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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-K

(Mark One)

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2001

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_ to \_\_

Commission file number 0-12055

Farmers National Banc Corp.  
(Exact name of registrant as specified in its charter)

Ohio  
(State or other jurisdiction of  
incorporation or organization)  
  
20 South Broad Street  
Canfield, Ohio 44406  
(Address of principal executive  
offices)

34-1371693  
(I.R.S. Employer  
Identification No.)  
  
44406;  
(Zip Code)

Registrant’s telephone number, including area code: 330-533-3341

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, no par value  
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No \_\_\_\_

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The registrant estimates that as of March 5, 2002, the aggregate market value of the voting stock held by non-affiliates of the registrant (including 404,083 shares held by executive officers and directors of the registrant) was approximately \$138,797,192.

As of March 5, 2002, the registrant had outstanding 12,069,321 shares of common stock having no par value.

DOCUMENTS INCORPORATED BY REFERENCE

<b>Document</b>	<b>Parts of Form 10-K into which Document is Incorporated</b>
2001 Annual Report to Shareholders	II
Definitive proxy statement for the 2001 Annual Meeting of Shareholders to be held on March 28, 2002	III

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FARMERS NATIONAL BANC CORP.  
FORM 10-K  
2001

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## Part I

### Item 1. Business General

#### The Corporation

The registrant, Farmers National Banc Corp. (herein sometimes referred to as the Corporation), is a one-bank holding company registered under the Bank Holding Company Act of 1956, as amended. The only subsidiary is The Farmers National Bank of Canfield, which was acquired March 31, 1983. The Corporation and its subsidiary operate in one industry, domestic banking.

The Corporation conducts no business activities except for investment in securities permitted under the Bank Holding Company Act. Bank holding companies are permitted under Regulation Y of the Board of Governors of the Federal Reserve System to engage in other activities such as leasing and mortgage banking.

#### The Bank

The Bank is a full-service national bank engaged in commercial and retail banking in Mahoning, Trumbull and Columbiana Counties in Ohio. The Bank's commercial banking services include checking accounts, savings accounts, time deposit accounts, commercial, mortgage and installment loans, home equity loans, home equity lines of credit, night depository, safe deposit boxes, money orders, bank checks, automated teller machines and travelers checks, "E" Bond transactions, utility bill payments, MasterCard and Visa credit cards, brokerage services and other miscellaneous services normally offered by commercial banks.

#### Supervision and Regulation

The Corporation is a one bank holding company and is regulated by the Federal Reserve Bank (the "FRB"). The bank is a national bank and is regulated by the Office of the Comptroller of the Currency (the "OCC"), as well as the Federal Deposit Insurance Corporation (the "FDIC"). Changes have developed over the past several years regarding minimum capital requirements for financial institutions. A listing of the minimum requirements for capital and the Corporation's capital position as of December 31, 2001 are presented in Note K on page 29 of the annual report to shareholders for the year ended December 31, 2001 and is hereby incorporated by reference.

The Corporation is subject to regulation under the Bank Holding Company Act of 1956, as amended. This Act restricts the geographic and product range of bank holding companies by defining the types and locations of institutions the holding companies can own or acquire. This act also regulates transactions between the Corporation and the bank and generally prohibits tie-ins between credit and other products and services.

## Supervision and Regulation (Continued)

The bank is subject to regulation under the National Banking Act and is periodically examined by the OCC and is subject to the rules and regulations of the FRB. As an insured institution and member of the Bank Insurance Fund (“BIF”), the bank is also subject to regulation by the FDIC. Establishment of branches is subject to approval of the OCC and geographic limits established by state law. Ohio branch banking law permits a bank having its principal place of business in the State of Ohio to establish branch offices in any county in Ohio without geographic restrictions.

### FDICIA

The Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”) revised the bank regulatory and funding provisions of the Federal Deposit Insurance Act and several other federal banking statutes. Among other things, FDICIA requires federal banking agencies to broaden the scope of corrective action taken with respect to banks that do not meet minimum capital requirements and to take such actions promptly in order to minimize losses to the FDIC.

FDICIA established five capital tiers: “well capitalized”; “adequately capitalized”; “undercapitalized”; “significantly undercapitalized”; and “critically undercapitalized” and imposes significant restrictions on the operations of a depository institution that is not in either of the first two of such categories. A depository institution’s capital tier will depend upon the relationship of its capital to various capital measures. A depository institution will be deemed to be “well capitalized” if it significantly exceeds the minimum level required by regulation for each relevant capital measure, “adequately capitalized” if it meets each such measure, “undercapitalized” if it is significantly below any such measure and “critically undercapitalized” if it fails to meet any critical capital level set forth in regulations. An institution may be deemed to be in a capitalization category that is lower than is indicated by its actual capital position if it receives an unsatisfactory examination rating or is deemed to be in an unsafe or unsound condition or to be engaging in unsafe or unsound practices.

Under regulations adopted under these provisions, for an institution to be well capitalized it must have a total risk-based capital ratio of at least 10%, a Tier I risk-based capital ratio of at least 6% and a Tier I leverage ratio of at least 5% and not be subject to any specific capital order or directive. For an institution to be adequately capitalized, it must have a total risk-based capital ratio of at least 8%, a Tier I risk-based capital ratio of at least 4% and a Tier I leverage ratio of at least 4% (or in some cases 3%). Under the regulations, an institution will be deemed to be undercapitalized if the bank has a total risk-based capital ratio that is less than 8%, a Tier I risk-based capital ratio that is less than 4% or a Tier I leverage ratio of less than 4% (or in some cases 3%). An institution will be deemed to be significantly undercapitalized if the bank has a total risk-based capital ratio that is less than 6%, a Tier I risk-based capital ratio that is less than 3%, or a leverage ratio that is less than 3% and will be deemed to be critically undercapitalized if it has a ratio of tangible equity to total assets that is equal to or less than 2%.

FDICIA generally prohibits a depository institution from making a capital distribution (including payment of dividends) or paying management fees to any entity that controls the institution if it thereafter would be undercapitalized.

## Supervision and Regulation (Continued)

If an institution becomes undercapitalized, it will be generally restricted from borrowing from the Federal Reserve, increasing its average total assets, making any acquisitions, establishing any branches or engaging in any new line of business. An undercapitalized institution must submit an acceptable capital restoration plan to the appropriate federal banking agency, which plan must, in the opinion of such agency, be based on realistic assumptions and be “likely to succeed” in restoring the institution’s capital. In connection with the approval of such a plan, the holding company of the institution must guarantee that the institution will comply with the plan, subject to a limitation of liability equal to a portion of the institution’s assets. If an undercapitalized institution fails to submit an acceptable plan or fails to implement such a plan, it will be treated as if it is significantly undercapitalized.

Under FDICIA, bank regulators are directed to require “significantly undercapitalized” institutions, among other things, to restrict business activities, raise capital through a sale of stock, merge with another institution and/or take any other action which the agency determines would better carry out the purposes of FDICIA.

Within 90 days after an institution is determined to be “critically undercapitalized”, the appropriate federal banking agency must, in most cases, appoint a receiver or conservator for the institution or take such other action as the agency determines would better achieve the purposes of FDICIA. In general, “critically undercapitalized” institutions will be prohibited from paying principal or interest on their subordinated debt and will be subject to other substantial restrictions.

Under FDICIA, an institution that is not well capitalized is generally prohibited from accepting brokered deposits. Undercapitalized institutions are prohibited from offering interest rates on deposits significantly higher than prevailing rates.

The provisions of FDICIA governing capital regulations became effective on December 19, 1992. FDICIA also directs that each federal banking agency prescribe standards for depository institutions and depository institution holding companies relating to internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, a maximum ratio of classified assets to capital, a minimum ratio of market value to book value for publicly traded shares (if feasible) and such other standards as the agency deems appropriate.

FDICIA also contains a variety of other provisions that could affect the operations of the Corporation, including new reporting requirements, regulatory standards for real estate lending, “truth in savings” provisions, the requirement that a depository institution give 90 days’ prior notice to customers and regulatory authorities before closing any branch, limitations on credit exposure between banks, restrictions on loans to a bank’s insiders and guidelines governing regulatory examinations.



## Supervision and Regulation (Continued)

Pursuant to FDICIA, the FDIC has developed a transitional risk-based assessment system, under which, beginning on January 1, 1993, the assessment rate for an insured depository institution varied according to its level of risk. An institution's risk category will depend upon whether the institution is well capitalized, adequately capitalized or less than adequately capitalized and whether it is assigned to Subgroup A, B or C. Subgroup A institutions are financially sound institutions with few minor weaknesses; Subgroup B institutions are institutions that demonstrate weaknesses which, if not corrected, could result in significant deterioration; and Subgroup C institutions are institutions for which there is a substantial probability that the FDIC will suffer a loss in connection with the institution unless effective action is taken to correct the area of weakness. Based on its capital and supervisory subgroups, each BIF member institution will be assigned an annual FDIC assessment rate per \$100 of insured deposits.

### INTERSTATE BANKING AND BRANCHING LEGISLATION

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "IBBEA") authorizes interstate acquisitions of banks and bank holding companies without geographic constraint beginning September 29, 1995. Beginning June 1, 1997, the IBBEA also authorizes banks to merge with banks located in another state provided that neither state has "opted out" of interstate branching between September 29, 1994 and May 31, 1997. States also may enact legislation permitting interstate merger transactions prior to June 1, 1997. After acquiring interstate branches through a merger, a bank may establish additional branches in that state at the same locations as any bank involved in the merger could have established branches under state and federal law. In addition, a bank may establish a de novo branch in another state that expressly permits the establishment of such branches. A bank that establishes a de novo interstate branch may thereafter establish additional branches on the same basis as a bank that has established interstate branches through a merger transaction. If a state "opts out" of interstate branching, no bank from another state may establish a branch in that state, whether through a merger or de novo establishment.

### GRAHAM-LEACH-BLILEY ACT

The Graham-Leach-Bliley Act of 1999 (the "GLB Act") allows new opportunities for banks, other depository institutions, insurance companies and securities firms to combine to form a single financial services organization to offer customers a broader choice of financial products and services. The GLB Act (which became effective March 11, 2000), authorizes the Federal Reserve Board to oversee all regulatory activities through the financial holding company, while the functional regulation of operating subsidiaries will remain with their primary functional regulator. The GLB Act requires institutions to maintain Community Reinvestment Act ratings of satisfactory or higher in order to engage in any new financial activities. This act also establishes a federal right to privacy of non-public personal information of individual customers.

Item 2. Properties

Farmers National Banc Corp.’s Properties

The Farmers National Banc Corp. owns no property. Operations are conducted at 20 South Broad Street, Canfield, Ohio.

Bank Property

The Main Office is located at 20 S. Broad Street, Canfield, Ohio. The other 17 offices of the Bank are:

Austintown Office	22 N. Niles-Canfield Rd., Youngstown, Ohio
Lake Milton Office	17817 Mahoning Avenue, Lake Milton, Ohio
Cornersburg Office	3619 S. Meridian Rd., Youngstown, Ohio
Colonial Plaza Office	401 E. Main St. Canfield, Ohio
Western Reserve Office	102 W. Western Reserve Rd., Youngstown, Ohio
Salem Office	1858 E. State Street, Salem, Ohio
Columbiana Office	340 State Rt. 14, Columbiana, Ohio
Leetonia Office	16 Walnut St., Leetonia, Ohio
Damascus Office	29053 State Rt. 62 Damascus, Ohio
Poland Office	106 McKinley Way West, Poland, Ohio
Niles Office	1 South Main Street, Niles, Ohio
Niles Drive Up	170 East State Street, Niles, Ohio
Girard Office	121 North State Street, Girard, Ohio
Eastwood Office	5845 Youngstown-Warren Rd, Niles, Ohio
Warren Office	2910 Youngstown-Warren Rd, Warren, Ohio
Mineral Ridge Office	3826 South Main Street, Mineral Ridge, Ohio
Niles Operation Center	51 South Main Street, Niles, Ohio

The bank owns all locations except the Colonial Plaza. The Colonial Plaza is occupied under an operating lease expiring in 2004.

Item 3. Legal Proceedings

There are no material pending legal proceedings to which the registrant or its subsidiary is a party or of which any of its property is subject, except proceedings which arise in the ordinary course of business. In the opinion of management, pending legal proceedings will not have a material affect on the consolidated financial position of the registrant or its subsidiary.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders through the solicitation of proxies or otherwise during the fourth quarter of 2001.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information relating to Directors is set forth in the registrant’s definitive proxy statement, which will be used in connection with its annual meeting of shareholders which will be held March 28, 2002. The proxy statement is attached hereto.

Executive Officers of the Registrant

The names, ages and positions of the executive officers as of March 1, 2002:

Name	Age	Position Held
William D. Stewart	72	Chairman
Frank L. Paden	51	President and Secretary
Carl D. Culp	38	Executive Vice President and Treasurer
Donald F. Lukas	55	Senior Vice President

Officers are elected annually by the Board of Directors immediately following the annual meeting of shareholders. The term of office for all the above executive officers is for the period ending with the next annual meeting.

Principal Occupation and Business Experience of Executive Officers

Mr. William D. Stewart has served as Chairman since March 1996. Prior to that time, he was President and Secretary since the inception of registrant on March 31, 1983, was President of the Bank since 1972 and has held various other executive positions with the Bank.

Mr. Frank L. Paden has served as President and Secretary since March 1996. Prior to that time he was Executive Vice President of the registrant since March 1995, was Executive Vice President of the Bank since March 1995 and has held various other executive positions with the Bank.

## Item 10 (Continued)

Mr. Carl D. Culp has served as Executive Vice President and Treasurer since March 1996. Prior to that time he was Controller of the registrant since November 1995 and was Controller of the Bank since November 1995.

Mr. Donald F. Lukas has served as Senior Vice President of the registrant since March 1996. Prior to that time, he was Vice President of the Bank since March 1987.

## Item 11. Executive Compensation

Information regarding this item is set forth in the registrant's definitive proxy statement, which will be used in connection with its annual meeting of shareholders to be held March 28, 2002. The proxy statement is attached hereto.

## Item 12. Security Ownership of Certain Beneficial Owners and Management

Information relating to this item is set forth in the registrant's definitive proxy statement, which will be used in connection with its annual meeting of shareholders to be held March 28, 2002. The proxy statement is attached hereto.

## Item 13. Certain Relationships and Related Transactions

Information regarding this item is set forth in the registrant's definitive proxy statement, which will be used in connection with its annual meeting of shareholders to be held March 28, 2002. The proxy statement is attached hereto.

## PART IV

### Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a)1. Financial Statements

Included in Part II of this report

Item 8., Financial Statements and Supplementary Data is set forth in the registrant's 2001 Annual Report to Shareholders and is incorporated by reference in Part II of this report

(a)2. Financial Statement Schedules      Page

Accountant's consent      IV-2

All schedules are omitted because they are not applicable.

(a)3. Exhibits

The exhibits filed or incorporated by reference as a part of this report are listed in the Index of Exhibits, which appears at page IV-4 hereof and is incorporated herein by reference.

(b) Report on Form 8-K

No reports were filed for three months ended December 31, 2001.

## INDEPENDENT AUDITOR’S CONSENT

FARMERS NATIONAL BANC CORP.:

We hereby consent to the incorporation by reference in this Registration Statement of our report dated January 18, 2002, relating to the consolidated financial statements of Farmers National Banc Corp. and subsidiary.

/s/HILL, BARTH & KING LLC

HILL, BARTH & KING LLC

Warren, Ohio  
March 22, 2002

SIGNATURES

Pursuant to the requirements of Section 13 or 15(D) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the under signed, thereunto duly authorized.

Farmers National Banc Corp.	Farmers National Banc Corp.
<u>/s/ Frank L. Paden</u> Frank L. Paden President and Secretary	<u>/s/ Carl D. Culp</u> Carl D. Culp Executive Vice President and Treasurer

<u>/s/ William D. Stewart</u> William D. Stewart	Chairman	March 22, 2002
<u>/s/ Benjamin R. Brown</u> Benjamin R. Brown	Director	March 22, 2002
<u>/s/ Joseph D. Lane</u> Joseph D. Lane	Director	March 22, 2002
<u>/s/ Ralph D. Macali</u> Ralph D. Macali	Director	March 22, 2002
<u>/s/ David C. Myers</u> David C. Myers	Director	March 22, 2002
<u>/s/ Edward A. Ort</u> Edward A. Ort	Director	March 22, 2002
<u>/s/ Frank L. Paden</u> Frank L. Paden	President and Director	March 22, 2002
<u>/s/ Ronald V. Wertz</u> Ronald V. Wertz	Director	March 22, 2002

## INDEX TO EXHIBITS

The following exhibits are filed or incorporated by references as part of this report:

- |       |   |
|-------|---|
| 2.    | Not applicable.   |
| 3(i)  | Not applicable.   |
| 3(ii) | Not applicable.   |
| 4.    | The registrant agrees to furnish to the Commission upon request copies of all instruments not filed herewith defining the rights of holders of long-term debt of the registrant and its subsidiaries. |
| 9.    | Not applicable.   |
| 10.   | Not applicable.   |
| 11.   | Not applicable.   |
| 12.   | Not applicable.   |
| 13.   | Annual Report to security holders (filed herewith)  |
| 16.   | Not applicable.   |
| 18.   | Not applicable.   |
| 21.   | Subsidiaries of the registrant (Subsidiary of the registrant is incorporated by reference in Part I, Item 1 of this report)   |
| 22.   | Not applicable.   |
| 23.   | Not applicable.   |
| 24.   | Not applicable.   |
| 99.   | Definitive Proxy Statement (filed herewith)   |

Copies of any exhibits will be furnished to shareholders upon written request. Request should be directed to Carl D. Culp, Executive Vice President, Farmers National Banc Corp., 20 S. Broad Street, Canfield, Ohio 44406.