

Farmers National Banc Corp.

Board Enterprise Risk Management Committee Charter

MEMBERSHIP

The Board Enterprise Risk Management Committee (BERM) is a committee of the Board of Directors (the “Board”) of Farmers National Banc Corp. (the “Corporation”), which shall have at least three members. Each member of the Committee shall meet the independence requirements of the NASDAQ Stock Market, LLC, as such requirements are interpreted by the Board in its business judgment. The members of BERM shall be appointed by the Board and shall serve until such member’s successor is duly appointed. The Board shall designate one member of BERM as its chairperson (the “Chair”).

PURPOSE

The purpose of BERM is to oversee management’s implementation and enforcement of the Corporation’s policies, procedures and practices relating to the management of enterprise-wide risk, including, but not limited to:

- Monitoring and overseeing the Corporation’s enterprise risk management process, which includes, but is not limited to, (i) credit risk, (ii) interest rate risk, (iii) liquidity risk, (iv) transaction risk, (v) compliance risk, (vi) strategic risk, and (vii) reputation risk;
- Overseeing the Corporation’s compliance with applicable laws and regulations and the maintenance of appropriate regulatory and economic capital and reserve levels; and
- Ensuring that the Corporation’s risk management activities are consistent with and support the Corporation’s long-term strategic plans and initiatives.

RESPONSIBILITIES AND DUTIES

BERM shall have the following functions, duties and responsibilities:

- Review the trend and current risk levels of the Corporation, as set by Board policy and monitor compliance accordingly;
- Review potential scenarios or emerging risks that could have a material impact on the earnings and/or capital of the Corporation in an effort to ensure that the Corporation’s exposure is within the Board’s risk tolerances and that management’s responses and any plans of action are reasonable;
- Ensure that management has reviewed and addressed any material risks associated with new products, services or business activities;
- Monitor management’s record of compliance with established Board policies;
- Oversee and review the effectiveness of the Corporation’s system for monitoring compliance with applicable laws and regulation including, but not limited to, those under the Bank Holding Company Act of 1956, as amended, the Bank Secrecy Act of 1970, as amended, and those defined in the Corporation’s Information Security Policy;
- Oversee compliance with all regulatory obligations, including a review of all regulatory findings directed to the Board’s attention, as well as assess the adequacy of management’s response to all material regulatory findings and monitor compliance with management’s response;
- As necessary, work with the Audit Committee on any audit related deficiencies;
- Review with the Corporation’s management and legal counsel material litigation and significant correspondence with or actions by regulators or government agencies;

- Receive and review reports from the Corporation's Compliance Officer regarding compliance with applicable laws and regulations;
- Receive and review reports from the Corporation's Chief Credit Officer regarding the state of the Corporation's asset quality, portfolio composition, delinquency and charge-off trends, adequacy of the Allowance for Credit Losses and the loan review program among other items. All reports, minutes and policy changes presented and approved by the Board Loan Committee and/or Executive Loan Committee may also be requested, as necessary.
- Review the Corporation's insurance program periodically
- Receive and review reports from the Corporation's Enterprise Risk Management Committee regarding the state of the Corporation's information security (including, but not limited to, customer information, business resumption planning, technology strategy for major technology projects, adequacy of the IT staff and systems, and third party out-sourcing arrangements);
- Receive and review reports from the Corporation's Security Officer regarding the Corporation's physical security program;
- Receive and review reports from the Corporation's Chief Financial Officer regarding the Corporation's investment portfolio, asset/ liability management risk and capital and liquidity levels;
- Receive and review reports regarding risks relative to Farmers Trust Company and Farmers National Insurance, LLC, including, but not limited to, reports from officers of Farmers Trust Company regarding investment risks and fiduciary risks.
- Review, as appropriate, from the perspective of assessing risks, significant initiatives of the Corporation including acquisitions, divestitures, joint ventures and other strategic arrangements.
- Review and assess the quality and clarity of information provided to BERM and make recommendations to management as BERM deems appropriate from time to time for improving such materials;
- Prepare and provide to the Board an annual performance evaluation, which evaluation shall compare the performance of BERM with the requirements of this Charter; and
- At least annually, review and reassess the adequacy of this Charter and, as appropriate, make recommendations for revision to the Board for approval by the full Board.

The preceding shall be the principal recurring processes of BERM in carrying out its over-sight responsibility. These processes are set forth as a guide with the understanding that BERM may supplement them as appropriate in light of changing business, legislative, regulatory, legal or other conditions. BERM shall also carry out such other duties and responsibilities delegated to it by the Board from time to time that are related to the purpose of BERM.

OPERATIONAL GUIDELINES

The Board sets the risk tolerance for each area of risk within the Corp through a series of approved policies and management adopted guidelines. Where quantifiable, the tolerance for each risk area will be periodically tested against one or more known risk indicators (KRIs). Those KRIs found to be out of tolerance with board approved risk parameters, as well as those still within tolerance but approaching board approved risk limits will receive appropriate attention during each session of BERM. This risk based, exception driven process best utilizes both BERM and management's time while providing the warranted degree of Committee oversight regarding safe and

sounds operations. Conversely risks within KRI tolerances will be available for review by all board members prior to BERM meetings but will not be the focus of such meetings.

For risk areas that do not lend themselves as readily to quantitative risk assessment a periodic review will be conducted. The frequency and depth of such reviews will be determined by BERM after input from the entire Board of Directors and senior management. The intent is to set the frequency and depth of these reviews at the start of each yearly BERM Committee cycle. However, risks tend to be fluid and the ability to respond to changes in the Corporation's operating environment, as well as regulatory findings or expectations, may require the reduction or elimination of certain reviews while adding or increasing the depth of others. Any such changes will be addressed and supported in Committee minutes.

MEETINGS AND RETENTION OF OUTSIDE ADVISORS

BERM shall meet at least four times per year, or more frequently as circumstances dictate. The Chair, or any two members of BERM, may call meetings. Although personal attendance at meetings is encouraged, meetings of BERM may be held by telephone conference. The Chair shall preside at all sessions of BERM at which he or she is present and shall set the agendas for BERM meetings. A majority of the members of BERM will constitute a quorum. Any act of a majority of the members present at any meeting at which a quorum is present shall be an act of BERM. The Committee, through its Chair or its authorized designee, shall report regularly to the Board: (i) following meetings of BERM; (ii) with respect to such matters that are within BERM's responsibilities; and (iii) with respect to such other matters as BERM may deem appropriate. BERM shall maintain minutes or other records of meetings and activities of BERM and shall make them available to the Board.

BERM shall have the authority to retain, at the expense of the Corporation, counsel, consultants or other outside advisors, with respect to any issue without consulting or obtaining the approval of any officer of the Corporation in advance.

DELEGATION AND RECORDATION

BERM may, in its discretion, delegate portion of its duties and responsibilities to one or more members of BERM and/or the Chief Risk Officer; provided, however, that such individual conduct business in accordance with this Charter. The minutes of each BERM meeting will be introduced into the official records of the Corp following review of such by the Chair.