three-year average total cash compensation for the corresponding three-year performance period, and established that each executive s total bonus opportunity would be based on two performance metrics for the three-year period commencing in the year of the grant (the Performance Period) at target, threshold or maximum performance levels. For performance falling below the threshold level, no award payment was to be made. The following table sets forth the target bonus opportunities for each participating named executive officer at the time of grant in 2013:

Name	**Target 2013 LTI Program Award %**
Kevin J. Helmick	55%(1)
Carl D. Culp	45%
Mark L. Graham	40%
Joseph A. Gerzina	35%
Amber Wallace Soukenik	25%

(1) In the beginning of 2013, Mr. Helmick was serving as Executive Vice President Retail and Wealth Management, and his target LTI opportunity was 40%. His target percentage for settlement purposes has been pro-rated to reflect his appointment as Chief Executive Officer on November 7, 2013 and his then adjusted target of 60%.

The corporate performance metrics and weightings established by the Compensation Committee for the LTI Cash Program in 2013 were: (i) relative TSR, at a weighting of 30%; and (ii) relative ROE, at a weighting of 70%, each expressed as a percentile compared to the total shareholder return of the peer group established in 2013 during the Performance Period. The following table indicates the intended payouts percentages at threshold, target and maximum levels (for performance falling within each of the percentile ranges, payouts were to be paid on an interpolated basis):

Vesting Levels	**Performance of TSR and ROE Relative to Peer Group Companies**	**Vesting Percent for TSR and ROE Levels**
Below threshold	< Peer 25th Percentile	0%
Threshold	= Peer 50th Percentile	50%
Target	= Peer 59th Percentile	100%
Maximum	³ Peer 85th Percentile	250%

In approving the payments under our LTI Cash Program, the Compensation Committee evaluated whether to consider Farmers ROE performance on an as adjusted basis excluding one-time expenses related to our significant acquisition activities. After considerable deliberation and input from Pay Governance, the Compensation Committee concluded that it was appropriate to consider Farmers ROE performance as adjusted to exclude its one-time acquisitions expenses based on the timing of the impact of the acquisition expenses very late in the three-year performance period, and the corresponding benefit to Farmers of the successful acquisitions. If the financial performance had not been adjusted to exclude the acquisition expenses, no payments would have been made under the ROE-based LTI awards for 2015. The Compensation Committee will not exclude acquisition related expenses in determining payouts based on Farmers relative ROE performance with respect to LTI awards granted in 2014 or 2015, for the respective three-year performance periods ending in 2016 or 2017. The results of our relative TSR and relative ROE performance, as adjusted, for the 2013-2015 Performance Period resulted in the percentage payouts shown below for the LTI Cash Program awards granted in 2013. The amounts of these payouts for each named executive officer are included in the Non-Equity Incentive Plan Compensation column of the **Summary Compensation Table** located on page 37 of this proxy statement.

Performance Metric	**Target**	**Actual**	**Payout %**
Relative TSR	59^{th}	47.0	47.0%
Relative ROE	59^{th}	25.0	25.0%

Named Executive Officer	**Amount Earned under LTI Cash Program for 2013-2015**	**Payout as a Percentage of Target Opportunity**
Kevin J. Helmick	$ 55,892	31.6%
Carl D. Culp	$ 31,373	31.6%
Mark L. Graham	$ 25,714	31.6%
Joseph A. Gerzina	$ 16,003	31.6%
Amber Wallace Soukenik	$ 12,819	31.6%

In 2015, the Board of Directors, upon the approval and recommendation of the Compensation Committee, established the target long-term incentive compensation opportunities for each eligible named executive officer under our LTI Cash Program and our Equity Incentive Plan, expressed as a percentage of three-year average total cash compensation, as follows:

Name	**Target 2015 LTI Program Award %**
Kevin J. Helmick	60%
Carl D. Culp	45%
Mark L. Graham	40%
Joseph A. Gerzina	25%
Amber Wallace Soukenik	25%

In conjunction with establishing the target long-term incentive opportunity for our executive officers, the Compensation Committee, determined to continue to use the following corporate performance metrics and weightings for the long-term incentive awards granted in 2015: (i) relative TSR at a weighting of 30%; and (ii) relative ROE at a weighting of 70%, each measured over a three-year Performance Period. The Committee determined to continue to issue the relative TSR long-term incentive awards under our LTI Cash Program, to issue the relative ROE long-term incentive awards under our Equity Incentive Plan as equity-based awards. This continues the weighting determined appropriate to encourage increased stock ownership by our named executive officers to further align those executives interests with our stockholders long-term interests.

For purposes of determining vesting for each of the long-term incentive grants, our TSR performance and average ROE performance during the 2015-2017 Performance Period will be compared to the TSR performance and average ROE performance for companies in our 2015 Peer Group. The following table indicates our intended payouts at the threshold, intermediate, target and maximum levels for our long-term incentive awards under both the LTI Cash Program and the Equity Plan. As was the case in 2013 and 2014, the relative performance required for payouts at the target and maximum levels each were increased to encourage attainment of overall stronger performance levels, as noted below:

Vesting Levels	**Relative Performance of TSR and ROE to Peer Group Companies**	**Vesting Percent for TSR and ROE Levels**
Below threshold	< Peer 25^{th} Percentile	0%
Intermediate	= Peer 50^{th} Percentile	50%
Target	= Peer 59^{th} Percentile	100%
Maximum	³ Peer 85^{th} Percentile	250%

For performance falling within each of the percentile ranges, payouts will be paid on an interpolated basis. The threshold, target and maximum award payouts that may be received by each of our named executive officers upon completion of the 2015-2017 Performance Period with regard to long-term incentive awards granted in 2015 under the LTI Cash Program and the Equity Incentive Plan is described in detail in the **Grants of Plan-Based Awards** table located on page 38 of this proxy statement.

Following our acquisition of National Bancshares in 2015, we granted special service-based long-term equity incentive awards to our executive officers to help retain our management team following the significant growth in Farmers and to reward them for successfully executing on our strategic acquisition plan. The retention awards are subject to cliff vesting based on continued employment through the third anniversary of the grant date. The Compensation Committee sought the assistance of Pay Governance to evaluate grants of special transaction or retention related awards under comparable circumstances and considered several factors in determining to grant these special awards   the acquisition represented the largest acquisition in Farmers   history, the integration of the acquisition was an important part of its success, the success of the acquisition was critical to part of our strategy to create long-term shareholder value, and service-based awards were not a component of our current long-term incentive program, which was uncommon among our peers. Based on this evaluation and these factors, the Compensation Committee approved granting the following levels of service-based long-term equity incentive awards to our named executive officers: Mr. Helmick, 150% of his base salary; Mr. Culp, 100% of his base salary; Mr. Graham, 75% of his base salary; Mr. Gerzina, 75% of his base salary; and Ms. Wallace Soukenik, 75% of her base salary. The amounts and further description of the additional awards granted to our named executive officers are described in detail in the **Grants of Plan-Based Awards** table located on page 38 of this proxy statement.

Clawback Policy

Farmers has adopted a clawback policy as part of its Incentive Compensation Guidelines. Pursuant to that policy, if the Company is required to restate all or a significant portion of its financial statements, the Board is empowered, in its discretion, to require reimbursement of all or any portion of bonuses paid or incentive compensation awarded to any participant in an incentive compensation program, and/or effect the cancellation of all or any portion of unpaid awards which may be paid to such participants if: (a) the amount of the bonus or incentive compensation was calculated based on the achievement of financial results that were subsequently the subject of a material restatement, and (b) the amount of the bonus or incentive compensation that would have been awarded to the participant, had the financial results been properly reported, would have been lower than the amount actually awarded. The Company acknowledges under this policy that it is not intended to add any forfeiture obligations or financial responsibilities to the Chief Executive Officer or Chief Financial Officer which are in addition to, or duplicative of, those obligations arising under Section 304 of the Sarbanes-Oxley Act of 2002.

Furthermore, if a participant in any incentive compensation program engages in misconduct related to such program, regardless of whether any restatement of financial statements is required as a result thereof, the Board shall take such actions as it considers appropriate to address the misconduct. Such actions may include cancellation of any unpaid portion of incentive compensation awarded to such participant, reimbursement of any incentive compensation paid to such participant, and other disciplinary actions.

401(k) Plan and Company Contributions

All of our employees who have completed at least one year of service and meet certain other eligibility requirements are eligible to participate in our 401(k) Profit Sharing Retirement Savings Plan (the   401(k) Plan). Under the terms of the 401(k) Plan, employees may voluntarily defer a portion of their annual compensation, subject to applicable federal restrictions and deferral limitations, and Farmers Bank matches a percentage of each participant s voluntary contributions, up to 6% of gross wages. In addition, at the discretion of the Board of Directors, Farmers Bank may make an additional profit sharing contribution to the 401(k) Plan. During 2014, Farmers Bank provided 401(k) Plan matching contributions of 50% for each of the named executive officers (subject to a maximum of 3% of gross wages), but no additional profit sharing contributions were made.

Non-Qualified Deferred Compensation Plan

In 2015, we adopted an unfunded nonqualified retirement plan for certain of our executive officers (the Nonqualified Plan) pursuant to which such officers may voluntarily defer a greater portion of their compensation than permitted by applicable federal restrictions and deferral limitations in our 401(k) Plan. Participating officers are at all times 100% vested in their voluntary deferrals. The Company may also provide matching or discretionary credits to the accounts of eligible officers, as determined by the Company in its sole discretion. The Company currently intends to credit matching contributions equal to 50% of each participant s voluntary deferrals to the Nonqualified Plan, up to 6% of gross wages (or a 3% match). Any matching or discretionary credits under the Nonqualified Plan vest and become non-forfeitable in accordance with a specified formula that provides for partial vesting starting after completion of two years and full vesting after six years. In addition, upon a Change-in-Control (as defined in the Nonqualified Plan), participants benefits under the Nonqualified Plan become fully vested and non-forfeitable. Benefits under the Nonqualified Plan represent unsecured general obligations of the Company to pay participating officers as some time in the future.

Amount payable to participating officers under the Nonqualified Plan will be distributed in accordance with the terms of the Nonqualified Plan and elections made by the participating officers. Generally, benefits will be paid in a single lump sum, unless the participating officer has elected to receive annual installments for a period of up to ten years. The benefits will be paid upon the earliest of a participating officer s separation from service death or disability unless the participating officer has elected to receive payments as of a specified date (including the earlier of that date or the occurrence of a regular distribution event). The Nonqualified Plan is subject to requirements affecting deferred compensation under Section 409A of the Internal Revenue Code and is being administered in compliance with the applicable regulations under Section 409A. The amounts accrued pursuant to the Nonqualified Plan for the benefit of our named executive officers for fiscal year 2015 are disclosed in the **Summary Compensation Table** located on page 37 of this proxy statement. The Compensation Committee believes that maintaining this Nonqualified Plan helps to maintain the competitiveness of our entire executive retirement benefits.

Perquisites and Other Compensation

Executive officers also participate in broad-based employee benefit plans, such as medical, dental, supplemental disability, retiree health insurance and term life insurance programs. Except for matching contributions in connection with our Nonqualified Plan as described above, and country club memberships provided by Farmers Bank to the named executive officers for customer relationship development purposes, executive officers did not receive in 2015 any perquisites or personal benefits that are not available to all employees. The amounts of these benefits are included in the All Other Compensation column of the **Summary Compensation Table** located on page 37 of this proxy statement.

Other Elements of Our Compensation Programs

Employment Agreements, Separation Policy and Change-in-Control Arrangements

The Compensation Committee carefully considers the use and conditions of any employment agreements. The Compensation Committee recognizes that employment agreements containing severance and change-in-control arrangements are often appropriate to attract prospective executives who forego significant compensation and opportunities at the companies they are leaving, or who face relocation expenses in order to accept employment. Generally, executives are not willing to accept such risks and costs without protection in the event that their employment with us is terminated due to unanticipated changes, including a change-in-control.

In 2013, Farmers adopted an Executive Separation Policy, which currently applies to all of our named executive officers. In connection therewith, Farmers entered also into change in control agreements with each of our named executive officers (Change in Control Agreements). The material provisions of the Executive Separation Policy and the Change in Control Agreements are discussed under the caption **Employment Agreements** *Executive Separation Policy* beginning on page 43 of this proxy statement. In connection with the execution of the Change in Control Agreements, each named executive officer that previously had an employment agreement with Farmers (namely, Messrs. Helmick, Culp, and Graham) terminated his existing employment agreement.

Overall, the Compensation Committee believes that the implementation of the Executive Separation Policy and Change in Control Agreements is appropriate to help ensure that Farmers will have the continued dedication, undivided loyalty and objective advice from its key executives, even in the event of a potential transaction which could result in a change-in-control of Farmers. The Separation Policy offers certain protections in the event of certain terminations of employment, while the Change in Control Agreements provide certain protections in the event of a change-in-control event, but *only* if the executive s employment is terminated as a result of (or within a specified period after) a change-in-control (*i.e.*, a double trigger). The Compensation Committee does not believe that executives should receive compensation benefits merely as a result of a change-in-control; rather, it believes that our Change in Control Agreements provide our executive officers with adequate protection to help ensure that change-in-control offers will be evaluated by our executive officers in the best interests of Farmers and our shareholders without regard to concerns that a transaction could eliminate his or her job without appropriate dispensation. The Compensation Committee recognizes that these agreements may also tend to discourage a takeover attempt as a change-in-control could trigger increased compensation expense as part of the transaction.

Section 162(m) of the Internal Revenue Code

Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code) places a limit on the tax deduction for compensation exceeding $1.0 million paid to the chief executive officer and four most highly compensated executive officers of a corporation in a taxable year, but performance-based compensation such as stock-option compensation and performance-based cash bonuses may be exempt from the $1.0 million limit if awarded under a stockholder-approved plan and certain other conditions are satisfied. We expect that all of the compensation paid in 2014 and 2015 to our named executive officers is and will be deductible. The Board of Directors and the Compensation Committee could, however, award non-deductible compensation as they deem appropriate. Moreover, because of ambiguities in the application and interpretation of Section 162(m) and the regulations issued under Section 162(m), there can be no assurance that compensation intended to satisfy the requirements for deductibility under Section 162(m) actually will be deductible.

Stock Ownership Guidelines

As part of the Company s Corporate Governance Guidelines, it has adopted stock ownership guidelines for our directors and executive officers. These guidelines require that, within five years from the date a person first becomes a non-executive director, or within either eight years of March 15, 2016 or 11 years from the date an executive officer is first included as a participant in our Equity Incentive Plan (unless, due to specific facts and circumstances, a different period of time is determined to be appropriate by the Corporate Governance and Nominating Committee), the following amounts of Common Shares be owned by that person:

Position	**Minimum Ownership Requirement**
Non-executive Director	4.0 x Annual Retainer Fee
Chief Executive Officer/President	2.0 x Annual Base Salary
Chief Banking Officer	1.5 x Annual Base Salary
Chief Financial Officer	1.25 x Annual Base Salary
Other Executive Officers	1.0 x Annual Base Salary

Individuals subject to these guidelines are expected to satisfy certain milestones during the attainment periods to evidence that the individual is making appropriate progress toward achieving their respective ownership amount. In determining compliance with these guidelines, the Compensation Committee considers the beneficial ownership of our executive officers and directors as required to be reported in a proxy statement.

In additional to these requirements, our executive officers and directors are prohibited under our insider trading policy and procedures from pledging our Common Shares, purchasing our Common Shares on margin, engaging in short sales, or engaging in any hedging transaction.

Director Compensation

The Compensation Committee is also responsible for recommending to the Board of Directors compensation for our non-employee directors. Generally, director compensation is structured in a fashion to attract and retain high quality individuals to serve on the Board of Directors, to compensate such individuals for the time and energy expended in providing us their expertise, considering the size, nature and location of Farmers as a bank holding company competing in our markets. On an annual basis, the Compensation Committee requests that its compensation consultant evaluate our current director compensation levels relative to our peers. Generally, it is the overall goal of the Compensation Committee to position director compensation at a median market level. During 2015, in connection with the completion of our acquisition of National Bancshares, the Board of Directors added the position of Vice-Chair and appointed Mr. Smail to that position. The Board of Directors also created an Executive Committee, comprised of Mr. Smail as Chair, and Messrs. Ciroli, Helmick, and Moore. For 2015, the Compensation Committee recommended and the independent members of the Board of Directors approved (a) a general annual director retainer fee of $35,000, and (b) the following retainers for directors with additional duties: (i) $15,000 for the independent Board Chair, (ii) $10,000 for the independent Board Vice-Chair (effective July 1, 2015), (iii) $10,000 for the chair of the Executive Committee (effective July 1, 2015), and (iv) $5,000 for all other committee chairs.

Following the completion of our acquisition of National Bancshares, the Board of Directors approved the issuance of an award of 3,000 unrestricted shares of our common stock to our Board Chair, Mr. Ciroli, in recognition of his significant role and time commitment in connection with the successful completion of that acquisition.

All director compensation amounts for 2015 are reflected in the **Director Compensation** table located on page 47 of this proxy statement.

Oversight and Risk Management of Compensation Programs

The Compensation Committee oversees the implementation and enforcement of our policies, procedures and practices related to its various compensation programs as part of its duties. This is designed to monitor our compensation policies to ensure that the compensation packages offered to its employees and executive officers do not present such individuals with the potential to engage in excessive or inappropriate risk taking activities. In addition, the Board Enterprise Board Enterprise Risk Management Committee works with the Compensation Committee in order to monitor our compensation policies, procedures and practices, as part of its duties to monitor enterprise-wide risk.

The Compensation and Board Enterprise Risk Management Committees believe that our current compensation structure for employees and executive officers does not encourage unnecessary or excessive risk taking to the extent that it would reasonably likely lead to a material adverse effect. It is the opinion of the Compensation and Board Enterprise Risk Management Committees that our current compensation programs appropriately balance risk and the desire to focus on our short-term and the long-term goals without encouraging unnecessary or excessive risk taking.

Compensation Committee Interlocks and Insider Participation

During the last completed fiscal year, no member of the Compensation Committee was an officer or employee of Farmers or any of our subsidiaries, or was formerly an officer of Farmers or any of our subsidiaries. None of our directors had any business or financial relationship with us requiring disclosure in this proxy statement.

THE COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed this Compensation Discussion and Analysis with Farmers management. Based upon this review and discussion, the Compensation Committee recommends to the Board of Directors that this Compensation Discussion and Analysis be included in this proxy statement and our Annual Report on Form 10-K.

Compensation Committee:

David Z. Paull, Chair

Anne Frederick Crawford

Terry A. Moore

Howard J. Wenger

EXECUTIVE COMPENSATION AND OTHER INFORMATION

Summary of Cash and Certain Other Compensation

The following table provides summary compensation information for the individuals serving as our principal executive officer, our principal financial officer, and following named executive officers of Farmers for 2015: (i) Kevin J. Helmick, President and Chief Executive Officer, (ii) Carl D. Culp, Executive Vice President and Chief Financial Officer, (iii) Mark L. Graham, Executive Vice President and Chief Credit Officer, (iv) Joseph A. Gerzina, Senior Vice President, Chief Lending Officer and Regional President, and (v) Amber Wallace Soukenik, Senior Vice President and Chief Retail & Marketing Officer.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(3)	All Other Compensation ($)	Total ($)
Kevin J. Helmick	2015	$ 332,500		$ 652,345	$ 234,095	$ (597)	$ 17,971(4)	$ 1,236,314
President and Chief	2014	$ 268,750		$ 105,000	$ 200,307		$ 17,828	$ 591.885
Executive Officer	2013	$ 185,526			$ 74,039		$ 11,759	$ 271,325
Carl D. Culp	2015	$ 188,275		$ 248,630	$ 118,856	$ (59)	$ 9,859(5)	$ 565,561
Executive Vice President and	2014	$ 180,375		$ 57,409	$ 150,848		$ 10,159	$ 398,791
Chief Financial Officer	2013	$ 173,812			$ 94,866		$ 8,246	$ 276,924
Mark L. Graham	2015	$ 162,019		$ 168,582	$ 103,989	$ (102)	$ 15,769(6)	$ 450,257
Executive Vice President	2014	$ 154,569		$ 43,780	$ 125,538		$ 17,233	$ 341,120
and Chief Credit Officer	2013	$ 148,488			$ 103,514		$ 13,704	$ 265,706
Joseph A. Gerzina	2015	$ 159,452		$ 161,503	$ 91,380		$ 15,522(7)	$ 427,857
Senior Vice President,	2014	$ 150,029		$ 36,956	$ 92,770		$ 11,058	$ 249,949
	2013	$ 146,947			$ 40,249		$ 10,596	$ 197,792
Chief Lending Officer and								
Regional President								
Amber Wallace Soukenik	2015	$ 143,895		$ 135,953	$ 67,563	$ (155)	$ 11,367(8)	$ 358,623
Senior Vice President and								
Chief Retail/Marketing								
Officer								

(1) Amounts shown reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for equity awards granted during 2015 under our Equity Incentive Plan. As further reflected in the **Grants of Plan-Based Awards** table located on page 38, these amounts include the following: (i) the amounts reported for the special time-based, three-year cliff vesting restricted stock awards granted during 2015 in connection with our acquisition of National Bancshares, determined using the closing price of a share of Common Stock on the date of grant of $8.00; and (ii) the amounts reported for performance-based equity awards granted during 2015, determined using the target vesting levels assuming our average ROE performance equals the 59th percentile of the average of a group of peer companies over a three-year period ending on December 31, 2017, and the closing price of a share of Common Stock on the date of grant of $7.99. Other assumptions used in the calculation of these amounts are also included in Note 11 Stock Based Compensation to the Consolidated Financial Statements included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2015. All time-based restricted stock and performance-based equity awards are subject to vesting as described under **2015 Named Executive Officers Compensation** *Long-Term Incentive Plans* beginning on page 29.

(2)

The non-equity incentive plan compensation required to be disclosed in this column includes (i) amounts earned under our Annual Incentive Plan as a result of achieving the goals specified for each designated year, and (ii) the following amounts earned in 2015 and 2014, respectively, with respect to awards granted in 2013 and 2012, respectively, under our LTI Cash Program Mr. Helmick, $55,892 and $84,422; Mr. Culp, $31,373 and $74,048; Mr. Graham, $25,714 and $59,020; Mr. Gerzina, $16,003 and $35,198; and Ms. Wallace Soukenik $12,819 (for 2015).

(3) Amounts shown reflect the 2015 earnings/(losses) for each named executive officer participating in our Nonqualified Plan.

(4) Amount includes: (i) $7,950 in matching contributions by the Company into Mr. Helmick s 401(k) Plan account, (ii) $792 in group term life insurance expense, and (iii) $9,229 in country club dues.

(5) Amount includes: (i) $7,950 in matching contributions by the Company into Mr. Culp s 401(k) Plan account, (ii) $735 in group term life insurance expense, and (iii) $1,174 in country club dues.

(6) Amount includes: (i) $7,950 in matching contributions by the Company into Mr. Graham s 401(k) Plan account, (ii) $632 in group term life insurance expense, and (iii) $7,187 in country club dues.

(7) Amount includes: (i) $7,575 in matching contributions by the Company into Mr. Gerzina s 401(k) Plan account, (ii) $607 in group term life insurance expense, and (iii) $7,340 in country club dues.

(8) Amount includes: (i) $6,431 in matching contributions by the Company into Ms. Wallace Soukenik s 401(k) Plan account, (ii) $607 in group term life insurance expense, and (iii) $4,329 in country club dues.

Grants of Plan Based Awards

			Estimated Future Payouts under Non-Equity Incentive Plan Awards			Estimated Future Payouts under Equity Incentive Plan Awards				
(a)	(b)		(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Name	Grant Date	Approval Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards
Kevin J. Helmick	02/17/2015(1)	02/17/2015	$ 70,000	$ 140,000	$ 210,000					
	02/17/2015(2)	02/17/2015	$ 27,450	$ 54,900	$ 137,250					
	02/17/2015(3)	02/17/2015				8,254	16,508	41,269		$ 131,897
	08/25/2015(4)	06/23/2015							65,056	$ 520,448
Carl D. Culp	02/17/2015(1)	02/17/2015	$ 34,125	$ 68,250	$ 102,375					
	02/17/2015(2)	02/17/2015	$ 12,545	$ 25,089	$ 62,724					
	02/17/2015(3)	02/17/2015				3,772	7,544	18,860		$ 60,278
	08/25/2015(4)	06/23/2015							23,544	$ 188,352
Mark L. Graham	02/17/2015(1)	02/17/2015	$ 29,312	$ 58,625	$ 87,937					
	02/17/2015(2)	02/17/2015	$ 9,553	$ 19,106	$ 47,766					
	02/17/2015(3)	02/17/2015				2,873	5,745	14,363		$ 45,902
	08/25/2015(4)	06/23/2015							15,335	$ 122,680
Joseph A. Gerzina	02/17/2015(1)	02/17/2015	$ 29,312	$ 58,625	$ 87,937					
	02/17/2015(2)	02/17/2015	$ 8,124	$ 16,247	$ 40,618					
	02/17/2015(3)	02/17/2015				2,443	4,885	12,213		$ 39,031
	08/25/2015(4)	06/23/2015							15,309	$ 122,472
Amber Wallace Soukenik	02/17/2015(1)	02/17/2015	$ 21,000	$ 42,000	$ 84,000					
	02/17/2015(2)	02/17/2015	$ 5,083	$ 10,166	$ 25,414					
	02/17/2015(3)	02/17/2015				1,528	3,057	7,642		$ 24,425
	08/25/2015(4)	06/23/2015							13,941	$ 111,528

(1) Potential levels of bonus payments under the Annual Incentive Plan with respect to 2015 performance. Further discussion of the Annual Incentive Plan and the potential payouts to participants in that plan is contained under **2015 Named Executive Officers Compensation** *Annual Incentive Plan* beginning on page 27 of this proxy statement. The amounts actually earned and paid with respect to fiscal 2015 are included in the Non-Equity Incentive Plan Compensation column of the **Summary Compensation Table** on page 37 of this proxy statement.

(2) Performance-based cash awards under the LTI Cash Program with payouts determined by our TSR performance relative to the average of a group of peer companies over a three-year period ending on December 31, 2017, at a 30% weighting of each executive officer s total long-term incentive compensation opportunity. Further discussion of the LTI Cash Program and the potential award payouts to participants in that plan is contained under **2015 Named Executive Officers Compensation** *Long-Term Incentive Compensation Plans* beginning on page 29 of this proxy statement.

(3) Performance-based equity awards under the Equity Incentive Plan with vesting determined by our ROE performance relative to the average of a group of peer companies over a three-year period ending on December 31, 2017, at a 70% weighting of each executive officer s total long-term incentive compensation opportunity. The grant date fair value of these performance shares was computed using the target level award in column (g) and a grant date fair value on the date of grant of $7.99 (although the number of shares granted at the target levels of value for these awards was determined using the average closing price of our common stock for the 30-day period preceding the grant date, which was $7.76 per share). Further discussion of the Equity Incentive Plan and the terms and conditions of vesting of performance-based awards issued to participants in that plan is contained under **2015 Named Executive Officers Compensation** *Long-Term Incentive Compensation Plans* beginning on page 29 of this proxy statement.

(4) Award of restricted stock which vests on the third anniversary of the award grant date conditioned on continued employment. The grant date fair value of such awards was calculated using the closing price of our common stock on the date of grant of $8.00 per share, although the number of shares granted at the target levels of value for these awards was determined using the average closing price of our common stock for the 30-day period preceding the grant date, which was $7.76 per share. Further discussion of the Equity Incentive Plan and the terms and conditions of vesting of performance-based awards issued to participants in that plan is contained under **2015 Named Executive Officers Compensation** *Long-Term Incentive Compensation Plans* beginning on page 29 of this proxy statement.

2015 Named Executive Officer Compensation Components

The primary elements of each executive officer s total compensation reported in the **Summary Compensation Table** are the executive officer s base salary, annual incentive bonus, and long-term incentive compensation. Each executive officer also received certain other benefits as listed in the **All Other Compensation** column.

Base Salary

In 2015, the Compensation Committee continued to implement its base salary positioning philosophy of seeking to establish executive officer base salaries at or near the 50th percentile of our peer group banks. Base salary increases to our named executive officers in fiscal 2015 were consistent generally with baseline increases approved for all employees, except where further adjustments were warranted based on outstanding or poor personal performance or peer market median alignment. Each named executive officer s base salary is reviewed annually and is subject to adjustments based upon our financial performance, individual performance, and our overall compensation philosophy. For all executive officers who report directly to the Chief Executive Officer, Mr. Helmick evaluated each executive officer to determine whether a base salary increase or decrease was considered to be merited based upon individual performance, and presented his base salary adjustment recommendation to the Compensation Committee. As part of his evaluation process, Mr. Helmick evaluated each of our named executive officers on a variety of factors including leadership performance, strategic planning and execution, communication abilities, business knowledge and awareness and accountability. With regard to Mr. Helmick, during 2015 the Compensation Committee undertook a separate evaluation to determine whether a base salary adjustment was appropriate. In undertaking its evaluation, the Compensation Committee evaluated Mr. Helmick based upon the individual performance factors described above, as well as Farmers overall financial and strategic performance.

As a result of the evaluations described above, the following merit-based base salary adjustments were initially made in 2015: (i) Mr. Helmick received a base salary increase of approximately 11% to $305,000; (ii) Mr. Culp received a base salary increase of approximately 3% to $185,850; (iii) Mr. Graham received a base salary increase of approximately 3% to $159,219; (iv) Mr. Gerzina received a base salary increase of approximately 3% to $154,733; and (v) Ms. Wallace Soukenik received a base salary increase of approximately 5% to $135,543.

During the course of 2015, the Compensation Committee reevaluated our executive officers base salaries due to our significant acquisitions and corresponding growth in 2015. The Compensation Committee desired to acknowledge the significant successes of our executive management team during the year in consummating and integrating the acquisitions, and to retain our executive talent in our changing and more competitive peer environment. The Compensation Committee also undertook a detailed reevaluation of our peer group, resulting in adjustments to the peer group on a foregoing basis, and in connection therewith evaluated our executive officers base salaries relative to our adjusted peer group. The Compensation Committee discovered that base salaries for our executive officers were generally 15-20% below the corresponding median salaries. Accordingly, the following additional base salary adjustments were made during the second half of 2015 to reflect our compensation philosophy of providing base compensation opportunities within approximately 10% of our peer medians: (i) Mr. Helmick s base salary increased to $400,000; (ii) Mr. Culp s base salary increased to $195,000; (iii) Mr. Graham s base salary increased to $167,500; (iv) Mr. Gerzina s base salary increased to $167,500; and (v) Ms. Wallace Soukenik s base salary increased to $160,000.

Annual Incentive Plan

The Compensation Committee adopted our Annual Incentive Plan in 2011 to provide certain of our executive officers and non-executive employees the opportunity to receive annual cash incentive payments based upon achievement of certain corporate and individual performance goals. As adopted, the Annual Incentive Plan is intended to foster superior financial results by providing corporate-wide incentives that reward individual and team effort to achieve specified performance objectives determined for each fiscal year. The 2015 target bonus award opportunities (expressed as a percentage of base salary) under the Annual Incentive Plan for each named executive officer Fiscal 2015 bonus targets for each named executive officer are disclosed on page 27 of this proxy statement under **2015 Named Executive Officers Compensation** *Annual Incentive Plan.*

Payments under the Annual Incentive Plan are contingent primarily upon the achievement of pre-established performance goals during a fiscal year relating to objective financial metrics established by the Compensation

Committee, and secondarily upon the results of a subjective evaluation of each individual executive s performance. Each of the elements has an assigned weight and each of the objective financial criteria has a specific target or goal for the year. In the event that we (or the individual participant) do not meet the specified goal or target for a particular metric, then no compensation will be paid with respect to that objective portion of the Annual Incentive Plan. The Compensation Committee established a threshold payout of 50% of target opportunity upon attaining 80% of the objective metric targets, a target payout of 100% upon attainment of 100% of the objective metric targets, and a maximum payout of 150% of target opportunity. For performance falling within each of the percentile ranges, payouts are made on an interpolated basis.

In establishing the Annual Incentive Plan s objective metrics and targets for 2015, the Compensation Committee utilized the Company s budgeting model to set the performance at levels that were determined to be achievable with strong management performance. All named executive officers were allocated certain weightings of the following three core corporate financial measures: earnings per share, efficiency ratio, and return on average assets. Those were the sole objective performance criteria allocated to Messrs. Helmick and Culp. The named executive officers other than Messrs. Helmick and Culp had additional objective metrics based on their specific areas of responsibility and oversight. Finally, in addition to the objective performance metrics, a subjective element was included for each of the named executive officers with a weighting between 10% and 20% of the total bonus opportunity. The applicable objective performance metrics, weightings, targets and percentage payouts based on actual performance for each of the named executive officers under the Annual Incentive Plan in 2015 in the tables set forth on page 28 of this proxy statement under **2015 Named Executive Officers Compensation** *Annual Incentive Plan.*

Payouts under the subjective element were based on evaluations overall job performance during 2015 using an extensive performance review scorecard for each executive. For each named executive officer other than Mr. Helmick, the scorecards were completed by Mr. Helmick and provided the basis of his recommendations to the Compensation Committee for the subjective portion of the executive s bonus for 2015. For Mr. Helmick, each member of the Board of Directors completed a scorecard which were reviewed by the Compensation Committee in reaching a determination with respect to the subjective element of Mr. Helmick s 2015 annual bonus. Based upon such reviews, the Compensation Committee approved the following percentage payouts with respect to the subjective element of the total bonus opportunity for 2015: (i) Mr. Helmick, 100% of the possible 20% weighting; (ii) Mr. Culp 100% of the possible 20% weighting; (iii) Mr. Graham 100% of the possible 10% weighting; (iv) Mr. Gerzina 100% of the possible 15% weighting; and (v) Ms. Wallace Soukenik 100.0% of the possible 15% weighting.

Finally, the Compensation Committee includes a circuit breaker in the Annual Incentive Plan based on our Texas ratio for the year, determined by dividing the amount of Farmers Bank s non-performing loans, other real estate owned and loans delinquent for more than 90 days, by Farmers Bank s tangible capital equity plus its loan loss reserves. If this ratio exceeds 20% for the year, no bonuses are payable under the Annual Incentive Plan. Farmers Texas ratio for 2015 was 6.48%, well below this circuit breaker level. The Compensation Committee believes that the use of a circuit breaker as part of our annual bonus program helps maintain minimum levels of safety and soundness of our institution while seeking to provide appropriate near-term incentives for achieving superior financial performance objectives.

As a result of the performance of Farmers with respect to the above-described objective metrics and each named executive officer s individual performance evaluations, the Compensation Committee awarded the following payouts with respect to 2015 performance under the Annual Incentive Plan:

Named Executive Officer	Total Amount Earned under Annual Incentive Plan for 2015	Payout as a Percentage of Target Opportunity for 2015
Kevin J. Helmick	$ 169,960	121.40%
Carl D. Culp	$ 82,855	121.40%
Mark L. Graham	$ 74,483	127.05%
Joseph A. Gerzina	$ 67,155	114.55%
Amber Wallace Soukenik	$ 54,744	114.05%

Long-Term Incentive Compensation

In 2015, the Compensation Committee approved the issuance of performance-based long-term incentive awards to our named executive officers under both our LTI Cash Program and our Equity Incentive Plan, the amounts of which are set forth in the **Grants of Plan-Based Awards** table located on page 38 of this proxy statement. In 2015, the Compensation Committee also approved the issuance of special service-based long-term equity incentive awards to our executive officers to help retain our management team following the significant growth in Farmers and to reward them for successfully executing on our strategic acquisition plan. The retention awards are subject to cliff vesting based on continued employment through the third anniversary of the grant date. The amounts of these service-based long-term equity incentive awards are set forth in the **Grants of Plan-Based Awards** table located on page 38 of this proxy statement.

A detailed discussion of the vesting criteria and other terms and conditions for such awards is included under **2015 Named Executive Officers Compensation** *Long-Term Incentive Compensation Plans* beginning on page 29 of this proxy statement.

Outstanding Equity Awards at Fiscal Year-End

	Option Awards					Stock Awards			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Name	Number of Securities Underlying Unexercised Options (#) (Exercisable)	Number of Securities Underlying Unexercised Options (#) (Unexercisable)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)[1]	Market Value of Shares or Units of Stock That Have Not Vested ($)[2]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)[3]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested ($)[2]
Kevin J. Helmick						65,056	$ 559,482	8,254[4]	$ 70,984
								7,104[5]	$ 61,094
Carl D. Culp						23,544	$ 202,478	3,772[4]	$ 32,439
								3,884[5]	$ 33,402
Mark L. Graham						15,335	$ 131,881	2,873[4]	$ 24,708
								2,962[5]	$ 25,473

Joseph A. Gerzina	15,309	$ 131,657	2,443(4)	$ 21,010
			2,504(5)	$ 21,534
Amber Wallace Soukenik	13,941	$ 119,893	1,528(4)	$ 13,141
			1,611(5)	$ 13,855

(1) Awards of service-based restricted shares subject to vesting on August 25, 2018, the third anniversary of the date of grant, conditioned on continued employment.
(2) Market value computed using $8.60, the closing share price of our common stock on December 31, 2015.
(3) Equity awards presented based on achievement of threshold performance goals and threshold number of shares issuable with respect to vesting thereof.
(4) Performance-based awards granted during fiscal 2015 under our Equity Incentive Plan that will vest, if at all, on April 17, 2018, based upon the performance of our ROE relative to the average of a peer group of similar companies during a three-year performance period ending December 31, 2017, as described in greater detail under **2015 Named Executive Officers Compensation** *Long-Term Incentive Compensation Plans* beginning on page 29 of this proxy statement. Awards presented based upon achievement of threshold performance and threshold number of shares issuable with respect to vesting thereof.
(5) Performance-based awards granted during fiscal 2014 under our Equity Incentive Plan that will vest, if at all, on February 25, 2017, based upon the performance of our ROE relative to the average of a peer group of similar companies during a three-year performance period ending December 31, 2017, as described in greater detail under **2015 Named Executive Officers Compensation** *Long-Term Incentive Compensation Plans* beginning on page 29 of this proxy statement. Awards presented based upon achievement of threshold performance and threshold number of shares issuable with respect to vesting thereof.

Option Exercises and Stock Vested during Fiscal Year

There were no exercises of options or vesting of equity awards during the 2015 fiscal year with respect to any of the named executive officers.

Non-Qualified Deferred Compensation

(a) Name	(b) Executive Contributions in Last FY ($)	(c) Registrant Contributions in Last FY ($)[1]	(d) Aggregate Earnings in Last FY ($)[2]	(e) Aggregate Withdrawals/ Distributions ($)	(f) Aggregate Balance at Last FYE ($)
Kevin J. Helmick	$ 11,000		$ (597)		$ 10,403
Carl D. Culp	$ 11,000		$ (59)		$ 10,941
Mark L. Graham	$ 11,000		$ (102)		$ 10,898
Joseph A. Gerzina					
Amber Wallace Soukenik	$ 11,000		$ (145)		$ 10,855

(1) Column contains contributions by the Company in the last fiscal year under the Nonqualified Plan. Amounts shown are included in the **All Other Compensation** column shown in the **Summary Compensation Table** located on page 37.
(2) Earnings in this column represent estimated earnings on the Nonqualified Plan, which are based upon participant-directed investment allocations. These amounts are not included in the **Summary Compensation Table** because they do not constitute above market interest or preferential earnings.

For a narrative discussion of our Nonqualified Plan, see page 33 of the **Compensation Discussion and Analysis.**

Employment Agreements, Change-in-Control Agreements, Executive Separation Policy

In connection with the signing of the Change in Control Agreements described below, each of Messrs. Helmick, Culp and Graham terminated their existing employment agreements with Farmers in 2013. As a result, Farmers has no written employment agreements with any of its 2015 named executive officers, and their terms of employment will be governed by the Executive Separation Policy and any Change in Control Agreement, the material terms of which are described below.

Change in Control Agreements

In 2013, Farmers first entered into Change in Control Agreements with each of its executive officers, including all of its current named executive officers.

In the event that an executive officer s employment is terminated by Farmers, other than for Cause, or by the executive, for Good Reason, during the six-month period commencing prior to a Change in Control (all as defined in the Change in Control Agreement) or the 12-month period thereafter, then the executive would be eligible to receive the benefits set forth in the Change in Control Agreement. Those benefits include (i) a payment in an amount equal to a multiple of the executive s annual base salary (three times for Mr. Helmick, two and one-half times for Messrs. Culp and Graham, and one times for Mr. Gerzina and Ms. Wallace Soukenik); (ii) a lump sum amount equal to a multiple of the average of the annual incentive bonus paid to the executive in the three years preceding termination (three times for Mr. Helmick, two and one-half times for Messrs. Culp and Graham, and one times for Mr. Gerzina and Ms. Wallace Soukenik); (iii) a pro rata incentive bonus of the year of termination which assumes that performance has been attained at the target level for each executive; (iv) a lump sum payment in an amount equal to the monthly COBRA premium payable by the executive to continue to receive health benefits at a level similar to which the executive and his spouse and dependents were participating for a period of months (36 for Mr. Helmick, 30 for Messrs. Culp and Graham, or 12 for Messrs. Gerzina and Ms. Wallace Soukenik); and (v) for Messrs. Helmick, Culp and Graham, a lump sum of $20,000 for outplacement services.

Each of the Change in Control Agreements provide for a cut-back in the event of any excise tax under Section 280G of the Code, such that the benefits payable to the executive would be reduced to $1.00 less than the amount that causes the payments to be treated as parachute payments under Section 280G of the Code; provided, however, that no reduction will occur if, on an after-tax basis in each case and taking into account all federal, state and local taxes (including any excise tax), the executive would receive a greater amount if no reduction had occurred, thus providing the best net effect to the executive.

In order to receive the benefits described above, the executive would be required to execute a general release in favor of Farmers and must also (i) comply with covenants prohibiting the solicitation of customers and employees (for a period of 36 months for Mr. Helmick, 24 months for Messrs. Culp and Graham and 12 months for Mr. Gerzina and Ms. Wallace Soukenik) (ii) maintain the confidentiality of Farmers proprietary and confidential information and (iii) comply with non-disparagement provisions.

Executive Separation Policy

Farmers first adopted an Executive Separation Policy in 2013 which applies to Farmers Chief Executive Officer and President, the Executive Vice President Chief Financial Officer, the Executive Vice President Chief Credit Officer, the Senior Executive Vice President Chief Banking Officer, and such other persons as may be designated annually by the Board of Directors (collectively, the Covered Executives). Each of the named executive officers is a Covered Executive and a participant in the Executive Separation Policy.

In the event that a Covered Executive s employment is terminated by Farmers for Cause or by the Covered Executive without Good Reason (each as defined in the Executive Separation Policy), then the Covered Executive would be entitled to receive (i) all earned but unpaid compensation benefits for time worked through the date of termination; and (ii) such other rights and benefits, if any, as may be provide under other plans and programs of Farmers (collectively, the Accrued Obligations).

If the Covered Executives employment is terminated by Farmers without Cause or by the Covered Executive with Good Reason, then, in addition to the Accrued Obligations, the Covered Executive would be eligible to receive (i) a lump sum equal to 36-months salary for Messrs. Helmick, Culp and Graham, or 12-months salary for Mr. Gerzina and Ms. Wallace Soukenik; (ii) a pro rata incentive bonus in a lump sum equal to the bonus the Covered Executive would have earned (assuming performance at the target level); (iii) a lump sum amount equal to the monthly COBRA premium payable by the Covered Executive to continue to receive health benefits at a level similar to which the Covered Executive and his or her spouse and dependents were receiving multiplied by 36 (for Messrs. Helmick, Culp and Graham) or 12 (for Mr. Gerzina and Ms. Wallace Soukenik); and (iv) a lump sum payment in an amount not to exceed $10,000 (for Mr. Helmick) or $7,500 (for Messrs. Culp, Graham, and Gerzina and Ms. Wallace Soukenik) for reasonable outplacement services for up to one year by a firm selected by Farmers.

The Executive Separation Policy defines Good Reason to mean the occurrence of any of the following: (a) a reduction in a Covered Executive s annual base salary rate, unless such reduction generally applies to other Covered Executives regardless of the reason(s) therefore; (b) a substantial diminution in a Covered Executive s duties, authorities or responsibilities; or (3) the relocation of a Covered Executive s principal place of employment with the Company that meets certain conditions in the Executive Separation Policy. The Executive Separation Policy defines Cause to mean (a) the willful or negligent failure by the Covered Executive to substantially perform his or her duties with the Company and, after written notification by the Company to the Covered Executive, the continued failure of the Covered Executive to substantially perform such duties; (b) the willful or negligent engagement by the Covered Executive in conduct which is demonstrably and materially injurious to the Company, financially or otherwise; (c) action or inaction by the Covered Executive that constitutes a breach of fiduciary duty with respect to the Company or any of its subsidiaries; (d) the violation of any material written policy, rule or regulation of the Company; or (e) the Covered Executive s material breach of any agreement in respect of confidentiality with the Company, whether or not entered into after the effective date of the Executive Separation Policy.

In order to receive any payments pursuant to the Executive Separation Policy (other than the Accrued Obligations), the Covered Executive would be required to execute a general release in favor of Farmers and must also (i) comply with a non-competition covenant for 12 months; (ii) comply with covenants prohibiting the solicitation of customers and employees for a period of time equal to 24 months (for Messrs. Helmick, Culp and Graham) or 12 months (for Mr. Gerzina and Ms. Wallace Soukenik); (iii) maintain the confidentiality of Farmers proprietary and confidential information and (iv) comply with non-disparagement provisions. Failure to abide by these conditions requires the Covered Executive to return to Farmers, within 10 days after request by Farmers, any amounts Farmers has paid to the Covered Executive under the Executive Separation Policy (other than the Accrued Obligations).

In the event that a Covered Executive is terminated under circumstances that would entitle him or her to payment under a Change in Control Agreement, then the terms of the Change in Control Agreement will be controlling and the Covered Executive would not be entitled to benefits under the Executive Separation Policy.

Potential Payments Upon Termination or Change in Control

The table below sets forth a summary of the potential amounts payable to each named executive officer under various termination scenarios including those provided pursuant to the terms of the Executive Separation Policy and Change in Control Agreements described in the section titled **EXECUTIVE COMPENSATION AND OTHER INFORMATION Employment Agreements, Change-in-Control Agreements, Executive Separation Policy** beginning on page 42 of this proxy statement. The figures in the table assume termination occurring on December 31, 2015.

Name	Death or Disability(1)	Voluntary Termination without Good Reason or Involuntary Termination for Cause(2)	Voluntary Termination with Good Reason or Involuntary Termination without Cause(3)	Voluntary Termination with Good Reason or Involuntary Termination without Cause upon Change in Control(4)
Kevin J. Helmick				
Severance Pay			$ 1,200,000	$ 1,200,000
Benefits			$ 81,052	$ 91,052
Annual Incentive Plan	$ 160,000		$ 160,000	$ 168,815
Long-term Incentive Plans(5)	$ 370,866			$ 930,348
Nonqualified Plan	$ 10,403	$ 10,403	$ 10,403	$ 10,403
Total	$ 541,269	$ 10,403	$ 1,451,455	$ 2,400,618
Carl D. Culp				
Severance Pay			$ 585,000	$ 487,500
Benefits			$ 30,494	$ 39,162
Annual Incentive Plan	$ 68,250		$ 68,250	$ 118,833
Long-term Incentive Plans(5)	$ 179,446			$ 381,925
Nonqualified Plan	$ 10,941	$ 10,941	$ 10,941	$ 10,941
Total	$ 258,637	$ 10,941	$ 694,685	$ 1,038,361
Mark L. Graham				
Severance Pay			$ 502,500	$ 418,750
Benefits			$ 55,788	$ 60,240
Annual Incentive Plan	$ 58,625		$ 58,625	$ 141,049
Long-term Incentive Plans(5)	$ 136,514			$ 268,395
Nonqualified Plan	$ 10,898	$ 10,898	$ 10,898	$ 10,898
Total	$ 206,037	$ 10,898	$ 627,811	$ 899,332
Joseph A. Gerzina				
Severance Pay			$ 167,500	$ 167,500
Benefits			$ 23,596	$ 16,096
Annual Incentive Plan	$ 58,625		$ 58,625	$ 48,321
Long-term Incentive Plans(5)	$ 116,718			$ 248,376
Nonqualified Plan				
Total	$ 175,343		$ 249,721	$ 480,293
Amber Wallace Soukenik				
Severance Pay			$ 160,000	$ 160,000
Benefits			$ 22,290	$ 14,790
Annual Incentive Plan	$ 48,000		$ 48,000	$ 31,695
Long-term Incentive Plans(5)	$ 73,879			$ 193,772

Nonqualified Plan	$ 10,855	$ 10,855	$ 10,855	$ 10,855
Total	$ 132,734	$ 10,855	$ 241,145	$ 411,112

(1) No severance benefits are provided upon a named executive officer s death or disability other than the vesting of long-term incentive plan awards. All outstanding service-based awards fully vest upon death or disability. A pro rata portion of outstanding performance-based awards, both cash- and equity-based, vest upon death or disability, but such awards are settled only at the end of the normal vesting period and only to the extent of determined by the performance criteria over the performance period. For purposes of this calculation, it was assumed that the pro rata amount of outstanding performance-based long-term incentive awards would vest at their target levels of performance.

(2) Farmers considers normal retirement age to be 65 years of age, and no named executive officer was eligible for treatment as a retirement upon a voluntary resignation at December 31, 2015. Farmers Executive Separation Policy provides the participating executives with the following benefits as a result of a voluntary termination without Good Reason or an involuntary termination by Farmers Bank for Cause : (a) their Accrued Obligations; and (b) any rights and benefits, if any, provided under plans and programs of the Company, determined in accordance with the applicable terms and provisions of such plans and programs, including, without limitation, earned but unused vacation.

(3) The Executive Separation Policy generally provides the Covered Executives the following benefits as a result of a termination by the Company without Cause or by the Covered Executives for Good Reason : (a) the Accrued Obligations, (b) a lump sum equal to 36-months salary for Messrs. Helmick, Culp and Graham or 12-months salary for Mr. Gerzina and Ms. Wallace Soukenik; (c) a pro rata incentive bonus in a lump sum equal to the bonus the Covered Executive would have earned (assuming performance at the target level); (d) a lump sum amount equal to the monthly COBRA premium payable by the Covered Executive to continue to receive health benefits at a level similar to which the Covered Executive and his or her spouse and dependents were receiving multiplied by 36 (for Messrs. Helmick, Culp and Graham) or 12 (for Mr. Gerzina and Ms. Wallace Soukenik); and (e) a lump sum payment in an amount not to exceed $10,000 (for Mr. Helmick) or $7,500 (for Messrs. Culp, Graham, and Gerzina and Ms. Wallace Soukenik) for reasonable outplacement services for up to one year by a firm selected by Farmers. Termination without Cause is defined as a termination (a) by the Company other than for Cause, or (b) because of the Covered Executive s disability, but only if the Covered Executive is not receiving long-term disability benefits under the Company s long-term disability plan. Because termination is assumed for purposes of the table to have occurred on December 31, 2015, the annual incentive benefit payable to the executives is a full year bonus at the target level and not a pro rata portion of that annual incentive benefit. The table also assumes that the executives would receive no benefit for unused paid time off as of December 31, 2015, as unused paid time off cannot be carried over from one year to the next.

(4) The Change in Control Agreements provide for the following payments if the executive officer s employment is terminated by the Company other than for Cause, or by the executive for Good Reason (as each defined in the Change in Control Agreements: (a) a payment in an amount equal to the executive s annual base salary multiplied by three (for Mr. Helmick), two and one-half (for Messrs. Culp and Graham) or one (for all other executive officers including Mr. Gerzina and Ms. Wallace Soukenik); (b) a lump sum amount equal to the average of the annual incentive bonus paid to the executive in the three years preceding termination multiplied by three (for Mr. Helmick), two and one-half (for Messrs. Culp and Graham) or one (for all other executive officers including Mr. Gerzina and Ms. Wallace Soukenik); (c) a pro rata incentive bonus of the year of termination (assuming performance had been attained at the target level); (d) a lump sum payment in an amount equal to the monthly COBRA premium payable by the executive to continue to receive health benefits at a level similar to which the executive and his spouse and dependents were participating multiplied by 36 (for Mr. Helmick), 30 (for Messrs. Culp and Graham) or 12 (for all other executive officers including Mr. Gerzina and Ms. Wallace Soukenik); and (e) a lump sum of $20,000 for outplacement services (for Messrs. Helmick, Culp and Graham).

(5) All outstanding service-based awards fully vest upon death or disability. A pro rata portion of outstanding performance-based awards, both cash- and equity-based, vest upon death or disability, but such awards are settled only at the end of the normal vesting period and only to the extent of determined by the performance criteria over the performance period. For purposes of this calculation, it was assumed that the pro rata amount of outstanding performance-based long-term incentive awards would vest at their target levels of

performance. All outstanding long-term incentive awards are forfeited upon all other terminations except for certain terminations in connection with a Change in Control. All outstanding long-term incentive awards vest upon a termination without Cause within two years following a Change in Control, and are settled at the target level of achievement for the performance period. The value of equity awards for these purposes was calculated using the closing price of our common stock on December 31, 2015 of $8.60.

Director Compensation

The following table sets forth compensation information on each of Farmers non-employee directors. Directors who are employees of Farmers do not receive additional compensation for services as a director. For additional description of our director compensation, see **Other Elements of Our Compensation Programs** ***Director Compensation*** on page 35 of the **Compensation Discussion and Analysis.**

During 2015, in connection with the completion of our acquisition of National Bancshares, the Board of Directors added the position of Vice-Chair and appointed Mr. Smail to that position. The Board of Directors also created an Executive Committee, comprised of Mr. Smail as Chair, and Messrs. Ciroli, Helmick, and Moore.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Total ($)
Gregory C. Bestic	$ 40,000		$ 40,000
Lance J. Ciroli	$ 55,000	$ 24,810	$ 79,810
Anne Frederick Crawford	$ 35,000		$ 35,000
Ralph D. Macali	$ 35,000		$ 35,000
Terry A. Moore	$ 35,000		$ 35,000
David Z. Paull	$ 40,000		$ 40,000
Earl R. Scott	$ 43,000		$ 43,000
James R. Smail	$ 37,500		$ 37,500
Gregg Strollo	$ 35,000		$ 35,000
Howard J. Wenger	$ 17,500		$ 17,500

(1) Amounts reflect all fees paid in cash during 2015 for services as a director, including the following amounts paid to directors with additional duties: (i) $15,000 for the independent Board Chair; (ii) $10,000 for the independent Board Vice-Chair (effective July 1, 2015); (iii) $10,000 for the chair of the Executive Committee (effective July 1, 2015); and (iv) $5,000 for all other committee chairs. Mr. Scott received $3,000 in additional fees for his service on the board of the Farmers Trust Company, a subsidiary of Farmers. Messrs. Smail and Wenger commenced their service as directors of Farmers on July 1, 2015.

(2) Following completion of our acquisition of National Bancshares, the Board of Directors approved the award of 3,000 unrestricted shares of our common stock to our Board Chair, Mr. Ciroli, on August 28, 2015, in recognition of his significant role and time commitment in connection with the successful completion of that acquisition. The amount shown reflects the aggregate grant date fair value based on the closing price on the date of grant of $8.27.

PROPOSAL TWO ADVISORY VOTE ON EXECUTIVE COMPENSATION

As required by Section 14A of the Exchange Act, Farmers is providing shareholders with the right to vote to approve, on an advisory (nonbinding) basis, the following resolution relative to the compensation of the Company s named executive officers:

RESOLVED, that the shareholders approve the compensation of Farmers named executive officers, as disclosed pursuant to the compensation disclosure rules of the Commission, including the compensation discussion and analysis, compensation tables and any related material disclosed in this proxy statement.

As described in the **Compensation Discussion and Analysis** section of this proxy statement, the Board of Directors believes that Farmers compensation policies and procedures are aligned with Farmers short-term goals and long-term success. The Board of Directors believes that its improved pay-for-performance philosophy and objectively-driven incentive-based compensation opportunities are designed to both be competitive with opportunities offered by similarly situated financial institutions and to attract, retain and motivate the key executives directly responsible for the our continued success. At the Company s 2015 Annual Meeting of Shareholders, our shareholders approved the executive compensation as disclosed in the proxy statement for that Annual Meeting, with more than 90% of the Common Shares represented by shareholders present in person or represented by proxy voting for approval. The Compensation Committee evaluated the results of this strongly supportive advisory vote, together with the other factors and data discussed in this Compensation and Discussion Analysis, in determining executive compensation policies, making executive compensation decisions, and continuing implementation of its compensation philosophy and objectives.

Please read the **Compensation Discussion and Analysis** and **Compensation Tables** sections of this proxy statement, including the related narrative, for additional details about our executive compensation philosophy and programs, including information about the fiscal year 2015 compensation of the Company s named executive officers.

Vote Required and Board of Directors Recommendation

This Proposal Two to approve the resolution regarding the compensation of Farmers named executive officers requires the affirmative vote of the holders of a majority of the Common Shares present, represented and entitled to vote at the Annual Meeting. Accordingly, broker non-votes will not be relevant to the outcome. Abstentions will be counted as present and entitled to vote for purposes of Proposal Two and, thus, will have the same effect as a vote against Proposal Two. Because this vote is advisory, it will not be binding on Farmers or the Board of Directors; however, the Board and the Compensation Committee will review the voting results and will take into account the outcome of the vote when considering future executive compensation arrangements.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF

THE ADVISORY VOTE ON EXECUTIVE COMPENSATION.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Management is responsible for Farmers internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of Farmers consolidated financial statements in accordance with auditing standards generally accepted in the United States and to issue a report thereon. The Audit Committee s responsibility is to monitor and oversee these processes, and the Committee Chair, as representative of the Committee, discusses the interim financial information contained in quarterly earnings announcements with both management and the independent registered public accounting firm prior to public release. The Audit Committee also recommends to the Board of Directors the selection of Farmers independent registered public accounting firm and must pre-approve all services provided.

NASDAQ rules require each member of the Audit Committee to be able to read and understand financial statements. The Company believes that each member of the Audit Committee as constituted satisfies this requirement. Members of the Audit Committee rely without independent verification on the information provided to them and on the representations made by management and the independent registered public accounting firm, although each member of the Audit Committee has the authority to engage and determine funding for independent advisors as deemed necessary. Furthermore, the Audit Committee s considerations and discussions referred to above do not assure that the audit of Farmers financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that the Company s independent registered public accounting firm is in fact independent.

In this context, the Audit Committee met and held discussions with Farmers management, who represented to the Audit Committee that the Company s consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States. The Audit Committee reviewed and discussed the consolidated financial statements with both management and Farmers independent registered public accounting firm for the year ended December 31, 2015, Crowe Horwath LLP (Crowe Horwath). The Audit Committee also discussed with Crowe Horwath matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended by SAS No. 90 (Audit Committee Communications). Crowe Horwath provided to the Audit Committee written disclosures pursuant to Rule 3526 of the Public Company Oversight Board (Communications with Audit Committees Concerning Independence). The Audit Committee has discussed with Crowe Horwath any relationships with or services to Farmers or its subsidiaries that may impact the objectivity and independence of Crowe Horwath, and the Audit Committee has satisfied itself as to Crowe Horwath s independence.

Based upon the Audit Committee s discussion with management and Crowe Horwath, and the Committee s review of the representation of management and the report of Crowe Horwath to the Audit Committee, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements for the year ended December 31, 2015 be included in Farmers Annual Report on Form 10-K filed with the Commission. The Audit Committee also recommended that Crowe Horwath be retained as the Company s independent registered public accounting firm for the 2016 fiscal year.

The Audit Committee:

Earl R. Scott, Chair

Gregory C. Bestic

Ralph D. Macali

Gregg Strollo

PROPOSAL THREE RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected Crowe Horwath to act as the independent registered public accounting firm to examine Farmers books, records and accounts and those of its subsidiaries for the year ending December 31, 2016. This appointment is being presented to shareholders for ratification or rejection at the Annual Meeting.

Crowe Horwath was Farmers independent registered public accounting firm for the year ended December 31, 2015, and is considered by the Audit Committee and the Board of Directors to be well qualified. By NASDAQ and Commission rules and regulations, selection of Farmers independent registered public accounting firm is the direct responsibility of the Audit Committee. The Board of Directors has determined, however, to seek shareholder ratification of this selection as both a good corporate practice and to provide shareholders an avenue to express their views on this important matter.

The proposal to ratify the appointment of Farmers independent registered public accounting firm requires the affirmative vote of the holders of a majority of the Common Shares present, represented and entitled to vote at the Annual Meeting. Shareholders may vote **FOR, AGAINST** or **ABSTAIN** from voting on Proposal Three. Broker non-votes will not be counted for the purpose of determining whether Proposal Three has been approved. Abstentions will be counted as present and entitled to vote for purposes of Proposal Three and thus will have the same effect as a vote against Proposal Three. If shareholders fail to ratify the appointment, the Audit Committee will seek to understand the reasons for such failure and will take those views into account in this and future appointments of Farmers independent registered public accounting firm. Even if the current selection is ratified by shareholders, the Audit Committee reserves the right to terminate the engagement of Crowe Horwath and appoint a different independent accounting firm at any time during the year if the Audit Committee determines that such change would be in the best interests of the Company and its shareholders.

Representatives of Crowe Horwath will be present at the Annual Meeting to make a statement if they desire to do so and will be available to respond to appropriate questions.

THE AUDIT COMMITTEE AND THE BOARD OF DIRECTORS EACH RECOMMEND A VOTE FOR RATIFICATION OF THE SELECTION OF CROWE HORWATH LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY FOR THE CURRENT YEAR.

Independent Registered Public Accounting Firm Fees

Fees for professional services rendered by Crowe Horwath for fiscal 2015 and 2014 were as follows:

	2015	2014
Audit Fees	$ 379,235	$ 265,000
Audit-Related Fees	$ 79,650	$ 0
Tax Fees	$ 43,000	$ 29,375
All Other Fees	$ 0	$ 0

Audit Fees consist of consist of fees billed in the last two fiscal years for the audit of Farmers annual financial statements, the review of financial statements included in the Company s quarterly reports on Form 10-Q, statutory and subsidiary audits and services provided in connection with regulatory filings during those two years.

Audit-Related Fees consist of fees billed in the last two fiscal years for accounting consultations and assurance services reasonably related to the audit and review of Farmers financial statements. The fees billed in 2015 and 2014 include services related to providing required consents.

Tax Fees represent fees for professional services for tax compliance, tax advice and tax planning.

The Audit Committee has considered whether the provision of non-audit services is compatible with maintaining the independence of Crowe Horwath and has concluded that it is.

Pre-Approval of Fees

Under applicable Commission rules, the Audit Committee pre-approves the audit and non-audit services performed by the independent registered public accounting firm to assure that the provision of the services does not impair the firm s independence. Unless a type of service to be provided by the independent registered public accounting firm has received general pre-approval, it requires specific pre-approval by the Committee. In addition, any proposed services exceeding pre-approved cost levels require specific Audit Committee pre-approval. The Audit Committee also reviews, generally on a quarterly basis, reports summarizing the services provided by the independent registered public accounting firm. All of the services related to *Audit-Related Fees* or *All Other Fees* described above were pre-approved by the Audit Committee. The Audit Committee s pre-approval policy is contained in the Audit Committee Charter, a current copy of which is available at *www.farmersbankgroup.com*.

INCORPORATION BY REFERENCE

The Audit Committee Report and the Compensation Committee Report in this proxy statement are not deemed filed with the Commission and shall not be deemed incorporated by reference into any prior or future filings made by Farmers under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates such information by reference.

Carl D. Culp

Executive Vice President, Treasurer and Secretary

Canfield, Ohio

March 17, 2016

Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 3:30 a.m., Eastern Standard Time, on April 21, 2016.

Vote by Internet

Go to **www.envisionreports.com/FMNB**

Or scan the QR code with your smartphone

Follow the steps outlined on the secure website

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone

Follow the instructions provided by the recorded message

x

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

q **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

Proposals The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposals 2 and 3.

1. Election of Class III Directors:	For	Withhold		For	Withhold		For	Withhold
01 - Ralph D. Macali	..	..	02 - Earl R. Scott	..	..	03 - Gregg Strollo	..	..

	For	Against	Abstain		For	Against	Abstain
2. To approve, on an advisory basis, the compensation of the Company s named executive officers.	..	..	..	3. To ratify the appointment of Crowe Horwath LLP as Farmers independent registered public accounting firm for the fiscal year ending December 31, 2016.	..	..	..

NOTE: To transact such other business as may properly come before the meeting or any adjournments thereof.

Non-Voting Items

Change of Address Please print new address below.

Authorized Signatures **This section must be completed for your vote to be counted.** **Date and Sign Below**

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Date (mm/dd/yyyy) Please print date below. / /	Signature 1 Please keep signature within the box.	Signature 2 Please keep signature within the box.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

Notice & Proxy Statement, 2015 Annual Report to Shareholders with Form 10-K is/are available at

www.envisionreports.com/FMNB

q **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

PROXY FARMERS NATIONAL BANC CORP.

FARMERS NATIONAL BANC CORP.

ANNUAL MEETING OF SHAREHOLDERS

APRIL 21, 2016

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Carl D. Culp, Mark L. Graham and Amber Wallace Soukenik, and each of them, proxies with full power of substitution to vote on behalf of the shareholders of Farmers National Banc Corp. on Thursday, April 21, 2016, at 3:30 p.m. Eastern Time, and any adjournment(s) and postponement(s) thereof with all powers that the undersigned would possess personally present with respect to the proposal(s) set forth on the reverse side hereof.

IF THIS PROXY IS SIGNED AND RETURNED AND DOES NOT SPECIFY A VOTE ON ANY PROPOSAL, THE PROXY WILL BE VOTED FOR THE ELECTION OF EACH OF THE DIRECTOR NOMINEES, FOR THE APPROVAL OF PROPOSALS TWO AND THREE. THE PROXIES MAY VOTE IN THEIR DISCRETION AS TO OTHER MATTERS THAT PROPERLY COME BEFORE THE MEETING.

THE UNDERSIGNED ACKNOWLEDGES RECEIPT FROM FARMERS NATIONAL BANC CORP. PRIOR TO THE EXECUTION OF THIS PROXY OF THE NOTICE OF MEETING AND A PROXY STATEMENT.

Continued and to be signed on reverse side