

FARMERS NATIONAL BANC CORP /OH/  
Form S-4  
July 17, 2015  
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As filed with the Securities and Exchange Commission on July 17, 2015

Registration No. 333-

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM S-4  
REGISTRATION STATEMENT  
*UNDER*  
*THE SECURITIES ACT OF 1933*

**Farmers National Banc Corp.**

(Exact name of Registrant as specified in its charter)

**Ohio**  
(State or other jurisdiction of  
incorporation or organization)

**6021**  
(Primary Standard Industrial  
Classification Code Number)

**34-1371693**  
(I.R.S. Employer  
Identification Number)

**20 South Broad Street, Canfield, Ohio 44406**

**(330) 533-3341**

**(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)**

**Kevin J. Helmick**

**President and Chief Executive Officer**

**Farmers National Banc Corp.**

**20 South Broad Street, Canfield, Ohio 44406**

**(330) 533-3341**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

*Copies to:*

**J. Bret Treier, Esq.  
Vorys, Sater, Seymour and Pease LLP  
106 South Main Street  
Suite 1100  
Akron, Ohio 44308  
Phone: (330) 208-1000**

**Perry S. Patterson, Esq.  
Buchanan Ingersoll & Rooney PC  
One Oxford Centre  
301 Grant Street, 20<sup>th</sup> Floor  
Pittsburgh, Pennsylvania 15219-1410  
Phone: (412) 562-8800**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer " Accelerated filer x  
 Non-accelerated filer " (do not check if smaller reporting company) Smaller reporting company "  
 If applicable, place an x in the box to designate the appropriate rule provision relied upon in conducting this transaction:

- " Exchange Act Rule 13e-4(i)(Cross-Border Tender Offer)
- " Exchange Act Rule 14d-1(d)(Cross-Border Third Party Tender Offer)

**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share	Proposed maximum aggregate	
			offering price (2)	Amount of registration fee
Common Shares, without par value	1,305,193	N/A	\$10,220,396	\$1,187.61

(1) Represents an estimate of the maximum number of common shares, without par value, of Farmers National Banc Corp. that Registrant anticipates issuing in connection with the proposed merger to which this registration statement relates.

(2) Pursuant to Rule 457(c) and (f)(3) under the Securities Act, and estimated solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price was calculated as (A) the product of (i) \$13.81, the average of the high and low prices per common share of Tri-State 1<sup>st</sup> Banc, Inc. as reported on the OTC Pink marketplace on July 15, 2015, the latest practicable date prior to the date of filing of this registration statement, and (ii) 996,140, the estimated maximum number of common shares of Tri-State 1<sup>st</sup> Banc, Inc. that may be exchanged in the merger, minus (B) \$3,536,297, the estimated aggregate amount of cash to be paid by Farmers National Banc Corp. for the Tri-State 1<sup>st</sup> Banc, Inc. common shares.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.**

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**THE INFORMATION IN THIS PROXY STATEMENT/PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. WE MAY NOT ISSUE THESE SECURITIES UNTIL THE REGISTRATION STATEMENT IS EFFECTIVE. THIS PROXY STATEMENT/PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.**

**PRELIMINARY PROXY STATEMENT/PROSPECTUS**

**DATED JULY 17, 2015, SUBJECT TO COMPLETION**

**MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT**

Farmers National Banc Corp. ( Farmers ), FMNB Merger Subsidiary, LLC ( Merger Sub ) and Tri-State Banc, Inc. ( TSOH ), have entered into an Agreement and Plan of Merger dated as of June 23, 2015 (the Merger Agreement ), which provides for the merger of TSOH with and into Merger Sub, a newly-formed, wholly-owned subsidiary of Farmers (the Merger ). Consummation of the Merger is subject to certain conditions, including, but not limited to, obtaining the requisite vote of the shareholders of TSOH and the approval of the Merger by various regulatory agencies.

Under the terms of the Merger Agreement, holders of TSOH common shares will be entitled to receive from Farmers, after the Merger is completed, merger consideration payable in the form of a combination of cash and Farmers common shares to be calculated as set forth in the Merger Agreement. At the effective time of the Merger, each TSOH common share will be converted into the right to receive either: (i) 1.747 Farmers common shares, or (ii) \$14.20 in cash, subject to certain allocation procedures set forth in the Merger Agreement intended to ensure that 75% of the outstanding TSOH common shares are converted into the right to receive Farmers common shares and the remaining outstanding TSOH common shares are converted into the right to receive cash. Holders of TSOH Series A preferred shares that have not converted or validly elected to convert their Series A preferred shares into TSOH common shares by the effective time of the Merger will be entitled to receive from Farmers, after the Merger is completed, merger consideration of \$13.60 in cash for each Series A preferred share. The aggregate Merger consideration to be paid to TSOH shareholders under the Merger Agreement is approximately \$14.1 million, based on the volume weighted average stock price of \$8.13 of Farmers as of June 19, 2015. See *SUMMARY What TSOH shareholders will receive in the Merger.*

Farmers will not issue any fractional common shares in connection with the Merger. Instead, each holder of TSOH common shares who would otherwise be entitled to receive a fraction of a Farmers common share (after taking into account all TSOH common shares owned by such holder at the effective time of the Merger) will receive cash, without interest, in an amount equal to the Farmers fractional common share to which such holder would otherwise be entitled to multiplied by the volume-weighted average, rounded to the nearest one tenth of a cent, of the closing sale prices of Farmers common shares based on information reported by NASDAQ Stock Market (the Nasdaq ) for the five (5) trading days immediately preceding the effective time.

TSOH will hold a special meeting of its common shareholders to vote on the adoption and approval of the Merger Agreement. The special meeting of TSOH's common shareholders will be held at: 10:00 a.m., local time, on [ ], 2015, at TSOH's offices located at 16924 St. Clair Avenue, East Liverpool, Ohio 43920.

At the special meeting, TSOH's common shareholders will be asked to approve and adopt the Merger Agreement and the transactions contemplated thereby, including the Merger. The common shareholders will also be asked to approve the adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the Merger Agreement and the transactions contemplated thereby, including the Merger. TSOH's Series A preferred shareholders will not be entitled to vote at the special meeting.

This document is a proxy statement of TSOH that it is using to solicit proxies for use at the special meeting of common shareholders to vote on the Merger. It is also a prospectus relating to Farmers' issuance of its common shares in connection with the Merger. This proxy statement/prospectus describes TSOH's special meeting, the Merger proposal and other related matters.

**The board of directors of TSOH has unanimously approved the Merger Agreement and the transactions contemplated thereby, including the Merger, and recommends that TSOH's common shareholders vote FOR the adoption and approval of the Merger Agreement, and FOR the approval of the adjournment of the special meeting, if necessary, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to adopt and approve the Merger Agreement.**

Farmers' common shares are traded on the Nasdaq under the symbol FMNB. On June 23, 2015, the date of execution of the Merger Agreement, the closing price of Farmers' common shares was \$8.20 per share. On [ ], 2015, the closing price of Farmers' common shares was \$[ ] per share. TSOH's common shares are traded in the OTC Pink marketplace under the symbol TSOH. On June 23, 2015, the date of execution of the Merger Agreement, the closing price of TSOH's common shares was \$10.50. On [ ], 2015, the closing price of TSOH's common shares was \$[ ].

**You are encouraged to read this document, including the materials incorporated by reference into this document, carefully. In particular, you should read the Risk Factors section beginning on page 21 for a discussion of the risks related to the Merger and owning Farmers common shares after the Merger.**

Whether or not you plan to attend the special meeting, you are urged to vote by completing, signing and returning the enclosed proxy card in the enclosed postage-paid envelope.

If you are a TSOH common shareholder as of [ ], 2015, the record date, and you do not vote your shares in favor of the adoption and approval of the Merger Agreement, under the Ohio General Corporation Law ( OGCL ), you will have the right to demand the fair cash value for your TSOH common shares. To exercise your dissenters' rights, you must adhere to the specific requirements of the OGCL; see *DISSENTERS' RIGHTS* on page [ ] of this proxy statement/prospectus and the complete text of the applicable sections of the OGCL attached to this proxy statement/prospectus as Annex A. No holder of Farmers common shares is entitled to exercise any rights of a dissenting shareholder under the OGCL.

Not voting by proxy or at the special meeting will have the same effect as voting against the adoption and approval of the Merger Agreement. We urge you to read carefully this proxy statement/prospectus, which contains a detailed description of the special meeting, the Merger proposal, Farmers' common shares to be issued in the Merger and other related matters.

Sincerely,

Stephen R. Sant

President and Chief Executive Officer

Tri-State 1<sup>st</sup> Banc, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Farmers common shares to be issued in the Merger or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The securities to be issued in connection with the Merger described in this proxy statement/prospectus are not savings accounts, deposit accounts or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other federal or state governmental agency.**

**This proxy statement/prospectus is dated [            ], 2015, and it**

**is first being mailed to TSOH common shareholders on or about [            ], 2015.**

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**TRI-STATE 1<sup>ST</sup> BANC, INC.**

**16924 St. Clair Avenue**

**East Liverpool, Ohio 43920**

**Notice of Special Meeting of Shareholders**

**To be held on [            ], 2015**

To the Shareholders of Tri-State 1<sup>st</sup> Banc, Inc.:

Notice is hereby given that a special meeting of the shareholders of Tri-State 1<sup>st</sup> Banc, Inc. ( TSOH ) will be held at 10:00 a.m., local time, on [            ], 2015, at TSOH 's offices located at 16924 St. Clair Avenue, East Liverpool, Ohio 43920, for the purpose of considering and voting on the following matters:

1. A proposal to adopt and approve the Agreement and Plan of Merger dated as of June 23, 2015, by and among TSOH, Farmers National Banc Corp. and FMNB Merger Subsidiary, LLC;
2. A proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to adopt and approve the Agreement and Plan of Merger; and
3. Any other business which properly comes before the special meeting or any adjournment or postponement of the special meeting. The board of directors of TSOH is unaware of any other business to be transacted at the special meeting.

Holders of record of TSOH common shares at the close of business on [            ], 2015, the record date, are entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting. The affirmative vote of the holders of at least two-thirds of TSOH 's common shares is required to adopt and approve the Agreement and Plan of Merger.

A proxy statement/prospectus and proxy card for the special meeting are enclosed. A copy of the Agreement and Plan of Merger is attached as Annex B to the proxy statement/prospectus.

**Your vote is very important, regardless of the number of TSOH common shares you own. Please vote as soon as possible to ensure that your common shares are represented at the special meeting. If you are a holder of record, you may cast your vote in person at the special meeting or, to ensure that your TSOH common shares are represented at the special meeting, you may vote your shares by completing, signing and returning the enclosed proxy card. If your shares are held in a stock brokerage account or by a bank or other nominee (in street name ), please follow the voting instructions provided by your broker, bank or nominee.**

**The TSOH board of directors recommends that you vote (1) FOR the adoption and approval of the Agreement and Plan of Merger, and (2) FOR the proposal to adjourn the special meeting, if necessary, to solicit additional proxies.**



By Order of the Board of Directors,

Stephen R. Sant

President and Chief Executive Officer

Tri-State 1<sup>st</sup> Banc, Inc.

[        ], 2015

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**WHERE YOU CAN FIND MORE INFORMATION**

Farmers is a publicly traded company that files annual, quarterly and other reports, proxy statements and other business and financial information with the Securities and Exchange Commission (the "SEC"). You may read or obtain copies of these documents by mail from the public reference room of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 for further information on the public reference room. Farmers also files reports and other information with the SEC electronically, and the SEC maintains a web site located at [www.sec.gov](http://www.sec.gov) containing this information. Certain information filed by Farmers with the SEC is also available, without charge, through Farmers' website at [www.farmersbankgroup.com](http://www.farmersbankgroup.com) under the "Investor Relations" section. Certain information regarding TSOH is available, without charge, through TSOH's website at [www.1stnbc.com](http://www.1stnbc.com) under the "Investors" section.

Farmers has filed with the SEC a registration statement on Form S-4 to register its common shares to be issued to TSOH shareholders as part of the merger consideration. This document is a part of that registration statement. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and request a copy of the registration statement, including any amendments, schedules and exhibits at the addresses set forth below. Statements contained in this document as to the contents of any contract or other documents referred to in this document are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This proxy statement/prospectus incorporates by reference important business and financial information about Farmers from documents filed with or furnished to the SEC, that are not included in or delivered with this proxy statement/prospectus. See *INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE* on page [ ]. These documents are available, without charge, to you upon written or oral request at the address and telephone number listed below:

Farmers National Banc Corp.

20 South Broad Street

Canfield, Ohio 44406

Attention: Investor Relations

(330) 533-3341

**To obtain timely delivery of these documents, you must request the information no later than [ ], 2015, in order to receive them before the special meeting.**

Farmers' common shares are traded on the Nasdaq under the symbol "FMNB". TSOH's common shares are traded in the OTC Pink marketplace under the symbol "TSOH".

Neither Farmers nor TSOH has authorized anyone to provide you with any information other than the information included in this document and documents which are incorporated by reference. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this document and the documents incorporated by reference are accurate only as of their respective dates. Each of Farmers and TSOH's business, financial condition, results of operations and prospects may have changed since those dates.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER  
AND THE SPECIAL MEETING**

*The following are answers to certain questions that you may have regarding the special meeting. You are urged to read carefully the remainder of this document because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this document.*

**Q: Why am I receiving this proxy statement/prospectus?**

A: You are receiving this proxy statement/prospectus because Farmers National Banc Corp. ( Farmers ), FMNB Merger Subsidiary, LLC ( Merger Sub ) and Tri-State Banc, Inc. ( TSOH ) have agreed to merge under the terms of an Agreement and Plan of Merger dated as of June 23, 2015 (the Merger Agreement ), attached to this proxy statement/prospectus as Annex B. Pursuant to the terms of the Merger Agreement, TSOH will merge with and into Merger Sub, with Merger Sub as the surviving entity (the Merger ). In order to complete the Merger, the common shareholders of TSOH must vote to approve and adopt the Merger Agreement. Following the Merger, Merger Sub will be dissolved and liquidated, and 1st National Community Bank, a national banking association and wholly-owned subsidiary of TSOH ( 1st National ), will merge with and into The Farmers National Bank of Canfield, a national banking association and wholly-owned subsidiary of Farmers ( Farmers Bank ), with Farmers Bank being the surviving entity.

This proxy statement/prospectus contains important information about the Merger and the special meetings of the common shareholders of TSOH, and you should read it carefully. The enclosed voting materials allow you to vote your TSOH common shares without attending the special meeting.

**Q: What will TSOH shareholders receive in the Merger?**

A: TSOH common shareholders will receive a combination of cash and Farmers common shares in the Merger. At the effective time of the Merger, each TSOH common share will be converted into the right to receive either:

1.747 Farmers common shares, or

\$14.20 in cash, subject to certain allocation procedures set forth in the Merger Agreement that are intended to ensure that 75% of the outstanding TSOH common shares are converted into the right to receive Farmers common shares and the remaining outstanding TSOH common shares are converted into the right to receive cash.

Each TSOH Series A preferred share that has not been converted into TSOH common shares will be converted into the right to receive \$13.60 in cash in the Merger.

On June 23, 2015, which was the date of the public announcement of the proposed Merger, the closing price for Farmers common shares was \$8.20, which, after giving effect to the 1.747 exchange ratio, had an implied value of approximately \$14.33 per share of TSOH. Based on this price with respect to the stock consideration, and the cash consideration of \$14.20 per share, upon completion of the Merger, a TSOH shareholder who receives stock for 75% of his or her common shares and receives cash for 25% of his or her common shares would receive total merger consideration with an implied value of approximately \$14.29 per share. As of [ ], 2015, the most reasonably practicable date prior to the mailing of this proxy statement/prospectus, the closing price for Farmers common shares was \$[ ], which, after giving effect to the 1.747 exchange ratio, had an implied value of approximately \$[ ] per TSOH common share. Based on this price with respect to the stock consideration, and the cash consideration of \$[ ] per share, upon completion of the Merger, a TSOH common shareholder who receives stock for 75% of his or her shares of common stock and receives cash for 25% of his or her common shares would receive total Merger consideration with an implied value of approximately \$[ ] per TSOH share.

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Farmers will not issue any fractional common shares in connection with the Merger. Instead, each holder of TSOH common shares who would otherwise be entitled to receive a fraction of a Farmers common share will receive cash, without interest, in lieu of a fractional Farmers common share in an amount determined by reference to the closing sale prices of Farmers common shares on the NASDAQ Stock Market (the Nasdaq ) for the five (5) trading days immediately preceding the effective date of the Merger.

**Q: Can I make an election to select the form of merger consideration I desire to receive?**

A: If you are a holder of TSOH common shares or a holder of TSOH Series A preferred shares who validly elects to convert such shares into TSOH common shares, you will have the opportunity to elect the form of consideration to be received for your shares, subject to certain adjustment and allocation procedures set forth in the Merger Agreement. These procedures are intended to ensure that 75% of the outstanding TSOH common shares and Series A shares to be converted into common shares will be converted into the right to receive Farmers common shares and the remaining outstanding TSOH common shares and Series A shares to be converted into common shares will be converted into the right to receive cash. Therefore, your ability to receive the cash or share elections of your choice will depend on the elections of other TSOH shareholders. The allocation of the mix of consideration payable to TSOH shareholders in the Merger will not be known until Farmers tallies the results of the cash and share elections made by TSOH shareholders, which may not occur until shortly after the closing of the Merger.

It is unlikely that elections will be made in the exact proportions provided for in the Merger Agreement. As a result, the Merger Agreement describes procedures to be followed if TSOH shareholders in the aggregate elect to receive more or less of the Farmers common shares than Farmers has agreed to issue. These procedures are summarized below.

***If Shares Are Oversubscribed:*** If TSOH common shareholders elect to receive more Farmers common shares than Farmers has agreed to issue in the Merger, then all TSOH common shareholders who have elected to receive cash or who have made no election will receive cash for their TSOH common shares and all shareholders who elected to receive Farmers common shares will receive a pro rata portion of the available Farmers shares plus cash for those shares not converted into Farmers common shares.

***If Shares Are Undersubscribed:*** If TSOH common shareholders elect to receive fewer Farmers common shares than Farmers has agreed to issue in the Merger, then all TSOH common shareholders who have elected to receive Farmers common shares will receive Farmers common shares and those shareholders who elected to receive cash or who have made no election will be treated in the following manner:

If the number of shares held by TSOH common shareholders who have made no election is sufficient to make up the shortfall in the number of Farmers common shares that Farmers is required to issue, then all TSOH common shareholders who elected cash will receive cash, and those shareholders who made no election will receive both cash and Farmers common shares in such proportion as is necessary to make up the shortfall.



If the number of shares held by TSOH common shareholders who have made no election is insufficient to make up the shortfall, then all TSOH common shareholders who made no election will receive Farmers common shares and those TSOH common shareholders who elected to receive cash will receive cash and Farmers common shares in such proportion as is necessary to make up the shortfall.

**No guarantee can be made that you will receive the amounts of cash and/or shares you elect. As a result of the allocation procedures and other limitations outlined in this document and the Merger Agreement, you may receive Farmers common shares or cash in amounts that vary from the amounts you elect to receive.**

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**Q: How do TSOH common shareholders make their election to receive cash, Farmers common shares or a combination of both?**

A: Each TSOH common shareholder of record will receive an election form, which you should complete and return, along with your TSOH share certificate(s), according to the instructions printed on the form. The election deadline will be 5:00 p.m., Eastern Time, on [ ] (the election deadline ). A copy of the election form is being mailed under separate cover on or about the date of this proxy statement/prospectus.

If you own TSOH common shares in street name through a bank, broker or other nominee and you wish to make an election, you should seek instructions from the bank, broker or other nominee holding your shares concerning how to make an election. If you do not send in the election form with your share certificate(s) by the election deadline, you will be treated as though you had not made an election.

If you own TSOH Series A preferred shares and want to convert them into TSOH common shares to be entitled to receive the merger consideration payable on TSOH common shares, you will need to take action to convert the Series A shares, which is discussed below.

**Q: Can I change my election?**

A: You may change your election at any time prior to the election deadline by submitting to Computershare Investor Services written notice accompanied by a properly completed and signed, revised election form. You may revoke your election by submitting written notice to Computershare Investor Services prior to the election deadline or by withdrawing your share certificates prior to the election deadline. TSOH common shareholders will not be entitled to change or revoke their elections following the election deadline. If you instructed a bank, broker or other financial institution to submit an election for your shares, you must follow their directions for changing those instructions.

**Q: What happens if I do not make a valid election to receive cash or Farmers common shares?**

A: If you do not return a properly completed election form by the election deadline specified in the election form, your TSOH common shares will be considered non-election shares and will be converted into the right to receive the stock consideration or the cash consideration according to the allocation procedures specified in the Merger Agreement. Generally, in the event one form of consideration (cash or Farmers common shares) is undersubscribed in the Merger, that form of consideration will be allocated to the TSOH common shares for which no election has been validly made before shares of electing the oversubscribed form of consideration will be switched to it pursuant to the proration and adjustment procedures. Accordingly, while electing one form of consideration will not guarantee you will receive that form for all of your TSOH common shares, in the event proration is necessary electing shares will have a priority over non-electing shares.

**Q: If I own TSOH Series A preferred stock, can I convert to TSOH common shares and make an election of cash or Farmers common stock?**

A: Yes. TSOH Series A preferred stock is convertible into TSOH common stock on a 1-for-1 basis. Each TSOH Series A holder of record will receive a conversion form that you can complete and return prior to the election deadline, along with your TSOH Series A share certificate(s), according to the instructions printed on the form to convert your Series A stock into TSOH common shares. A copy of the conversion form is being mailed under separate cover on or about the date of this proxy statement/prospectus. If you properly complete the conversion form and return it according to its instructions, you will be able to make an election as if you were a holder of TSOH common shares. If you do not complete and return the conversion form prior to the election deadline, your Series A preferred shares will not be converted and you will only be entitled to receive \$13.60 per Series A share.

**Q: What are the material U.S. federal income tax consequences of the Merger to TSOH shareholders?**

A: The closing of the Merger is conditioned upon the receipt by each of Farmers and TSOH of a legal opinion that the Merger will qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal

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Revenue Code. However, the federal tax consequences of the Merger to a TSOH shareholder will depend primarily on whether a shareholder exchanges the shareholder's TSOH common shares solely for Farmers common shares, solely for cash or for a combination of Farmers common shares and cash. TSOH shareholders who exchange their common shares solely for Farmers common shares should not recognize a gain or loss except with respect to cash received in lieu of a fractional Farmers common share. TSOH shareholders who exchange their common shares solely for cash should recognize a gain or loss on the exchange. TSOH shareholders who exchange their common shares for a combination of Farmers common shares and cash may recognize a gain, but not any loss, on the exchange. The actual U.S. federal income tax consequences to TSOH shareholders of electing to receive cash, Farmers common shares or a combination of cash and stock will not be ascertainable at the time TSOH shareholders make their election because it will not be known at that time how, or to what extent, the allocation and proration procedures will apply.

For a more detailed discussion of the material U.S. federal income tax consequences of the Merger, please see the section "The Merger - Material U.S. Federal Income Tax Consequences of the Merger" beginning on page [ ].

**The consequences of the Merger to any particular TSOH shareholder will depend on that shareholder's particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine the tax consequences of the Merger to you.**

**Q: Does TSOH anticipate paying any dividends prior to the effective date of the Merger?**

A: Yes. Under the terms of the Merger Agreement, TSOH is permitted to pay to its shareholders its usual and customary cash dividend of no greater than \$0.07 per share per quarter. Subject to compliance with applicable law, TSOH plans to pay such a dividend.

**Q: When and where will the TSOH special meeting of shareholders take place?**

A: The special meeting of shareholders of TSOH will be held at 10:00 a.m., local time, on [ ], 2015, at TSOH's offices located at 16924 St. Clair Avenue, East Liverpool, Ohio 43920.

**Q: What matters will be considered at the TSOH special meeting?**

A: The common shareholders of TSOH will be asked to (1) vote to adopt and approve the Merger Agreement; (2) vote to approve the adjournment of the special meeting to solicit additional proxies if there are not sufficient votes at the time of the special meeting to adopt and approve the Merger Agreement; and (3) vote on any other business which properly comes before the special meeting. Holders of TSOH Series A preferred shares are not entitled to vote at the special meeting.

**Q: What does the Board of Directors of TSOH recommend with respect to the matters to be considered at the special meeting?**

TSOH's board of directors has determined that the Merger Agreement is in the best interests of TSOH and its shareholders and recommends that TSOH common shareholders vote FOR the proposal to adopt and approve the

Merger Agreement and FOR the proposal to adjourn the special meeting to solicit additional proxies if there are insufficient votes to adopt and approve the Merger Agreement.

**Q: Is my vote needed to adopt and approve the Merger Agreement and to approve the other matters?**

A: Yes. The adoption and approval of the Merger Agreement requires the affirmative vote of the holders of at least two-thirds of the TSOH common shares outstanding and entitled to vote. Each of the directors and executive officers of TSOH, who, collectively, beneficially own [278,122] TSOH common shares, entered into voting agreements with Farmers on June 23, 2015, pursuant to which they are required, subject to certain terms and conditions, to vote their common shares in favor of the adoption and approval of the Merger Agreement (the Voting Agreements ).

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The special meeting may be adjourned, if necessary, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to adopt and approve the Merger Agreement. The affirmative vote of the holders of a majority of the TSOH common shares represented, in person or proxy, at the special meeting is required to adjourn the special meeting.

**Q: Can I vote my TSOH Series A preferred shares?**

A: No. TSOH Series A preferred shares do not vote, and even if you elect to convert them by submitting the conversion form prior to the election deadline, the TSOH common shares into which they will be deemed converted will not have been outstanding as of [ ], 2015.

**Q: How do I vote?**

A: If you were the record holder of a TSOH common share as of [ ], 2015, you may vote in person by attending the special meeting or, to ensure that your common shares are represented at the special meeting, you may vote your shares by signing and returning the enclosed proxy card in the postage-paid envelope provided by TSOH. If you hold your TSOH common shares in the name of a broker, bank or other nominee, please see the discussion below regarding shares held in street name.

**Q: What will happen if I fail to vote or abstain from voting?**

A: If you fail to return your proxy card or vote in person at the special meeting or if you mark **ABSTAIN** on your proxy card or ballot at the special meeting with respect to the proposal to adopt and approve the Merger Agreement, it will have the same effect as a vote **AGAINST** the proposal. If you mark **ABSTAIN** on your proxy card or ballot with respect to the adjournment of the special meeting, if necessary, to solicit additional proxies, it will have the same effect as a vote **AGAINST** the proposal. The failure to return your proxy card or vote in person, however, will have no effect on the proposal to adjourn the special meeting, if necessary, to solicit additional proxies.

**Q: How will my common shares be voted if I return a blank proxy card?**

A: If you sign, date and return your proxy card and do not indicate how you want your common shares to be voted, then your shares will be voted **FOR** the adoption and approval of the Merger Agreement and, if necessary, **FOR** the approval of the adjournment for the special meeting to solicit additional proxies.

**Q: If my common shares are held in a stock brokerage account or by a bank or other nominee in street name, will my broker, bank or other nominee vote my shares for me?**

A: No. You must provide your broker, bank or nominee (the record holder of your common shares) with instructions on how to vote your common shares. Please follow the voting instructions provided by your broker, bank or nominee. If you do not provide voting instructions to your broker, bank or nominee, then your common shares **will not** be voted by your broker, bank or nominee.

Assuming a quorum is present, if you do not instruct your broker, bank or other nominee on how to vote your common shares, your broker, bank or other nominee may not vote your shares on the proposal to approve the Merger, which broker non-votes will have the same effect as a vote **AGAINST** such proposal. Under the Nasdaq rules, brokers who hold shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that the Nasdaq determines to be non-routine without specific instructions from the beneficial owner. It is expected that all proposals to be voted on at the special meeting are such non-routine matters. Broker non-votes occur when a broker or nominee is not instructed by the beneficial owner of shares to vote on a particular proposal for which the broker does not have discretionary voting power.

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**Q: Can I change my vote after I have submitted my proxy?**

A: TSOH common shareholders may revoke a proxy at any time before a vote is taken at the special meeting by: (i) filing a written notice of revocation with TSOH s [ ] at 16924 St. Clair Avenue, East Liverpool, Ohio 43920; (ii) executing and returning another proxy card with a later date; or (iii) attending the special meeting and giving notice of revocation in person.

*Your attendance at the special meeting will not, by itself, revoke your proxy.*

If you hold your common shares in street name and you have instructed your broker, bank or nominee to vote your common shares, you must follow directions received from your broker, bank or nominee to change your vote.

**Q: If I do not favor the adoption and approval of the Merger Agreement, what are my dissenters rights?**

A: If you are a TSOH common shareholder or Series A preferred shareholder as of [ ], 2015, the record date, and you do not vote your common shares in favor of the adoption and approval of the Merger Agreement and you do not return an unmarked proxy card, you will have the right under Section 1701.85 of the Ohio General Corporation Law ( OGCL ) to demand the fair cash value for your TSOH common shares and/or Series A preferred shares. The right to make this demand is known as dissenters rights. To exercise your dissenters rights, you must deliver to TSOH a written demand for payment of the fair cash value of your shares before the vote on the Merger is taken at the special shareholders meeting. The demand for payment must include your address, the number and class of TSOH common shares owned by you, and the amount you claim to be the fair cash value of the your TSOH common shares, and should be mailed to: Tri-State 1<sup>st</sup> Banc, Inc., Attention: Corporate Secretary, 16924 St. Clair Avenue, East Liverpool, Ohio 43920. TSOH common shareholders who wish to exercise their dissenters rights must either: (i) vote against the Merger or not return the proxy card, and (ii) deliver written demand for payment prior to the TSOH shareholder vote. For additional information regarding dissenters rights, see *DISSENTERS RIGHTS* on page [ ] of this proxy statement/prospectus and the complete text of the applicable sections of the OGCL attached to this proxy statement/prospectus as Annex A.

**Q: When is the Merger expected to be completed?**

A: We are working to complete the Merger as quickly as possible. We expect to complete the Merger by the end of the third quarter of 2015, assuming shareholder approvals and all applicable governmental approvals have been received by then and all other conditions precedent to the Merger have been satisfied or waived.

**Q: Should TSOH shareholders send in their share certificates now?**

A: No. You should send your share certificates in pursuant to the election form and/or conversion form according to the instructions printed on each such form. If you do not submit either of those forms, either at the time of closing or shortly after the Merger is completed, the Exchange Agent for the Merger will send you a letter of transmittal with instructions informing you how to send in your share certificates to



the Exchange Agent. You should use the letter of transmittal to exchange your TSOH common share certificates for the Merger consideration. Do not send in your share certificates with your proxy form.

**Q: What do I need to do now?**

A: You should carefully reviewing this proxy statement/prospectus, including its Annexes. If you are a TSOH common shareholder, please complete, sign and date the enclosed proxy card and return it in the enclosed postage-paid envelope as soon as possible. By submitting your proxy, you authorize the individuals named in the proxy to vote your common shares at the special meeting of shareholders in accordance with your instructions. ***Your vote is very important. Whether or not you plan to attend the special meeting, please submit your proxy with voting instructions to ensure that your common shares will be voted at the special meeting.***

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**Q: Are there risks that I should consider in deciding whether to vote in favor of the Merger Agreement and the other proposals to be acted upon at the special meetings?**

A: Yes. You should read and carefully consider the risk factors set forth in the section of this proxy statement/prospectus entitled "Risk Factors" beginning on page [ ].

**Q: Who can answer my questions?**

A: If you have questions about the Merger or desire additional copies of this proxy statement/prospectus or additional proxy cards, please contact TSOH's proxy solicitor at the applicable address below:

**Georgeson Inc.**

**480 Washington Blvd., 26<sup>th</sup> Floor**

**Jersey City, NJ 07310**

**Toll-Free 1-877-797-1153**

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**SUMMARY**

*This summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that may be important to you. You should read carefully this entire document and its Annexes and all other documents to which this proxy statement/prospectus refers before you decide how to vote. In addition, we incorporate by reference important business and financial information about Farmers into this document. For a description of this information, see INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE on page [ ]. You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled WHERE YOU CAN FIND MORE INFORMATION in the forepart of this document. Each item in this summary includes a page reference, where applicable, directing you to a more complete description of that item.*

**The Companies**

**Farmers National Banc Corp.**

Farmers National Banc Corp.

20 South Broad Street

Canfield, Ohio 44406

Phone: (330) 533-3341

Farmers is a one-bank holding company organized in 1983 under the laws of the State of Ohio and registered under the Bank Holding Company Act of 1956, as amended (the BHCA ). Farmers operates principally through its wholly-owned subsidiaries, Farmers Bank, Farmers Trust Company ( Farmers Trust ) and National Associates, Inc. ( NAI ). Farmers National Insurance, LLC ( Farmers Insurance ) and Farmers of Canfield Investment Co. ( Farmers Investments ) are wholly-owned subsidiaries of Farmers Bank. Farmers and its subsidiaries operate in the domestic banking, trust, retirement consulting, insurance and financial management industries.

Farmers principal business consists of owning and supervising its subsidiaries. Although Farmers directs the overall policies of its subsidiaries, including lending practices and financial resources, most day-to-day affairs are managed by their respective officers. Farmers and its subsidiaries had 435 full-time equivalent employees at June 30, 2015. Farmers business activities are managed and financial performance is primarily aggregated and reported in three lines of business, the bank segment, the trust segment and the retirement planning/consulting segments.

Farmers Bank is a full-service national banking association engaged in commercial and retail banking operating 33 branches in Mahoning, Trumbull, Columbiana, Stark, Wayne, Medina and Cuyahoga Counties in Ohio. Farmers Bank s commercial and retail 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, internet banking, travel cards, E Bond transactions, MasterCard and Visa credit cards, brokerage services and other miscellaneous services normally offered by commercial banks.

Farmers Bank faces significant competition in offering financial services to customers. Ohio has a high density of financial service providers, many of which are significantly larger institutions that have greater financial resources than Farmers Bank, and all of which are competitors to varying degrees. Competition for loans comes principally from

savings banks, savings and loan associations, commercial banks, mortgage banking companies, credit unions, insurance companies and other financial service companies. The most direct competition for deposits has historically come from savings and loan associations, savings banks, commercial banks and credit unions. Additional competition for deposits comes from non-depository competitors such as the mutual fund industry, securities and brokerage firms and insurance companies.

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Effective June 19, 2015, Farmers completed the merger of National Bancshares Corporation ( NBOH ) with and into Farmers, and the merger of First National Bank, the wholly-owned bank subsidiary of NBOH ( FNB ), with and into Farmers Bank. Prior to the merger, NBOH was a one-bank holding company operating through FNB, which had 14 offices located in Wayne, Medina, Stark, and Columbiana counties in Ohio.

During 2013, Farmers acquired all of the outstanding stock of the retirement planning consultancy National Associates, Inc. of Cleveland, Ohio. The transaction involved both cash and stock totaling \$4.4 million, including up to \$1.5 million of future payments, contingent upon NAI meeting income performance targets. The acquisition is part of Farmers' plan to increase the levels of noninterest income and to complement the existing retirement service currently being offered. NAI operates from its office located in Rocky River, Ohio.

During 2009, Farmers acquired 100% of the capital stock of Butler Wick Trust Company, a wholly-owned subsidiary of Butler Wick Corporation for approximately \$12.1 million and renamed the entity Farmers Trust Company. Farmers Trust offers a full complement of personal and corporate trust services in the areas of estate settlement, trust administration and employee benefit plans. Farmers Trust operates two offices located in Boardman and Howland, Ohio.

Farmers Insurance was formed during 2009 and offers a variety of insurance products through licensed representatives. Farmers Insurance is a subsidiary of Farmers Bank and does not account for a material portion of the revenue of Farmers.

Farmers Investments was formed during 2014 with the primary purpose of investing in municipal securities. Farmers Investments is a subsidiary of Farmers Bank and does not account for a material portion of the revenue of Farmers.

Farmers' common shares are traded on the NASDAQ Stock Market (the Nasdaq ) under the symbol FMNB . Farmers is subject to the reporting requirements under the Securities Exchange Act of 1934, as amended, and, therefore, files reports, proxy statements and other information with the SEC. Further important business and financial information about Farmers is incorporated by reference into this proxy statement/prospectus. See *INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE* on page [ ] of this proxy statement/prospectus.

**Tri-State 1<sup>st</sup> Banc, Inc.**

Tri-State 1<sup>st</sup> Banc, Inc.

16924 St. Clair Avenue

East Liverpool, Ohio 43920

Phone: (330) 385-9200

TSOH is an Ohio corporation organized as the parent company of 1<sup>st</sup> National Community Bank, a national banking association ( 1<sup>st</sup> National ), and, as of December 31, 2014, MDH Investment Management, Inc., a registered investment adviser ( MDH ). TSOH is a financial holding company regulated by the Board of Governors of the Federal Reserve System.

1<sup>st</sup> National is a national banking association with four full-service branches and six additional ATM locations concentrated in the tri-state area of southeastern Ohio, southwestern Pennsylvania and West Virginia. 1<sup>st</sup> National's principal sources of revenue emanate from its commercial, commercial mortgage, residential real estate, and consumer

loan financing, its investment securities portfolio, and a variety of deposit services offered to its customers through four branch offices located in the tri-state area.

On April 1, 2015, TSOH completed the sale of MDH, a wholly-owned non-bank subsidiary that provided investment advisory services.

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TSOH functions in a highly competitive environment. In addition to other commercial banks, savings and loans, and savings banks, TSOH also must contend with other providers of financial services, including finance companies, credit unions and insurance companies. Competition is based on interest rates offered on deposit accounts, interest rates charged on loans and leases, fees and service charges, the quality and scope of the services rendered, the convenience of banking facilities and, in the case of loans to commercial borrowers, relative lending limits, as well as other factors. All of 1<sup>st</sup> National's deposits emanate from inside the United States.

At December 31, 2014, TSOH had 53 full-time equivalent employees. TSOH's common shares are traded in the OTC Pink marketplace under the symbol TSOH.

### **The Merger Agreement (page [ ])**

The Merger Agreement provides that, if all of the conditions are satisfied or waived, TSOH will be merged with and into Merger Sub, with Merger Sub surviving. Thereafter, Merger Sub will be dissolved and liquidated and, at a later time specified by Farmers Bank in its certificate of merger filed with the Office of the Comptroller of the Currency (the OCC), National will be merged with and into Farmers Bank. The Merger Agreement is attached to this proxy statement/prospectus as Annex B and is incorporated in this proxy statement/prospectus by reference. *We encourage you to read the Merger Agreement carefully, as it is the legal document that governs the Merger.*

### **What TSOH shareholders will receive in the Merger (page [ ])**

Under the terms of the Merger Agreement, common shareholders of TSOH will be entitled to receive from Farmers, after the Merger is completed, Merger consideration payable in the form of a combination of cash and Farmers common shares to be calculated as set forth in the Merger Agreement. At the effective time of the Merger, each TSOH common share will be converted into the right to receive either: (i) 1.747 Farmers common shares, or (ii) \$14.20 in cash, subject to adjustment under certain circumstances set forth in the Merger Agreement. Holders of TSOH Series A preferred shares that have not converted or elected to convert their Series A preferred shares into TSOH common shares will be entitled to receive from Farmers, after the Merger is completed, merger consideration of \$13.60 in cash for each Series A preferred share. Following the Merger, TSOH shareholders will own approximately [5.01]% of the outstanding Farmers common shares assuming that all TSOH Series A preferred shares converted to TSOH common shares. Additionally, while TSOH has historically paid a \$0.07 per share quarterly dividend, Farmers currently pays a \$0.03 per share quarterly dividend. On a per share equivalent basis, TSOH common shareholders would receive a 25.0% decrease in dividends.

Farmers will not issue any fractional common shares in connection with the Merger. Instead, each holder of TSOH common shares who would otherwise be entitled to receive a fraction of a Farmers common share (after taking into account all TSOH common shares owned by such holder at the effective time of the Merger) will receive cash, without interest, in an amount equal to the Farmers fractional common share to which such holder would otherwise be entitled multiplied by the volume-weighted average, rounded to the nearest one tenth of a cent, of the closing sale prices of Farmers common shares based on information reported by the Nasdaq for the five (5) trading days immediately preceding the effective time.

As of the date of the Merger Agreement, there were no outstanding TSOH stock options to purchase common shares, and the Merger Agreement restricts the ability of TSOH to issue any additional such stock options.





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**Exchange of TSOH shares (page [ ] )**

Once the Merger is complete, Computershare Investor Services, as exchange agent (the Exchange Agent ), will mail you transmittal materials and instructions for exchanging your TSOH common share certificates for Farmers common shares to be issued by book-entry transfer.

**TSOH special meeting of shareholders (page [ ] )**

A special meeting of common shareholders of TSOH will be held at 10:00 a.m., local time, on [ ], 2015, at TSOH s offices, 16924 St. Clair Avenue, East Liverpool, Ohio 43920, for the purpose of considering and voting on the following matters:

a proposal to adopt and approve the Merger Agreement;

a proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event there are not sufficient votes at the time of the special meeting to adopt and approve the Merger Agreement; and

any other business which properly comes before the special meeting or any adjournment or postponement of the special meeting. The TSOH board of directors is presently unaware of any other business to be transacted at the special meeting.

You are entitled to vote at the special meeting if you owned TSOH common shares as of the close of business on [ ], 2015. As of [ ], 2015, a total of [985,983] TSOH common shares were outstanding and eligible to be voted at the special meeting. Holders of TSOH preferred shares are not entitled to vote at the special meeting.

**Required vote (page [ ] )**

The adoption and approval of the Merger Agreement by TSOH will require the affirmative vote of the holders of at least 657,322 TSOH common shares, which is at least two-thirds of the TSOH common shares outstanding and entitled to vote at the TSOH special meeting. A quorum, consisting of the holders of 492,992 of the outstanding TSOH common shares, must be present in person or by proxy at the special meeting before any action, other than the adjournment of the special meeting, can be taken. The affirmative vote of the holders of a majority of the TSOH common shares represented, in person or proxy, at the special meeting is required to adjourn the special meeting, if necessary, to solicit additional proxies.

As of [ ], 2015, directors, executive officers and greater than 5% beneficial owners of TSOH beneficially owned an aggregate of [278,122] TSOH common shares, an amount equal to approximately [28.2]% of the outstanding TSOH common shares.

Each of the directors and executive officers of TSOH, who, collectively, beneficially own [278,122] TSOH common shares, entered into the Voting Agreements, pursuant to which they are required, subject to certain terms and conditions, to vote their common shares in favor of the adoption and approval of the Merger Agreement. No other TSOH shareholder included in the table on page [ ] of this proxy statement/prospectus has executed a voting agreement with Farmers nor has any such person committed to Farmers or TSOH that such person will vote in favor

of any of the matters being presented to the TSOH common shareholders at the special meeting. Excluding such committed shares held by TSOH directors and executive officers, the adoption and approval of the Merger Agreement will require the affirmative vote of the holders of at least [379,200] TSOH common shares, or [53.57]% of the non-committed outstanding shares.

[As of the date of this proxy statement/prospectus, Farmers and its directors, executive officers and affiliates beneficially owned no TSOH common shares, and TSOH and its directors, executive officers and affiliates

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beneficially owned no Farmers common shares. 1<sup>st</sup> National acts as trustee with respect to 19,327 TSOH common shares. 1<sup>st</sup> National will vote the shares it holds as trustee with respect to which it has voting power in accordance with its fiduciary duties at the time of the TSOH special meeting, but expects at this time that it will vote the shares in favor of all of the proposals presented for a vote.]

**Recommendation to TSOH shareholders (page [ ])**

The board of directors of TSOH unanimously approved the Merger Agreement. The board of directors of TSOH believes that the Merger is in the best interests of TSOH and its shareholders, and, as a result, the board of directors recommend that TSOH common shareholders vote **FOR** the adoption and approval of the Merger Agreement and **FOR** the proposal to adjourn the special meeting, if necessary and appropriate, to solicit additional proxies.

In reaching this decision, the board of directors of TSOH considered many factors, which are described in the section captioned *THE MERGER Background of the Merger* and *THE MERGER TSOH's Reasons for the Merger* beginning on page [ ] and page [ ], respectively, of this proxy statement/prospectus.

**Opinion of TSOH's Financial Advisor (page [ ])**

In connection with the Merger, TSOH's financial advisor, Boenning & Scattergood, Inc. ( Boenning ), delivered a written opinion, dated June 23, 2015, to the TSOH board of directors as to the fairness, from a financial point of view, of the Merger consideration in the Merger to be received by the holders of TSOH common shares and Series A preferred shares. The full text of the opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Boenning in preparing the opinion, is attached as Annex C to this document. **The opinion was for the information of, and was directed to, the TSOH board (in its capacity as such) in connection with its consideration of the financial terms of the Merger. The opinion did not address the underlying business decision of TSOH to engage in the Merger or enter into the Merger Agreement or constitute a recommendation to the TSOH board in connection with the Merger, and it does not constitute a recommendation to any holder of TSOH common shares as to how to vote in connection with the Merger or any other matter.**

**Material U.S. federal income tax consequences of the Merger (page [ ])**

Farmers and TSOH intend that the Merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code ), and it is a condition to the obligation of TSOH to complete the Merger that it receives a legal opinion to that effect. If treated as a reorganization, for U.S. federal income tax purposes (i) no gain or loss will be recognized by Farmers or TSOH as a result of the Merger, (ii) TSOH common shareholders and Series A preferred shareholders who have converted their Series A preferred shares to TSOH common shares will recognize gain (but not loss) in an amount not to exceed any cash received in exchange for TSOH common shares in the Merger (other than any cash received in lieu of a fractional Farmers common share, as discussed below under the section entitled *THE MERGER Material U.S. Federal Income Tax Consequences of the Merger Cash in Lieu of Fractional Shares* beginning on page [ ]) and (iii) TSOH common and Series A preferred shareholders who exercise dissenters' rights and receive solely cash in exchange for TSOH common shares in the Merger will, generally, recognize gain or loss equal to the difference between the amount of cash received and their tax basis in their shares.

All TSOH shareholders should read carefully the description under the section captioned *THE MERGER Material U.S. Federal Income Tax Consequences of the Merger* beginning on page [ ] of this proxy statement/prospectus and should consult their own tax advisors concerning these matters. All TSOH shareholders should consult their tax

advisors as to the specific tax consequences of the Merger to them, including the applicability and effect of the alternative minimum tax and any state, local, foreign or other tax laws.

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### **Interests of directors and executive officers of TSOH (page [ ])**

Officers and directors of TSOH have employment and other compensation agreements or economic interests that give them interests in the Merger that are somewhat different from, or in addition to, their interests as TSOH shareholders. These interests and agreements include:

Continued employment has been offered by Farmers to Stephen R. Sant, TSOH's President and Chief Executive Officer, and could be offered to other TSOH and 1<sup>st</sup> National's executive officers.

For a period of six years following the Merger, Farmers has agreed to use its commercially reasonable efforts to provide director's and officer's liability insurance that serves to reimburse the present and former officers and directors of TSOH or any of its Subsidiaries, pursuant to the terms as outlined in the Merger Agreement.

TSOH's board of directors was aware of these interests and considered them in approving the Merger Agreement. See *THE MERGER - Interests of TSOH Directors and Executive Officers in the Merger* beginning on page [ ] of this proxy statement/prospectus.

### **Dissenters' rights of TSOH shareholders (page [ ])**

Under Ohio law, TSOH common and Series A preferred shareholders who do not vote in favor of the adoption and approval of the Merger Agreement and deliver a written demand for payment for the fair cash value of their TSOH common shares prior to the TSOH special meeting, will be entitled, if and when the Merger is completed, to receive the fair cash value of their TSOH common shares. The right to make this demand is known as dissenters' rights. TSOH shareholders' right to receive the fair cash value of their TSOH common shares, however, is contingent upon strict compliance with the procedures set forth in Section 1701.85 of the OGCL. A TSOH common shareholder's failure to vote against the adoption and approval of the Merger Agreement will not constitute a waiver of such shareholder's dissenters' rights, so long as such shareholder does not vote in favor of the Merger Agreement or return an unmarked proxy card.

For additional information regarding dissenters' rights, see *DISSENTERS' RIGHTS* on page [ ] of this proxy statement/prospectus and the complete text of Section 1701.85 of the OGCL attached to this proxy statement/prospectus as Annex A. If TSOH common shareholders should have any questions regarding dissenters' rights, such shareholders should consult with their own legal advisers.

### **Certain differences in shareholder rights (page [ ])**

When the Merger is completed, TSOH shareholders (other than those exercising dissenters' rights or receiving only cash) will receive Farmers common shares and, therefore, will become Farmers shareholders. As Farmers shareholders, the former TSOH common shareholders' rights will be governed by Farmers' Amended Articles of Incorporation and Regulations, as well as Ohio law. Notably, TSOH common shareholders will own less on a percentage basis of the combined company and as such will have decreased voting power. For a summary of significant differences, see *COMPARISON OF CERTAIN RIGHTS OF TSOH AND FARMERS SHAREHOLDERS* beginning on page [ ] of this proxy statement/prospectus.

### **Regulatory approvals required for the Merger (page [ ])**

The Merger cannot be completed until Farmers receives necessary regulatory approvals, which include the approval of the Federal Reserve and the approval of the OCC. As of the date of this proxy statement/prospectus, Farmers [has/has not] received such approvals to consummate the Merger.

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**Conditions to the Merger (page [ ])**

As more fully described in this proxy statement/prospectus and in the Merger Agreement, the completion of the Merger depends on the adoption and approval of the Merger Agreement by TSOH's common shareholders and receipt of the required regulatory approvals, in addition to satisfaction of, or where legally permissible, waiver of, other customary conditions. Although Farmers and TSOH anticipate the closing of the Merger will occur by the end of the third quarter of 2015, neither Farmers nor TSOH can be certain when, or if, the conditions to the Merger will be satisfied or, where permissible, waived, or that the Merger will be completed. See *THE MERGER AGREEMENT Conditions to Consummation of the Merger* beginning on page [ ] of this proxy statement/prospectus.

**Termination; Termination Fee (page [ ])**

The Merger Agreement may be terminated at any time prior to the effective time of the Merger, whether before or after approval of the Merger by TSOH shareholders:

by mutual written consent of Farmers and TSOH;

by either party, if a required governmental approval is denied by final, non-appealable action, or if a governmental entity has issued a final, non-appealable order, injunction or decree permanently enjoining or otherwise prohibiting or making illegal the transactions contemplated by the Merger Agreement;

by either Farmers or TSOH, if the Merger has not closed on or before June 23, 2016, unless the failure to close by such date is due to the terminating party's failure to observe the covenants and agreements of such party set forth in the Merger Agreement;

by either Farmers or TSOH, if there is a breach by the other party of any of its covenants or agreements or any of its representations or warranties that would, either individually or in the aggregate with other breaches by such party, result in, if occurring or continuing on the closing date, the failure of the conditions of the terminating party's obligation to complete the Merger and which is not cured within 30 days following written notice to the party committing such breach or by its nature or timing cannot be cured within such time period (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the Merger Agreement);

by Farmers, if at any time prior to the effective time of the Merger, TSOH's board of directors has (1) failed to recommend to the shareholders of TSOH that they vote to approve the Merger Agreement, (2) changed its recommendation with respect to the Merger Agreement, including by publicly approving, endorsing or recommending, or publicly proposing to approve, endorse or recommend, certain acquisition proposals other than the Merger agreement, whether or not permitted by the Merger Agreement, or has resolved to do the same, or (3) materially breached its non-solicitation obligations or its obligations to recommend to the TSOH shareholders the adoption of the Merger proposal and call a shareholder meeting for that purpose;

by Farmers, if a tender offer or exchange offer for 15% or more of the outstanding TSOH common shares is commenced (other than by Farmers or a subsidiary of Farmers), and TSOH's board of directors recommends that the shareholders of TSOH tender their shares in such tender or exchange offer or otherwise fails to recommend that such shareholders reject such tender or exchange offer within ten business days; or

by either Farmers or TSOH, if the TSOH shareholders do not vote to approve the Merger Agreement at a duly held shareholders meeting (including any adjournment or postponement of such meeting).

If the Merger Agreement is terminated under certain circumstances, including circumstances involving alternative acquisition proposals, TSOH may be required to pay Farmers a termination fee of \$500,000. See *THE MERGER AGREEMENT Termination; Termination Fee* beginning on page [ ].



**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA FOR FARMERS**

The following table summarizes financial results achieved by Farmers for the periods and at the dates indicated and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, Farmers' Consolidated Financial Statements and the notes to the Consolidated Financial Statements contained in reports that Farmers has previously filed with the SEC. Historical financial information for Farmers can be found in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, and its Annual Report on Form 10-K for the fiscal year ended December 31, 2014, as amended. Financial amounts as of and for the three months ending March 31, 2015, and 2014 are unaudited (and are not necessarily indicative of the results of operations for the full year or any other interim period), but Farmers' management believes such amounts reflect all adjustments (consisting only of normally recurring adjustments) necessary for a fair presentation of its results of operations and financial position as of the dates and for the periods indicated. The selected operating data presented below are not necessarily indicative of the results that may be expected for future periods. See *WHERE YOU CAN FIND MORE INFORMATION* in the forepart of this document for instructions on how to obtain the information that has been incorporated by reference. You should not assume the results of operations for past periods noted below indicate results for any future period.

The information below has been derived from Farmers' Consolidated Financial Statements.

**SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA OF  
FARMERS NATIONAL BANC CORP.**

<i>(Dollars in thousands, except per share data)</i>	At March 31,		At December 31,				
	2015	2014	2014	2013	2012	2011	2010
<b>Selected Financial Data:</b>							
Total assets	\$ 1,133,651	\$ 1,141,000	\$ 1,136,967	\$ 1,137,326	\$ 1,139,695	\$ 1,067,871	\$ 982,700
Loans, net of allowance for loan losses <sup>(1)</sup>	666,061	618,799	656,220	623,116	578,963	561,986	581,000
Allowance for loan losses	7,723	7,387	7,632	7,568	7,629	9,820	9,300
Securities available for sale	369,919	427,625	389,829	422,985	464,088	400,029	314,300
Goodwill and other intangible assets	8,646	10,151	8,813	10,343	6,032	6,441	6,900
Total deposits	909,408	923,033	915,703	915,216	919,009	840,125	761,000
Total borrowings	18,120	19,562	28,381	19,822	10,359	11,134	24,500
Total stockholders' equity	126,771	117,323	123,560	113,007	120,792	114,445	88,000

	As or For the Three Months Ended March 31,			As or For the Year Ended December 31,			
	2015	2014	2014	2013	2012	2011	2010
<b>Selected Operating Data:</b>							
Total interest income	\$ 9,999	\$ 10,063	\$ 40,915	\$ 40,959	\$ 43,110	\$ 44,434	\$ 48,365
Total interest expense	1,007	1,207	4,579	5,063	6,212	7,837	10,998
Net interest income	8,992	8,856	36,336	35,896	36,898	36,597	37,367
Provision for loan losses	450	330	1,880	1,290	725	3,650	8,078

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Net interest income after provision for loan losses	8,542	8,526	34,456	34,606	36,173	32,947	29,289
Total non-interest income	4,037	3,433	15,303	13,914	12,578	12,539	13,210
Total non-interest expense	9,751	9,141	38,162	39,057	35,764	33,728	30,964
Income before income tax expense	2,828	2,818	11,597	9,463	12,987	11,758	11,535
Income tax expense	617	627	2,632	1,683	3,055	2,540	2,544
Net income	\$ 2,211	\$ 2,191	\$ 8,965	\$ 7,780	\$ 9,932	\$ 9,218	\$ 8,991

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	As or For the Three Months Ended March 31,			As or For the Year Ended December 31,			
	2015	2014	2014	2013	2012	2011	2010
<b>Selected Operating Ratios and Other Data</b>							
<b>Performance Ratios:</b>							
Return on average assets (annualized)	0.79%	0.78%	0.79%	0.68%	0.89%	0.89%	0.87%
Return on average equity (annualized)	7.14%	7.65%	7.45%	6.66%	8.42%	8.76%	10.46%
Average interest rate spread (tax equivalent) <sup>(2)</sup>	3.52%	3.46%	3.48%	3.47%	3.66%	3.90%	3.98%
Net interest margin (annualized)	3.64%	3.56%	3.59%	3.58%	3.76%	4.01%	4.10%
Non-interest expense/average assets	0.86%	0.81%	3.34%	3.42%	3.20%	3.26%	3.00%
Efficiency ratio	70.71%	69.87%	70.24%	74.82%	69.94%	67.14%	61.10%
<b>Capital Ratios:</b>							
Common equity tier 1 capital ratio	15.03%	N/A	N/A	N/A	N/A	N/A	N/A
Total risk based capital ratio	16.02%	16.51%	16.48%	16.26%	17.35%	17.43%	13.99%
Tier 1 risk based capital ratio	15.03%	15.47%	15.43%	15.19%	16.18%	16.16%	12.73%
Tier 1 leverage ratio	10.44%	9.73%	10.03%	9.36%	9.54%	9.50%	7.65%
Equity to assets	11.18%	10.28%	10.87%	9.94%	10.60%	10.72%	9.00%
Intangible Common Equity to Tangible Assets	10.50%	9.48%	10.17%	9.11%	10.12%	10.18%	8.31%
<b>Asset Quality Ratios:</b>							
Nonperforming assets/total assets	0.71%	0.76%	0.76%	0.81%	0.75%	1.09%	0.96%
Non-performing loans/total loans	1.18%	1.36%	1.28%	1.44%	1.40%	1.93%	1.51%
Allowance for loan losses/nonperforming loans	97.28%	86.97%	89.99%	83.25%	93.01%	89.19%	104.56%
Allowance for loan losses as a percent of loans	1.15%	1.18%	1.15%	1.20%	1.30%	1.72%	1.58%
<b>Share Data:</b>							
	\$ 0.12	\$ 0.12	\$ 0.48	\$ 0.41	\$ 0.53	\$ 0.50	\$ 0.66

Basic earnings per common share							
Diluted earnings per common share	0.12	0.12	0.48	0.41	0.53	0.50	0.66
Dividends per common share	0.03	0.03	0.12	0.12	0.18	0.12	0.12
Book value per share	6.89	6.25	6.71	6.02	6.43	6.10	6.45
Intangible book value per share	6.42	5.71	6.23	5.47	6.11	5.76	5.95
Market price at period end	8.19	7.68	8.35	6.55	6.20	4.95	3.62
Weighted average common shares outstanding basic	18,427,901	18,779,901	18,674,526	18,773,491	18,791,843	18,271,580	13,563,734
Weighted average common shares outstanding diluted	18,429,309	18,779,901	18,675,416	18,773,491	18,791,843	18,271,580	13,563,734

Note: All performance ratios are based on average balance sheet amounts where applicable.

(1) Loans do not include loans held for sale, which are not material.

(2) Represents the difference between the weighted average yield on average interest-earning assets and the weighted average cost of interest-bearing liabilities.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA FOR TSOH**

The following table summarizes financial results achieved by TSOH for the periods and at the dates indicated. The selected operating data presented below are not necessarily indicative of the results that may be expected for future periods. You should not assume the results of operations for past periods noted below indicate results for any future period.

The information below has been derived from TSOH's Consolidated Financial Statements.

**SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA OF  
TRI-STATE 1<sup>ST</sup> BANC, INC.**

<i>(Dollars in thousands, except per share data)</i>	At March 31,		At December 31,				
	2015	2014	2014	2013	2012	2011	2010
<b>Selected Financial Data:</b>							
Total assets	\$ 139,484	\$ 139,987	\$ 130,953	\$ 127,727	\$ 138,361	\$ 132,888	\$ 124,067
Loans, net of allowance for loan losses <sup>(1)</sup>	66,125	63,231	66,133	66,341	61,421	60,133	61,177
Allowance for loan losses	825	940	824	989	1,115	1,224	1,121
Securities available for sale	42,314	45,590	42,723	43,094	54,824	49,735	38,063
Total deposits	121,997	119,147	113,490	100,573	98,228	102,292	97,152
Borrowings	6,159	6,164	6,159	13,588	25,344	16,853	14,480
Total stockholders' equity	10,950	12,753	10,646	12,601	13,576	12,851	11,670

	As or For the Three Months Ended March 31,			As or For the Year Ended December 31,			
	2015	2014	2014	2013	2012	2011	2010
<b>Selected Operating Data:</b>							
Total interest income	\$ 1,138	\$ 1,120	\$ 4,521	\$ 4,722	\$ 4,876	\$ 5,062	\$ 5,279
Total interest expense	84	110	432	497	609	854	1,090
Net interest income	1,054	1,010	4,089	4,225	4,267	4,208	4,189
Provision for loan losses	5	(17)	(84)	(39)	17	328	454
Net interest income after provision for loan losses	1,049	1,027	4,173	4,264	4,250	3,880	3,735
Total non-interest income	492	638	2,760	2,983	2,882	2,924	2,918
Total non-interest expense	1,361	1,530	5,911	5,935	5,943	5,967	5,842
Income before income tax expense	180	135	1,022	1,312	1,189	837	812
Income tax expense	1	(15)	103	198	163	55	52
Net income	\$ 179	\$ 150	\$ 919	\$ 1,114	\$ 1,026	\$ 782	\$ 759



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**SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA OF  
TRI-STATE 1<sup>ST</sup> BANC, INC.**

	As or For the Quarter Ended March 31,		As or For the Year Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
<b>Selected Operating Ratios and Other Data:</b>							
Performance Ratios:							
Return on average assets	0.54%	0.45%	0.69%	0.78%	0.72%	0.60%	0.61%
Return on average equity	5.71%	4.81%	8.34%	8.70%	7.77%	6.43%	6.56%
Net interest rate spread <sup>(2)</sup>	3.10%	3.11%	3.22%	3.03%	3.07%	3.18%	3.37%
Net interest margin	3.34%	3.38%	3.42%	3.22%	3.22%	3.43%	3.71%
Non-interest expense/average assets							
	4.13%	4.64%	4.44%	4.14%	4.19%	4.55%	4.69%
Efficiency ratio	88.01%	92.80%	86.31%	82.34%	83.13%	83.67%	82.13%
<b>Capital Ratios:</b>							
Total risk based capital (to risk weighted assets)	19.98%	18.96%	17.65%	20.55%	21.00%	21.41%	21.29%
Tier 1 risk based capital (to risk weighted assets)	18.71%	17.74%	16.47%	19.33%	19.74%	20.15%	20.03%
Tier 1 leverage (core) capital (to tangible assets)	9.49%	10.76%	9.46%	10.93%	10.19%	10.42%	11.05%
Equity to total assets	7.85%	9.14%	8.13%	9.87%	9.81%	9.64%	9.41%
<b>Asset Quality Ratios:</b>							
Nonperforming assets/total assets	0.58%	1.04%	0.68%	1.23%	1.09%	1.45%	1.60%
Nonperforming loans/total loans	1.21%	2.17%	1.33%	2.33%	2.42%	3.15%	3.19%
Allowance for loan losses/nonperforming loans	101.68%	67.43%	92.53%	62.95%	73.93%	63.52%	56.47%
Allowance for loan losses as a percent of loans	1.23%	1.47%	1.23%	1.47%	1.78%	1.99%	1.80%

**Share Data <sup>(1)</sup>:**

Basic earnings per common share	\$	0.18	\$	(0.10)	\$	0.68	\$	0.88	\$	0.79	\$	0.54	\$	0.52
Diluted earnings per common share		0.18		(0.10)		0.68		0.88		0.79		0.54		0.52
Dividends per common share		0.07		0.07		0.33		0.27		0.25		0.25		0.22
Tangible book value per share		10.07		8.78		9.76		8.40		9.61		8.66		8.76
Market price at period end		8.74		9.50		12.00		9.50		9.25		11.25		10.25
Weighted average common shares outstanding basic		985,983		985,983		985,983		985,983		985,983		985,983		985,983
Weighted average common shares outstanding diluted		985,983		985,983		985,983		985,983		985,983		985,983		985,983

(1) Adjusted for a five-to-four stock split effective December 8, 2010.



**Table of Contents****UNAUDITED COMPARATIVE PER SHARE DATA**

The following table summarizes selected share and per share information about Farmers and TSOH giving effect to the Merger and, where indicated, giving effect to the acquisition by Farmers of National Bancshares Corporation recently completed on June 19, 2015 (which is collectively referred to as pro forma information). The data in the table should be read together with the financial information and the financial statements of Farmers and TSOH incorporated by reference or included in this proxy statement/prospectus. The pro forma information is presented as an illustration only. The data does not necessarily indicate the combined financial position per share or combined results of operations per share that would have been reported if the Merger had occurred when indicated, nor is the data a forecast of the combined financial position or combined results of operations of Farmers, TSOH, and/or National Bancshares Corporation for any future period.

The information about book value per share and shares outstanding assumes that the Merger took place as of the dates presented. The information about dividends and earnings per share assumes that the Merger took place as of the periods presented. No pro forma adjustments have been included to reflect potential effects of the Merger related to integration expenses, cost savings or operational synergies which are expected to be obtained by combining the operations of Farmers and TSOH, or the costs of combining the companies and their operations. It is further assumed that Farmers will pay a cash dividend after the completion of the Merger at the annual rate of \$0.12 per common share. The actual payment of dividends is subject to numerous factors, and no assurance can be given that Farmers will pay dividends following the completion of the Merger or that dividends will not be reduced in the future.

	<b>Farmers Historical</b>	<b>NBOH Historical</b>	<b>Farmers Adjusted for NBOH</b>	<b>TSOH Historical</b>	<b>Pro Forma Combined<sup>(1)(2)(3)(4)</sup></b>	<b>Equivalent Pro Forma TSOH<sup>(5)</sup></b>
<b>Basic Net Income Per Common Share</b>						
Three Months Ended March 31, 2015	\$ 0.12	\$ 0.67	\$ 0.14	\$ 0.18	\$ 0.14	\$ 0.25
Year Ended December 31, 2014	\$ 0.48	\$ 2.65	\$ 0.57	\$ 0.93	\$ 0.57	\$ 1.00
<b>Diluted Net Income Per Common Share</b>						
Three Months Ended March 31, 2015	\$ 0.12	\$ 0.66	\$ 0.14	\$ 0.18	\$ 0.14	\$ 0.25
Year Ended December 31, 2014	\$ 0.48	\$ 2.62	\$ 0.57	\$ 0.93	\$ 0.57	\$ 1.00
<b>Dividends Declared Per Common Share</b>						
Three Months Ended March 31, 2015	\$ 0.03	\$ 0.10	\$ 0.03	\$ 0.07	\$ 0.03	\$ 0.05
Year Ended December 31, 2014	\$ 0.12	\$ 0.40	\$ 0.12	\$ 0.33	\$ 0.12	\$ 0.21
<b>Book Value Per Common Share</b>						
Three Months Ended March 31, 2015	\$ 6.89	\$ 24.19	\$ 7.13	\$ 10.97	\$ 7.14	\$ 12.47
December 31, 2014	\$ 6.71	\$ 23.57	\$ 6.95	\$ 10.66	\$ 6.95	\$ 12.15
<b>Tangible Book Value Per Common Share</b>						
	\$ 6.42	\$ 22.07	\$ 5.64	\$ 10.07	\$ 5.53	\$ 9.66

Three Months Ended March 31,  
2015

December 31, 2014	\$ 6.23	\$ 21.45	\$ 5.45	\$ 9.76	\$ 5.34	\$ 9.32
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- (1) The pro forma combined book value per Farmers common share is based on the pro forma combined common shareholders' equity for the merged entities divided by total pro forma common shares of the combined entities.
- (2) Pro forma dividends per share represent Farmers historical dividends per common share.
- (3) The pro forma combined diluted net income per Farmers common share is based on the pro forma combined diluted net income for the merged entities divided by total pro forma diluted common shares of the combined entities.
- (4) The pro forma tangible book value per Farmers common share is based on the pro forma combined tangible common shareholders' equity for the merged entities divided by total pro forma common shares of the combined entities.
- (5) Represents the Pro Forma Combined information multiplied by the 1.747 exchange ratio.

**Table of Contents****MARKET PRICE AND DIVIDEND INFORMATION**

Farmers' common shares are traded on the Nasdaq under the symbol FMNB. TSOH's common shares are traded on the OTC Pink marketplace under the symbol TSOH. The OTC Pink marketplace offers over-the-counter trading in a wide variety of equity securities.

A summary of the high and low prices of and cash dividends paid on TSOH and Farmers common shares for the first three quarters of 2015 and for the fiscal years ending 2014 and 2013 follows. This information does not reflect retail mark-up, markdown or commissions, and does not necessarily represent actual transactions.

	TSOH			Farmers		
	High	Low	Dividends	High	Low	Dividends
<b>2015</b>						
First Quarter	\$ 16.00	\$ 8.74	\$ 0.07	\$ 8.45	\$ 7.09	\$ 0.03
Second Quarter	13.95	8.74	0.07	8.44	8.02	0.03
Third Quarter (through )						
<b>2014</b>						
First Quarter	\$ 9.50	\$ 9.50	\$ 0.07	\$ 7.75	\$ 6.53	\$ 0.03
Second Quarter	9.50	9.25	0.07	7.89	7.35	0.03
Third Quarter	9.70	9.05	0.07	8.71	7.10	0.03
Fourth Quarter	14.00	9.05	0.12	8.68	7.40	0.03
<b>2013</b>						
First Quarter	\$ 9.75	\$ 9.25	\$ 0.05	\$ 6.90	\$ 6.13	\$ 0.03
Second Quarter	9.75	9.00	0.05	6.70	5.81	0.03
Third Quarter	9.72	9.15	0.05	6.58	6.10	0.03
Fourth Quarter	9.50	8.75	0.12	6.59	6.11	0.03

On June 23, 2015, the date of execution of the Merger Agreement, the closing price of TSOH's common shares was \$10.50. The information presented in the following table reflects the last reported sale prices per share of Farmers common shares as of June 23, 2015, the date of execution of the Merger Agreement, and on [ ], 2015, the last practicable day for which information was available prior to the date of this proxy statement/prospectus. The table also presents the equivalent market value per TSOH common share on June 23, 2015, and [ ], 2015, determined by multiplying the share price of a Farmers common share on such dates by the exchange ratio of 1.747. No assurance can be given as to what the market price of Farmers' common shares will be if and when the Merger is consummated.

	Farmers Common Shares	Equivalent Price Per TSOH Common Share
June 23, 2015	\$ 8.20	\$ 14.33
[ ], 2015	\$	\$



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**RISK FACTORS**

*In addition to general investment risks and the other information contained in or incorporated by reference into this proxy statement/prospectus, including the matters addressed under the section **FORWARD-LOOKING STATEMENTS** commencing on page [ ], you should carefully consider the following risk factors in deciding how to vote for the proposals presented in this proxy statement/prospectus. The following is a discussion of the most significant factors that make an investment in Farmers common shares speculative or risky, but does not purport to present an exhaustive description of such risks. You should also consider the other information in this proxy statement/prospectus and the other documents incorporated by reference into this proxy statement/prospectus. See **WHERE YOU CAN FIND MORE INFORMATION** in the forepart of this document.*

**Risks Related to the Merger**

***The market value of Farmers common shares you receive in the Merger may decrease if there are fluctuations in the market price of Farmers common shares following the Merger.***

Under the terms of the Merger Agreement, shareholders of TSOH will be entitled to receive from Farmers, after the Merger is completed, Merger consideration payable in the form of cash and Farmers common shares to be calculated as set forth in the Merger Agreement. At the Effective Time of the Merger, each TSOH common share will be converted into the right to receive: (i) 1.747 Farmers common shares, or (ii) \$14.20 in cash, subject to adjustment under certain circumstances set forth in the Merger Agreement.

Farmers will not issue any fractional shares of common shares in connection with the Merger. Instead, each holder of TSOH common shares who would otherwise be entitled to receive a fraction of a Farmers common share (after taking into account all shares of TSOH common shares owned by such holder at the effective time of the Merger) will receive cash, without interest, in an amount equal to the Farmers fractional common share to which such holder would otherwise be entitled multiplied by the volume-weighted average, rounded to the nearest one tenth of a cent, of the closing sale prices of Farmers common shares based on information reported by the Nasdaq for the five (5) trading days trading days immediately preceding the effective date of the Merger.

Any change in the market price of Farmers common shares prior to the completion of the Merger will affect the market value of the Merger consideration that TSOH shareholders will receive following completion of the Merger. Stock price changes may result from a variety of factors that are beyond the control of Farmers and TSOH, including but not limited to general market and economic conditions, changes in their respective businesses, operations and prospects and regulatory considerations. Therefore, at the time of the TSOH special meeting, TSOH shareholders will not know the precise market value of the consideration they will receive at the effective time of the Merger. TSOH shareholders should obtain current sale prices for Farmers common shares before voting their shares at the TSOH special meeting.

***Farmers could experience difficulties in managing its growth and effectively integrating the operations of TSOH.***

The earnings, financial condition and prospects of Farmers after the Merger will depend in part on Farmers ability to integrate successfully the operations of TSOH and 1<sup>st</sup> National, and to continue to implement its own business plan. Farmers may not be able to fully achieve the strategic objectives and projected operating efficiencies anticipated in the Merger. The costs or difficulties relating to the integration of TSOH and 1<sup>st</sup> National with the Farmers organization may be greater than expected or the cost savings from any anticipated economies of scale of the combined organization may be lower or take longer to realize than expected. Inherent uncertainties exist in integrating the operations of any acquired entity, and Farmers may encounter difficulties, including, without limitation, loss of key

employees and customers, and the disruption of its ongoing business or possible inconsistencies in standards, controls, procedures and policies. These factors could contribute to Farmers not fully achieving the expected benefits from the Merger.

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***The Merger Agreement limits TSOH's ability to pursue alternatives to the Merger with Farmers, may discourage other acquirers from offering a higher valued transaction to TSOH and may, therefore, result in less value for the TSOH shareholders.***

The Merger Agreement contains a provision that, subject to certain limited exceptions, prohibits TSOH from soliciting, negotiating, or providing confidential information to any third party relating to any competing proposal to acquire TSOH or 1<sup>st</sup> National.

In addition, if (a) Farmers terminates the Merger Agreement due to TSOH's acceptance of another acquisition proposal, failure to recommend to the shareholders adoption of the Merger Agreement, or TSOH's breach of the Merger Agreement's prohibition on solicitation of other acquisition proposals, or, (b) TSOH terminates the Merger Agreement with the intention of entering into or accepting an alternate, superior proposal, then, in the case of either (a) or (b) above, TSOH shall pay to Farmers \$500,000. The requirement that TSOH make such a payment could discourage another company from making a competing proposal.

***The fairness opinion of TSOH's financial advisor do not reflect changes in circumstances subsequent to the date of such opinion.***

The TSOH board of directors received an opinion, dated June 23, 2015, from its financial advisor as to the fairness of the Merger consideration from a financial point of view as of the date of such opinion. Subsequent changes in the operation and prospects of TSOH or Farmers, general market and economic conditions and other factors that may be beyond the control of TSOH or Farmers may significantly alter the value of TSOH or Farmers or the prices of the TSOH common shares or the Farmers common shares by the time the Merger is completed. The opinion does not address the fairness of the Merger consideration from a financial point of view at the time the Merger is completed, or as of any other date other than the date of such opinion. The opinion of TSOH's financial advisor is attached as Annex C to this proxy statement/prospectus. For a description of the opinion, see *THE MERGER Opinion of TSOH's Financial Advisor* on page [ ] of this proxy statement/prospectus.

***Farmers and TSOH shareholders will have a reduced ownership and voting interest after the Merger and will exercise less influence over management of the combined organization.***

The Merger will dilute the ownership position of Farmers' shareholders and result in TSOH's shareholders having an ownership stake in the combined company that is smaller than their current stake in TSOH. Upon completion of the Merger, we estimate that continuing Farmers shareholders will own approximately [94.99]% of the issued and outstanding common shares of the combined company, and former TSOH shareholders will own approximately [5.01]% of the issued and outstanding common shares of the combined company assuming that all TSOH Series A preferred shares are converted to TSOH common shares. Consequently, Farmers shareholders and TSOH shareholders, as a general matter, will have less influence over the management and policies of the combined company after the effective time of the Merger than they currently exercise over the management and policies of Farmers and TSOH, respectively.

***Failure to complete the Merger could negatively impact the value of TSOH's shares and future businesses and financial results of Farmers and TSOH.***

If the Merger is not completed, the ongoing businesses of Farmers and TSOH may be adversely affected, and Farmers and TSOH will be subject to several risks, including the following:

Farmers and TSOH will be required to pay certain costs relating to the Merger, whether or not the Merger is completed, such as legal, accounting, financial advisor and printing fees;

under the Merger Agreement, TSOH is subject to certain restrictions regarding the conduct of its business before completing the Merger, which may adversely affect its ability to execute certain of its business strategies; and



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matters relating to the Merger may require substantial commitments of time and resources by Farmers and TSOH management, which could otherwise have been devoted to other opportunities that may have been beneficial to Farmers and TSOH as independent companies, as the case may be.

In addition, if the Merger is not completed, Farmers and TSOH may experience negative reactions from their respective customers and employees. Employees could resign and obtain other employment as a result of the potential Merger or a failed completion of the Merger. Farmers or TSOH also could be subject to litigation related to any failure to complete the Merger.

***The Farmers common shares to be received by TSOH shareholders upon completion of the Merger will have different rights from TSOH common shares.***

Upon completion of the Merger, TSOH shareholders will no longer be shareholders of TSOH but will instead become shareholders of Farmers, and their rights as shareholders of Farmers will be governed by the Ohio Revised Code and by Farmers Amended Articles of Incorporation and Amended Code of Regulations. The terms of Farmers Amended Articles of Incorporation and Amended Code of Regulations are in some respects materially different than the terms of TSOH s Second Amended and Restated Articles of Incorporation, as amended, and Code of Regulations. See *COMPARISON OF CERTAIN RIGHTS OF TSOH AND FARMERS SHAREHOLDERS* on page [ ] of this proxy statement/prospectus.

***Completion of the Merger is subject to many conditions and if these conditions are not satisfied or waived, the Merger will not be completed.***

The respective obligations of Farmers and TSOH to complete the Merger are subject to the fulfillment or written waiver of many conditions, including approval by the requisite vote of TSOH s shareholders, receipt of requisite regulatory approvals, absence of orders prohibiting completion of the Merger, effectiveness of the registration statement of which this document is a part, approval of the Farmers shares to be issued to TSOH for listing on the Nasdaq, the continued accuracy of the representations and warranties by both parties, and the performance by both parties of their covenants and agreements. See *THE MERGER AGREEMENT Conditions to the Merger* on page [ ] of this proxy statement/prospectus. These conditions to the consummation of the Merger may not be fulfilled and, accordingly, the Merger may not be completed. In addition, if the Merger is not completed by June 23, 2016, either Farmers or TSOH may have the opportunity to choose not to proceed with the Merger, and the parties can mutually decide to terminate the Merger Agreement at any time, before or after approval by the requisite vote of the TSOH shareholders. In addition, Farmers or TSOH may elect to terminate the Merger Agreement in certain other circumstances. See *THE MERGER AGREEMENT Termination; Termination Fee* on page [ ] of this proxy statement/prospectus for a fuller description of these circumstances.

**Risks Related to Farmers Business**

You should read and consider risk factors specific to Farmers business that will also affect the combined company after the Merger, described in Farmers Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 and Annual Report on Form 10-K for the fiscal year ended December 31, 2014, as amended by the Form 10-K/A filed with the Commission on April 27, 2015, and as updated by subsequently filed Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed by Farmers with the SEC and incorporated by reference into this document. See *INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE* on page [ ] of this proxy statement/prospectus.



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**FORWARD-LOOKING STATEMENTS**

This proxy statement/prospectus and the documents incorporated herein by reference contain forward-looking statements, including statements about Farmers, TSOH and the combined entity's financial condition, results of operations, earnings outlook, asset quality trends and profitability. Forward-looking statements express Farmers and TSOH's management's current expectations or forecasts of future events and, by their nature, are subject to assumptions, risks and uncertainties. Certain statements contained in this proxy statement/prospectus and the documents incorporated herein by reference that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, or the Reform Act, notwithstanding that such statements are not specifically identified.

In addition, certain statements may be contained in the future filings of Farmers with the SEC, in press releases and in oral and written statements made by or with the approval of Farmers or TSOH that are not statements of historical fact and constitute forward-looking statements within the meaning of the Reform Act. Examples of forward-looking statements include, but are not limited to:

statements about the benefits of the Merger between Farmers and TSOH, including future financial and operating results, cost savings, enhanced revenues and accretion to reported earnings that may be realized from the Merger;

statements regarding plans, objectives and expectations of Farmers or TSOH or their respective management or boards of directors;

statements regarding future economic performance; and

statements regarding assumptions underlying any such statements.

Words such as believes, anticipates, expects, intends, targeted, continue, remain, will, should, may expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

the risk that the businesses of Farmers and TSOH will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected;

expected revenue synergies and cost savings from the Merger may not be fully realized or realized within the expected time frame;

revenues or earnings following the Merger may be lower than expected;

deposit attrition, operating costs, customer loss and business disruption following the Merger, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected;

the inability to obtain governmental approvals of the Merger on the proposed terms and schedule;

the failure of TSOH's shareholders to approve the Merger;

local, regional, national and international economic conditions and the impact they may have on Farmers and its customers and Farmers' assessment of that impact;

changes in the level of non-performing assets, delinquent loans and charge-offs;

material changes in the value of Farmers' common shares;

changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements;

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the risk that management's assumptions and estimates used in applying critical accounting policies prove unreliable, inaccurate or not predictive of actual results;

inflation, interest rate, securities market and monetary fluctuations;

changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity;

competitive pressures among depository and other financial institutions may increase and have an effect on pricing, spending, third-party relationships and revenues;

changes in laws and regulations (including laws and regulations concerning taxes, banking and securities) with which Farmers and TSOH must comply;

the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Federal Reserve;

legislation affecting the financial services industry as a whole, and/or Farmers and its subsidiaries, individually or collectively;

governmental and public policy changes; and

the impact on Farmers' businesses, as well as on the risks set forth above, of various domestic or international military or terrorist activities or conflicts.

Additional factors that could cause Farmers' and TSOH's results to differ materially from those described in the forward-looking statements can be found in Farmers' Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters and attributable to Farmers or TSOH or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements referenced above. Forward-looking statements speak only as of the date on which such statements are made. Farmers and TSOH undertake no obligation to update any forward-looking statement.

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**THE SPECIAL MEETING OF SHAREHOLDERS OF TSOH**

**Time, Date and Place**

This proxy statement/prospectus is being provided to TSOH common and Series A preferred shareholders in connection with the solicitation of proxies by the TSOH board of directors for use at the special meeting of shareholders to be held at 10:00 a.m., local time, on [ ], 2015, at TSOH's offices, 16924 St. Clair Avenue, East Liverpool, Ohio 43920, including any adjournments of the special meeting.

This proxy statement/prospectus is also being furnished by Farmers to TSOH common shareholders as a prospectus in connection with the issuance of Farmers common shares upon completion of the Merger.

**Matters to be Considered**

At the special meeting, the shareholders of TSOH will be asked to consider and vote upon the following matters:

a proposal to adopt and approve the Merger Agreement;

a proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event there are not sufficient votes at the time of the special meeting to adopt and approve the Merger Agreement; and

any other business which properly comes before the special meeting or any adjournment or postponement of the special meeting. The board of directors of TSOH is unaware of any other business to be transacted at the special meeting.

The board of directors of TSOH believes that the Merger with Farmers is in the best interests of TSOH shareholders and recommends that you vote (1) **FOR** the adoption and approval of the Merger Agreement and (2) **FOR** the proposal to adjourn the special meeting of TSOH shareholders, if necessary, to solicit additional proxies.

**Record Date; Shares Outstanding and Entitled to Vote**

The board of directors of TSOH has fixed the close of business on [ ], 2015, as the record date for determining the TSOH common shareholders who are entitled to notice of and to vote at the TSOH special meeting of shareholders and the TSOH Series A preferred shareholders who are entitled to notice of the TSOH special meeting of shareholders. Only TSOH shareholders at the close of business on the record date will be entitled to notice of the TSOH special meeting, and only holders of TSOH common shares at the close of business on the record date will be entitled to vote at the TSOH special meeting.

As of the close of business on [ ], 2015, there were [985,983] TSOH common shares outstanding and entitled to vote at the special meeting. The TSOH common shares were held of record by approximately [200] shareholders. Each TSOH common share entitles the holder to one vote on all matters properly presented at the special meeting.

**Votes Required; Quorum**

Under TSOH's Second Amended and Restated Articles of Incorporation, as amended, the adoption and approval of the Merger Agreement requires the affirmative vote of the holders of at least two-thirds of the TSOH common shares outstanding and entitled to vote at the special meeting. Approval of an adjournment of the special meeting requires the affirmative vote of the holders of a majority of TSOH's common shares represented, in person or by proxy, at the special meeting. TSOH's Series A preferred shareholders will not be entitled to vote at the special meeting.

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As of June 23, 2015, directors of TSOH beneficially owned an aggregate of [278,122] TSOH common shares, an amount equal to approximately [28.2]% of the outstanding TSOH common shares. All of the directors and executive officers of TSOH entered into the Voting Agreements with Farmers pursuant to which they agreed, subject to certain other terms and conditions, to vote their shares in favor of the adoption and approval of the Merger Agreement. As of the date of this proxy statement/prospectus, Farmers and its directors, executive officers and affiliates beneficially owned no TSOH common shares or Series A preferred shares.

Your vote is important. The adoption and approval of the Merger Agreement requires the affirmative vote of the holders of at least two-thirds of the TSOH common shares outstanding and entitled to vote at the TSOH special meeting. The proposal to approve adjournment of the TSOH special meeting, if necessary, to solicit additional proxies requires the affirmative vote of at least a majority of the TSOH common shares represented in person or by proxy at the TSOH special meeting. Brokers who hold TSOH common shares in street name for the beneficial owners cannot vote these TSOH common shares on any of the proposals without specific instructions from the beneficial owners. If you fail to return your proxy card or vote in person at the special meeting or if you mark **ABSTAIN** on your proxy card or ballot at the special meeting, or if your TSOH common shares are held in street name and you fail to instruct your broker how to vote, it will have the same effect as a vote **AGAINST** the adoption and approval of the Merger Agreement, but will have no effect on the other proposal.

A quorum, consisting of the holders of a majority of the outstanding TSOH common shares, must be present in person or by proxy at the TSOH special meeting before any action, other than the adjournment of the special meeting, can be taken. A properly executed proxy card marked **ABSTAIN** will be counted for purposes of determining whether a quorum is present.

The TSOH board of directors does not expect any matter other than the adoption and approval of the Merger Agreement and, if necessary, the approval of the adjournment of the special meeting to solicit additional proxies, to be brought before the TSOH special meeting. If any other matters are properly brought before the special meeting for consideration, TSOH common shares represented by properly executed proxy cards will be voted, to the extent permitted by applicable law, in the discretion of the persons named in the proxy card in accordance with their best judgment.

**Solicitation and Revocation of Proxies**

A proxy card accompanies each copy of this proxy statement/prospectus mailed to TSOH shareholders. Your proxy is being solicited by the board of directors of TSOH. Whether or not you attend the special meeting, the TSOH board of directors urges you to return your properly executed proxy card as soon as possible. If you return your properly executed proxy card prior to the special meeting and do not revoke it prior to its use, the TSOH common shares represented by that proxy card will be voted at the special meeting or, if appropriate, at any adjournment of the special meeting. TSOH's common shares will be voted as specified on the proxy card or, in the absence of specific instructions to the contrary, will be voted **FOR** the adoption and approval of the Merger Agreement and **FOR** the approval of the adjournment of the special meeting, if necessary, to solicit additional proxies.

If you have returned a properly executed proxy card, you may revoke it at any time before a vote is taken at the special meeting by:

filing a written notice of revocation with the [ ] of TSOH, at 16924 St. Clair Avenue, East Liverpool, Ohio 43920;



executing and returning another proxy card with a later date; or

attending the special meeting and giving notice of revocation in person.

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*Your attendance at the special meeting will not, by itself, revoke your proxy.*

If you hold your TSOH common shares in street name through a broker, bank or other nominee, you must provide your broker, bank or nominee (the record holder of your common shares) with instructions on how to vote your common shares. Your broker, bank or other nominee will provide you with a proxy card and voting instructions. If you have instructed your broker, bank or other nominee to vote your common shares, you must follow the directions received from your broker, bank or other nominee to change or revoke your vote.

TSOH will bear its own cost of solicitation of proxies on behalf of the TSOH board of directors. Proxies will be solicited by mail, and may be further solicited by additional mailings, personal contact, telephone, facsimile or electronic mail, by directors, officers and employees of TSOH, none of whom will receive additional compensation for their solicitation activities. TSOH has also engaged Georgeson Inc., a proxy soliciting firm, to assist in the solicitation of proxies for a fee of \$8,000, \$6.00 per completed telephone contact with a shareholder, an additional \$4.50 for a telephone vote received, \$500 for establishing a toll free number for shareholder inquiries and reimbursement of out-of-pocket expenses. TSOH will also pay the standard charges and expenses of brokerage houses, voting trustees, banks, associations and other custodians, nominees and fiduciaries, who are record holders of TSOH common shares not beneficially owned by them, for forwarding this proxy statement/prospectus and other proxy solicitation materials to, and obtaining proxies from, the beneficial owners of TSOH common shares entitled to vote at the special meeting.

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**PROPOSALS SUBMITTED TO TSOH SHAREHOLDERS**

**Merger Proposal**

As discussed throughout this proxy statement/prospectus, TSOH is asking its common shareholders to adopt and approve the Merger Agreement. TSOH common shareholders should carefully read this document in its entirety for more detailed information regarding the Merger Agreement and the Merger. In particular, shareholders are directed to the copy of the Merger Agreement attached as Annex B to this proxy statement/prospectus.

*The board of directors of TSOH recommends a vote **FOR** the approval and adoption of the Merger Agreement.*

**Adjournment Proposal**

The special meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, the solicitation of additional proxies if there are insufficient votes at the time of the special meeting to approve and adopt the Merger Agreement. If, at the time of the special meeting, the number of common shares of TSOH present or represented and voting in favor of the Merger Agreement proposal is insufficient to approve and adopt the Merger Agreement, TSOH intends to move to adjourn the special meeting in order to enable the TSOH board of directors to solicit additional proxies for approval of the proposal. In that event, TSOH will ask the TSOH common shareholders to vote only upon the adjournment proposal and not the merger proposal.

In the adjournment proposal, TSOH is asking its common shareholders to authorize the holder of any proxy solicited by the TSOH board of directors to vote in favor of granting discretionary authority to the proxy holders to adjourn the special meeting to another time and place for the purpose of soliciting additional proxies. If the TSOH common shareholders approve the adjournment proposal, TSOH could adjourn the special meeting and any adjourned session of the special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from TSOH common shareholders who have previously voted.

*The TSOH board of directors recommends a vote **FOR** the TSOH adjournment proposal.*

**Other Matters to Come Before the Special Meeting**

No other matters are intended to be brought before the special meeting by TSOH, and TSOH does not know of any matters to be brought before the special meeting by others. If, however, any other matters properly come before the special meeting, the persons named in the proxy will vote the common shares represented thereby in accordance with their best judgment on any such matter.

**DISSENTERS RIGHTS**

**Rights of Dissenting TSOH Shareholders**

Shareholders of TSOH are entitled to certain dissenters rights pursuant to Sections 1701.84(A) and 1701.85 of the OGCL. Section 1701.85 generally provides that shareholders of TSOH will not be entitled to such rights without strict compliance with the procedures set forth in Section 1701.85, and failure to take any one of the required steps may result in the termination or waiver of such rights. Specifically, any TSOH shareholder who is a record holder of TSOH shares on [ ], 2015, the record date for the special meeting, and whose shares are not voted in favor of the adoption of the Merger Agreement may be entitled to be paid the fair cash value of such TSOH shares after the effective time of the Merger. To be entitled to such payment, a shareholder must deliver to TSOH a written demand

for payment of the fair cash value of the common shares held by such shareholder, before the vote on the Merger proposal is taken, the shareholder must not vote in favor of approval

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and adoption of the Merger Agreement, and the shareholder must otherwise comply with Section 1701.85. A TSOH shareholder's failure to vote against the adoption and approval of the Merger Agreement will not constitute a waiver of such shareholder's dissenters' rights. Any written demand must specify the shareholder's name and address, the number and class of shares held by him, her or it on the record date, and the amount claimed as the fair cash value of such TSOH common shares. See the text of Section 1701.85 of the OGCL attached as Annex A to this proxy statement/prospectus for specific information on the procedures to be followed in exercising dissenters' rights.

If TSOH so requests, dissenting shareholders must submit their share certificates to TSOH within 15 days of such request, for endorsement on such certificates by TSOH that a demand for appraisal has been made. Failure to comply with such request will terminate the dissenting shareholders' rights. Such certificates will be promptly returned to the dissenting shareholders by TSOH. If TSOH and any dissenting shareholder cannot agree upon the fair cash value of TSOH's shares, either may, within three months after service of demand by the shareholder, file a petition in the Court of Common Pleas of Columbiana County, Ohio, for a determination of the fair cash value of such dissenting shareholder's TSOH shares. The fair cash value of a TSOH share to which a dissenting shareholder is entitled to under Section 1701.85 will be determined as of the day prior to the vote of the TSOH shareholders. Investment banker opinions to company boards of directors regarding the fairness from a financial point of view of the consideration payable in a transaction such as the Merger are not opinions regarding, and do not address, fair cash value under Section 1701.85.

If a TSOH shareholder exercises his, her or its dissenters' rights under Section 1701.85, all other rights with respect to such shareholder's TSOH shares will be suspended until TSOH purchases the shares, or the right to receive the fair cash value is otherwise terminated. Such rights will be reinstated should the right to receive the fair cash value be terminated other than by the purchase of the shares.

The foregoing description of the procedures to be followed in exercising dissenters' rights available to holders of TSOH's shares pursuant to Section 1701.85 of the OGCL may not be complete and is qualified in its entirety by reference to the full text of Section 1701.85 attached as Annex A to this proxy statement/prospectus.

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**THE MERGER**

**The Proposed Merger**

The Merger Agreement provides for the merger of TSOH with and into Merger Sub, a newly-formed, wholly-owned subsidiary of Farmers (the Merger ), with Merger Sub as the surviving entity. Thereafter, Merger Sub promptly will be dissolved and liquidated and, at a later time as soon as practicable as specified by Farmers Bank and certified by the OCC, 1<sup>st</sup> National will be merged with and into Farmers Bank, with Farmers Bank surviving the subsidiary bank merger.

The Merger Agreement is attached to this proxy statement/prospectus as Annex B and is incorporated in this proxy statement/prospectus by reference. *You are encouraged to read the Merger Agreement carefully, as it is the legal document that governs the Merger.*

**Background of the Merger**

TSOH's board of directors and management have, since completing the transaction in 2008 in which the TSOH Series A preferred shares were issued and TSOH ceased to be required to file reports with the SEC in an effort to reduce operating costs, sought ways to secure capital for its and 1<sup>st</sup> National's benefit, and to maximize the benefits of equity ownership for TSOH's shareholders. During 2011, 2012 and 2013, TSOH focused on potential capital raising transactions, in light of market conditions for private placements of equity securities, while also considering a potential sale of the company or divestitures of non-core subsidiaries. During this time, TSOH received regular updates from management and advisors about the state of the community bank mergers and acquisitions market, while continuing to receive updates about potential capital raising opportunities. In 2014, it began to focus specifically on a potential sale of the company and potential divestitures of its non-banking related subsidiaries. In the second half of 2014, the board of TSOH determined to sell off its non-bank subsidiaries to focus on its core business and explore a potential sale of TSOH.

In February 2014, Stephen R. Sant, President and CEO of TSOH, was introduced to Kevin J. Helmick, Farmers President and Chief Executive Officer, by Timothy Shaffer, Senior Vice President of Farmers. On June 3, 2014, Mr. Sant and Timothy G. Dickey, a director of TSOH and 1st National Community Bank, met with Mr. Helmick and Lance J. Ciroti, Chairman of Farmers, at which time Farmers indicated an interest in banking operations in Southern Columbiana County, Ohio.

On June 18, 2014, TSOH's board of directors held a meeting to consider various options with respect to the future of TSOH and its shareholders, including seeking additional equity investment to remain an independent company, as well as exploring the possibility of a sale of TSOH to provide liquidity to TSOH shareholders in light of the very thin trading volume of TSOH common stock. The sense of the board was that exploring a potential sale of the company, including the possible sale of the non-bank subsidiaries in separate transactions or as part of a sale of TSOH, was appropriate. Further, the board discussed the pros and cons of a negotiated transaction versus the viability of a controlled auction process. In a series of meetings during July and August of 2014, TSOH's board met to continue consideration of a sale of the company. At a meeting on July 11, 2014, Boenning presented to the board an overview of the state of the mergers and acquisitions marketplace and the factors to consider in beginning a sale process. On July 16, 2014, TSOH's board authorized management to begin to divest TSOH of its non-bank subsidiary businesses.

On August 6, 2014, Mr. Sant met with Mr. Helmick and discussed TSOH's plan to sell the non-bank businesses, as further described below. Mr. Helmick indicated Farmers' willingness to look at an acquisition of the subsidiary businesses and of TSOH as a whole.

In connection with TSOH's efforts to sell its non-bank subsidiary MDH, on September 22, 2014, Farmers and TSOH entered into a standard confidentiality agreement. On October 2, 2014, Farmers submitted a non-binding letter of intent with respect to MDH (which was nevertheless subsequently sold by TSOH to MDH's own management team in April 2015 pursuant to a previously existing right of first refusal).

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During this period, TSOH's board of directors continued to study a potential sale transaction of TSOH. On November 19, 2014, TSOH's board met again, along with representatives of Boenning, to discuss factors relevant to a potential sale, including the amount of consideration that could potentially be received in such a transaction, the type of transaction to pursue, the number of realistic potential buyers, and the impact of such a sale of TSOH on its employees and community. That same day, the board approved the engagement of Boenning as the company's financial advisor for a sale of TSOH and 1<sup>st</sup> National.

On December 10, 2014, Mr. Helmick, Mr. Sant and representatives of Boenning discussed by teleconference the prospect of a negotiated acquisition of TSOH and MDH by Farmers. Shortly thereafter, TSOH established a virtual data room to facilitate due diligence by potential acquirers of TSOH, including Farmers. On December 15, 2014, Farmers executed a confidentiality agreement in connection with a potential acquisition of TSOH as a whole.

In late December 2014, TSOH completed divestitures of its two other non-banking subsidiaries, Cooper Insurance Agency Inc. and Gateminder Corporation.

On January 15, 2015, Farmers submitted to TSOH a non-binding letter of intent with respect to an acquisition of TSOH, 1<sup>st</sup> National and MDH. On January 21, 2015, TSOH's board of directors met with representatives of Boenning and Buchanan Ingersoll & Rooney PC, counsel to TSOH ( Buchanan ), to discuss the letter of intent, its key proposed financial terms and the impact of such a transaction on the shareholders and employees of TSOH and the community in which it conducts business. On January 30, 2015, TSOH's board met again, inviting representatives of Boenning and Buchanan to discuss the letter of intent and authorizing management to enter into the non-binding letter of intent and proceed with discussions with Farmers about a potential acquisition of TSOH and 1<sup>st</sup> National. TSOH and Farmers signed the letter of intent on January 30, 2015.

During February 2015, TSOH provided extensive due diligence information through its virtual data room to Farmers and performed its own diligence inquiry into Farmers, including on-site visits by members of TSOH's and 1<sup>st</sup> National's management and review of information provided by Farmers. On February 27, 2015, Charles Lang, Chairman of TSOH's board, met with Mr. Helmick to discuss various aspects of the potential acquisition, including the culture of the two organizations and prospects for continuing employment of TSOH employees.

On March 3, 2015, Farmers delivered to TSOH a non-binding term sheet, in connection with the previously executed non-binding letter of intent. The term sheet only included TSOH and 1<sup>st</sup> National, as TSOH had begun a sale of MDH to its own management as a result of Dr. Marc Hoffrichter, MDH's then-President and CEO, executing his right of first refusal. TSOH's board met on March 9, 2015 to discuss the term sheet. Messrs. Helmick and Cirolini of Farmers were present to discuss Farmers as a whole, including why Farmers believed TSOH represented a good fit for Farmers, and to answer questions from the TSOH board about the proposed transaction. After Messrs. Helmick and Cirolini left the meeting, the board had an extensive discussion regarding the terms Farmers was proposing, including prospective timing given Farmers' then-pending acquisition of National Bancshares, and concluded that, given the non-binding nature of the letter of intent and related term sheet, there was no firm meeting of the minds as to the timing of an acquisition of TSOH. Ultimately, the board authorized management of TSOH to enter into the term sheet with the caveat that TSOH quickly receive a draft model merger agreement to review and consider as the baseline for any transaction ultimately agreed upon. On March 12, 2015, TSOH entered into the term sheet. Subsequently, on March 20, 2015, Farmers delivered a preliminary draft of a merger agreement and bank merger agreement consistent with the letter of intent and term sheet.

On April 21, 2015, Mr. Lang met with Mr. Helmick to discuss the proposed transaction and on April 22, 2015, the board of directors of TSOH held a meeting at which representatives of Boenning and Buchanan were present. During the course of this meeting, the directors reviewed the proposed draft acquisition documents with the advisors present



and discussed revisions proposed by TSOH to the extent a final transaction could be agreed

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upon. In the course of this review and discussion, the directors asked questions and discussed the impact of the Merger Agreement's treatment of competing transactions and the proposed break fee, as well as obligations under the voting agreements requested by Farmers. Buchanan gave a presentation to the board regarding the fiduciary duties to which each director is subject under Ohio law in connection with transactions such as the one proposed by the letter of intent and term sheet.

On May 19, 2015, Messrs. Helmick and Cirolini of Farmers joined a meeting of the board of directors of TSOH by conference telephone to discuss potential timelines of a transaction between Farmers and TSOH consistent with the transactions described in the letter of intent and the term sheet.

During late May and June 2015, TSOH's management, with advice from Buchanan and Boenning, negotiated the terms and conditions of the Merger Agreement with Farmers and its legal counsel Vorys, Sater, Seymour and Pease LLP. During this period, revised versions of the Merger Agreement were exchanged and discussed via telephone. Concurrently, during April, May and June 2015, Mr. Sant and Mr. Helmick met periodically in person or by telephone to discuss various aspects of the proposed acquisition and the Merger Agreement.

On June 23, 2015, TSOH's board of directors held a meeting to consider and act on the negotiated final form of the Merger Agreement, and to review and consider the advice and receive the opinion of its financial advisor Boenning. During this meeting, Buchanan gave an extensive review of the Merger Agreement and Voting Agreement for the benefit of TSOH's directors and answered additional questions raised by directors. Buchanan also reviewed the fiduciary duties previously presented to the board. At this meeting, Boenning's representatives presented its financial analysis as described in "Opinion of TSOH's Financial Adviser" on page [ ], and delivered its oral opinion that, as of June 23, 2015, the Merger Consideration was fair to the holders of TSOH common shares and Series A preferred shares from a financial point of view.

TSOH's board of directors reviewed, considered, and discussed the Merger Agreement, fairness analysis and fairness opinion. At the conclusion of the meeting, the board of directors, by a unanimous vote:

determined that the Merger, the Merger Agreement and the Merger consideration were fair to TSOH and TSOH's shareholders and that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement was in the best interest of TSOH and its shareholders, based on the evaluation and consideration of all reports and information available to the board of directors as of the date of the meeting and all factors that the board of directors deemed relevant, including, without limitation, the fairness opinion;

authorized and approved the Merger and all other transactions contemplated by the Merger Agreement;

approved and adopted the Merger Agreement;

authorized officers of TSOH to execute and deliver the Merger Agreement; and

recommended that TSOH shareholders vote for approval of the Merger Agreement.

After the market closed on June 23, 2015, TSOH and Farmers executed and delivered the Merger Agreement and TSOH delivered the related disclosure schedules. On the morning of June 24, 2015, Farmers and TSOH issued a joint press release announcing execution of the Merger Agreement and the terms of the Merger.

In addition, all of the directors and executive officers of TSOH executed and delivered the Voting Agreements.

**TSOH's Reasons for the Merger**

In determining that the Merger and the Merger Agreement were fair to and in the best interest of TSOH and its shareholders, in authorizing and approving the Merger, in adopting the Merger Agreement and in recommending that TSOH shareholders vote for approval of the Merger Agreement, TSOH's board of directors

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consulted with TSOH's management, with Boenning & Scattergood and with Buchanan Ingersoll & Rooney and also reviewed, considered and discussed a number of factors that TSOH's board of directors viewed as relevant to its decisions, including, without limitation, the following:

the form and amount of the Merger consideration, including the tax treatment of the stock portion of the consideration and reduced volatility provided by having a portion of the consideration paid in the form of cash;

the terms of the Merger Agreement, and the analyses presented by Buchanan, and Boenning, as to the structure of the Merger, the Merger Agreement, the fiduciary and legal obligations applicable to directors when considering a sale or merger of a company, and the process that TSOH (including its board of directors) employed in considering the Merger with Farmers and the possibility of exploring alternative transactions, raising additional capital and remaining independent;

the financial analyses reviewed and discussed with TSOH's board of directors by Boenning, as well as the oral opinion of Boenning delivered to TSOH's board of directors on June 23, 2015 (which was subsequently confirmed in writing), that the Merger consideration was fair to holders of TSOH common shares and Series A preferred shares as of such date from a financial point of view;

Farmers' community banking orientation and its compatibility with the similar operating philosophy of TSOH and 1<sup>st</sup> National Community Bank;

the business, earnings, operations, financial condition, management, prospects, capital levels and asset quality of both TSOH and Farmers and the board's assessment of potential for the Merger to enhance both short-term and long-term shareholder value for both TSOH and Farmers;

the price of remaining independent in light of the increasing challenges and costs of operating in the current economic, regulatory and technological environment;

rising regulatory capital expectations paired with earnings and capital formation challenges;

the impediments to realizing an appropriate value for or price of TSOH's common shares in the trading markets associated with its small size, lack of institutional ownership and limited public float, noting the average volume of TSOH shares according to SNL Financial had been only 136 shares per day over the previous year;

Farmers' access to capital and managerial resources relative to that of TSOH;

the greater market capitalization of the combined organization and trading volume and liquidity of Farmers common shares in the event TSOH shareholders desire to sell the Farmers common shares to be received by them upon completion of the Merger;

the anticipated future long-term earnings growth of TSOH compared to the potential future earnings of Farmers and the combined company;

the board's desire to provide shareholders with the prospect for greater future appreciation on their investments through ownership of Farmers common shares than the amount of appreciation that the board of directors believed TSOH could achieve independently;

increasing levels of competition from larger banks and non-banks;

the anticipated impact of the transaction on TSOH's employees, depositors, customers and the communities that it serves including the potential to better serve its customers and enhance its competitive position as a community bank due to Farmers' ability to offer more diverse financial products and services as a larger and more highly capitalized institution while still offering the local attention that customers deserve;

the higher legal lending limit of the combined institutions that will allow TSOH to better serve the loan needs of its existing business customers and new business customers entering the market as a result of Utica Shale;

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the close proximity of Farmers and TSOH allowing for enhanced future employment opportunities for TSOH employees;

the strength and ability of Farmers to complete the Merger from a business, financial and regulatory perspective;

the geographic fit of the branch networks of the combined company, and the potential for operating synergies and cross-marketing of products and services across the combined company for the benefit of customers; and

the likelihood of successful integration, efficiencies and operation of the combined company. The TSOH board of directors also reviewed, considered and discussed a number of potential risks and uncertainties in connection with its consideration of the proposed Merger, including, without limitation, the following:

the challenges of integrating TSOH's business, operations and employees with those of Farmers;

the risks associated with the operations of the combined company, including the ability to achieve the anticipated cost savings and revenue enhancements contemplated by the respective management teams;

the need to obtain and likelihood of obtaining approval by shareholders of TSOH and regulators in order to complete the transactions;

the risks and costs associated with entering into the Merger Agreement and restrictions on the conduct of TSOH's business before the Merger is completed;

the possibility of a reduction in the trading price of Farmers common shares following the announcement of the Merger Agreement and prior to completion of the Merger;

the impact that provisions of the Merger Agreement relating to payment of a \$500,000 termination fee by TSOH (and TSOH's inability to terminate the Merger Agreement prior to a shareholder vote even if a superior proposal is received), may have on TSOH receiving an alternative takeover proposal;

the potential costs associated with executing the Merger Agreement, including change of control payments and related costs, as well as estimated advisor fees;

the possible decrease in the quality of customer service prior to the close of the Merger; and

the possibility of litigation in connection with the Merger.

This discussion of the information and factors considered by TSOH's board of directors in reaching its conclusion and recommendation includes the factors identified above, but is not intended to be exhaustive and may not include all of the factors reviewed, considered, and discussed by TSOH's board of directors. In view of the wide variety of factors considered in connection with its evaluation of the Merger and other transactions contemplated by the Merger Agreement, and the complexity of these matters, TSOH's board of directors did not find it useful and did not attempt to quantify, rank or assign any relative or specific weights to the various factors that it reviewed, considered, and discussed in reaching its determination to approve the Merger and the other transactions contemplated by the Merger Agreement, and to make its recommendation to TSOH shareholders. Rather, TSOH's board of directors viewed its decisions as being based on the totality of the information presented to it and all factors it considered, including its discussions with and questioning of members of TSOH's management and outside legal and financial advisors. In addition, individual members of TSOH's board of directors may have assigned different weights to different factors.

**Certain of TSOH's directors and executive officers have financial interests in the Merger that are different from, or in addition to, those of TSOH's shareholders generally. The TSOH board of directors was aware of and considered these potential interests, among other matters, in evaluating the Merger and in making its recommendation to TSOH shareholders. For a discussion of these interests, see [Interests of TSOH Directors and Executive Officers in the Merger](#) on page [ ].**

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### **Recommendation of the TSOH Board of Directors**

TSOH's board of directors has determined that the Merger Agreement and the transactions contemplated thereby, including without limitation the Merger, are fair to and in the best interests of TSOH and TSOH shareholders. TSOH's board of directors recommends that TSOH common shareholders vote **FOR** approval and adoption of the Merger Agreement and the Merger.

### **Opinion of TSOH's Financial Advisor**

Boenning is acting as financial advisor to TSOH in connection with the Merger. Boenning is a registered broker-dealer providing investment banking services with substantial expertise in transactions similar to the Merger. As part of its investment banking activities, Boenning is regularly engaged in the independent valuation of businesses and securities in connection with mergers, acquisitions, underwriting, private placements and valuations for estate, corporate and other purposes.

On June 23, 2015, Boenning rendered its oral opinion, which was subsequently confirmed in writing, to the TSOH board of directors that, as of such date, the Merger consideration to be received by the holders of TSOH's stock pursuant to the Merger Agreement was fair, from a financial point of view, to such holders.

The full text of Boenning's written opinion dated June 23, 2015, which sets forth the assumptions made, matters considered and limitations of the review undertaken, is attached as Annex C to this proxy statement and is incorporated herein by reference. You are urged to, and should, read this opinion carefully and in its entirety in connection with this proxy statement. The summary of Boenning's opinion set forth in this proxy statement is qualified in its entirety by reference to the full text of the opinion. Boenning's opinion does not reflect any developments that may occur or may have occurred after the date of its opinion and prior to the completion of the Merger.

No limitations were imposed by TSOH on the scope of Boenning's investigation or the procedures to be followed by Boenning in rendering its opinion. Boenning was not requested to, and did not, make any recommendation to the TSOH board of directors as to the form or amount of the consideration to be paid to the TSOH stockholders, which was determined through arm's length negotiations between the parties. In arriving at its opinion, Boenning did not ascribe a specific range of values to TSOH. Its opinion is based on the financial and comparative analyses described below.

In connection with its opinion, Boenning, among other things:

reviewed the historical financial performances, current financial positions and general prospects of Farmers and TSOH and reviewed certain internal financial analyses and forecasts prepared by the management of TSOH;

reviewed the Merger agreement, dated June 23, 2015;

reviewed and analyzed the stock market performance of Farmers and TSOH;



studied and analyzed the consolidated financial and operating data of Farmers and TSOH;

reviewed the pro forma financial impact of the Merger on Farmers, based on assumptions relating to transaction expenses, purchase accounting adjustments, cost savings and other synergies determined by senior management of Farmers and TSOH;

considered the financial terms of the Merger between Farmers and TSOH as compared with the financial terms of comparable bank and bank holding company mergers and acquisitions;

met and/or communicated with certain members of Farmers and TSOH's senior management to discuss their respective operations, historical financial statements and future prospects; and

conducted such other financial analyses, studies and investigations as Boenning deemed appropriate.

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Boenning's opinion was given in reliance on information and representations made or given by Farmers and TSOH, and their respective officers, directors, auditors, counsel and other agents, and on filings, releases and other information issued by Farmers and TSOH including financial statements, financial projections, and stock price data as well as certain information from recognized independent sources. Boenning did not independently verify the information concerning Farmers and TSOH nor other data which Boenning considered in its review and, for purposes of its opinion, Boenning assumed and relied upon the accuracy and completeness of all such information and data. Boenning assumed that all forecasts and projections provided to it had been reasonably prepared and reflected the best currently available estimates and good faith judgments of the management of Farmers and TSOH as to their most likely future financial performance. Boenning expressed no opinion as to any financial projections or the assumptions on which they were based. Boenning did not conduct any valuation or appraisal of any assets or liabilities of Farmers or TSOH, nor have any such valuations or appraisals been provided to Boenning. Additionally, Boenning assumed that the Merger is, in all respects, lawful under applicable law.

With respect to anticipated transaction costs, purchase accounting adjustments, expected cost savings and other synergies and financial and other information relating to the general prospects of Farmers and TSOH, Boenning assumed that such information had been reasonably prepared and reflected the best currently available estimates and good faith judgment of the management of Farmers and TSOH as to their most likely future performance. Boenning further relied on the assurances of management of Farmers and TSOH that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Boenning was not asked to and did not undertake an independent verification of any of such information and Boenning did not assume any responsibility or liability for the accuracy or completeness thereof. Boenning assumed that the allowance for loan losses indicated on the balance sheets of Farmers and TSOH was adequate to cover such losses; Boenning did not review individual loans or credit files of Farmers and TSOH. Boenning assumed that all of the representations and warranties contained in the Merger Agreement and all related agreements were true and correct, that each party under the agreements will perform all of the covenants required to be performed by such party under the agreements, and that the conditions precedent in the agreements were not waived. Boenning assumed that the Merger will qualify as a tax-free reorganization for federal income tax purposes. Also, in rendering its opinion, Boenning assumed that in the course of obtaining the necessary regulatory approvals for the consummation of the Merger no conditions will be imposed that will have a material adverse effect on the combined entity or contemplated benefits of the Merger, including the cost savings and related expenses expected to result from the Merger.

Boenning's opinion is based upon information provided to it by the management of Farmers and TSOH, as well as market, economic, financial and other conditions as they existed and could be evaluated only as of the date of its opinion and accordingly, it speaks to no other period. Boenning did not undertake to reaffirm or revise its opinion or otherwise comment on events occurring after the date of its opinion and did not have an obligation to update, revise or reaffirm its opinion. Boenning's opinion does not address the relative merits of the Merger and the other business strategies that TSOH's board of directors has considered or may be considering, nor does it address the underlying business decision of TSOH's board of directors to proceed with the Merger. In connection with the preparation of Boenning's opinion, Boenning was not authorized to solicit, and did not solicit, third parties regarding alternatives to the Merger. Boenning expressed no opinion as to the value of the shares of Farmers common stock when issued to holders of outstanding Company common stock pursuant to the Merger Agreement or the prices at which the shares may trade at any time. Boenning's opinion is for the information of TSOH's board of directors in connection with its evaluation of the Merger and does not constitute a recommendation to the board of directors of TSOH in connection with the Merger or a recommendation to any shareholder of TSOH as to how such shareholder should vote or act with respect to the Merger.

In connection with rendering its opinion, Boenning performed a variety of financial analyses that are summarized below. This summary does not purport to be a complete description of such analyses. Boenning believes that its

analyses and the summary set forth herein must be considered as a whole and that selecting portions of such analyses and the factors considered therein, without considering all factors and analyses, could

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create an incomplete view of the analyses and processes underlying its opinion. The preparation of a fairness opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. In arriving at its opinion, Boenning considered the results of all of its analyses as a whole and did not attribute any particular weight to any analyses or factors considered by it. The range of valuations resulting from any particular analysis described below should not be taken to be Boenning's view of the actual value of TSOH.

In its analyses, Boenning made numerous assumptions with respect to industry performance, business and economic conditions, and other matters, many of which are beyond the control of TSOH or Farmers. Any estimates contained in Boenning's analyses are not necessarily indicative of actual future values or results, which may be significantly more or less favorable than suggested by such estimates. Estimates of values of companies do not purport to be appraisals or necessarily reflect the actual prices at which companies or their securities actually may be sold. No company or transaction utilized in Boenning's analyses was identical to TSOH or Farmers or the Merger. Accordingly, an analysis of the results described below is not mathematical; rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other facts that could affect the public trading value of the companies to which they are being compared. None of the analyses performed by Boenning was assigned a greater significance by Boenning than any other, nor does the order of analyses described represent relative importance or weight given to those analyses by Boenning. The analyses described below do not purport to be indicative of actual future results, or to reflect the prices at which TSOH's common stock or Farmers common stock may trade in the public markets, which may vary depending upon various factors, including changes in interest rates, dividend rates, market conditions, economic conditions and other factors that influence the price of securities.

In accordance with customary investment banking practice, Boenning employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses that Boenning used in providing its opinion on June 23, 2015. Some of the summaries of financial analyses are presented in tabular format. In order to understand the financial analyses used by Boenning more fully, you should read the tables together with the text of each summary. The tables alone do not constitute a complete description of Boenning's financial analyses, including the methodologies and assumptions underlying the analyses, and if viewed in isolation could create a misleading or incomplete view of the financial analyses performed by Boenning. The summary data set forth below do not represent and should not be viewed by anyone as constituting conclusions reached by Boenning with respect to any of the analyses performed by it in connection with its opinion. Rather, Boenning made its determination as to the fairness to the holders of TSOH's stock of the Merger consideration, from a financial point of view, on the basis of its experience and professional judgment after considering the results of all of the analyses performed. Accordingly, the data included in the summary tables and the corresponding imputed ranges of value for TSOH should be considered as a whole and in the context of the full narrative description of all of the financial analyses set forth in the following pages, including the assumptions underlying these analyses. Considering the data included in the summary table without considering the full narrative description of all of the financial analyses, including the assumptions underlying these analyses, could create a misleading or incomplete view of the financial analyses performed by Boenning.

In connection with rendering its opinion and based upon the terms of the draft Merger Agreement reviewed by it, Boenning assumed the effective per share Merger consideration to be \$14.20 based on the June 19, 2015 20-day volume weighted average stock price of Farmers of \$8.1264 and the aggregate indicated Merger consideration to be \$14.1million, assuming conversion of all outstanding Series A Preferred shares into TSOH common stock. Holders of the preferred shares can elect to receive \$13.60 in cash or to convert the preferred shares into TSOH common shares on a one-for-one basis. TSOH does not have any outstanding options.

*Comparison of Selected Companies.* Boenning reviewed and compared the multiples and ratios of the current trading price of TSOH's common stock to TSOH's book value, tangible book value, latest 12 months earnings per share, assets,

tangible book premium to core deposits, and deposits, such multiples referred to herein as the pricing multiples, with the median pricing multiples for the current trading prices of the common stock of a

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peer group of 19 selected public Midwest banks and thrifts with assets between \$100 million and \$250 million, nonperforming assets to assets less than 4.0% and latest 12 months return on average equity greater than 5.0%, excluding merger targets. Boenning first applied the resulting range of pricing multiples for the peer group specified above to the appropriate financial results without the application of any control premium, referred to as the unadjusted trading price. Boenning then applied a 27.8% assumed control premium to the trading prices of the peer group specified above, referred to as the adjusted trading price, and compared the pricing multiples of the offer price to the median pricing multiples for the peer group adjusted trading prices. The 27.8% equity control premium is the median one day stock price premium for all bank and thrift merger and acquisition deals announced since January 1, 2000, based on data from SNL Financial.

**Table 1**

<b>Pricing Multiple</b>	<b>Unadjusted Trading Price</b>		<b>Implied Control Price</b>	
	<b>TSOH (1)</b>	<b>Median Statistics for Peer Group (2)</b>	<b>Offer Price (3)</b>	<b>Median Statistics for Peer Group (2)</b>
Price/Book Value	95.7%	85.0%	129.5%	108.7%
Price/Tangible Book Value	107.6%	86.6%	141.0%	110.7%
Price/Latest Twelve Months Core Earnings Per Share	11.0x	10.3x	14.8x	13.1x
Price/Assets	7.4%	7.9%	10.0%	10.0%
Premium over Tangible Book Value/Core Deposits	0.4%	-2.2%	3.5%	0.9%
Price/Deposits	8.4%	9.4%	11.4%	12.1%

(1) Based on TSOH's closing stock price of \$10.50 on June 19, 2015.

(2) Peer metrics are based on prices as of market close on June 19, 2015.

(3) Based on the implied value of \$14.20, as a result of Farmers' 20-day volume weighted average price of \$8.1264 on June 19, 2015.

*Analysis of Bank Merger Transactions.* Boenning analyzed certain information relating to recent transactions in the banking industry, consisting of (i) eight selected bank and thrift transactions announced since January 1, 2014 with target assets less than \$500 million, positive latest 12 months return on average equity and target headquarters in Ohio, referred to below as Group A; (ii) 24 selected bank and thrift transactions announced since January 1, 2014 with target assets less than \$300 million, positive latest twelve months return on average equity and target headquarters in Ohio and contiguous states, referred to below as Group B; and (iii) 20 selected nationwide bank and thrift transactions announced since January 1, 2014 with target assets between \$50 million and \$250 million, nonperforming assets to assets less than 5.0%, latest 12 months return on average equity between 5% and 15% and tangible common equity to tangible assets less than 12%, referred to below as Group C. Boenning then reviewed and compared the pricing multiples of the offer price and the median pricing multiples of the selected transaction values for Group A, Group B and Group C.

**Table 2**

<b>Pricing Multiple</b>	<b>Median Statistics for Selected Transactions</b>			
	<b>The Merger</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Price/Book Value	129.5%	143.0%	118.5%	140.7%
Price/Tangible Book Value	141.0%	143.0%	118.5%	141.4%
Price/Latest Twelve Months Core Earnings Per Share	14.8x	26.5x	29.5x	18.4x
Price/Assets	10.0%	13.7%	13.7%	13.1%
Premium over Tangible Book Value/Core Deposits	3.5%	5.4%	3.1%	5.4%
Price/Deposits	11.4%	16.4%	15.6%	15.4%

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*Discounted Cash Flow Analysis.* Discounted cash flow analysis approximates the value of a share of stock to an acquiror by calculating the present value of the target's dividendable cash flow in perpetuity. This analysis assumed a short-term earnings growth rate of 6.0% and a long-term growth rate of 2.5%, as well as a short-term balance sheet growth rate of 3.0% and a long-term growth rate of 2.5%, based on guidance from TSOH's management. The estimated cost savings of 37.1%, transaction costs of \$2.5 million pre-tax and credit mark of \$1.07 million (approximately equal to TSOH's loan loss reserve plus \$250,000) were based on guidance provided by Farmers. A discount rate of 15.0% was determined using the Capital Asset Pricing Model and the Build-Up Method, both of which take into account certain factors such as the current risk free rate, the beta of bank stocks compared to the broader market and the Ibbotson risk premiums for small, illiquid stocks and for commercial bank stocks. The average of the two methods was approximately 15.0%. Sensitivity analyses for discount rates and cost savings ranged from 13.0% to 17.0% and 32.0% to 42.0%, respectively. The present value of TSOH common stock calculated using discounted cash flow analysis ranged from \$10.42 per share to \$18.84 per share based on the cost savings estimates and discount rates used, compared to the offer price of \$14.20 per share. This analysis does not purport to be indicative of actual future results and does not purport to reflect the prices at which shares of TSOH common stock may trade in the public markets. A discounted cash flow analysis was included because it is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, including earnings growth rates, dividend payout rates and discount rates.

*Present Value Analysis.* Applying present value analysis to TSOH's theoretical future earnings, dividends and tangible book value, Boenning compared the offer price for one share of TSOH's common stock to the present value of one share of TSOH's common stock on a stand-alone basis. The analysis was based upon management's projected earnings growth, a range of assumed price/earnings ratios, a range of assumed price/tangible book value ratios and a 15.0% discount rate, which was determined using the Capital Asset Pricing Model and the Build-Up Method, both of which take into account certain factors such as the current risk free rate, the beta of bank stocks compared to the broader market and the Ibbotson risk premiums for small, illiquid stocks and for commercial bank stocks. The average of the two methods was approximately 15.0%. The valuation was completed with a sensitivity analysis on the discount rate ranging from 13.0% to 17.0%. Boenning derived the terminal price/earnings multiple of 15.1x and terminal price/tangible book value multiple of 118.0% and their corresponding ranges from the three-year median multiples plus and minus two standard deviations of the SNL Bank < \$500 Million Index as of June 19, 2015. Sensitivity analyses for terminal price/earnings and price/tangible book ranged from 12.8x to 17.4x and 93.0% to 143.0%, respectively. The present value of TSOH's common stock calculated on a stand-alone basis ranged from \$7.21 to \$11.14 per share based on price/earnings multiples and from \$6.71 to \$11.55 per share based on price/tangible book value multiples, compared to the offer price of \$14.20 per share. This analysis does not purport to be indicative of actual future results and does not purport to reflect the prices at which shares of TSOH's common stock may trade in the public markets. A present value analysis was included because it is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, including earnings growth rates, dividend payout rates and discount rates.

*Pro Forma Merger Analysis.* Boenning analyzed certain potential pro forma effects of the Merger, assuming the following: (i) the Merger is completed in the third quarter of 2015; (ii) each share of TSOH's common stock will be eligible to receive consideration of \$14.20 in cash or 1.747 shares of Farmers common stock; (iii) estimated pre-tax cost savings of \$1.9 million on an annual basis, 75% realized in 2015 and fully realized in 2016; (iv) estimated one-time transaction related costs of \$2.5 million pre-tax are expensed prior to closing; (v) TSOH performance was calculated in accordance with TSOH management's earnings forecasts; (vi) Farmers' performance was calculated in accordance with the publicly available analyst earnings estimates for Farmers; and (vii) certain other assumptions pertaining to costs and expenses associated with the transaction, intangible amortization, opportunity cost of cash and other items. The analyses indicated that, for the full years 2016 and 2017, the Merger (excluding transaction expenses) would be accretive to the combined company's projected earnings per share but initially dilutive to TSOH's per share



equivalent tangible book value and dividends. The actual results achieved by the combined company may vary from projected results and the variations may be material.

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As described above, Boenning's opinion was just one of the many factors taken into consideration by the TSOH board of directors in making its determination to approve the Merger.

Boenning, as part of its investment banking business, regularly is engaged in the valuation of assets, securities and companies in connection with various types of asset and security transactions, including mergers, acquisitions, private placements, public offerings and valuations for various other purposes, and in the determination of adequate consideration in such transactions. In the ordinary course of Boenning's business as a broker-dealer, it may, from time to time, purchase securities from, and sell securities to, Farmers and TSOH or their respective affiliates. In the ordinary course of business, Boenning may also actively trade the securities of Farmers and TSOH for its own account and for the accounts of customers and accordingly may at any time hold a long or short position in such securities.

Boenning will receive a customary fee for its services, a significant portion of which is contingent upon consummation of the Merger. Boenning will also receive a fee for rendering the fairness opinion. Boenning's fee for rendering the fairness opinion is not contingent upon any conclusion that Boenning may reach or upon completion of the Merger. The Company has also agreed to indemnify Boenning against certain liabilities that may arise out of Boenning's engagement.

Boenning has not had any material relationship with Farmers during the past two years in which compensation was received or was intended to be received as a result of the relationship between Boenning and Farmers. Boenning served as financial advisor to TSOH in connection with its divestiture of MDH Investment Management, Inc. in March 2015. Boenning was paid a \$25,000 fee in connection with that transaction. Boenning may provide investment banking services to Farmers in the future, although as of the date of Boenning's opinion, there was no agreement to do so.

Boenning's opinion was approved by Boenning's fairness opinion committee. Boenning did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the Merger by the officers, directors, or employees of any party to the Merger Agreement, or any class of such persons, relative to the compensation to be received by the holders of TSOH's stock in the Merger.

### **Farmers' Reasons for the Merger**

The Farmers Board has concluded that the Merger is in the best interests of Farmers and its shareholders. In reaching this determination, the Farmers Board consulted with management, as well as its financial and legal advisors, and considered a number of factors, including, without limitation, the following:

The Merger will strengthen Farmers' presence in Columbiana County, a market which is attractive to Farmers and in which it currently operates 4 branch offices, and initiates Farmers' entry into western Pennsylvania.

On a pro forma basis following the Merger, Farmers will rank 2<sup>nd</sup> in market share in Columbiana County as measured by deposits.

The Merger will help expand Farmers' wealth management client base.

The Merger parties have compatible cultures with similar customer focus and strong service and community orientation. Farmers' philosophies focused on superb customer service in the community banking segment with a strong ongoing commitment to each community served are expected to continue to serve the TSOH customers well.

The Merger enhances Farmers' deposit base, adding \$122.9 million of additional deposits with a total cost of approximately 0.19% for the three months ended March 31, 2015.

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The merger has attractive pro forma financial elements, with an estimated earnings per share accretion of approximately 5% in the first full year of combined operations, a projected internal rate of return of over 20%, and less than 2% dilution to tangible book value, expected to be earned back within approximately 2.3 years.

The intended continued employment of Steve Sant, current President and CEO of TSOH, as Community President of the Southeast Market for Farmers (comprised of southern Columbiana County and western Pennsylvania) adds an experienced leader to Farmers' leadership team.

The Farmers Board considered many different factors in its evaluation and did not believe it was practical to, and did not, quantify or otherwise assign relative weights to, the individual factors considered in reaching its determination. In view of all the considerations described above, the Farmers Board unanimously concluded that the Merger is fair to and in the best interests of Farmers and its shareholders.

## **Regulatory Approvals Required**

The Merger must receive approval from both the OCC and the Federal Reserve before the Merger may be consummated. As of the date of this proxy statement/prospectus, Farmers [has/has not] received such approval to consummate the Merger from the OCC and the Federal Reserve.

The approval of any regulatory applications merely implies the satisfaction of regulatory criteria for approval, which does not include review of the adequacy or fairness of the merger consideration to TSOH shareholders. Furthermore, regulatory approvals do not constitute or imply any endorsement or recommendation of the Merger or the terms of the Merger Agreement.

## **Interests of TSOH Directors and Executive Officers in the Merger**

Certain officers and directors of TSOH have employment and other compensation agreements or economic interests that give them interests in the Merger that are somewhat different from, or in addition to, their interests as TSOH shareholders. These interests and agreements include:

Continued employment has been offered by Farmers to Stephen R. Sant, TSOH's President and Chief Executive Officer, and could be offered to other TSOH and 1<sup>st</sup> National's executive officers.

For a period of six years following the Merger, Farmers has agreed to use its commercially reasonable efforts to provide directors' and officers' liability insurance that serves to reimburse the present and former officers and directors of TSOH or any of its Subsidiaries, pursuant to the terms as outlined in the Merger Agreement.

## **Material U.S. Federal Income Tax Consequences of the Merger**

This section describes the intended, material U.S. federal income tax consequences of the Merger to Farmers, TSOH, and U.S. holders of TSOH common or preferred shares who exchange their shares for Farmers common shares, cash or a combination of Farmers common shares and cash pursuant to the Merger. Farmers and TSOH intend for the Merger to be treated as a reorganization within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code, and Farmers and TSOH intend that each will be a party to a reorganization within the meaning of Section 368(b) of

the Internal Revenue Code. The closing of the Merger is conditioned upon the receipt by TSOH of an opinion of Buchanan Ingersoll & Rooney PC, tax counsel to TSOH, and the receipt by Farmers of an opinion of Vorys, Sater, Seymour and Pease LLP, tax counsel to Farmers, each dated as of the effective date of the Merger, substantially to the effect that, on the basis of facts, representations and assumptions set forth in that opinion (including factual representations contained in certificates of officers of Farmers and TSOH), the Merger constitutes a reorganization within the meaning of Section 368(a) of the Internal Revenue

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Code. This section contains the tax opinions of Buchanan Ingersoll & Rooney PC and Vorys, Sater, Seymour and Pease LLP regarding the material U.S. federal income tax consequences of the Merger, subject to the limitations, qualifications and assumptions described herein (as confirmed in the respective tax opinions filed as exhibits to the registration statement of which this proxy statement/prospectus is a part).

**Farmers and TSOH have not requested and do not intend to request any ruling from the Internal Revenue Service as to the U.S. federal income tax consequences of the Merger, and the tax opinions to be delivered in connection with the Merger are not binding on the Internal Revenue Service. Consequently, there is no assurance of the accuracy of the anticipated U.S. federal income tax consequences to Farmers, TSOH, and the U.S. holders of TSOH common or preferred shares described in this proxy statement/prospectus.**

The following discussion is based on the Internal Revenue Code, existing and proposed Treasury Department regulations promulgated thereunder, published Internal Revenue Service rulings, and court decisions, all as currently in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. Any such change could affect the continuing validity of this discussion.

For purposes of this discussion, the term "U.S. holder" means:

a citizen or resident of the U.S.;

a corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S. or any state or political subdivision thereof;

a trust that (1) is subject to (A) the primary supervision of a court within the U.S. and (B) the authority of one or more U.S. persons to control all substantial decisions of the trust or (2) has a valid election in effect under applicable Treasury Department regulations to be treated as a U.S. person; or

an estate that is subject to U.S. federal income tax on its income regardless of its source.

If a partnership (including for this purpose any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds TSOH common or preferred shares, the tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. If you are a partnership, or a partner in such partnership, holding TSOH common or preferred shares, you should consult your tax advisor.

This discussion is addressed only to those TSOH shareholders that hold their TSOH common or preferred shares as a capital asset within the meaning of Section 1221 of the Internal Revenue Code (generally, property held for investment), and does not address all of the U.S. federal income tax consequences that may be relevant to particular TSOH shareholders in light of their individual circumstances or to TSOH shareholders that are subject to special rules, such as:

mutual funds, banks, thrifts or other financial institutions;

pass-through entities and investors in those pass-through entities;

retirement plans or pension funds;

insurance companies;

tax-exempt organizations;

dealers in securities or foreign currencies;

traders in securities that elect to use the mark-to-market method of accounting;

regulated investment companies;

real estate investment trusts;

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persons that exercise dissenters' rights;

persons that hold TSOH common or preferred shares as part of a straddle, hedge, constructive sale, conversion transaction or other risk management transaction;

persons who purchase or sell their TSOH common or preferred shares as part of a wash sale;

expatriates or persons that have a functional currency other than the U.S. dollar;

persons who are not U.S. holders; and

persons that acquired their TSOH common or preferred shares through the exercise of an employee stock option or otherwise as compensation or through a tax-qualified retirement plan.

In addition, the discussion does not address any alternative minimum tax, U.S. federal estate or gift tax or any state, local or foreign tax consequences of the Merger. **All holders of TSOH common or preferred shares should consult their tax advisors as to the specific tax consequences of the Merger to them, including the applicability and effect of the alternative minimum tax and any state, local, foreign and other tax laws.**

***Reorganization Treatment***

The Merger is intended to be a reorganization within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code, and Farmers and TSOH are each intended to be a party to a reorganization within the meaning of Section 368(b) of the Internal Revenue Code. **If the intended reorganization treatment is respected by the Internal Revenue Service and the courts, then the material U.S. federal income tax consequences described below are anticipated.**

***U.S. Federal Income Tax Consequences to Farmers and TSOH***

*No Gain or Loss.* No gain or loss will be recognized by Farmers or TSOH as a result of the Merger.

*Tax Basis.* The tax basis of the assets of TSOH in the hands of Farmers will be the same as the tax basis of such assets in the hands of TSOH immediately prior to the Merger.

*Holding Period.* The holding period of the assets of TSOH to be received by Farmers will include the period during which such assets were held by TSOH.

***U.S. Federal Income Tax Consequences to U.S. Holders of TSOH Common Shares who Receive Solely Farmers Common Shares***

A U.S. holder of TSOH common shares will recognize no gain or loss with respect to Farmers common shares such a U.S. holder receives pursuant to the Merger (with respect to cash received in lieu of a fractional Farmers common share, see below under "Cash In Lieu of Fractional Shares").



***U.S. Federal Income Tax Consequences to U.S. Holders of TSOH Common Shares who Receive Solely Cash***

A U.S. holder of TSOH common shares who receives solely cash in exchange for all of its TSOH common shares, or properly exercises its dissenters' rights, and does not constructively own Farmers' common shares after the Merger (see *Possible Dividend Treatment*, below), will recognize a gain or loss for federal income tax purposes equal to the difference between the cash received and such U.S. holder's tax basis in TSOH's common shares surrendered in exchange for the cash. Such gain or loss will be a capital gain or loss, provided that such shares were held as capital assets of the U.S. holder at the effective time of the Merger. Such gain or loss will be long-term capital gain or loss if the U.S. holder's holding period is more than one year. The Internal Revenue Code contains limitations on the extent to which a taxpayer may deduct capital losses from ordinary income.

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**Table of Contents*****U.S. Federal Income Tax Consequences to U.S. Holders of TSOH Common Shares who Receive a Combination of Cash and Farmers Common Shares***

A U.S. holder of TSOH common shares will recognize gain (but not loss) with respect to the Farmers common shares and cash such U.S. holder receives pursuant to the Merger, in an amount equal to the lesser of (i) the amount by which the sum of the fair market value of the Farmers common shares and the amount of cash received by such U.S. holder (other than cash received in lieu of a fractional Farmers common share), exceeds such U.S. holder's basis in its TSOH common shares, and (ii) the amount of cash received by such U.S. holder (other than any cash received in lieu of a fractional Farmers common share, as discussed below under *Cash In Lieu of Fractional Shares*). Subject to possible dividend treatment (as discussed in more detail under *Possible Dividend Treatment*, below), gain that U.S. holders of TSOH common shares recognize in connection with the Merger generally will constitute capital gain and will constitute long-term capital gain if such U.S. holders have held their TSOH common shares for more than one year at the effective time of the Merger. Long-term capital gain of certain non-corporate holders of TSOH common shares, including individuals, is generally taxed at preferential rates.

***U.S. Federal Income Tax Consequences to U.S. Holders of TSOH Series A Preferred Shares who Receive Solely Cash***

U.S. holders of TSOH Series A preferred shares may decide not to convert their shares to TSOH common shares prior to, or in connection with, the Merger. A U.S. holder of TSOH Series A preferred shares who does not convert its shares to common shares will receive solely cash in the Merger. A U.S. holder of TSOH Series A preferred shares who receives solely cash in exchange for all of its TSOH Series A preferred shares, or properly exercises its dissenters rights, and does not constructively own Farmers common shares after the Merger (see *Possible Dividend Treatment*, below), will recognize a gain or loss for federal income tax purposes equal to the difference between the cash received and such U.S. holder's tax basis in TSOH Series A preferred shares surrendered in exchange for the cash. Such gain or loss will be a capital gain or loss, provided that such shares were held as capital assets of the U.S. holder at the effective time of the Merger. Such gain or loss will be long-term capital gain or loss if the U.S. holder's holding period is more than one year. The Internal Revenue Code contains limitations on the extent to which a taxpayer may deduct capital losses from ordinary income.

***Tax Basis and Holding Period of Farmers Common Shares Received Pursuant to the Merger***

The tax basis of the Farmers common shares received by such U.S. holder (including a fractional Farmers common share, if any, deemed issued and redeemed by Farmers) will be the same as the basis of the TSOH common shares surrendered in exchange for the Farmers common shares and cash, reduced by the amount of cash received by such U.S. holder in the Merger (other than any cash received in lieu of a fractional Farmers common share), and increased by any gain recognized by such U.S. holder in the Merger (including any portion of the gain that is treated as a dividend (as described below), but excluding any gain or loss resulting from the deemed issuance and redemption of a fractional Farmers common share). The holding period for Farmers common shares received by such U.S. holder will include such U.S. holder's holding period for TSOH's common shares surrendered in exchange for the Farmers common shares (including a fractional Farmers common share, if any, deemed to be issued and redeemed by Farmers).

If a U.S. holder of TSOH common shares acquired different blocks of TSOH common shares at different times or at different prices, any gain or loss will be determined separately with respect to each block of TSOH common shares. In computing the amount of gain recognized, if any, a U.S. holder of TSOH common shares may not offset a loss realized on one block of shares against the gain realized on another block of shares. U.S. holders of TSOH common shares should consult their tax advisors regarding the manner in which Farmers common shares and cash received in

the Merger should be allocated among different blocks of TSOH common shares and regarding their bases and holding periods in the particular shares of Farmers common shares received in the Merger.

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### ***Cash in Lieu of Fractional Shares***

A U.S. holder of TSOH common shares that receives cash in lieu of a fractional Farmers common share generally will be treated as having received such fractional share and then having received such cash in redemption of such fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received in lieu of the fractional share and the portion of the U.S. holder's aggregate adjusted basis in the TSOH common shares surrendered which is allocable to the fractional share. Subject to possible dividend treatment (as discussed in more detail below under *Possible Dividend Treatment*), such gain or loss generally will be long-term capital gain or loss if the U.S. holder's holding period for its TSOH shares exceeds one year at the effective time of the Merger.

### ***Possible Dividend Treatment***

In some cases described above, the gain recognized by a U.S. holder could be treated as having the effect of the distribution of a dividend under the tests set forth in Section 302 of the Internal Revenue Code, in which case such gain would be treated as dividend income. Because the possibility of dividend treatment depends primarily upon each holder's particular circumstances, including the application of certain constructive ownership rules, U.S. holders of TSOH common shares should consult their tax advisors regarding the application of the foregoing rules to their particular circumstances.

### ***Backup Withholding and Reporting Requirements***

Under certain circumstances, cash payments made to a U.S. holder of TSOH common shares pursuant to the Merger may be subject to backup withholding at a rate of 28% of the cash payable to the U.S. holder, unless the U.S. holder furnishes its taxpayer identification number in the manner prescribed in applicable Treasury Department regulations, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a U.S. holder under the backup withholding rules are not an additional tax and will be allowed as a refund or credit against the U.S. holder's U.S. federal income tax liability.

A U.S. holder of TSOH common shares owning at least 5% (by vote or value) of the outstanding shares of TSOH common shares or having a basis of \$1,000,000 or more in its TSOH common shares immediately before the Merger is required to file a statement with such U.S. holder's U.S. federal income tax return setting forth such U.S. holder's tax basis in, and the fair market value of, the TSOH common shares exchanged by such U.S. holder pursuant to the Merger. In addition, all U.S. holders of TSOH common shares will be required to retain records pertaining to the Merger.

**The preceding discussion of material U.S. federal income tax consequences of the Merger is included in this proxy statement/prospectus for general information only, and is intended only as a summary of material U.S. federal income tax consequences of the Merger. It is not a complete analysis or discussion of all potential tax effects that may be important to you.**

**Each TSOH shareholder should consult with his, her or its own tax advisor regarding the specific tax consequences to the shareholder of the Merger, including the application and effect of state, local and foreign income and other tax laws.**

### **Accounting Treatment**

The Merger will be accounted for under the acquisition method of accounting in accordance with generally accepted accounting principles in the United States. Under the acquisition method of accounting, the assets and liabilities of TSOH will be recorded and assumed at estimated fair values at the time the Merger is consummated. The excess of the estimated fair value of Farmers common shares issued and the cash proceeds paid over the net fair values of the assets acquired, including identifiable intangible assets, and liabilities assumed will be recorded as goodwill and will not be deductible for income tax purposes. Goodwill will be subject to an annual test for impairment and the amount impaired, if any, will be charged as an expense at the time of impairment.

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**Resale of Farmers Common Shares**

Farmers has registered its common shares to be issued in the Merger with the SEC under the Securities Act of 1933, as amended (the Securities Act ). No restrictions on the sale or other transfer of Farmers common shares issued in the Merger will be imposed solely as a result of the Merger, except for restrictions on the transfer of Farmers common shares issued to any TSOH shareholder who may become an affiliate of Farmers for purposes of Rule 144 under the Securities Act. The term affiliate is defined in Rule 144 under the Securities Act and generally includes executive officers, directors and shareholders beneficially owning 10% or more of the outstanding Farmers common shares.

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### **THE MERGER AGREEMENT**

The following is a description of the material terms of the Merger Agreement. A complete copy of the Merger Agreement is attached as [Annex B](#) to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference. *We encourage you to read the Merger Agreement carefully, as it is the legal document that governs the Merger.*

*The Merger Agreement contains representations and warranties of TSOH, Merger Sub and Farmers. The assertions embodied in those representations and warranties are qualified by information contained in confidential disclosure schedules that the parties delivered in connection with the execution of the Merger Agreement. In addition, certain representations and warranties were made as of a specific date, may be subject to a contractual standard of materiality different from the standard of materiality generally applicable to statements made by a corporation to shareholders or may have been used for purposes of allocating risk between the respective parties rather than establishing matters as facts. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, or for any other purpose, at the time they were made or otherwise.*

#### **Effects of the Merger**

As a result of the Merger, TSOH will merge with and into Merger Sub, with Merger Sub as the surviving company. Promptly following the Merger, Merger Sub will be dissolved and liquidated. The articles of incorporation and the code of regulations of Farmers as in effect immediately prior to the Merger will continue to be the articles of incorporation and code of regulations for the holders of TSOH common shares who receive Farmers common shares as Merger consideration.

As a result of the Merger, there will no longer be any publicly held TSOH common shares. To the extent that a TSOH shareholder receives Merger consideration in the form of cash, the TSOH shareholder will not participate in Farmers future earnings and potential growth as a shareholder of Farmers and will no longer bear the risk of any losses incurred in the operation of Farmers business or of any decreases in the value of that business. Those TSOH shareholders receiving Farmers common shares as Merger consideration will only participate in Farmers future earnings and potential growth through their ownership of Farmers common shares. All of the other incidents of direct share ownership in TSOH, such as the right to vote on certain corporate decisions, to elect directors and to receive dividends and distributions from TSOH, will be extinguished upon completion of the Merger.

#### **Effective Time of the Merger**

The Merger will occur on a date to be specified by Farmers and TSOH after the satisfaction or waiver of the last closing condition to be satisfied, including the receipt of all regulatory and shareholder approvals and after the expiration of all regulatory waiting periods, unless extended by mutual agreement of Farmers and TSOH. The Merger will become effective as of the date and time specified in the certificate of merger to be filed with the Ohio Secretary of State. As of the date of this proxy statement/prospectus, the parties expect that the Merger will be effective by the end of the third quarter of 2015. However, there can be no assurance as to when or if the Merger will occur.

If the Merger is not completed by the close of business on June 23, 2016, the Merger Agreement may be terminated by either Farmers or TSOH, unless the failure of the closing to occur by that date is due to the failure of the party seeking to terminate the Merger Agreement to perform or observe its covenants and agreements in the Merger Agreement.





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### **Merger Consideration**

Under the terms of the Merger Agreement, Series A preferred shareholders of TSOH will be entitled to receive from Farmers, after the Merger is completed, Merger consideration payable in the form of cash, and common shareholders of TSOH and Series A preferred shareholders of TSOH who convert or validly elect to convert such shares into TSOH common shares prior to the election deadline will be entitled to receive from Farmers, after the Merger is completed, Merger consideration payable in the form of a combination of cash and Farmers common shares to be calculated as set forth in the Merger Agreement. At the effective time of the Merger, each TSOH Series A preferred share will be converted into the right to receive \$13.60 in cash and each TSOH common share will be converted into the right to receive either: (i) 1.747 Farmers common shares, or (ii) \$14.20 in cash, subject to adjustment under certain circumstances set forth in the Merger Agreement. Each TSOH Series A preferred share that has not been converted into TSOH common shares will be converted into the right to receive \$13.60 in cash in the Merger.

Farmers will not issue any fractional common shares in connection with the Merger. Instead, each holder of TSOH shares who would otherwise be entitled to receive a fraction of a Farmers common share (after taking into account all TSOH common shares owned by such holder at the effective time of the Merger or issuable in connection with a valid election to convert Series A preferred shares prior to the election deadline) will receive cash, without interest, in an amount equal to the Farmers fractional common share to which such holder would otherwise be entitled multiplied by the volume-weighted average, rounded to the nearest one tenth of a cent, of the closing sale prices of Farmers common shares based on information reported by the Nasdaq for the five (5) trading days immediately preceding the effective time of the Merger.

Once the Merger is complete, the Exchange Agent will mail each holder of TSOH common shares transmittal materials and instructions for exchanging their TSOH common share certificates for Farmers common shares to be issued by book-entry transfer.

### **Covenants and Agreements**

*Conduct of Businesses Prior to the Completion of the Merger.* Farmers and TSOH have agreed that, prior to the effective time of the Merger, each will conduct its businesses, and cause its subsidiaries to conduct their respective businesses, in the ordinary course consistent with past practice in all material respects and use commercially reasonable efforts to maintain and preserve intact its business organization and advantageous business relationships. Farmers and TSOH have agreed to (and shall cause each of their respective subsidiaries to) take no action that is intended to or would reasonably be expected to adversely affect or materially delay the ability of either to perform its covenants and agreements in the Merger agreement or to complete the Merger and other transactions contemplated by the Merger Agreement.

In addition to the general covenants above, TSOH has agreed that prior to the effective time of the Merger, subject to specified exceptions, it will not, and will not permit any of its subsidiaries to, without the prior written consent of Farmers (which shall not be unreasonably withheld or delayed):

issue, sell or otherwise permit to become outstanding, or dispose of or encumber or pledge, or authorize or propose the creation of, any additional TSOH common shares or other equity interest, voting debt or equity rights, except for issuances of TSOH common shares to any holder of Series A preferred shares who has validly elected to convert the Series A preferred shares into TSOH common shares in accordance with TSOH's articles of incorporation prior to the effective time of the Merger;

grant, award or issue any TSOH stock options, restricted units, stock appreciation rights, restricted stock, awards based on the value of TSOH capital stock or other equity-based awards with respect to TSOH common shares under any of the TSOH employee benefit plans or TSOH stock plans or otherwise;

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make, declare, pay or set aside for payment any dividend or declare or make any dividend on or in respect of, or declare or make any distribution on any shares of its stock, other than regular quarterly dividends not exceeding \$0.07 per share on TSOH's common shares or dividends from its wholly owned subsidiaries to it or another of its wholly owned subsidiaries;

directly or indirectly adjust, split, combine, redeem, reclassify, purchase or otherwise acquire, any shares of its stock, other than repurchases of common shares in the ordinary course of business consistent with past practice to satisfy obligations under TSOH's employee benefit plans;

amend the terms of, waive any right under, terminate, knowingly violate the terms of or enter into any contract or other binding obligation outside the ordinary course of business consistent with past practice or certain specified types of material contracts;

sell, transfer, mortgage, encumber, license, let lapse, cancel, abandon or otherwise dispose of or discontinue any of its assets, deposits, business or properties, except for those in the ordinary course of business consistent with past practice and in transactions that are not material when taken as a whole;

acquire (other than by way of foreclosures or acquisitions of control in a fiduciary or similar capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary course of business consistent with past practice) all or any portion of the assets, business, deposits or properties of any other entity;

amend the TSOH articles of incorporation or the TSOH code of regulations, or similar governing documents of any of its significant subsidiaries;

implement or adopt any change in its accounting principles, practices or methods, other than as may be required by GAAP or applicable regulatory accounting requirements or any regulatory agency responsible for regulating TSOH;

except as required by applicable law or under the terms of any employee benefit plan existing as of the date of the Merger Agreement: (1) increase in any manner beyond agreed amounts the compensation, severance or benefits of any of the current or former directors, officers, employees, consultants, independent contractors or other service providers of TSOH or its subsidiaries, (2) other than the payment of quarterly incentive compensation to employees in the ordinary course of business consistent with past practice and financial statement accruals, pay or award, or commit to pay or award, any bonuses or incentive compensation, (3) become a party to, establish, amend, alter prior interpretations of, commence participation in, terminate or commit itself to the adoption of any stock option plan or other stock-based compensation plan, compensation, severance, pension, retirement, profit-sharing, welfare benefit, or other employee benefit plan or agreement or employment agreement with or for the benefit of any employee (or newly hired employee), (4) accelerate the vesting of or lapsing of restrictions with respect to any stock-based compensation or other long-term incentive compensation, (5) fund any rabbi trust or similar arrangement or

take any action to fund or in any other way secure the payment of compensation or benefits under any employee benefit plan, (6) change any actuarial assumptions used to calculate funding obligations with respect to any employee benefit plan or change the manner in which contributions to such plans are made or the basis on which such contributions are determined, except as may be required by GAAP or applicable law, or (7) hire or terminate without cause any employee who has or would have target total compensation of \$75,000 or more;

take, or omit to take, any action that would, or could reasonably be expected to, prevent or impede the Merger from qualifying as a tax-free reorganization within the meaning of Section 368(a) of the Code, or, except as may be required by applicable law imposed by any governmental entity, take any action that would reasonably be expected to prevent, materially impede or materially delay the consummation of the Merger, or take, or knowingly fail to take, any action that is reasonably likely to result in any of the conditions to the Merger not being satisfied;

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incur or guarantee any indebtedness for borrowed money other than in the ordinary course of business consistent with past practice;

enter into any new line of business or materially change its lending, investment, underwriting, risk and asset liability management and other banking and operating policies, except as required by law or as requested by a regulatory agency;

other than in consultation with Farmers, make any material change to its investment securities portfolio, derivatives portfolio or its interest rate exposure, through purchases, sales or otherwise, or the manner in which the portfolio is classified or reported, except as required by law or as requested by a regulatory agency;

settle any action, suit, claim or proceeding against it, except for settlements in an amount and for consideration not in excess of \$50,000 individually (or \$200,000 in the aggregate) and that would not impose any restriction on the business of it or its subsidiaries or create precedent for claims that is reasonably likely to be material to it or its subsidiaries;

make an application for the opening, relocation or closing of any, or open, relocate or close any, branch office, loan production office or other significant office or operations facility;

make or incur any capital expenditure in excess of \$50,000 individually or \$200,000 in the aggregate;

issue any communication of a general nature to its employees or customers without the prior approval of Farmers (which will not be unreasonably delayed or withheld), except for communications in the ordinary course of business that do not relate to the Merger;

make or change any material tax elections, change or consent to any change in it or its subsidiaries' method of accounting for tax purposes (except as required by applicable tax law), enter into any structured transaction outside of its regular course of business, settle or compromise any material tax liability, claim or assessment, enter into any closing agreement, waive or extend any statute of limitations with respect to a material amount of taxes, surrender any right to claim a refund for a material amount of taxes, or file any material amended tax return;

except for (1) loans or legally binding commitments for loans that have previously been approved by TSOH prior to date of the Merger Agreement, make or acquire any loan or issue a commitment (or renew or extend an existing commitment) for any loan, or amend or modify in any material respect any existing loan, that would result in total credit exposure to the applicable borrower (and its affiliates) in excess of \$300,000, (2) with respect to amendments or modifications that have previously been approved by TSOH prior to the date of the Merger Agreement, amend or modify in any material respect any existing loan rated special mention or below with total credit exposure in excess of \$300,000, or (3) with respect to any actions that

have previously been approved by TSOH prior to the date of the Merger Agreement, modify or amend any loan in a manner that would result in any additional extension of credit, principal forgiveness, or effect any uncompensated release of collateral, i.e., at a value below the fair market value thereof as determined by TSOH, in each case in excess of \$300,000; or

agree to take, make any commitment to take, or adopt any resolutions of its board of directors in support of, any of the above prohibited actions.

Farmers has agreed to a more limited set of restrictions on its business prior to the completion of the Merger. Specifically, Farmers has agreed that prior to the effective time of the Merger, except as expressly permitted by the Merger Agreement, it will not, without the prior written consent of TSOH (which shall not be unreasonably withheld or delayed), and will not permit any of its subsidiaries to:

take, or omit to take, any action that would, or could reasonably be expected to, prevent or impede the Merger from qualifying as a tax-free reorganization within the meaning of Section 368(a) of the Code, or, except as may be required by applicable law imposed by any governmental entity, take any

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action that would reasonably be expected to prevent, materially impede or materially delay the consummation of the Merger, or take, or knowingly fail to take, any action that is reasonably likely to result in any of the conditions to the Merger not being satisfied;

make or change any material tax elections, change or consent to any change in it or its subsidiaries' method of accounting for tax purposes (except as required by applicable tax law), enter into any structured transaction outside of its regular course of business, settle or compromise any material tax liability, claim or assessment, enter into any closing agreement, waive or extend any statute of limitations with respect to a material amount of taxes, surrender any right to claim a refund for a material amount of taxes, or file any material amended tax return; or

agree to take, make any commitment to take, or adopt any resolutions of its board of directors in support of, any of the above prohibited actions.

*Regulatory Matters.* Farmers and TSOH have agreed to promptly prepare and file with the SEC a registration statement on Form S-4, of which this proxy statement/prospectus is a part. Farmers has agreed to use commercially reasonable efforts to have the Form S-4 declared effective under the Securities Act as promptly as practicable after such filing, and TSOH has agreed to mail or deliver the proxy statement/prospectus to its shareholders. Farmers has also agreed to use its commercially reasonable efforts to obtain all necessary state securities law or Blue Sky permits and approvals required to complete the Merger, and TSOH has agreed to furnish all information concerning TSOH and the holders of TSOH common shares as may be reasonably requested in connection with any such action.

Farmers and TSOH have agreed to cooperate with each other and use their respective commercially reasonable efforts to promptly prepare and file all necessary documentation, to effect all applications, notices, petitions and filings, to obtain as promptly as practicable all permits, consents, approvals and authorizations of all third parties and governmental entities that are necessary or advisable to complete the Merger and to comply with the terms and conditions of all such permits, consents, approvals and authorizations.

Additionally, each of Farmers and TSOH have agreed to furnish to the other all information concerning itself, its subsidiaries, directors, officers and shareholders and such other matters as may be reasonably necessary or advisable in connection with this proxy statement/prospectus, the Form S-4 or any other statement, filing, notice or application made by or on behalf of Farmers, TSOH or any of their respective subsidiaries to any governmental entity in connection with the Merger.

*Shareholder Approval.* TSOH's board of directors has resolved to recommend to the TSOH common shareholders that they approve the Merger Agreement (subject to certain exceptions if, following the receipt of a superior proposal (as defined below), the TSOH board of directors determines in good faith that withdrawal of such recommendation is reasonably necessary for the board of directors to comply with its fiduciary duties under Ohio law) and to submit to the TSOH common shareholders the Merger Agreement and any other matters required to be approved by the TSOH common shareholders in order to carry out the intentions of the Merger Agreement.

*Nasdaq Listing.* Farmers will cause the Farmers common shares to be issued in the Merger to be authorized for listing on the Nasdaq, subject to official notice of issuance, prior to the effective time of the Merger.

*Employee Matters.* The Merger Agreement provides that as soon as administratively practicable after the effective time, Farmers will take all reasonable actions so that employees of TSOH and its subsidiaries will be entitled to participate in each Farmers employee benefit plan of general applicability (other than any plan that is frozen to new

participants) to the same extent as similarly-situated employees of Farmers and its subsidiaries. Farmers will cause each Farmers employee benefit plan in which employees of TSOH and its subsidiaries are eligible to participate to recognize, for purposes of eligibility to participate in and vesting of benefits under the Farmers employee benefit plans, the services of such employees of TSOH and its subsidiaries to the same extent



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such service was credited for such purposes by TSOH and its subsidiaries. The Merger Agreement also provides that prior to the effective date of the Merger, TSOH will take such actions as Farmers may reasonably request to freeze eligibility and contributions to the Tri-State 1<sup>st</sup> Banc, Inc. Employee Stock Ownership Plan (the ESOP), to fully vest the accounts of all participants and beneficiaries in the ESOP, to convert the ESOP into a profit sharing plan and to subsequently terminate the ESOP.

*Indemnification and Directors and Officers Insurance.* From and after the effective time of the Merger, Farmers will indemnify and hold harmless, to the fullest extent provided under TSOH's articles of incorporation and code of regulations, each present and former director and officer of TSOH and its subsidiaries from liabilities arising out of or pertaining to matters existing or occurring at or before the effective time of the Merger, including the transactions contemplated by the Merger Agreement. Farmers has also agreed, that for a period of six years following the effective time of the Merger, it will use commercially reasonable efforts to provide directors and officers liability insurance that serves to reimburse the present and former officers and directors of TSOH or any of its subsidiaries with respect to claims against such officers and directors arising from facts or events occurring before the effective time of the Merger, including the transactions contemplated by the Merger Agreement. The insurance will contain terms and conditions that are no less advantageous than the current coverage provided by TSOH, except that Farmers is not required to incur annual premium expense greater than 150% of TSOH's current annual directors and officers liability insurance premium. At the option of Farmers, prior to the completion of the Merger and in lieu of the foregoing, Farmers may purchase and pay for a tail policy for directors and officers liability insurance on the terms described in this paragraph.

*No Solicitation.* The Merger Agreement precludes TSOH and its subsidiaries and their respective officers, directors, employees, agents, advisors and other retained representatives from (1) initiating, soliciting, encouraging, knowingly facilitating (including by way of providing information) or inducing inquiries, proposals or offers with respect to, or the making or completing, any acquisition proposal (as defined below) by a third party, (2) entering into, continuing or participating in any discussions or negotiations regarding, or furnishing to any third party any confidential or nonpublic information with respect to or in connection with, an acquisition proposal, (3) taking any other action to knowingly facilitate any inquiries or any proposal that constitutes or may reasonably be expected to lead to an acquisition proposal, (4) approving, endorsing or recommending or proposing to approve, endorse or recommend any acquisition proposal or any agreement related to an acquisition proposal, (5) entering into any agreement contemplating or otherwise relating to any acquisition transaction (as defined below) with a third party or acquisition proposal, (6) entering into any agreement or agreement in principle with a third party requiring, directly or indirectly, TSOH to abandon, terminate or fail to complete the Merger or breach its obligations under the Merger Agreement, or (7) proposing or agreeing to do any of the actions in items (1) through (6) above. However, if at any time before TSOH's shareholder meeting TSOH receives an unsolicited bona fide written acquisition proposal by any third party other than as a result of taking the prohibited actions described above, and TSOH's board of directors determines, in its good faith judgment (after consultation with TSOH's financial and outside legal counsel) to constitute or to be reasonably likely to result in a superior proposal (as defined below), TSOH and its representatives may furnish nonpublic information and participate in negotiations or discussions to the extent TSOH's board of directors has determined, in its good faith judgment (after consultation with its outside legal counsel), that the failure to take such action would cause it to violate its fiduciary duties under applicable law. TSOH has agreed to immediately terminate any activities, discussions or negotiations conducted before the date of the Merger Agreement with any persons other than Farmers with respect to any acquisition proposal. TSOH has also agreed to advise Farmers within 24 hours following receipt of any acquisition proposal or any request for nonpublic information or inquiry that would reasonably be expected to lead to any acquisition proposal and the terms and conditions of such acquisition proposal (including the identity of the third party making such acquisition proposal), and will keep Farmers promptly apprised of any developments. TSOH also agreed to simultaneously provide to Farmers any information concerning it that may be provided to any other person in connection with any acquisition proposal which has not previously been provided

to Farmers.

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In addition, at any time prior to TSOH's shareholder meeting, the board of directors of TSOH may withdraw its recommendation of the Merger Agreement, and may change its recommendation with respect to the TSOH Merger proposal, if and only if (1) from the date of the Merger Agreement TSOH has complied with its obligations with respect to the non-solicitation of acquisition proposals and certain other of its obligations with respect to convening the TSOH shareholder meeting set forth in the Merger Agreement, and (2) the board of directors of TSOH has determined in good faith, after consultation with outside legal counsel, that the taking of such action would be reasonably necessary for the board of directors to comply with its fiduciary duties under applicable law; except that the board of directors of TSOH may not effect such a change in its recommendation to TSOH shareholders unless:

TSOH receives an unsolicited bona fide written acquisition proposal and the board of directors of TSOH concludes in good faith (after consultation with its financial advisors and outside legal counsel) that such acquisition proposal is a superior proposal, after taking into account any amendment or modification to the Merger Agreement agreed to or proposed by Farmers;

TSOH provides prior written notice to Farmers at least five business days in advance (the notice period) of taking such action, which notice advises Farmers that the board of directors of TSOH has received a superior proposal, specifies the material terms and conditions of such superior proposal (including the identity of the third party making the superior proposal);

during the notice period, TSOH and its financial advisors and outside legal counsel negotiate with Farmers in good faith (to the extent Farmers desires to do so) to make such adjustments in the terms and conditions of the Merger Agreement so that such superior proposal ceases to constitute a superior proposal; and

the board of directors of TSOH concludes in good faith (after consultation with TSOH's financial advisors and outside legal counsel) that, after considering the results of such negotiations and giving effect to any proposals, amendments or modifications offered or agreed to by Farmers, if any, that such acquisition proposal continues to constitute a superior proposal.

If during the notice period any material revisions are made to the superior proposal, TSOH must deliver a new written notice to Farmers and must again comply with the requirements described above with respect to such new written notice, except that the new notice period will be two business days. In the event the board of directors of TSOH does not conclude, after complying with the requirements described above, that the acquisition proposal continues to constitute a superior proposal, and afterwards seeks to change its recommendation to the TSOH shareholders, it must comply once again with the procedures described above with respect to any future superior proposal.

As used in the Merger Agreement, acquisition proposal means any proposal, offer, inquiry, or indication of interest (whether binding or non-binding, and whether communicated to TSOH or publicly announced to TSOH's shareholders) by any person or group (as such term is defined in Section 13(d) under the Exchange Act), other than Farmers or any of its affiliates, relating to an acquisition transaction involving TSOH or any of its present or future consolidated subsidiaries, or any combination of such subsidiaries.

As used in the Merger Agreement, acquisition transaction means any transaction or series of related transactions (other than the transactions contemplated by the Merger Agreement) involving: (1) any acquisition (whether direct or indirect, including by way of Merger, share exchange, consolidation, business combination or other similar

transaction) or purchase from TSOH by any person or group (as such term is defined in Section 13(d) under the Exchange Act), other than Farmers or any of its affiliates, of 15% or more in interest of the total outstanding voting securities of TSOH or any of its subsidiaries (measured by voting power), or any tender offer or exchange offer that if completed would result in any person or group (as such term is defined in Section 13(d) under the Exchange Act), other than Farmers or any of its affiliates, beneficially owning 15% or more in interest of the total outstanding voting securities of TSOH or any of its subsidiaries (measured by voting power), or any merger, consolidation, share exchange, business combination or similar transaction involving

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TSOH pursuant to which the shareholders of TSOH immediately preceding such transaction would hold less than 85% of the equity interests in the surviving or resulting entity of such transaction (or, if applicable, the ultimate parent thereof) (measured by voting power); (2) any sale or lease or exchange, transfer, license, acquisition or disposition of a business, deposits or assets that constitute 15% or more of the consolidated assets, business, revenues, net income, assets or deposits of TSOH; or (3) any liquidation or dissolution of TSOH or any of its subsidiaries.

As used in the Merger Agreement, superior proposal means any bona fide written acquisition proposal that the board of directors of TSOH determines in its good faith judgment to be more favorable from a financial point of view to TSOH's shareholders than the Merger and to be reasonably capable of being completed on the terms proposed, after (1) receiving the advice of outside counsel and Boenning or another nationally recognized investment banking firm, and (2) taking into account all relevant factors (including the likelihood of consummation of such transaction on the terms set forth therein; any proposed changes to the Merger Agreement that may be proposed by Farmers in response to such acquisition proposal (whether or not during the notice period); and all legal (with the advice of outside counsel), financial (including the financing terms of any such proposal), regulatory and other aspects of such proposal (including any expense reimbursement provisions and conditions to closing)); except that for purposes of the definition of superior proposal, the references to 15% and 85% in the definitions of acquisition proposal and acquisition transaction are changed to 50%.

## **Representations and Warranties**

The Merger Agreement contains representations and warranties made by TSOH to Farmers relating to a number of matters, including the following:

corporate organization, good standing, corporate power, qualification to do business, and subsidiaries;

capitalization;

requisite corporate authority to enter into the Merger Agreement and to complete the contemplated transactions;

absence of conflicts with governing documents, applicable laws or certain agreements as a result of entering into the Merger Agreement or completing the Merger;

required regulatory consents and approvals necessary in connection with the Merger;

proper filing of documents with regulatory agencies and the SEC and the accuracy of information contained in the documents filed with the SEC;

conformity with U.S. GAAP and SEC requirements of TSOH's financial statements and the absence of undisclosed liabilities;

broker s and finder s fees related to the Merger;

absence of a material adverse effect on TSOH since December 31, 2014;

compliance with applicable law;

non-applicability of state takeover laws;

employee compensation and benefits matters;

opinion from financial advisor;

home mortgage loan repurchases;

legal proceedings;

material contracts;

environmental matters;

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tax matters;

absence of action or any fact or circumstance that would prevent or impede the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code;

intellectual property;

properties;

insurance;

accounting and internal controls;

derivatives;

labor matters; and

loan matters.

The Merger Agreement also contains representations and warranties made by Farmers and Merger Sub to TSOH relating to a number of matters, including the following:

corporate organization, good standing, corporate power and qualification to do business;

capitalization;

requisite corporate authority to enter into the Merger Agreement and to complete the contemplated transactions;

absence of conflicts with governing documents, applicable laws or certain agreements as a result of entering into the Merger Agreement or completing the Merger;

required regulatory consents necessary in connection with the Merger;

proper filing of documents with regulatory agencies and the SEC and the accuracy of information contained in the documents filed with the SEC;

the conformity with GAAP and SEC requirements of Farmers' financial statements filed with the SEC;

broker's and finder's fees related to the Merger;

compliance with applicable law;

legal proceedings;

the absence of a material adverse effect on Farmers since December 31, 2014;

tax matters;

absence of any action or any fact or circumstance that would prevent or impede the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code;

intellectual property;

properties;

insurance;

accounting and internal controls;

ownership of Farmers common shares; and

available funds.

Certain of these representations and warranties are qualified as to materiality or material adverse effect. For purposes of the Merger Agreement, a material adverse effect with respect to Farmers or TSOH, as the case



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may be, means a material adverse effect on (1) the financial condition, results of operations or business of that party and its subsidiaries taken as a whole, or (2) a material adverse effect on the ability of that party to complete the Merger on a timely basis, other than, with respect to (1) above, effects resulting from (A) changes after the date of the Merger Agreement in applicable GAAP or regulatory accounting requirement, or the enforcement, implementation or interpretation thereof, (B) changes after the date of the Merger Agreement in laws of general applicability to companies in the industries in which the party and its subsidiaries operate, (C) changes after the date of the Merger Agreement in global, national or regional political conditions or general economic or market conditions (including changes in prevailing interest rates, credit availability and liquidity, currency exchange rates, and price levels or trading volumes in the United States or foreign securities markets) affecting other companies in the industries in which the party and its subsidiaries operate, (D) failure, in and of itself, to meet earnings projections, but not including any underlying causes thereof, (E) the public disclosure of the Merger Agreement and compliance with the Merger Agreement, (F) any outbreak or escalation of hostilities, declared or undeclared acts of war or terrorism, (G) the announcement, pendency or completion of the transactions contemplated in the Merger Agreement, including losses or threatened losses of employees, customers, suppliers, distributors or others having relations with TSOH or its subsidiaries or (H) actions or omissions taken with the prior written consent of the other party, except, with respect to clauses (A), (B), (C) and (F), to the extent that the effects of such change are disproportionately adverse to the financial condition, results of operations or business of such party and its subsidiaries, taken as a whole, as compared to other companies in the industry in which the party and its subsidiaries operate.

The representations and warranties in the Merger Agreement do not survive the effective time of the Merger and, as described below under Termination, if the Merger Agreement is validly terminated, there will be no liability under the representations and warranties of the parties, or otherwise under the Merger Agreement, unless a party knowingly breached the Merger Agreement.

This summary and the copy of the Merger Agreement attached to this document as Annex B are included solely to provide investors with information regarding the terms of the Merger Agreement. They are not intended to provide factual information about the parties or any of their respective subsidiaries or affiliates. The Merger Agreement contains representations and warranties by Farmers and TSOH, which were made only for purposes of that agreement and as of specific dates. The representations, warranties and covenants in the Merger Agreement were made solely for the benefit of the parties to the Merger Agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Merger Agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those generally applicable to investors. Investors are not third-party beneficiaries under the Merger Agreement, and in reviewing the representations, warranties and covenants contained in the Merger Agreement or any descriptions thereof in this summary, it is important to bear in mind that such representations, warranties and covenants or any descriptions thereof were not intended by the parties to the Merger Agreement to be characterizations of the actual state of facts or condition of Farmers, TSOH or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in Farmers' public disclosures. For the foregoing reasons, the representations, warranties and covenants or any descriptions of those provisions should not be read alone and should instead be read in conjunction with the other information contained in the reports, statements and filings that Farmers publicly files with the SEC. For more information regarding these documents, see the section entitled Where You Can Find More Information in the forepart of this document.

**Conditions to the Merger**

*Conditions to Each Party's Obligations.* The respective obligations of each of Farmers and TSOH to complete the Merger are subject to the satisfaction of the following conditions:

the receipt of the requisite approval of the TSOH common shareholders on the Merger Agreement;

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authorization for the listing on the Nasdaq of the Farmers common shares to be issued in the Merger;

the effectiveness of the registration statement on Form S-4, of which this proxy statement/prospectus is a part, and the absence of a stop order or proceeding initiated or threatened by the SEC for that purpose;

the absence of any order, injunction or decree issued by any court or agency or other law preventing or making illegal the consummation of the Merger or any of the other transactions contemplated by the Merger Agreement; and

the receipt of all regulatory approvals of governmental entities necessary to complete the transactions contemplated by the Merger Agreement, and the expiration of all applicable statutory waiting periods.

*Conditions to Obligations of Farmers and Merger Sub.* The obligation of Farmers and Merger Sub to complete the Merger is also subject to the satisfaction, or waiver by Farmers, of the following conditions:

the accuracy of TSOH's representations and warranties in the Merger Agreement as of the date of the Merger Agreement and as of effective time of the Merger (other than representations and warranties that by their terms speak specifically as of the date of the Merger Agreement or another date), subject to applicable materiality qualifiers (and the receipt of an officer's certificate from TSOH to that effect);

the performance by TSOH in all material respects of all obligations required to be performed by it under the Merger Agreement at or prior to the effective time of the Merger (and the receipt of an officer's certificate from TSOH to that effect);

the receipt of a legal opinion, dated as of the closing date, from its counsel to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code;

the mutual agreement of Farmers and Stephen R. Sant upon the terms under which Mr. Sant will continue employment with Farmers; and

the absence of any action, determination or law enacted, entered, enforced or deemed applicable to the transactions contemplated by the Merger Agreement, including the Merger and the bank merger, by any governmental entity which imposes any restriction, requirement or condition that, individually or in the aggregate would, after the effective time of the Merger, restrict or burden Farmers or the surviving company or any of their respective affiliates in connection with the transactions contemplated by the Merger Agreement or with respect to the business or operations of Farmers or the surviving company that would have a material adverse effect on Farmers, the surviving company or any of their respective affiliates, in each case measured on a scale relative to TSOH.

*Conditions to Obligations of TSOH.* The obligation of TSOH to complete the Merger is also subject to the satisfaction, or waiver by TSOH, of the following conditions:

the accuracy of the representations and warranties of Farmers and Merger Sub in the Merger Agreement as of the date of the Merger Agreement and as of the effective time of the Merger (other than representations and warranties that by their terms speak specifically as of the date of the Merger Agreement or another date), subject to applicable materiality qualifiers (and the receipt of an officer's certificate from Farmers to that effect);

the performance by Farmers and Merger Sub in all material respects of all obligations required to be performed by it under the Merger Agreement at or prior to the effective time of the Merger (and the receipt of an officer's certificate from Farmers and Merger Sub to that effect);

the receipt of a legal opinion, dated as of the closing date, from its counsel to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code; and

Farmers' authorization of delivery of the Farmers common shares to be issued in the Merger and the delivery by Farmers of the cash consideration (and, to the extent then determinable, any cash payable in lieu of fractional shares) to be paid in the Merger.

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**Termination; Termination Fee**

The Merger Agreement may be terminated at any time prior to the effective time of the Merger, whether before or after approval of the Merger by TSOH common shareholders:

by mutual written consent of Farmers and TSOH;

by either party, if a required governmental approval is denied by final, non-appealable action, or if a governmental entity has issued a final, non-appealable order, injunction or decree permanently enjoining or otherwise prohibiting or making illegal the transactions contemplated by the Merger Agreement;

by either Farmers or TSOH, if the Merger has not closed on or before June 23, 2016, unless the failure to close by such date is due to the terminating party's failure to observe the covenants and agreements of such party in the Merger Agreement;

by either Farmers or TSOH, if there is a breach by the other party of any of its covenants or agreements or any of its representations or warranties that would, either individually or in the aggregate with other breaches by such party, result in, if occurring or continuing on the closing date, the failure of the conditions of the terminating party's obligation to complete the Merger and which is not cured within 30 days following written notice to the party committing such breach or by its nature or timing cannot be cured within such time period (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the Merger Agreement);

by Farmers, if at any time prior to the effective time of the Merger, TSOH's board of directors has (1) failed to recommend to the shareholders of TSOH that they vote to approve the Merger Agreement, (2) changed its recommendation with respect to the Merger Agreement, including by publicly approving, endorsing or recommending, or publicly proposing to approve, endorse or recommend, certain acquisition proposals other than the Merger Agreement, whether or not permitted by the Merger Agreement, or has resolved to do the same, or (3) materially breached its non-solicitation obligations or its obligations to recommend to the TSOH shareholders the adoption of the Merger proposal and call a shareholder meeting for that purpose;

by Farmers, if a tender offer or exchange offer for 15% or more of the outstanding TSOH common shares is commenced (other than by Farmers or a subsidiary of Farmers), and TSOH's board of directors recommends that the shareholders of TSOH tender their shares in such tender or exchange offer or otherwise fails to recommend that such shareholders reject such tender or exchange offer within ten business days; or

by either Farmers or TSOH, if the TSOH common shareholders do not vote to approve the Merger Agreement at a duly held shareholders meeting (including any adjournment or postponement of such meeting).

TSOH must pay Farmers a termination fee of \$500,000 million in the following circumstances:

(1) either (A) TSOH or Farmers terminates the Merger Agreement because the Merger has not been completed by June 23, 2016, (B) Farmers terminates the Merger Agreement because of TSOH's willful breach of the Merger Agreement, or (C) either TSOH or Farmers terminates the Merger Agreement because TSOH shareholders have not approved the Merger Agreement at the TSOH shareholder meeting, and (2) prior to termination, there has been a publicly announced acquisition proposal by any third party to TSOH or its shareholders or a third party announced an intention to make an acquisition proposal, and (3) within twelve months of such termination TSOH either (A) completes an acquisition transaction, or (B) enters into any definitive agreement contemplating or otherwise relating to any acquisition transaction (but not including any confidentiality agreement required by the non-solicitation provisions contained in the Merger Agreement) with respect to an acquisition transaction or acquisition proposal, whether or not such acquisition transaction or acquisition proposal is subsequently completed (but changing, in the case of the preceding clauses (A) and (B), the references to the 15% and 85% amounts in the definitions of acquisition transaction and acquisition proposal to 50%); or

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Farmers terminates the Merger Agreement because prior to the effective time of the Merger, (1) the TSOH board of directors (A) failed to recommend that the TSOH shareholders approve the Merger Agreement, (B) withdrew, qualified or modified, or proposed publicly to withdraw, qualify or modify, in a manner adverse to Farmers, or took any action, or made any public statement, filing or release inconsistent with, its recommendation in favor of the Merger Agreement, or publicly approved, endorsed or recommended, or publicly proposed to approve, endorse or recommend, any acquisition proposal, whether or not permitted by the Merger Agreement, or resolved to do the same, or (C) materially breached its obligations to call a special meeting of the TSOH shareholders and recommend that they approve the Merger Agreement and to refrain from soliciting alternative acquisition proposals, or (2) a tender offer or exchange offer is commenced for 15% or more of the outstanding shares of TSOH common shares (other than by Farmers or one of its subsidiaries), and the board of directors of TSOH recommends that the TSOH shareholders tender their shares in such tender or exchange offer or otherwise fails to recommend that they reject such tender offer or exchange offer within the ten business day period provided for in Rule 14e-2(a) under the Exchange Act.

### **Effect of Termination**

If the Merger Agreement is validly terminated, the Merger Agreement will become void without any liability on the part of any of the parties, except in the case of a party's willful breach of the Merger Agreement. However, the provisions of the Merger Agreement relating to confidentiality obligations of the parties, the termination fee, publicity and certain other technical provisions will continue in effect notwithstanding termination of the Merger Agreement.

### **Amendments, Extensions and Waivers**

The Merger Agreement may be amended by the parties, by action taken or authorized by their respective boards of directors, at any time before or after approval of the Merger Agreement proposal by the TSOH shareholders, in writing signed on behalf of each of the parties, provided that after any approval of the transactions contemplated by the Merger Agreement by the TSOH shareholders, there may not be, without further approval of such shareholders, any amendment of the Merger Agreement that requires further approval under applicable law.

At any time prior to the effective time of the Merger, the parties, by action taken or authorized by their respective boards of directors, may extend the time for the performance of any of the obligations or other acts of the other party, waive any inaccuracies in the representations and warranties contained in the Merger Agreement or waive compliance with any of the agreements or conditions contained in the Merger Agreement. Any agreement on the part of a party to any extension or waiver must be in a signed writing.

### **Stock Market Listing**

Application will be made by Farmers to have the Farmers common shares to be issued in the Merger approved for listing on the Nasdaq, which is the principal trading market for existing Farmers common shares. It is a condition to both parties' obligation to complete the Merger that such approval is obtained, subject to official notice of issuance.

### **Fees and Expenses**

All fees and expenses incurred in connection with the Merger, the Merger Agreement, and the transactions contemplated by the Merger Agreement will be paid by the party incurring such fees or expenses, whether or not the Merger is completed.





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**COMPARISON OF CERTAIN RIGHTS OF TSOH AND FARMERS SHAREHOLDERS**

Those shareholders of TSOH that do not exercise dissenters' rights and who receive Farmers common shares in the Merger will, therefore, become shareholders of Farmers. Their rights as shareholders of Farmers will be governed by the Ohio Revised Code and by Farmers' Amended Articles of Incorporation and Amended Code of Regulations, while TSOH shareholders are currently governed by the Ohio Revised Code and by TSOH's Second Amended and Restated Articles of Incorporation, as amended, and Code of Regulations. Although the rights of the holders of Farmers common shares and those of the holders of shares of TSOH's common shares are similar in many respects, there are some differences. These differences relate to differences between provisions of the Amended Articles of Incorporation of Farmers and the Second Amended and Restated Articles of Incorporation, as amended, of TSOH, and differences between provisions of the Amended Code of Regulations of Farmers and the Code of Regulations of TSOH.

The following chart compares certain rights of the holders of TSOH common shares to the rights of holders of Farmers common shares in areas where those rights are materially different. This summary, however, does not purport to be a complete description of such differences and is qualified in its entirety by reference to the relevant provisions of Ohio law and the respective corporate governance instruments of TSOH and Farmers.

**Quorum of Shareholders**

**TSOH**

**Farmers**

Under TSOH's Code of Regulations, holders of shares entitling them to exercise a majority of the voting power of TSOH entitled to vote at a meeting constitute a quorum at all meetings of shareholders for the transaction of business, except when a greater proportion is required by law, the Second Amended and Restated Articles of Incorporation, as amended, or the Code of Regulations.

Under Farmers' Amended Code of Regulations, shareholders representing not less than one third of the outstanding voting stock constitute a quorum for a meeting, except when a greater proportion is required by law or the articles of incorporation.

**Call of Special Meeting of Shareholders**

**TSOH**

**Farmers**

TSOH's Code of Regulations provides that a special meeting of the shareholders may be called by the chairperson of the board, or the president, or a majority of the directors acting with or without a meeting.

Farmers' Amended Code of Regulations provides that special meetings of shareholders may be called at any time by the chairman of the board of directors, president or a vice president, or a majority of the board of directors acting with or without a meeting, or the holder or holders of one-fourth of all shares outstanding and entitled to vote at the meeting.

**Authorized Capital**

**TSOH**

**Farmers**

TSOH's Amended and Restated Articles of Incorporation authorize TSOH to issue up to four million shares, consisting of (i) 3,500,000 shares of common stock; (ii) 100,000 shares of Series A Preferred Stock; (iii) 800 shares of Series B Preferred Stock; and (iv) 399,200 shares of Preferred Stock, each without par value.

Farmers' Amended Articles of Incorporation authorize Farmers to issue up to thirty-five million shares, each without par value.

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**Removal of Directors**

**TSOH**

TSOH's Code of Regulations provides that all directors or any individual director may be removed from office, without cause, by the affirmative vote of the holders of record of not less than 75% of the shares having voting power with respect to the election of such directors.

**Farmers**

Farmers' Amended Code of Regulations provides that any or all of the directors shall only be removed with cause and only by the affirmative vote of the holders of not less than sixty-six and two-thirds percent of the voting stock of the corporation at a meeting called for such purpose.

**Pre-emptive Rights**

**TSOH**

TSOH's Amended and Restated Articles of Incorporation do not grant pre-emptive rights to shareholders.

**Farmers**

Farmers' Amended Articles of Incorporation provide that, subject to certain exceptions, shareholders have the right to purchase shares in any offering or sale by Farmers of shares for cash in proportion to their respective holdings of Farmers common shares.

**Amendment of Articles of Incorporation and Code of Regulations**

**TSOH**

TSOH's Amended and Restated Articles of Incorporation provide that any amendments to the Second Amended and Restated Articles of Incorporation require the affirmative vote of the holders of at least two-thirds of the outstanding securities of TSOH entitled to vote on such amendment, voting as a single class.

**Farmers**

Farmers' Amended Articles of Incorporation may only be amended by the affirmative vote of the holders of shares of Farmers entitling them to exercise at least two-thirds of voting power of Farmers, except that an amendment of the article relating to certain control share acquisitions and business combinations requires the affirmative vote of seventy-five percent of the voting power of Farmers.

TSOH's Code of Regulations provides that the Code of Regulations may be amended at any meeting of the shareholders held for such purpose by the affirmative vote of the holders of record of shares entitling them to exercise a majority of the voting power of such proposal.

Farmers' Amended Code of Regulations provides that the Amended Code of Regulations may be amended or repealed by the affirmative vote of the holders of a majority of the voting power of Farmers, or, without a meeting, by the written consent of the holders of two-thirds of the voting power of Farmers.

**Votes Required to Approve Certain Transactions**

**TSOH**

Unless the prior approval of the majority of the continuing directors has been obtained and recommended by TSOH's board of directors to shareholders of TSOH, TSOH's Second Amended and Restated Articles of Incorporation require the affirmative vote of the holders of at least two-thirds of the outstanding shares of TSOH entitled to vote.

**Farmers**

Pursuant to Farmers' Amended Articles of Incorporation, a control share acquisition must be approved by the shareholders. If the control share acquisition is approved by at least two-thirds of the board of directors, then the proposed control share acquisition must be approved by the affirmative vote of at least a two-thirds of the voting power of Farmers. If the control share acquisition is not so approved by the board of directors, the proposed control share acquisition must be approved by the affirmative vote of at least eighty per cent of the voting power of Farmers.

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**Provisions with Possible Anti-Takeover Effects**

**TSOH**

Certain provisions of TSOH's Amended Articles of Incorporation and Code of Regulations provide anti-takeover protections, which include:

the division of the board of directors into three classes;

the supermajority voting requirements for certain corporate transactions;

limiting the business at special meetings to the purpose stated in the notice of the meeting; and

imposing notice requirements and limiting those individuals who may call a special meeting of shareholders.

**Farmers**

Farmers' Amended Articles of Incorporation and Amended Code of Regulations contain provisions that may serve as anti-takeover protections, which include:

the division of the board of directors into three classes;

the ability of Farmers' board to fill vacancies and newly created directorships by a vote of the majority of the directors then in office; and

the supermajority voting requirements for certain corporate transactions.

**Table of Contents****INFORMATION ABOUT TSOH****Share Ownership of Certain TSOH Beneficial Owners and Management**

The following table sets forth information with respect to the TSOH common shares beneficially owned (unless otherwise indicated) by (i) each director of TSOH, (ii) certain executive officers of TSOH and (iii) all such directors and executive officers as a group, as of [ ], 2015. Except as indicated in the below table, no person is known to TSOH to be a beneficial owner of more than 5% of TSOH common shares. The business address of each director and executive officer of TSOH is 16926 St. Clair Avenue, East Liverpool, Ohio 43920.

A person has beneficial ownership of shares if he or she has the power to vote or dispose of such shares. This power can be exclusive or shared, direct or indirect. Except as otherwise noted, the beneficial owners listed have sole voting and/or investment power with respect to the shares shown.

As of [ ], 2015, there were [985,983] shares of TSOH common stock outstanding.

<b>Directors, Named Executive Officers and 5% Holders</b>	<b>Common Shares Beneficially Owned</b>	<b>Percent Of Class</b>
J. Robert Berg	8,356.9133 <sup>(1)</sup>	*
William E. Blair, Jr.	32,672.000 <sup>(2)</sup>	3.31%
Stephen W. Cooper	4,848.000	*
Timothy G. Dickey	3,570.000 <sup>(3)</sup>	*
Michael S. DiLoreto	5,000.000	*
Charles B. Lang	79,853.374 <sup>(4)</sup>	8.10%
Stephen R. Sant	14,699.095	1.49%
John P. Scotford, Jr.	98,162.000 <sup>(5)</sup>	9.96%
David M. Stacey	3,125.000 <sup>(6)</sup>	*
John C. Thompson	25,990.000	2.64%
Stephen A. Beadnell	1,845.148	*
Total executive officers, directors and 5% or greater holders	278,121.530	28.2%

\* Percentage of shares of common stock beneficially owned does not exceed one percent (1%).

(1) Includes 5,713 shares owned jointly with his spouse and 884 shares owned solely by his spouse.

(2) Includes 4,296 shares owned solely by his spouse.

(3) Includes 3,570 shares owned jointly with his spouse.

(4) Includes 1,937 shares owned solely by his spouse and 37,335 shares held by trusts.

(5) Includes 98,162 shares held in the John P. Scotford Jr. Family Trust.

(6) Includes 3,125 shares owned jointly with his spouse.

**Description of TSOH's Business**

TSOH is a financial holding company organized under the laws of the State of Ohio. TSOH operates through its wholly-owned subsidiary, 1<sup>st</sup> National Community Bank, which is a full-service national banking association engaged in banking through a network of four branches located in the immediate tri-state area of Columbiana County, Ohio and Beaver County, Pennsylvania. TSOH's philosophy is to provide a wide array of community-oriented financial

service products designed to meet the needs of its customers. 1<sup>st</sup> National's banking services are delivered through branch banking offices, which offer extended hours, and a variety of loan and deposit products.

1<sup>st</sup> National's lending strategy has historically focused on the origination of real estate commercial mortgages, one-to-four family mortgage loans, working capital commercial loans in the form of credit lines and term notes, personal loans, automobile loans and home equity loans. 1<sup>st</sup> National attempts to manage the interest rates it pays on deposits, while maintaining a stable to growing deposit base by providing convenient and quality

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service at competitive rates to its customers. Historically, 1<sup>st</sup> National has relied upon its customer deposit base as its primary source of funds but has from time to time borrowed funds through credit arrangements with the Federal Home Loan Bank of Cincinnati ( FHLB ), the use of Repurchase Agreements with its business customers, and Federal Funds Purchased.

On December 31, 2014, TSOH sold Gateminder Corporation, an ATM management company, and the assets of The Cooper Insurance Agency, Inc. On April 1, 2015, TSOH sold MDH Investment Management, a registered investment adviser, to MDH's current management.

*Market Area.* TSOH's sole banking subsidiary is 1<sup>st</sup> National, which operates four offices located in Columbiana County, Ohio and Beaver County, Pennsylvania. The region benefits from proximity to shale gas drilling activity, which has led to new businesses locating in the area and expansion by existing businesses to service the drilling industry. Local land owners have benefitted from bonus checks received for leasing land for potential drilling of gas wells and royalty checks from gas production on their land. Much of 1<sup>st</sup> National's market area is rural with rolling hills. Employment is provided by light industry, retail business and farming. Much of the light industry of the market area is located near the Ohio River, which is a focal point of the area. Because the area is mostly rural, it has a low population density. The unemployment rate in Columbiana County as of May, 2015 was 5.2% and in Beaver County, PA it was 5.3%.

*Competition.* The banking industry in 1<sup>st</sup> National's market areas is highly competitive. In addition to competing with other commercial and savings banks and savings and loan associations, 1<sup>st</sup> National competes with credit unions, finance companies, leasing companies, mortgage companies, insurance companies, brokerage and investment banking firms, asset-based non-bank lenders and many other financial service firms. Competition is based on interest rates offered on deposit accounts, interest rates charged on loans and leases, fees and service charges, the quality and scope of the services rendered, the convenience of banking facilities and, in the case of loans to commercial borrowers, relative lending limits, as well as other factors.

A substantial number of the commercial banks operating in 1<sup>st</sup> National's market area are branches or subsidiaries of much larger organizations affiliated with statewide, regional or national banking companies and as a result may have greater resources and lower costs of funds than 1<sup>st</sup> National. Additionally, 1<sup>st</sup> National faces competition from a large number of other community banks. Despite the highly competitive environment, management believes 1<sup>st</sup> National is competitive because of its strong commitment to quality customer service, convenient local branches, active community involvement and competitive products and pricing.

The share of deposits held by a particular banking institution relative to all other banking institutions in a particular market is the most recognizable indicator of a bank's market share. Based on the FDIC's June 30, 2014 deposit data, 1<sup>st</sup> National had a 7.09% share of deposits in Columbiana County (6<sup>th</sup> of 12), and a .54% share of deposits in Beaver County, PA (10<sup>th</sup> of 11).

*Lending.* Lending practices are governed by a comprehensive Loan Policy, which is approved annually by the Board of Directors, and by regulations and policies of the Office of the Chief Controller (OCC), the principal federal regulator of national banks. The Loan Policy delegates lending authority to either the full Board of Directors, Executive Committee of the Board of Directors, Officer's Loan Committee, President/CEO, Senior Vice Presidents and Loan Officers depending on the aggregate amount of the borrower's loan balances. The Loan Policy establishes guidelines for credit types, loan mix, concentration of credit and credit standards. 1<sup>st</sup> National makes consumer loans, residential real estate loans, commercial loans, commercial real estate loans and home equity loans. Commercial, commercial real estate and residential real estate loans are the most significant portions of 1<sup>st</sup> National's lending activity. The Loan Policy provides specific underwriting criteria for all loans. Guidelines are established for loan to



value, debt service coverage, debt to income and credit scores as appropriate.

Additionally, an important objective is the interest rate risk management function, which evaluates interest rate sensitivity and determines the level of risk appropriate and consistent with approved guidelines. 1<sup>st</sup> National

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maintains the 1<sup>st</sup> National Asset Liability Management Policy which is reviewed and approved annually by the Board of Directors. 1<sup>st</sup> National also maintains an Asset/Liability Management Committee ( ALCO ), which is responsible for reviewing its asset/liability policies, securities portfolio, interest rate risk position and liquidity. The ALCO meets at least quarterly to review trends in interest rates, changes in the market value of the investment securities portfolio, the financial position of 1<sup>st</sup> National, actual performance results to budgeted performance, 1<sup>st</sup> National's interest rate position as measured by changes in its net interest income, net income and economic value of equity under certain interest rate scenarios, and the projected impact of such interest rate scenarios on earnings and capital.

Market risk is the risk of losses resulting from adverse changes in market pricing and rates. 1<sup>st</sup> National's market risk is primarily its interest rate risk associated with its investing, lending, deposit, and borrowing activities. Interest rate risk arises when interest rates on assets change in a different time period or in a different proportion from that of liabilities. Management actively monitors its interest rate sensitivity position with the primary objective to prudently structure the balance sheet so that movements of interest rates on assets and liabilities are highly correlated and produce a reasonable net interest margin even in periods of volatile interest rates.

*Loan Solicitation and Processing.* Loan originations are developed from a number of sources, including continuing business with depositors, other borrowers and real estate builders, solicitations by bank personnel and walk-in customers.

When a loan request is made, 1<sup>st</sup> National reviews the application, credit bureau reports, property appraisals or evaluations, financial information, verifications of income, and other documentation concerning the creditworthiness of the borrower, as applicable to each loan type. 1<sup>st</sup> National's underwriting guidelines are set by senior management and approved by the Board. New loans are expected to conform to the underwriting standards set in the Loan Policy. Any exceptions to the guidelines must be documented as to reasons for the exceptions. The loan approval process is established in the Loan Policy and approvals can be made by Loan Officers for smaller amounts, up to approval of the Board of Directors for aggregate relationships over \$750,000.

*Income from Lending Activities.* 1<sup>st</sup> National earns interest and fee income from its lending activities. Net of origination costs, loan origination fees are amortized over the life of a loan. 1<sup>st</sup> National also receives loan fees related to existing loans, including late charges. Income from loan origination, commitment fees and discounts varies with the volume and type of loans and commitments made, and with competitive and economic conditions.

*Delinquent Loans* Late charges on residential mortgages and consumer loans are assessed if a payment is not received by the due date plus a grace period. 1<sup>st</sup> National has a weekly delinquent loan meeting to discuss past due loans. As a general rule, any borrower that becomes ten days past-due is contacted to get a promise to pay and determine the cause of the delinquency. Loans that become further delinquent can lead to repossession of non-real estate collateral or, in the case of real estate collateral, actions necessary to foreclose on the real estate.

When 1<sup>st</sup> National acquires real estate through foreclosure, voluntary deed, or similar means, it is classified as other real estate owned (OREO) until it is sold. When property is acquired in this manner, it is recorded at the fair value of the asset less the estimated costs to sell, and the loan amount reduced for the remaining balance of the loan. After the transfer to OREO, the fair value less costs to sell becomes the new cost basis for the OREO property. The amount by which the recorded investment in the loan exceeds the fair value (net of estimated cost to sell) of the OREO is charged to the allowance for loan losses. Subsequent declines in the fair value of OREO below the new cost basis are recorded through a charge to an expense account. All costs incurred from the date of acquisition to maintain the property are expensed.

*Investments* Investment securities provide a return on residual funds after lending activities. Investments may be in corporate securities, U.S. Government and agency obligations, state and local government obligations and mortgage-backed securities. 1<sup>st</sup> National generally does not invest in securities that are rated less than

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investment grade by a nationally recognized statistical rating organization. All securities-related activity is reported to 1<sup>st</sup> National's Board of Directors. General changes in investment strategy are required to be reviewed and approved by the Board. 1<sup>st</sup> National has a comprehensive Investment Policy that is updated when necessary, and approved annually by the Board of Directors. Among other things, the Policy gives acceptable types of securities that may be purchased, maximum block sizes, concentration limits, credit analysis necessary for various types of securities, and acceptable maturities. Responsibility for the investment portfolio belongs to 1<sup>st</sup> National's Chief Financial Officer. In the fourth quarter of 2009, 1<sup>st</sup> National made the decision to give the management of its investment portfolio to its trust department, which in turn uses WesBanco in Wheeling, WV to manage the investment assets.

*Sources of Funds – Deposit Accounts.* Deposit accounts are the primary source of funds for 1<sup>st</sup> National. 1<sup>st</sup> National offers a number of deposit products to attract both commercial and regular consumer checking and savings customers, including regular and money market savings accounts, as well as a variety of fixed-maturity, fixed-rate certificates with maturities ranging from seven days to 60 months. These accounts earn interest at rates established by management based on competitive market factors and management's desire to increase certain types or maturities of deposit liabilities. 1<sup>st</sup> National also provides debit cards, travelers' checks, official checks, money orders, ATM services, and IRA accounts.

*Borrowings.* Deposits, repayment of mortgage-backed securities, maturing securities and repayment of loan principal are 1<sup>st</sup> National's primary sources of funds for lending activities and other general business purposes. 1<sup>st</sup> National also maintains a \$10 million revolving line of credit with FHLB Cincinnati, which may be increased to \$13.5 million, pledged by certain qualifying assets that consist primarily of first mortgage loans and unpledged securities. As of December 31, 2014, 1<sup>st</sup> National had borrowings totaling \$2.0 million under the FHLB line of credit with a maturity date of October 30, 2017. In addition, TSOH has a \$2.0 million revolving line of credit with WesBanco Bank, Inc. (WesBanco), on which TSOH has not drawn, and a \$1.0 million non-revolving line of credit with WesBanco, which was fully drawn as of December 31, 2014.

*Personnel* As of December 31, 2014, TSOH had 53 full-time employees, none of which were represented by a collective bargaining agreement. Management considers its relations with employees to be good.

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**EXPERTS**

The consolidated financial statements of Farmers appearing in Farmers' Annual Report on Form 10-K for the year ended December 31, 2014, as amended, and the effectiveness of Farmers' internal control over financial reporting as of December 31, 2014, have been audited by Crowe Horwath LLP, an independent registered public accounting firm, as set forth in their report thereon, included in such Annual Report and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

**LEGAL MATTERS**

Vorys, Sater, Seymour and Pease LLP has rendered an opinion that the Farmers' common shares to be issued to the TSOH shareholders in connection with the Merger have been duly authorized and, if issued as contemplated by the Merger Agreement, will be validly issued, fully paid and non-assessable under the laws of the State of Ohio. Certain U.S. federal income tax consequences relating to the Merger will also be passed upon for TSOH by Buchanan Ingersoll & Rooney PC and for Farmers by Vorys, Sater, Seymour and Pease LLP.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows Farmers to incorporate certain information into this document by reference to other information that has been filed with the SEC. This means that Farmers can disclose important business and financial information to you by referring you to another document filed separately with the SEC. The information that Farmers incorporates by reference is deemed to be part of this proxy statement/prospectus, except for any information that is superseded by information in this document. The documents that are incorporated by reference contain important information about Farmers and you should read this document together with any other documents incorporated by reference in this document.

**Farmers**

This document incorporates by reference the following documents that have previously been filed with the SEC by Farmers (File No. 001-35296):

Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on February 27, 2015, as amended by Form 10-K/A, filed with the SEC on April 27, 2015;

Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2015, filed with the SEC on May 11, 2015;

Current Reports on Form 8-K filed with the SEC on January 27, 2015, January 28, 2015, January 29, 2015, February 2, 2015, February 3, 2015, April 16, 2015, April 22, 2015, May 13, 2015, May 15, 2015, May 18, 2015, May 29, 2015, June 4, 2015, June 12, 2015, June 19, 2015, June 24, 2015, June 24, 2015, June 29, 2015, July 6, 2015, July 9, 2015 and July 17, 2015;

Definitive Proxy Statement on Schedule 14A filed with the SEC on March 13, 2015; and

The description of Farmers' common shares, no par value, contained in Farmers' Current Report on Form 8-K filed with the SEC on December 10, 2010, and any amendment or report filed with the SEC for the purpose of updating such description.

In addition, Farmers is incorporating by reference any documents it may file under Section 13 (a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this document and prior to the date of each company's special meeting of shareholders.

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Farmers files annual, quarterly and special reports, proxy statements and other business and financial information with the SEC. You may obtain the information incorporated by reference and any other materials Farmers files with the SEC without charge by following the instructions in the section entitled *WHERE YOU CAN FIND MORE INFORMATION* in the forepart of this document.

Farmers has not authorized anyone to give any information or make any representation about the Merger or its company that is different from, or in addition to, that contained in this document or in any of the materials that have been incorporated into this document. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this document or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this document does not extend to you. The information contained in this document speaks only as of the date of this document unless the information specifically indicates that another date applies.

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**ANNEX A**

**Dissenters Rights Under Section 1701.85 of the Ohio General Corporation Law**

1701.85 Dissenting shareholders compliance with section fair cash value of shares.

(A) (1) A shareholder of a domestic corporation is entitled to relief as a dissenting shareholder in respect of the proposals described in sections 1701.74, 1701.76, and 1701.84 of the Revised Code, only in compliance with this section.

(2) If the proposal must be submitted to the shareholders of the corporation involved, the dissenting shareholder shall be a record holder of the shares of the corporation as to which the dissenting shareholder seeks relief as of the date fixed for the determination of shareholders entitled to notice of a meeting of the shareholders at which the proposal is to be submitted, and such shares shall not have been voted in favor of the proposal.

(3) Not later than 20 days before the date of the meeting at which the proposal will be submitted to the shareholders, the corporation may notify the corporation's shareholders that relief under this section is available. The notice shall include or be accompanied by all of the following:

(a) A copy of this section;

(b) A statement that the proposal can give rise to rights under this section if the proposal is approved by the required vote of the shareholders;

(c) A statement that the shareholder will be eligible as a dissenting shareholder under this section only if the shareholder delivers to the corporation a written demand with the information provided for in division (A)(4) of this section before the vote on the proposal will be taken at the meeting of the shareholders and the shareholder does not vote in favor of the proposal.

(4) If the corporation delivers notice to its shareholders as provided in division (A)(3) of this section, a shareholder electing to be eligible as a dissenting shareholder under this section shall deliver to the corporation before the vote on the proposal is taken a written demand for payment of the fair cash value of the shares as to which the shareholder seeks relief. The demand for payment shall include the shareholder's address, the number and class of such shares, and the amount claimed by the shareholder as the fair cash value of the shares.

(5) If the corporation does not notify the corporation's shareholders pursuant to division (A)(3) of this section, not later than ten days after the date on which the vote on the proposal was taken at the meeting of the shareholders, the dissenting shareholder shall deliver to the corporation a written demand for payment to the dissenting shareholder of the fair cash value of the shares as to which the dissenting shareholder seeks relief, which demand shall state the dissenting shareholder's address, the number and class of such shares, and the amount claimed by the dissenting shareholder as the fair cash value of the shares.

(6) If a signatory, designated and approved by the dissenting shareholder, executes the demand, then at any time after receiving the demand, the corporation may make a written request that the dissenting shareholder provide evidence of the signatory's authority. The shareholder shall provide the evidence within a reasonable time but not sooner than 20 days after the dissenting shareholder has received the corporation's written request for evidence.



(7) The dissenting shareholder entitled to relief under division (A)(3) of section 1701.84 of the Revised Code in the case of a merger pursuant to section 1701.80 of the Revised Code and a dissenting shareholder entitled to relief under division (A) (5) of section 1701.84 of the Revised Code in the case of a merger pursuant to section 1701.801 of the Revised Code shall be a record holder of the shares of the corporation as to which the dissenting shareholder seeks relief as of the date on which the agreement of merger was adopted by the directors

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of that corporation. Within 20 days after the dissenting shareholder has been sent the notice provided in section 1701.80 or 1701.801 of the Revised Code, the dissenting shareholder shall deliver to the corporation a written demand for payment with the same information as that provided for in division (A)(4) of this section.

(8) In the case of a merger or consolidation, a demand served on the constituent corporation involved constitutes service on the surviving or the new entity, whether the demand is served before, on, or after the effective date of the merger or consolidation. In the case of a conversion, a demand served on the converting corporation constitutes service on the converted entity, whether the demand is served before, on, or after the effective date of the conversion.

(9) If the corporation sends to the dissenting shareholder, at the address specified in the dissenting shareholder's demand, a request for the certificates representing the shares as to which the dissenting shareholder seeks relief, the dissenting shareholder, within 15 days from the date of the sending of such request, shall deliver to the corporation the certificates requested so that the corporation may endorse on them a legend to the effect that demand for the fair cash value of such shares has been made. The corporation promptly shall return the endorsed certificates to the dissenting shareholder. A dissenting shareholder's failure to deliver the certificates terminates the dissenting shareholder's rights as a dissenting shareholder, at the option of the corporation, exercised by written notice sent to the dissenting shareholder within 20 days after the lapse of the 15-day period, unless a court for good cause shown otherwise directs. If shares represented by a certificate on which such a legend has been endorsed are transferred, each new certificate issued for them shall bear a similar legend, together with the name of the original dissenting holder of the shares. Upon receiving a demand for payment from a dissenting shareholder who is the record holder of uncertificated securities, the corporation shall make an appropriate notation of the demand for payment in its shareholder records. If uncertificated shares for which payment has been demanded are to be transferred, any new certificate issued for the shares shall bear the legend required for certificated securities as provided in this paragraph. A transferee of the shares so endorsed, or of uncertificated securities where such notation has been made, acquires only the rights in the corporation as the original dissenting holder of such shares had immediately after the service of a demand for payment of the fair cash value of the shares. A request under this paragraph by the corporation is not an admission by the corporation that the shareholder is entitled to relief under this section.

(B) Unless the corporation and the dissenting shareholder have come to an agreement on the fair cash value per share of the shares as to which the dissenting shareholder seeks relief, the dissenting shareholder or the corporation, which in case of a merger or consolidation may be the surviving or new entity, or in the case of a conversion may be the converted entity, within three months after the service of the demand by the dissenting shareholder, may file a complaint in the court of common pleas of the county in which the principal office of the corporation that issued the shares is located or was located when the proposal was adopted by the shareholders of the corporation, or, if the proposal was not required to be submitted to the shareholders, was approved by the directors. Other dissenting shareholders, within that three-month period, may join as plaintiffs or may be joined as defendants in any such proceeding, and any two or more such proceedings may be consolidated. The complaint shall contain a brief statement of the facts, including the vote and the facts entitling the dissenting shareholder to the relief demanded. No answer to a complaint is required. Upon the filing of a complaint, the court, on motion of the petitioner, shall enter an order fixing a date for a hearing on the complaint and requiring that a copy of the complaint and a notice of the filing and of the date for hearing be given to the respondent or defendant in the manner in which summons is required to be served or substituted service is required to be made in other cases. On the day fixed for the hearing on the complaint or any adjournment of it, the court shall determine from the complaint and from evidence submitted by either party whether the dissenting shareholder is entitled to be paid the fair cash value of any shares and, if so, the number and class of such shares. If the court finds that the dissenting shareholder is so entitled, the court may appoint one or more persons as appraisers to receive evidence and to recommend a decision on the amount of the fair cash value. The appraisers have power and authority specified in the order of their appointment. The court thereupon shall make a finding as to the fair cash value of a share and shall render judgment against the corporation for the payment of it, with interest at a

rate and from a date as the court considers equitable. The costs of the proceeding, including reasonable

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compensation to the appraisers to be fixed by the court, shall be assessed or apportioned as the court considers equitable. The proceeding is a special proceeding and final orders in it may be vacated, modified, or reversed on appeal pursuant to the Rules of Appellate Procedure and, to the extent not in conflict with those rules, Chapter 2505 of the Revised Code. If, during the pendency of any proceeding instituted under this section, a suit or proceeding is or has been instituted to enjoin or otherwise to prevent the carrying out of the action as to which the shareholder has dissented, the proceeding instituted under this section shall be stayed until the final determination of the other suit or proceeding. Unless any provision in division (D) of this section is applicable, the fair cash value of the shares that is agreed upon by the parties or fixed under this section shall be paid within 30 days after the date of final determination of such value under this division, the effective date of the amendment to the articles, or the consummation of the other action involved, whichever occurs last. Upon the occurrence of the last such event, payment shall be made immediately to a holder of uncertificated securities entitled to payment. In the case of holders of shares represented by certificates, payment shall be made only upon and simultaneously with the surrender to the corporation of the certificates representing the shares for which the payment is made.

(C) (1) If the proposal was required to be submitted to the shareholders of the corporation, fair cash value as to those shareholders shall be determined as of the day prior to the day on which the vote by the shareholders was taken and, in the case of a merger pursuant to section 1701.80 or 1701.801 of the Revised Code, fair cash value as to shareholders of a constituent subsidiary corporation shall be determined as of the day before the adoption of the agreement of merger by the directors of the particular subsidiary corporation. The fair cash value of a share for the purposes of this section is the amount that a willing seller who is under no compulsion to sell would be willing to accept and that a willing buyer who is under no compulsion to purchase would be willing to pay, but in no event shall the fair cash value of a share exceed the amount specified in the demand of the particular shareholder. In computing fair cash value, both of the following shall be excluded:

(a) Any appreciation or depreciation in market value resulting from the proposal submitted to the directors or to the shareholders;

(b) Any premium associated with control of the corporation, or any discount for lack of marketability or minority status.

(2) For the purposes of this section, the fair cash value of a share that was listed on a national securities exchange at any of the following times shall be the closing sale price on the national securities exchange as of the applicable date provided in division (C)(1) of this section:

(a) Immediately before the effective time of a merger or consolidation;

(b) Immediately before the filing of an amendment to the articles of incorporation as described in division (A) of section 1701.74 of the Revised Code;

(c) Immediately before the time of the vote described in division (A)(1)(b) of section 1701.76 of the Revised Code.

(D)(1) The right and obligation of a dissenting shareholder to receive fair cash value and to sell such shares as to which the dissenting shareholder seeks relief, and the right and obligation of the corporation to purchase such shares and to pay the fair cash value of them terminates if any of the following applies:

(a) The dissenting shareholder has not complied with this section, unless the corporation by its directors waives such failure;

(b) The corporation abandons the action involved or is finally enjoined or prevented from carrying it out, or the shareholders rescind their adoption of the action involved;

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(c) The dissenting shareholder withdraws the dissenting shareholder's demand, with the consent of the corporation by its directors;

(d) The corporation and the dissenting shareholder have not come to an agreement as to the fair cash value per share, and neither the shareholder nor the corporation has filed or joined in a complaint under division (B) of this section within the period provided in that division.

(2) For purposes of division (D)(1) of this section, if the merger, consolidation, or conversion has become effective and the surviving, new, or converted entity is not a corporation, action required to be taken by the directors of the corporation shall be taken by the partners of a surviving, new, or converted partnership or the comparable representatives of any other surviving, new, or converted entity.

(E) From the time of the dissenting shareholder's giving of the demand until either the termination of the rights and obligations arising from it or the purchase of the shares by the corporation, all other rights accruing from such shares, including voting and dividend or distribution rights, are suspended. If during the suspension, any dividend or distribution is paid in money upon shares of such class or any dividend, distribution, or interest is paid in money upon any securities issued in extinguishment of or in substitution for such shares, an amount equal to the dividend, distribution, or interest which, except for the suspension, would have been payable upon such shares or securities, shall be paid to the holder of record as a credit upon the fair cash value of the shares. If the right to receive fair cash value is terminated other than by the purchase of the shares by the corporation, all rights of the holder shall be restored and all distributions which, except for the suspension, would have been made shall be made to the holder of record of the shares at the time of termination.

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**ANNEX B**

**AGREEMENT AND PLAN OF MERGER**

by and among

TRI-STATE 1<sup>ST</sup> BANC, INC.,

FARMERS NATIONAL BANC CORP.,

and

FMNB MERGER SUBSIDIARY, LLC

Dated as of June 23, 2015

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