UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the Quarter ended Sept. 30, 2003 Commission file number 2-80339

FARMERS NATIONAL BANC CORP.

(Exact name of registrant as specified in its charter)

OHIO	34-1371693
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No)
20 South Broad Street Canfield, OH 44406	44406
(Address of principal executive offices)	(Zip Code)

(330) 533-3341

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year,
if changed since last report)

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 whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 31, 2003
Common Stock, No Par Value	12,401,343 shares

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<u>PART I - FINANCIAL INFORMATION</u>

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEETS
FARMERS NATIONAL BANC CORP. AND SUBSIDIARY

(Unaudited)

	(In Thousands of Dollars) September 30, 2003	December 31, 2002
ASSETS		
Cash and due from banks	$ 26,614	$ 31,204
Federal funds sold	6,986	4,537
TOTAL CASH AND CASH EQUIVALENTS	33,600	35,741
Securities available for sale	291,729	251,089
Loans	463,611	449,693
Less allowance for credit losses	6,814	6,779
NET LOANS	456,797	442,914
Premises and equipment, net	14,918	12,892
Other assets	5,778	5,462
	$802,822	$748,098
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits (all domestic):		
Noninterest-bearing	$ 52,444	$ 51,001
Interest-bearing	571,924	537,253
TOTAL DEPOSITS	624,368	588,254
U. S. Treasury interest-bearing demand note	260	810
Securities sold under repurchase agreements	67,743	51,117
Federal Home Loan Bank advances	28,517	23,022
Other liabilities and deferred credits	2,532	3,943
TOTAL LIABILITIES	723,420	667,146
Stockholders' Equity:		
Common Stock — Authorized 25,000,000 shares; issued 13,061,376 in 2003 and 12,854,352 in 2002	65,957	62,631
Retained earnings	19,897	18,404
Accumulated other comprehensive income	2,050	4,887
Treasury stock, at cost; 639,175 shares in 2003 and 418,774 in 2002	(8,502)	(4,970)
TOTAL STOCKHOLDERS' EQUITY	79,402	80,952
	$802,822	$748,098

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FARMERS NATIONAL BANC CORP. AND SUBSIDIARY

(Unaudited)

	(In Thousands except Per Share Data) For the Three Months Ended		For the Nine Months Ended	
	Sept. 30, 2003	**Sept. 30, 2002**	**Sept. 30, 2003**	**Sept. 30, 2002**
INTEREST INCOME				
Interest and fees on loans	$ 8,130	$ 8,623	$24,647	$25,976
Interest and dividends on securities:				
Taxable interest	2,047	1,848	6,288	4,622
Nontaxable interest	451	392	1,278	1,102
Dividends	162	169	482	546
Interest on federal funds sold	35	148	141	537
TOTAL INTEREST INCOME	10,825	11,180	32,836	32,783
INTEREST EXPENSE				
Deposits	2,678	3,433	8,450	10,994
Borrowings	678	785	2,273	2,387
TOTAL INTEREST EXPENSE	3,356	4,218	10,723	13,381
NET INTEREST INCOME	7,469	6,962	22,113	19,402
Provision for credit losses	190	270	660	810
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	7,279	6,692	21,453	18,592
OTHER INCOME				
Service charges on deposit accounts	504	495	1,442	1,375
Investment security gains	0	79	0	232
Other operating income	277	290	796	831
TOTAL OTHER INCOME	781	864	2,238	2,438
OTHER EXPENSES				
Salaries and employee benefits	2,679	2,433	7,897	7,162
Net occupancy expense of premises	269	271	812	800
Furniture and equipment expense, including depreciation	285	278	878	903
State and local taxes	219	220	656	630
Other operating expenses	1,152	1,172	3,428	3,570
TOTAL OTHER EXPENSES	4,604	4,374	13,671	13,065
INCOME BEFORE FEDERAL INCOME TAXES	3,456	3,182	10,020	7,965
FEDERAL INCOME TAXES	1,014	941	2,949	2,309
NET INCOME	$ 2,442	$ 2,241	$ 7,071	$ 5,656
OTHER COMPREHENSIVE INCOME, NET OF TAX:				
Change in net unrealized gains (losses) on securities, net of reclassifications	(3,434)	2,058	(2,837)	2,916
COMPREHENSIVE INCOME (LOSS)	($992)	$ 4,299	$ 4,234	$ 8,572
NET INCOME PER SHARE-basic and diluted	$ 0.19	$ 0.18	$ 0.56	$ 0.45
DIVIDENDS PER SHARE	$ 0.15	$ 0.14	$ 0.45	$ 0.42

See accompanying notes to consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FARMERS NATIONAL BANC CORP. AND SUBSIDIARY
(Unaudited)

	(In Thousands of Dollars) Nine Months Ended September 30, 2003	September 30, 2002
CASH FLOWS FROM OPERATING ACTIVITIES		
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 10,364	$ 7,721
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities and repayments of securities available for sale	55,153	22,076
Proceeds from sales of securities available for sale	0	1,518
Purchases of securities available for sale	(101,468)	(114,093)
Net increase in loans made to customers	(15,341)	(14,059)
Purchases of premises and equipment	(2,701)	(617)
NET CASH USED IN INVESTING ACTIVITIES	(64,357)	(105,175)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	36,195	78,355
Net increase in short-term borrowings	16,076	13,195
Proceeds from Federal Home Loan Bank borrowings and other debt	8,752	4,415
Repayment of Federal Home Loan Bank borrowings and other debt	(3,305)	(7,120)
Purchase of Treasury Stock	(3,532)	(2,293)
Dividends paid	(5,660)	(5,113)
Proceeds from sale of common stock	3,326	2,858
NET CASH PROVIDED BY FINANCING ACTIVITIES	51,852	84,297
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,141)	(13,157)
CASH AND CASH EQUIVALENTS		
Beginning of period	35,741	65,413
End of period	$ 33,600	$ 52,256
SUPPLEMENTAL DISCLOSURES		
Interest paid	(10,686)	(13,930)
Income taxes paid	(3,122)	(1,624)

See accompanying notes to consolidated financial statements

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Principles of Consolidation:

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiary, The Farmers National Bank of Canfield. All significant intercompany balances and transactions have been eliminated.

Basis of Presentation:

The unaudited condensed consolidated financial statements have been prepared in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("U.S. GAAP"), for complete financial statements. The financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2002 Annual Report to Shareholders included in the Company's 2002 Annual Report on Form 10-K. The interim condensed consolidated financial statements include all adjustments (consisting of only normal recurring items) that, in the opinion of management, are necessary for a fair presentation of the financial position and results of operations for the periods presented. The results of operations for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for a full year.

Estimates:

To prepare financial statements in conformity with U.S. GAAP, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and future results could differ. The allowance for credit losses and fair values of certain securities are particularly subject to change.

Segments:

The Company provides a broad range of financial services to individuals and companies in northeastern Ohio. While the Company's chief decision makers monitor the revenue streams of the various products and services, operations are managed and financial performance is evaluated on a Company-wide basis. Accordingly, all the Company's banking operations are considered by management to be aggregated in one reportable operating segment.

Stock-Based Compensation:

Employee compensation expense under stock options is reported using the intrinsic valuation method. No stock-based compensation cost is reflected in net income, as all options granted had an exercise price equal to or greater than the market price of the underlying common stock at the date of grant. The following table illustrates the effect on net income and earnings per share if expense was measured using the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock Based Compensation.

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
(In Thousands, except Per Share Data)	2003	2002	2003	2002
Net income, as reported	$2,442	$2,241	$7,071	$5,656
Less: Total stock-based employee compensation expense determined under fair-value-based method for all awards, net or related tax effects	(8)	(8)	(23)	(23)
Pro forma net income	$2,434	$2,233	$7,048	$5,633
Earnings per share:				
As reported	$ .19	$ .18	$ .56	$ .45
Pro forma	$ .19	$ .18	$ .56	$ .45

Earnings Per Share:

The computation of basic and diluted earnings per share is shown in the following table:

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
(In Thousands, except Per Share Data)	2003	2002	2003	2002
Basic EPS computation				
Numerator — Net income	$ 2,442	$ 2,241	$ 7,071	$ 5,656
Denominator — Weighted average shares outstanding	12,654,124	12,337,909	12,669,336	12,577,760
Basic earnings per share	$ .19	$ .18	$ .56	$ .45
Diluted EPS computation				
Numerator — Net income	$ 2,442	$ 2,241	$ 7,071	$ 5,656
Denominator — Weighted average shares outstanding for basic earnings per share	12,654,124	12,337,909	12,669,336	12,577,760
Effect of Stock Options	17,415	3,708	16,384	2,154
Weighted averages shares for diluted earnings per share	12,671,539	12,341,617	12,685,720	12,579,914
Diluted earnings per share	$ .19	$ .18	$ .56	$ .45

Share and per share information has been restated to reflect the impact of stock dividends. On October 14, 2003, the Board of Directors declared a 2% stock dividend payable on November 28, 2003 to all shareholders of record on November 14, 2003.

Comprehensive Income:

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income consists solely of unrealized gains and losses on securities available for sale. The following table discloses the reclassification of available for sale security gains and losses.

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
(In Thousands of Dollars)	2003	2002	2003	2002
Net unrealized holding gains (losses) on available for sale securities arising during the period, net of tax	$(3,434)	$2,110	$(2,837)	$3,069
Less: Reclassification adjustment for net gains realized in net income, net of tax	0	52	0	153
Net unrealized gains (losses), net of tax	$(3,434)	$2,058	$(2,837)	$2,916

New Accounting Pronouncements:

On April 30, 2003, the FASB issued Statement No. 149, “Amendment of Statement 133 on Derivative Instruments and Hedging Activities” to amend and clarify prior guidance. This guidance clarifies the definition of a derivative, deals with cash flow reporting for derivatives that contain a financing element, clarifies the term required of mirror call or put options in interest rate swaps used in short-cut hedges, and clarifies provisions dealing with “regular way” securities trades and contracts to purchase or sell securities that do not yet exist. The standard is effective prospectively for hedging relationships and contracts entered into or modified after June 30, 2003; however SFAS 149 leaves in place earlier effective dates for matters already settled via the Derivatives Implementation Group process. Management does not expect the effect of adoption of this statement to be material.

In May 2003, the FASB issued Statement No. 150, “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity”. According to FASB 150, the following must be classified as liabilities: shares that are mandatorily redeemable, where there is an unconditional obligation of the issuer to redeem it by transferring assets at a specified date or upon an event certain to incur; financial instruments that represent an obligation to repurchase shares that may require the issuer to settle by transferring assets; and financial instruments that are a conditional obligation that may be settled by issuing a variable number of equity shares, if the value at inception is based on a fixed monetary amount or is indexed to something other than the fair value of the equity shares. This Statement does not apply to convertible bonds, puttable stock, or other outstanding shares that are conditionally redeemable. It is effective for financial instruments that are new or modified after May 31, 2003, and to existing financial instruments in the first interim period beginning after June 15, 2003. Management does not expect the effect of adoption of this statement to be material.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward Looking Statements

The following financial review presents an analysis of the assets and liability structure of the Corporation and a discussion of the results of operations for each of the periods presented in this quarterly report. Certain statements in this report that relate to Farmers National Banc Corp.'s plans, objectives, or future performance may be deemed to be forward-looking statements within the Private Securities Litigation Reform Act of 1995. Such statements are based on management's current expectations. Actual strategies and results in future periods may differ materially from those currently expected because of various risks and uncertainties.

Among the important factors that could cause actual results to differ materially are interest rates, changes in the mix of the company's business, competitive pressures, general economic conditions and the risk factors detailed in the company's other periodic reports and registration statements filed with the Securities and Exchange Commission.

Results of Operations
Comparison of the Three and Nine Months Ended September 30, 2003 and 2002

The Corporation's net income for the first nine months of 2003 was $7.07 million, or $.56 per share, which is a 25.02% increase compared with the $5.66 million, or $.45 per share earned during the same period last year. During the third quarter of 2003, net income was $2.44 million, or $.19 per share, which is an 8.97% increase compared with the $2.24 million, or $.18 per share earned during the same period last year. The reported increases in net income are primarily attributable to increases in net interest income, as explained in the following paragraph. Return on average assets and return on average equity for the first nine months of 2003 were 1.20% and 11.52% respectively, compared to 1.08% and 10.37% for the same period in 2002.

Net Interest Income. Net interest income for the first nine months of 2003 totaled $22.11 million, an increase of $2.71 million or 13.97% over the first nine months of 2002. While interest income only increased $53 thousand or .16%, interest expense decreased $2.66 million or 19.86%. Average earning assets increased 13.19% when comparing September 30, 2003 to September 30, 2002, but this growth was offset by a 78 basis point decrease in the yield on earning assets. The decline in interest expense was mainly due to a 97 basis point decrease in the rates paid on interest-bearing liabilities, caused by a general decline in interest rates. This drop in interest-bearing deposit rates helped boost our tax equated net interest margin from 4.12% at September 30, 2002 to 4.15% at September 30, 2003. Management does not expect material changes in net interest income for the fourth quarter of 2003 when compared to the first three quarters of 2003.

Net interest income for the quarter ended September 30, 2003 totaled $7.47 million, an increase of $507 thousand or 7.28% over the quarter ended September 30, 2002. The increase in net interest income is attributable to the $862 thousand decrease or 20.44% in interest expense. Deposit interest expense decreased $755 thousand, caused by a general decline in interest rates.

Other Income. Total other income decreased by $200 thousand or 8.2% from a year ago. This decrease is due to a decrease in realized investment security gains. Realized investment security gains were $0 for the first nine months of 2003 and $232 thousand for the same period in 2002.

Total other income for the quarter ended September 30, 2003 decreased by $83 thousand or 9.61% from the prior year comparable quarter. This decrease was caused by the decrease in investment security gains. Investment security gains were $0 for the quarter ended September 30, 2003 and $79 thousand for the quarter ended September 30, 2002.

Other Expense. Other expense was $13.67 million for the first nine months of 2003 compared to $13.07 million for the same time in 2002. This increase of 4.64% mostly occurred in the area of salaries and employee benefits. Salaries and employee benefits increased $735 thousand or 10.26% due primarily to a substantial increase in employee health insurance costs. These health insurance costs increased $393 thousand or 38.2%. The efficiency ratio improved to 56.14% for the first nine months of 2003 compared to 60.46% for the first nine months of 2002. The efficiency ratio is calculated as follows: non-interest expense divided by the sum of net interest income plus non-interest income, excluding security gains. This ratio is a measure of the expense incurred to generate a dollar of revenue. Management will continue to closely monitor and keep the increases in other expenses to a minimum.

Other expense was $4.6 million for the quarter ended September 30, 2003 compared to $4.37 million for the same quarter in 2002. This increase of 5.26% occurred mainly in the area of salaries and employee benefits. Salaries and employee benefits increased $246 thousand or 10.11% due to a substantial increase in employee health insurance costs as well as higher salaries. Health insurance costs increased $85 thousand or 20.99% over the prior year comparable quarter. Salaries increased $97 thousand or 5.52% during the same period, primarily due to a higher number of full time equivalent employees and salary merit increases.

Income Taxes. Income tax expense totaled $2.95 million for the first nine months of 2003 and $2.31 million for the first nine months of 2002, an increase of 27.72%. The increase in federal income taxes is a result of the substantial increase in net interest income discussed earlier. The effective tax rate for the first nine months of 2003 was 29.34% compared to 29.17% for the same time in 2002.

Income tax expense totaled $1.01 million for the quarter ended September 30, 2003 and $941 thousand for the quarter ended September 30, 2002, an increase of 7.76%. This increase in federal income taxes is consistent with the increase in net interest income discussed earlier. The effective tax rate for the quarter ended September 30, 2003 was 29.25% compared to 29.57% for the same period in 2002.

Other Comprehensive Income. For the first nine months of 2003, the change in net unrealized gains (losses) on securities, net of reclassifications, was a loss of $2.837 million versus a gain of $2.916 million for the same period in 2002. The changes in 2002 and 2003 were due to interest rate fluctuations affecting the market values of the entire investment portfolio.

Financial Condition

Total assets grew $54.72 million or 7.32% since December 31, 2002. Average earning assets increased $86.12 million or 13.19% when comparing September 30, 2003 to September 30, 2002. Most of this growth in assets is a direct result of increases in deposit balances and borrowings. Total liabilities increased $56.27 million or 8.44% since December 31, 2002. Average interest-bearing liabilities increased $87.13 million or 15.47% from September 30, 2002 to September 30, 2003. Capital ratios remain solid, as shown by the ratio of equity to total assets at September 30, 2003 of 9.89%.

Securities. Securities available for sale grew $40.64 million or 16.19% since December 31, 2002. In addition, average investments increased $70.27 million or 33.45% when comparing September 30, 2003 to September 30, 2002. As the interest-bearing liabilities increased, they were primarily invested in high-grade investment securities. Most of this investment occurred in federal agency securities.

Loans. Gross loans increased $13.92 million or 3.1% since December 31, 2002. Furthermore, average loans increased $15.85 million or 3.58% from September 30, 2002 to September 30, 2003. Most of this increase from the prior year comparable nine month period occurred in the Commercial Real Estate Portfolio.

Allowance for Credit Losses. The allowance for credit losses as a percentage of loans decreased from 1.51% at December 31, 2002 to 1.47% at September 30, 2003. The provision for credit losses for the first nine months of 2003 and 2002 was $660 thousand and $810 thousand, respectively. Net charge-offs totaled $625 thousand for the first nine months of 2003 up from $506 thousand for the first nine months of 2002. Annualized net charge-offs to average loans for the first six months of 2003 was .18% compared to .15% for the first nine months of 2002. Non-performing assets to total loans decreased from .38% as of December 31, 2002 to .36% as of September 30, 2003.

The provision for credit losses charged to operating expense is based on management's judgment after taking into consideration all factors connected with the collectibility of the existing loan portfolio. Management evaluates the loan portfolio in light of economic conditions, changes in the nature and volume of the loan portfolio, industry standards and other relevant factors. Specific factors considered by management in determining the amounts charged to operating expenses include previous credit loss experience, the status of past due interest and principal payments, the quality of financial information supplied by loan customers and the general condition of the industries in the community to which loans have been made.

Deposits. Total deposits increased $36.11 million or 6.14% since December 31, 2002. Average deposits increased $74.13 million or 13.97% when comparing September 30, 2003 to September 30, 2002. Most of this deposit growth from the prior year comparable nine month period occurred in the Company's money market accounts. The Company has continued to offer a competitive rate of interest on money market accounts to attract new customers and enhance existing account relationships.

Borrowings. Total borrowings increased $21.57 million or 28.78% since December 31, 2002. Most of this increase was a result of repurchase agreements growing $16.63 million. This growth was caused by the Company offering above market rates on repurchase agreements. A floor rate of interest was in effect from the contracts resulting in above market rates . Management has since properly notified its customers and lowered these rates closer to market levels. Management does not expect significant increases in repurchase agreement balances going forward.

Capital Resources. The capital management function is a regular process which consists of providing capital for both the current financial position and the anticipated future growth of the Corporation. As of September 30, 2003 the Corporation's total risk-based capital ratio stood at 16.78%, and the Tier I risk-based capital ratio and Tier I leverage ratio were at 15.52% and 9.52%, respectively. Regulations established by the Federal Deposit Insurance Corporation Improvement Act require that for a bank to be considered well capitalized, it must have a total risk-based capital ratio of 10%, a Tier I risk-based capital ratio of 6% and a Tier I leverage ratio of 5%.

Critical Accounting Policies

The Company follows financial accounting and reporting policies that are in accordance with U.S. GAAP. These policies are presented in Note A to the consolidated audited financial statements in Farmers National Banc Corp.'s 2002 Annual Report to Shareholders included in Farmers National Banc Corp.'s Annual Report on Form 10-K. Critical accounting policies are those policies that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The Company has identified one accounting policy that is a critical accounting policy and an understanding of this policy is necessary to understand our financial statements. This policy relates to determining the adequacy of the allowance for credit losses. Additional information regarding this policy is included in the section captioned “Allowance for Credit Losses”.

Liquidity

The Corporation maintains, in the opinion of management, liquidity sufficient to satisfy depositors’ requirements and meet the credit needs of customers. The Corporation depends on its ability to maintain its market share of deposits as well as acquiring new funds. The Corporation’s ability to attract deposits and borrow funds depends in large measure on its profitability, capitalization and overall financial condition. The Company’s objective in liquidity management is to maintain the ability to meet loan commitments, purchase securities or to repay deposits and other liabilities in accordance with their terms without an adverse impact on current or future earnings. Principal sources of liquidity for the Company include assets considered relatively liquid, such as federal funds sold, cash and due from banks, as well as cash flows from maturities and repayments of loans, and investment securities.

The primary investing activities of the Company are originating loans and purchasing securities. Net cash used in investing activities amounted to $64.36 million for the first nine months of 2003 compared to $105.18 million for the same period of 2002. Net increases in loans were $15.34 million in 2003 compared to $14.06 million in 2002. Investment purchases, net of investment proceeds from maturities, repayments and sales totaled $46.32 million for the nine month period ended September 30, 2003 and $90.5 million for the nine month period ended September 30, 2002.

The primary financing activities of the Company are obtaining deposits, repurchase agreements and other borrowings. Net cash provided by financing activities amounted to $51.85 million for the first nine months of 2003 and $84.3 for the same period in 2002. A net increase in deposits provided $36.2 million in 2003 and $78.36 million in 2002. In addition, a net increase in short-term borrowings provided $16.03 million in 2003 and $13.15 million in 2002.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company’s ability to maximize net income is dependent, in part, on management’s ability to plan and control net interest income through management of the pricing and mix of assets and liabilities. Because a large portion of assets and liabilities of the Company are monetary in nature, changes in interest rates and monetary or fiscal policy affect its financial condition and can have significant impact on the net income of the Company.

The Company monitors its exposure to interest rate risk on a quarterly basis through simulation analysis which measures the impact changes in interest rates can have on net income. The simulation technique analyzes the effect of a presumed 100 and 200 basis points shift in interest rates and takes into account prepayment speeds on amortizing financial instruments, loan and deposit volumes and rates, non-maturity deposit assumptions and capital requirements. The results of the simulation indicate that in an environment where interest rates rise or fall 100 and 200 basis points over a 12 month period, using August 31, 2003 amounts as a base case, the Company’s change in net interest income would be less than the board mandated limits.

The information required by Item 3 has been disclosed in Item 7A of the Company’s Annual Report to Shareholders on Form 10-K for the year ended December 31, 2002. There has been no material change in the disclosure regarding market risk due to the stability of the balance sheet.

Item 4. Controls and Procedures

Based on their evaluation, as of a date within 90 days of the filing of this Form 10-Q, the Company's Chief Executive Officer and Chief Financial Officer have concluded the Company's disclosure controls and procedures (as defined in Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934) are effective. There have been no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 2. Changes in Securities

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

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

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits and Reports on Form 8-K

(a) 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.

10. Not applicable.

11. Not applicable.

15. Not applicable.

18. Not applicable.

Item 6. Exhibits and Reports on Form 8-K (continued)

19. Not applicable.

22. Not applicable.

23. Not applicable.

24. Not applicable.

31.a Certification of Chief Executive Officer (Filed herewith)

31.b Certification of Chief Financial Officer (Filed herewith)

32.a 906 Certification of Chief Executive Officer (Filed herewith)

32.b 906 Certification of Chief Financial Officer (Filed herewith)

(b) - Reports on Form 8-K

Two Form 8-K's were filed during the third quarter of 2003. The first Form 8-K was dated July 18, 2003 and applied to Item 5, Other Events. This filing reported the earnings for the first six months of 2003.

The second Form 8-K was dated August 19, 2003 and also applied to Item 5, Other Events. This filing announced the quarterly dividend.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FARMERS NATIONAL BANC CORP.

Dated: November 10, 2003

/s/Frank L. Paden

Frank L. Paden
President and Secretary

Dated: November 10, 2003

/s/Carl D. Culp

Carl D. Culp
Executive Vice President
and Treasurer