

EMCLAIRE FINANCIAL CORP

FORM 8-K (Current report filing)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 4, 2017

Emclaire Financial Corp
(Exact name of registrant as specified in its charter)

Pennsylvania 001-34527 25-1606091
(State or other jurisdiction of incorporation) (Commission File Number) (IRS Employer Identification No.)

612 Main Street, Emlenton, Pennsylvania 16373
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (844) 767-2311

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 1.01 Entry into a Material Definitive Agreement

On May 4, 2017, Emclave Financial Corp (“Emclave”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Northern Hancock Bank and Trust Co., a West Virginia chartered bank (“NHBT”), providing for the merger of NHBT with and into The Farmers National Bank of Emlenton (“Farmers National”), the wholly owned national banking subsidiary of Emclave (the “Merger”).

Subject to the terms and conditions of the Merger Agreement, which has been unanimously approved by the Boards of Directors of Emclave and NHBT, upon completion of the Merger, each outstanding share of common stock, par value \$10.00 per share, of NHBT issued and outstanding immediately prior to the effective time of the Merger (other than certain shares held directly or indirectly by Emclave or Farmers National or shares held by shareholders of NHBT who exercise their dissenters’ rights), will be cancelled and converted automatically into the right to receive 0.9793 of a share of common stock, par value \$1.25 per share, of Emclave, subject to adjustment, plus \$3.35 in cash.

The Merger Agreement contains customary representations and warranties from both Emclave and NHBT, and each have agreed to customary covenants, including, among others, covenants relating to: (1) the conduct of NHBT’s business during the interim period between the execution of the Merger Agreement and the completion of the Merger; (2) NHBT’s obligation to convene and hold a meeting of its shareholders to consider and vote upon the approval of the Merger Agreement and the transactions contemplated by it; and (3) subject to certain exceptions, the recommendation by the Board of Directors of NHBT in favor of the approval by its shareholders of the Merger, the Merger Agreement and the other transactions contemplated it. NHBT has also agreed not to (1) solicit proposals relating to alternative business combination transactions or (2) subject to certain exceptions, enter into any discussions, or enter into any agreement, concerning, or provide confidential information in connection with, any proposals for alternative business combination transactions.

Completion of the Merger is subject to certain customary conditions, including, among others, (1) approval of the Merger Agreement by NHBT’s shareholders; (2) receipt of required regulatory approvals; and (3) the absence of any injunction, order or other legal restraint prohibiting the completion of the Merger. Subject to the receipt of all required approvals and the satisfaction of all other conditions, the Merger is expected to be completed in the third or fourth quarter of 2017.

The Merger Agreement contains certain termination rights for Emclave and NHBT, as the case may be, applicable in the following circumstances: (1) the mutual written consent of the parties; (2) if the Merger has not been completed by February 28, 2018, but only if the failure to complete the Merger is not due to the failure of the terminating party to comply with the Merger Agreement; (3) the failure of NHBT’s shareholders to approve the Merger Agreement and the Merger by the required vote; (4) a breach of the Merger Agreement by the other party that is not or cannot be cured or is not waived within 30 days after notice of such breach, if such breach would result in a failure of the conditions to closing set forth in the Merger Agreement; (5) if any required regulatory approvals for consummation of the Merger or the other transactions contemplated by the Merger Agreement are denied; (6) by Emclave if NHBT shall have received a superior proposal and the NHBT Board of Directors enters into an acquisition agreement with respect to a superior proposal and terminates the Merger Agreement or fails to recommend that the shareholders of NHBT adopt the Merger Agreement or if it withdraws, modifies or changes such recommendation in a manner which is adverse to Emclave; or (7) by NHBT in order to accept a superior proposal, which has been received and considered by NHBT in compliance with the applicable terms of the Merger Agreement. In addition, the Merger Agreement provides that, upon termination of the Merger Agreement in certain circumstances, NHBT may be required to pay Emclave a termination fee of \$250,000.

The foregoing description of the Merger Agreement and the Merger does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which is filed as Exhibit 10.1 hereto, and is incorporated into this report, by reference.

ITEM 8.01 Other Events

On May 4, 2017, Emclair and NHBT issued a press release announcing that they had entered into the Merger Agreement. A copy of the press release is filed as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

Forward Looking Statements

This Current Report on Form 8-K contains certain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements do not relate strictly to historical or current facts. Forward-looking statements reflect management's current views and estimates of future economic circumstances, industry conditions, company performance and financial results. They often include the words "believe," "expect," "anticipate," "intend," "plan," "estimate" or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could" or "may." Forward-looking statements, by their nature, are subject to risks and uncertainties. A number of factors – many of which are beyond our control – could cause actual conditions, events or results to differ significantly from those described in the forward-looking statements. Forward-looking statements regarding the transaction are based upon currently available information.

Actual results could differ materially from those indicated in forward-looking statements. Among other factors, actual results may differ from those described in forward-looking statements due to: the possibility that the proposed transaction does not close when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received or satisfied on a timely basis or at all; the terms of the proposed transaction may need to be modified to obtain such approvals or satisfy such conditions; the anticipated benefits from the proposed transaction are not realized in the time frame anticipated or at all as a result of changes in general economic and market conditions, interest rates, laws and regulations and their enforcement, and the degree of competition in our markets; the ability to promptly and effectively integrate the businesses of the companies; the reaction of the companies' customers to the transaction; diversion of management time on merger-related issues; changes in asset quality and credit risk; the inability to sustain revenue and earnings; and competitive conditions.

Emclair's Annual Report on Form 10-K and other reports filed with the SEC describe some additional factors which could cause actual conditions, events or results to differ significantly from those described in forward-looking statements. Forward-looking statements speak only as of the date they are made.

Copies of Emclaire's reports filed with the SEC are available in the Financial Information section of Emclaire's website, www.emclairefinancial.com. We do not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made or to reflect the occurrence of unanticipated events.

Additional Information and Where to Find It

This Current Report on Form 8-K is being made pursuant to and in compliance with Rules 165 and 425 of the Securities Act of 1933 and does not constitute an offer of any securities for sale or a solicitation of an offer to buy any securities. In connection with the proposed transaction, Emclaire and NHBT will file a proxy statement/prospectus as part of a registration statement on Form S-4 regarding the proposed transaction with the Securities and Exchange Commission, or SEC. Investors and security holders are urged to read the proxy statement/prospectus because it will contain important information about Emclaire and NHBT and the proposed transaction. The final proxy statement/prospectus will be mailed to shareholders of NHBT. Investors and security holders may obtain a free copy of the definitive proxy statement/prospectus and other documents when filed with the SEC at the SEC's website at www.sec.gov. The definitive proxy statement/prospectus and other relevant documents may also be obtained free of charge from Emclaire by directing such requests to the Secretary of Emclaire (Amanda L. Engles) at 612 Main Street, Emlenton, Pennsylvania 16373, telephone (844) 767-2311, or from NHBT by directing such requests to the Secretary of NHBT (John Ash) 226 Washington Street, Newell, West Virginia 26050, telephone (304) 387-9900.

Participants in the Solicitation

Emclaire and NHBT and their respective directors, executive officers and certain other members of their management and employees may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information concerning all of the participants in the solicitation will be included in the proxy statement/prospectus relating to the proposed transaction when it becomes available. Each of these documents is, or will be, available free of charge at the SEC's Web site at www.sec.gov and from Emclaire's website at www.emclairefinancial.com.

ITEM 9.01 Financial Statements and Exhibits

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits

The following exhibits are filed herewith.

<u>Exhibit Number</u>	<u>Description</u>
10.1	Agreement and Plan of Merger by and between Emclaire Financial Corp and Northern Hancock Bank and Trust Co., dated as of May 4, 2017
99.1	Joint Press Release dated May 4, 2017

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

EMCLAIRE FINANCIAL CORP

Date: May 5, 2017

By: /s/ William C. Marsh
William C. Marsh
Chairman, President and Chief Executive Officer

AGREEMENT AND PLAN OF MERGER

BY AND BETWEEN

EMCLAIRE FINANCIAL CORP

AND

NORTHERN HANCOCK BANK AND TRUST CO.

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this “**Agreement**”) is dated as of May 4, 2017, by and between Emclair Financial Corp, a Pennsylvania corporation (“**the “Company**”), and Northern Hancock Bank and Trust Co., a West Virginia chartered bank (“**NHBT**”).

WHEREAS, the Board of Directors of each of the Company and NHBT (a) has determined that this Agreement and the business combination and related transactions contemplated hereby are in the best interests of their respective institutions, (b) has determined that this Agreement and the transactions contemplated hereby are consistent with and in furtherance of their respective business strategies, and (c) has adopted a resolution approving this Agreement and declaring its advisability;

WHEREAS, in accordance with the terms of this Agreement, NHBT will merge with and into The Farmers National Bank of Emlenton, a wholly owned subsidiary of the Company (“**Farmers National**”) (the “**Merger**”), pursuant to the terms hereof and the Agreement of Merger substantially in the form attached hereto as Exhibit A (which shall be executed by each of Farmers National and NHBT subsequent to the execution of this Agreement);

WHEREAS, the parties intend the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “**Code**”), and that this Agreement be and is hereby adopted as a “plan of reorganization” within the meaning of Sections 354 and 361 of the Code; and

WHEREAS, the parties desire to make certain representations, warranties and agreements in connection with the business transactions described in this Agreement and to prescribe certain conditions thereto.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements herein contained, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound, the parties hereto agree as follows:

ARTICLE I CERTAIN DEFINITIONS

1.1. *Certain Definitions.*

As used in this Agreement, the following terms have the following meanings (unless the context otherwise requires, references to Articles and Sections refer to Articles and Sections of this Agreement).

“**ACA**” shall have the meaning set forth in Section 4.12.2.

“**Acquisition Proposal**” shall have the meaning set forth in Section 6.10.1.

“**Acquisition Transaction**” shall have the meaning set forth in Section 6.10.1.

“**Affiliate**” shall mean any Person who directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person and, without limiting the generality of the foregoing, includes any executive officer or director of such Person and any Affiliate of such executive officer or director.

“ **Agreement** ” shall mean this agreement, together with any amendment hereto.

“ **Applications** ” shall mean the applications and/or notices for regulatory approval and/or non-objection that are required by the transactions contemplated hereby.

“ **Bank Regulator** ” shall mean any federal or state banking regulator, including but not limited to the OCC, the FRB, the FDIC and the West Virginia Board, which regulates Farmers National or NHBT, or any of their respective holding companies or subsidiaries, as the case may be.

“**Banking Code**” shall mean the Banking Code of West Virginia.

“ **Business Day** ” shall mean any day other than (a) a Saturday or Sunday, or (b) a day on which banking and savings associations in the Commonwealth of Pennsylvania are authorized or obligated by law or executive order to be closed.

“ **Certificates** ” shall mean certificates evidencing shares of NHBT Common Stock.

“ **Claim** ” shall have the meaning set forth in Section 7.9.1.

“ **Closing** ” shall have the meaning set forth in Section 2.2.

“ **Closing Date** ” shall have the meaning set forth in Section 2.2.2.

“ **COBRA** ” shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

“ **Code** ” shall have the meaning assigned in the recitals of this Agreement.

“ **Company** ” shall mean Emclair Financial Corp, a Pennsylvania corporation, with its principal executive office located at 612 Main Street, Emlenton, Pennsylvania 16373.

“ **Company Audit Committee** ” shall have the meaning set forth in Section 5.5.3.

“ **Company Common Stock** ” shall mean the common stock, par value \$1.25 per share, of the Company.

“ **Company Compensation and Benefit Plans** ” shall mean all existing bonus, incentive, pension, retirement, profit-sharing, employee stock ownership, restricted stock, stock option, severance, welfare benefit plans (including paid time off policies and other benefit policies and procedures), fringe benefit plans, employment, consulting, settlement and employment and change in control agreements and all other benefit practices, policies and arrangements maintained by the Company or any Company Subsidiary in which any employee or former employee, consultant or former consultant or director or former director of the Company or any Company Subsidiary participates or to which any such employee, consultant or director is a party or is otherwise entitled to receive benefits.

“ **Company Disclosure Schedule** ” shall mean a written disclosure schedule delivered by the Company to NHBT specifically referring to the appropriate section of this Agreement.

“ **Company Financial Statements** ” shall mean the (a) the audited consolidated balance sheets of the Company and its Subsidiaries as of December 31, 2016 and 2015 and the consolidated statements of net income, comprehensive income, changes in stockholders’ equity and cash flows (including related notes and schedules, if any) of the Company and the Company Subsidiaries for each of the two years ended December 31, 2016 and 2015, as set forth in the Company’s Annual Report for the year ended December 31, 2016, and (b) the unaudited interim consolidated financial statements of the Company and its Subsidiaries as of the end of each calendar quarter following December 31, 2016, and for the periods then ended, as filed by the Company in the Company’s Securities Documents.

“ **Company MAE Rep** ” shall mean each of the representations and warranties set forth in the following sections and subsections: 5.1.1 (other than the first sentence thereof), 5.1.2 (other than the first sentence thereof), 5.3.2 (beginning at clause (c)(ii) thereof), 5.4, 5.6, 5.7, 5.8, 5.9.1 (other than the first sentence thereof), 5.9.2, 5.9.4 and 5.10.

“**Company Regulatory Agreement**” shall have the meaning set forth in Section 5.9.3.

“ **Company Securities Documents** ” shall mean all reports, prospectuses, proxy or information statements, registration statements and all other documents filed, or required to be filed, by the Company with the SEC pursuant to the Securities Laws.

“ **Company Stock Benefit Plans** ” shall mean the Company (i) 2014 Stock Incentive Plan and (ii) 2007 Stock Incentive Plan and Trust.

“ **Company Subsidiary** ” shall mean a Subsidiary of the Company.

“ **Continuing Employees** ” shall have the meaning set forth in Section 7.8.1.

“ **Dissenting Shareholder** ” shall have the meaning set forth in Section 3.2.9.

“ **Dissenting Shares** ” shall have the meaning set forth in Section 3.2.9.

“ **Effective Time** ” shall mean the date and time specified pursuant to Section 2.2 hereof as the effective time of the Merger.

“ **Environmental Laws** ” shall mean any applicable federal, state or local law, statute, ordinance, rule, regulation, code, license, permit, authorization, approval, consent, order, judgment, decree, injunction or agreement with any governmental entity relating to (1) the protection, preservation or restoration of the environment (including, without limitation, air, water vapor, surface water, groundwater, drinking water supply, surface soil, subsurface soil, plant and animal life or any other natural resource), and/or (2) the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of Materials of Environmental Concern. The term Environmental Laws includes without limitation (a) the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. § 9601, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq.; the Clean Air Act, as amended, 42 U.S.C. § 7401, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601, et seq.; the Emergency Planning and Community Right to Know Act, 42 U.S.C. § 11001, et seq.; the Safe Drinking Water Act, 42 U.S.C. § 300f, et seq.; and all comparable state and local laws, and (b) any common law (including without limitation common law that may impose strict liability) that may impose liability or obligations for injuries or damages due to the presence of or exposure to any Materials of Environmental Concern.

“ **ERISA** ” shall mean the Employee Retirement Income Security Act of 1974, as amended.

“ **Exchange Act** ” shall mean the Securities Exchange Act of 1934, as amended.

“ **Exchange Agent** ” shall mean American Stock Transfer & Trust Company, LLC, or such other bank or trust company or other agent designated by the Company and reasonably acceptable to NHBT.

“ **Exchange Fund** ” shall have the meaning set forth in Section 3.2.1.

“ **Exchange Ratio** ” shall have the meaning set forth in Section 3.1.3.

“ **Farmers National** ” shall mean The Farmers National Bank of Emlenton, a national bank and wholly owned subsidiary of the Company.

“ **FDIA** ” shall mean the Federal Deposit Insurance Act, as amended.

“ **FDIC** ” shall mean the Federal Deposit Insurance Corporation or any successor thereto.

“ **FHLB** ” shall mean the Federal Home Loan Bank of Pittsburgh.

“ **FRB** ” shall mean the Board of Governors of the Federal Reserve System.

“ **GAAP** ” shall mean accounting principles generally accepted in the United States of America, consistently applied with prior practice.

“ **Governmental Entity** ” shall mean any federal or state court, administrative agency or commission or other governmental authority or instrumentality.

“ **HIPAA** ” shall have the meaning set forth in Section 4.12.2.

“ **Indemnified Parties** ” shall have the meaning set forth in Section 7.9.1.

“ **IRS** ” shall mean the United States Internal Revenue Service.

“ **Knowledge** ” as used with respect to a Person (including references to such Person being aware of a particular matter), shall mean those facts that are known or should have been known after due inquiry by the executive officers (as defined in Rule 3b-7 under the Exchange Act) of such Person, and includes any facts, matters or circumstances set forth in any written notice from any Bank Regulator or any other written notice received by that Person.

“ **Material Adverse Effect** ” shall mean, with respect to the Company or NHBT, respectively, any effect that (a) is material and adverse to the financial condition, results of operations or business of the Company and the Company Subsidiaries taken as a whole, or NHBT and the NHBT Subsidiaries taken as a whole, respectively, or (b) does or would materially impair the ability of either the Company, on the one hand, or NHBT, on the other hand, to perform its obligations under this Agreement on a timely basis or otherwise materially threaten or materially impede the consummation of the transactions contemplated by this Agreement; provided, however, that “Material Adverse Effect” shall not be deemed to include the impact of (i) changes in laws and regulations affecting banks or their holding companies generally, or interpretations thereof by courts or Governmental Entities, (ii) changes in GAAP or regulatory accounting principles generally applicable to financial institutions and their holding companies, (iii) actions and omissions of a party hereto (or any of its Subsidiaries) taken with the prior written consent of the other party, (iv) the announcement of this Agreement and the transactions contemplated hereby, and compliance with this Agreement on the business, financial condition or results of operations of the parties and their respective subsidiaries, including the expenses incurred by the parties hereto in consummating the transactions contemplated by this Agreement, (v) changes in national or international political or social conditions including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon or within the United States, or any of its territories, possessions or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, (vi) economic, financial market, or geographic conditions in general, including changes in economic or financial markets or changes in interest rates; (vii) any legal action asserted or other actions initiated by any holder of shares of NHBT Common Stock or the holder of any shares of Company Common Stock arising out of or related to this Agreement; or (viii) any failure, in and of itself, by such party to meet any internal projections, forecasts or revenue or earnings projections (it being understood that the facts giving rise or contributing to such failure may be deemed to constitute, or be taken into account in determining whether there has been or would reasonably be expected to be, a Material Adverse Effect); except, with respect to clauses (i), (ii), (v) and (vi), to the extent that the effects of such changes or conditions disproportionately affect NHBT and its Subsidiaries taken as a whole or the Company and its Subsidiaries taken as a whole, as the case may be, as compared to similarly situated community banks and their holding companies located in the United States.

“ **Material Contracts** ” shall have the meaning set forth in Section 4.8.3.

“ **Materials of Environmental Concern** ” shall mean pollutants, contaminants, wastes, toxic substances, petroleum and petroleum products, and any other hazardous or toxic materials regulated under Environmental Laws.

“ **Maximum Amount** ” shall have the meaning set forth in Section 7.9.3.

“ **Merger** ” shall have the meaning set forth in the recitals of this Agreement.

“ **Merger Consideration** ” shall mean the Per Share Stock Consideration together with the Per Share Cash Consideration to be paid pursuant to the provisions of Article III hereof, subject to adjustment as provided herein.

“ **Merger Registration Statement** ” shall mean the registration statement, together with all amendments, filed with the SEC under the Securities Act for the purpose of registering shares of the Company Common Stock to be offered to holders of NHBT Common Stock in connection with the Merger.

“ **Nasdaq** ” shall mean the NASDAQ Global Market of the NASDAQ Stock Market.

“ **NBA** ” shall mean the National Bank Act.

“ **NHBT** ” shall mean Northern Hancock Bank and Trust Co., a West Virginia chartered bank, with its principal executive office located at 226 Washington Street, Newell, West Virginia 26050.

“ **NHBT 401(k) Plan** ” shall have the meaning set forth in Section 6.12.3.

“ **NHBT Audit Committee** ” shall have the meaning set forth in Section 4.5.4.

“ **NHBT Common Stock** ” shall mean the common stock, \$10.00 par value per share, of NHBT.

“ **NHBT Compensation and Benefit Plans** ” shall mean all existing bonus, incentive, pension, retirement, profit-sharing, employee stock ownership, restricted stock, stock option, severance, welfare benefit plans (including paid time off policies and other benefit policies and procedures), fringe benefit plans, employment, consulting, settlement and employment and change in control agreements and all other benefit practices, policies and arrangements maintained by NHBT or any NHBT Subsidiary in which any employee or former employee, consultant or former consultant or director or former director of NHBT or any NHBT Subsidiary participates or to which any such employee, consultant or director is a party or is otherwise entitled to receive benefits.

“ **NHBT Disclosure Schedule** ” shall mean a written disclosure schedule delivered by NHBT to the Company specifically referring to the appropriate section of this Agreement.

“ **NHBT ERISA Affiliate** ” shall have the meaning set forth in Section 4.12.3.

“ **NHBT Financial Statements** ” shall mean (a) the audited consolidated balance sheets of NHBT and its Subsidiaries as of December 31, 2016 and 2015 and the consolidated statements of income, comprehensive income, shareholders’ equity and cash flows (including related notes and schedules, if any) of NHBT and the NHBT Subsidiaries for each of the three years ended December 31, 2016, 2015 and 2014, and (b) the unaudited interim consolidated financial statements of NHBT and Subsidiaries as of the end of each calendar quarter following December 31, 2016 and for the periods then ended.

“ **NHBT MAE Rep** ” shall mean each of the representations and warranties set forth in the following sections and subsections: 4.1.1 (other than the first sentence thereof), 4.2.3, 4.2.4, 4.3.2 (beginning at clause (c)(ii) thereof), 4.4, 4.6, 4.7, 4.8, 4.9, 4.10, 4.11.1 (other than the first sentence thereof), 4.11.2, 4.12, 4.13, 4.14, 4.15, 4.17, 4.19, 4.20, 4.21, 4.23 and 4.25.

“ **NHBT Real Property** ” shall mean a parcel of real estate owned or leased by NHBT or a NHBT Subsidiary.

“ **NHBT Recommendation** ” shall have the meaning set forth in Section 8.1.

“ **NHBT Regulatory Agreement** ” shall have the meaning set forth in Section 4.11.3.

“ **NHBT Regulatory Reports** ” shall mean the Consolidated Report of Condition and Income of NHBT and accompanying schedules, as filed with the FDIC, for the six month periods then ended beginning with the six month period ended December 31, 2015 through the Closing Date.

“ **NHBT Shareholders Meeting** ” shall have the meaning set forth in Section 8.1.

“ **NHBT Subsequent Determination** ” shall have the meaning set forth in Section 6.10.5.

“ **NHBT Subsidiary** ” shall mean a Subsidiary of NHBT.

“ **Notice of Superior Proposal** ” shall have the meaning set forth in Section 6.10.5.

“ **OCC** ” shall mean the Office of the Comptroller of the Currency.

“ **Participation Facility** ” shall have the meaning set forth in Section 4.14.1.

“ **PBGC** ” shall mean the Pension Benefit Guaranty Corporation, or any successor thereto.

“ **PBCL** ” means the Pennsylvania Business Corporation Law.

“ **Pension Plan** ” shall have the meaning set forth in Section 4.12.2 .

“ **Per Share Stock Consideration** ” shall mean such number of shares or fraction of a share, as the case may be, of the Company Common Stock as is equal to the Exchange Ratio, subject to adjustment as provided in Sections 3.1.5.

“ **Per Share Cash Consideration** ” shall mean \$3.35, subject to adjustment as provided in Section 3.1.5.

“ **Per Share Merger Consideration** ” shall mean, collectively, the Per Share Cash Consideration together with the Per Share Stock Consideration.

“ **Person** ” shall mean any individual, corporation, partnership, limited liability company, joint venture, association, trust or “group” (as that term is defined under the Exchange Act).

“ **Plan Termination Date** ” shall have the meaning set forth in Section 6.12.3.

“ **Policies, Practices and Procedures** ” shall have the meaning set forth in Section 4.23.2.

“ **Pre-Closing** ” shall have the meaning set forth in Section 10.1.

“ **Proxy Statement-Prospectus** ” shall have the meaning set forth in Section 8.2.1.

“ **Regulatory Approvals** ” shall mean the approval of any Bank Regulator that is necessary in connection with the consummation of the Merger, and the related transactions contemplated by this Agreement.

“ **REO** ” shall mean real estate acquired through foreclosure or in lieu of foreclosure, including in-substance foreclosures.

“ **Rights** ” shall mean warrants, options, rights, convertible securities, stock appreciation rights and other arrangements or commitments (including rights to earned dividends or dividend equivalents thereon) which obligate an entity to issue or dispose of any of its capital stock or other ownership interests or which provide for compensation based on the equity appreciation of its capital stock.

“ **SEC** ” shall mean the United States Securities and Exchange Commission or any successor thereto.

“ **Securities Act** ” shall mean the Securities Act of 1933, as amended.

“ **Securities Laws** ” shall mean the Securities Act; the Exchange Act; the Investment Company Act of 1940, as amended; the Investment Advisers Act of 1940, as amended; the Trust Indenture Act of 1939, as amended, and the rules and regulations of the SEC promulgated thereunder.

“ **Subsidiary** ” shall mean a corporation, limited liability company, partnership, trust, joint venture or other entity in which a Person owns, directly or indirectly, an equity interest representing 50% or more of any class of the capital stock thereof or other equity interests therein.

“ **Superior Proposal** ” shall have the meaning set forth in Section 6.10.2.

“ **Surviving Bank** ” shall have the meaning set forth in Section 2.1 hereof.

“**Tax**” shall mean any tax, including any fees, levies, duties, tariffs, imposts, and governmental impositions or charges of any kind in the nature of (or similar to) taxes, payable to any federal, state, provincial, local or foreign Taxing Authority, including: (a) income, franchise, profits, gross receipts, ad valorem, net worth, value added, sales, use, service, real, personal or intangible property, special assessments, capital stock, license, payroll, withholding, employment, social security, workers’ compensation, unemployment compensation, estimated, utility, severance, production, excise, stamp, occupation, premiums, windfall profits, recording, transfer and gains taxes; (b) interest, penalties, additional taxes and additions to tax imposed; and (c) any obligations under any agreements or arrangements with any other Person with respect to such amounts and including any liability for taxes of a predecessor entity.

“**Tax Return**” shall mean any return, declaration, report, claim for refund, estimates, elections, agreements, statements, declarations of estimated tax, information returns or other documents of any nature or kind, relating to, or required to be filed in connection with, any Taxes, including any schedule or attachment thereto and amendments thereof, and including any information returns or reports with respect to backup withholding and other payments to third parties.

“**Taxing Authority**” shall mean any Governmental Entity responsible for the imposition or collection of any Taxes, whether domestic or foreign.

“**Termination Date**” shall mean February 28, 2018.

“**Termination Fee**” shall have the meaning set forth in Section 11.2.2.

“**Treasury Stock**” shall have the meaning set forth in Section 3.1.2.

“**Troubled Debt Restructurings**” shall mean loans that are “troubled debt restructurings” as defined in Statement of Financial Accounting Standards No. 15, “Accounting by Debtors and Creditors for Troubled Debt Restructuring” (ASC 310-40), or any successor thereto.

“**West Virginia Board**” shall mean the West Virginia Board of Banking and Financial Institutions.

Other terms used herein are defined in the recitals and elsewhere in this Agreement.

ARTICLE II THE MERGER

2.1. *Merger.*

Subject to the terms and conditions of this Agreement, at the Effective Time: (a) NHBT shall merge with and into Farmers National under the laws of the United States, with Farmers National as the resulting or surviving institution (the “**Surviving Bank**”); and (b) in addition to the effects set forth in the NBA, the applicable provisions of the regulations of the OCC and other applicable law, the separate existence of NHBT shall cease and all of the rights, privileges, powers, franchises, properties, assets, liabilities and obligations of NHBT shall be vested in and assumed by Farmers National. As part of the Merger, each share of NHBT Common Stock (other than Dissenting Shares) will be converted into the right to receive the Per Share Merger Consideration pursuant to the terms of Article III hereof.

2.2. *Effective Time.*

The closing (“ **Closing** ”) shall occur no later than the close of business on the twentieth calendar day following the satisfaction or (to the extent permitted by applicable law) waiver of the conditions set forth in Article IX (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or (to the extent permitted by applicable law) waiver of those conditions), or such other date that may be agreed to by the parties.

The Merger shall be effected at and as of such date and time as mutually agreed upon by Farmers National and NHBT in accordance with the terms of this Agreement and as evidenced by a certification filed by Farmers National with the OCC on the date of Closing (the “ **Closing Date** ”). The “ **Effective Time** ” shall mean the date and time upon which the Merger shall be effective as specified by the OCC.

2.3. *Articles of Association and Bylaws.*

The articles of association and bylaws of Farmers National in effect immediately prior to the Effective Time shall be the articles of association and bylaws of the Surviving Bank, until altered, amended or repealed in accordance with their terms and applicable law.

2.4. *Directors and Officers of Farmers National and the Surviving Bank.*

The directors of Farmers National immediately prior to the Effective Time shall be the directors of the Surviving Bank, each to hold office in accordance with the articles of association and bylaws of Farmers National. The officers of Farmers National immediately prior to the Effective Time shall be the officers of the Surviving Bank, in each case until their respective successors are duly elected or appointed and qualified.

2.5. *Effects of the Merger.*

At and after the Effective Time, the Merger shall have the effects as set forth in this Agreement, the NBA and the regulations of the OCC.

2.6. *Tax Consequences.*

It is intended that the Merger shall constitute a reorganization within the meaning of Section 368(a) of the Code, and that this Agreement shall constitute a “plan of reorganization” as that term is used in Sections 354 and 361 of the Code. From and after the date of this Agreement and until the Closing, each party hereto shall use its reasonable best efforts to cause the Merger to qualify, and will not knowingly take any action, cause any action to be taken, fail to take any action or cause any action to fail to be taken which action or failure to act could prevent the Merger from qualifying as a reorganization under Section 368(a) of the Code. The Company and NHBT each hereby agrees to deliver certificates substantially in compliance with IRS published advance ruling guidelines, with customary exceptions and modifications thereto, to enable counsel to deliver the legal opinion contemplated by Section 9.1.5, which certificates shall be effective as of the date of such opinion.

2.7. *Possible Alternative Structures.*

Notwithstanding anything to the contrary contained in this Agreement, prior to the Effective Time the Company shall be entitled to revise the structure of the Merger, including, without limitation, by merging NHBT into a newly created wholly-owned Subsidiary of the Company; provided that (a) any such Subsidiary shall become a party to, and shall agree to be bound by, the terms of this Agreement; (b) there are no adverse federal or state income tax or other adverse tax consequences to NHBT shareholders as a result of the modification; (c) the consideration to be paid to the holders of NHBT Common Stock under this Agreement is not thereby changed in kind or value or reduced in amount; and (d) such modification will not materially delay or jeopardize the receipt of Regulatory Approvals or other consents and approvals relating to the consummation of the Merger, otherwise materially delay or jeopardize the satisfaction of any condition to Closing set forth in Article IX or otherwise adversely affect NHBT or the holders of NHBT Common Stock. The parties hereto agree to appropriately amend this Agreement and any related documents in order to reflect any such revised structure.

2.8. *Absence of Control.*

Subject to any specific provisions of this Agreement, it is the intent of the parties hereto that neither the Company nor Farmers National by reason of this Agreement shall not be deemed (until consummation of the transactions contemplated hereby) to control, directly or indirectly, NHBT or to exercise, directly or indirectly, a controlling influence over the management or policies of NHBT.

**ARTICLE III
CONVERSION OF SHARES**

3.1. *Conversion of NHBT Common Stock; Merger Consideration.*

At the Effective Time, by virtue of the Merger and without any action on the part of the Company, NHBT or the holders of any of the shares of NHBT Common Stock, the Merger shall be effected in accordance with the following terms:

3.1.1. *The Company Shares.* Each share of Company Common Stock that is issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding following the Effective Time and shall be unchanged by the Merger.

3.1.2. *Canceled NHBT Shares.* Any shares of NHBT Common Stock held in the treasury of NHBT (“**Treasury Stock**”) and any share of NHBT Common Stock owned by the Company immediately prior to the Effective Time (other than shares held in a fiduciary capacity or in connection with debts previously contracted) shall, at the Effective Time, cease to exist, and the certificates for such shares shall be canceled as promptly as practicable thereafter, and no payment or distribution shall be made in consideration therefor.

3.1.3. Except for Dissenting Shares, each outstanding share of NHBT Common Stock shall be converted into the right to receive (i) 0.9793 (the “**Exchange Ratio**”) of a share of Company Common Stock, subject to adjustment as provided in Section 3.1.5 (the “**Per Share Stock Consideration**”), and (ii) a cash payment, without interest, equal to \$3.35 (the “**Per Share Cash Consideration**”).

3.1.4. *Rights of NHBT Shares Post-Effective Time.* After the Effective Time, shares of NHBT Common Stock shall be no longer outstanding and shall automatically be canceled and shall cease to exist and shall thereafter by operation of this section represent only the right to receive the Merger Consideration, other than Dissenting Shares, and any dividends or distributions with respect thereto or any dividends or distributions with a record date prior to the Effective Time that were declared or made by NHBT on such shares of NHBT Common Stock in accordance with the terms of this Agreement on or prior to the Effective Time and which remain unpaid at the Effective Time. Dissenting Shares shall have such rights as provided therefor under applicable law.

3.1.5. *Stock Splits, Etc.* In the event the Company changes (or establishes a record date for changing) the number of, or provides for the exchange of, shares of Company Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, stock dividend, recapitalization, reclassification, or similar transaction with respect to the outstanding Company Common Stock and the record date therefor shall be prior to the Effective Time, the Exchange Ratio shall be proportionately and appropriately adjusted; provided that no such adjustment shall be made with regard to Company Common Stock if the Company issues additional shares of Company Common Stock and receives fair market value consideration for such shares.

3.1.6. *No Fractional Shares.* Notwithstanding anything to the contrary contained herein, no certificates or scrip representing fractional shares of Company Common Stock shall be issued upon the surrender of Certificates for exchange, no dividend or distribution with respect to Company Common Stock shall be payable on or with respect to any fractional share, and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a shareholder of the Company. In lieu of the issuance of any such fractional share, the Company shall pay to each former shareholder of NHBT who otherwise would be entitled to receive such fractional share, an amount in cash (rounded to the nearest cent), determined by multiplying (a) the fraction of a share (after taking into account all shares of NHBT Common Stock held by such holder at the Effective Time and rounded to the nearest thousandth when expressed in decimal form) of Company Common Stock to which such holder would otherwise have been entitled to receive pursuant to Section 3.1, and (b) the quotient obtained by dividing the Exchange Ratio (subject to adjustment as provided in Section 3.1.5). For purposes of determining any fractional share interest, all shares of NHBT Common Stock owned by a NHBT shareholder shall be combined so as to calculate the maximum number of whole shares of Company Common Stock issuable to such NHBT shareholder.

3.2. *Procedures for Exchange of NHBT Common Stock.*

3.2.1. *Deposit of Merger Consideration .* At or prior to the Effective Time, the Company shall deposit, or shall cause to be deposited, with the Exchange Agent (a) certificates representing the number of shares of Company Common Stock sufficient to deliver the aggregate Per Share Stock Consideration and (b) immediately available funds equal to the aggregate Per Share Cash Consideration (collectively, the “**Exchange Fund**”), and the Company shall instruct the Exchange Agent to timely pay the aggregate Merger Consideration (including cash in lieu of fractional shares) in accordance with this Agreement.

3.2.2. *Exchange of Certificates .* The Company shall cause the Exchange Agent, as soon as practicable but in no event more than five (5) Business Days after the Effective Time, to mail to each holder of a Certificate or Certificates who has not previously surrendered such Certificate or Certificates, a letter of transmittal for return to the Exchange Agent and instructions for use in effecting the surrender of the Certificates for the Merger Consideration (including cash in lieu of fractional shares), if any, into which the NHBT Common Stock represented by such Certificates shall have been converted as a result of the Merger. The letter of transmittal shall be subject to the approval of NHBT (which shall not be unreasonably withheld, conditioned or delayed) and specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Exchange Agent. Upon proper surrender of a Certificate for exchange and cancellation to the Exchange Agent, together with a properly completed letter of transmittal, duly executed, the holder of such Certificate shall be entitled to receive in exchange therefor, the Merger Consideration into which such holder of NHBT Common Stock shall have become entitled pursuant to the provisions of this Article III and the Certificate so surrendered shall forthwith be canceled. No interest will be paid or accrued on the cash payable in lieu of fractional shares.

3.2.3. *Rights of Certificate Holders after the Effective Time* . The holder of a Certificate that prior to the Merger represented issued and outstanding NHBT Common Stock shall have no rights, after the Effective Time, with respect to such NHBT Common Stock except to surrender the Certificate in exchange for the Merger Consideration as provided in this Agreement or to exercise his or her rights as a Dissenting Shareholder to the extent such rights are perfected. No dividends or other distributions with respect to Company Common Stock shall be paid to the holder of any unsurrendered Certificate with respect to the shares of Company Common Stock represented thereby, in each case until the surrender of such Certificate in accordance with this Article III. Subject to the effect of applicable abandoned property, escheat or similar laws, following surrender of any such Certificate in accordance with this Article III, the record holder thereof shall be entitled to receive, without interest, (a) the amount of dividends or other distributions with a record date after the Effective Time theretofore payable with respect to the whole shares of Company Common Stock represented by such Certificate and not paid and/or (b) at the appropriate payment date, the amount of dividends or other distributions payable with respect to shares of Company Common Stock represented by such Certificate with a record date after the Effective Time (but before such surrender date) and with a payment date subsequent to the issuance of the Company Common Stock issuable with respect to such Certificate.

3.2.4. *Surrender by Persons Other than Record Holders* . In the event of a transfer of ownership of a Certificate representing NHBT Common Stock that is not registered in the stock transfer records of NHBT, the proper amount of cash and/or shares of Company Common Stock shall be paid or issued in exchange therefor to a person other than the person in whose name the Certificate so surrendered is registered if the Certificate formerly representing such NHBT Common Stock shall be properly endorsed or otherwise be in proper form for transfer and the person requesting such payment or issuance shall pay any transfer or other similar Taxes required by reason of the payment or issuance to a person other than the registered holder of the Certificate or establish to the satisfaction of the Company that the Tax has been paid or is not applicable.

3.2.5. *Closing of Transfer Books* . From and after the Effective Time, there shall be no transfers on the stock transfer books of NHBT of the shares of NHBT Common Stock that were issued and outstanding immediately prior to the Effective Time other than to settle transfers of NHBT Common Stock that occurred prior to the Effective Time. If, after the Effective Time, Certificates representing such shares are presented for transfer to the Exchange Agent, they shall be canceled and exchanged for the Merger Consideration (including cash in lieu of fractional shares) to be issued or paid in consideration therefor in accordance with the procedures set forth in this Section 3.2.

3.2.6. *Return of Exchange Fund* . Any portion of the Exchange Fund that remains unclaimed by the shareholders of NHBT as of the six month anniversary of the Effective Time may, to the extent permitted by applicable law, be returned to the Company. In such event, any former shareholders of NHBT who have not theretofore complied with this Section 3.2 shall thereafter look only to the Company with respect to the Merger Consideration (including cash in lieu of any fractional shares) and any unpaid dividends and distributions on Company Common Stock deliverable in respect of each share of NHBT Common Stock such shareholder holds as determined pursuant to this Agreement, in each case, without any interest thereon. Notwithstanding the foregoing, none of the Company, NHBT, the Exchange Agent or any other person shall be liable to any former holder of shares of NHBT Common Stock for any amount delivered in good faith to a public official pursuant to applicable abandoned property, escheat or similar laws.

3.2.7. *Lost, Stolen or Destroyed Certificates* . In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Certificate to be lost, stolen or destroyed and, if reasonably required by the Company or the Exchange Agent, the posting by such person of a bond in such amount as the Company may determine is reasonably necessary as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Certificate the Per Share Merger Consideration for each share of NHBT Common Stock represented by such Certificate deliverable in respect thereof pursuant to this Agreement.

3.2.8. *Withholding Rights.* The Company or the Exchange Agent will be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement or the transactions contemplated hereby to any holder of NHBT Common Stock such amounts as the Company (or any Affiliate thereof) or the Exchange Agent are required to deduct and withhold with respect to the making of such payment under the Code, or any applicable provision of U.S. federal, state, local or non-U.S. tax law. To the extent that such amounts are properly withheld by the Company or the Exchange Agent, such withheld amounts will be treated for all purposes of this Agreement as having been paid to the holder of the NHBT Common Stock in respect of whom such deduction and withholding were made by the Company or the Exchange Agent.

3.2.9. *Dissenters' Rights.*

(A) Each outstanding share of NHBT Common Stock, the holder of which has provided notice of his or her intent to dissent under and in accordance with applicable law and has not effectively withdrawn or lost such right as of the Effective Time (the “ **Dissenting Shares** ”), shall not be converted into or represent a right to receive the Merger Consideration hereunder, and the holder thereof shall be entitled only to such rights as are granted by applicable law. NHBT shall give the Company prompt notice upon receipt by NHBT of any such demands for payment of the fair value of such shares of NHBT Common Stock and of withdrawals of such notice and any other related communications served pursuant to the applicable provisions of applicable law (any shareholder duly making such demand being hereinafter called a “ **Dissenting Shareholder** ”), and the Company shall have the right to participate in all discussions, negotiations and proceedings with respect to any such demands. NHBT shall not, except with the prior written consent of the Company, voluntarily make any payment with respect to, or settle or offer to settle, any such demand for payment, or waive any failure to timely deliver a written demand for appraisal or the taking of any other action by such Dissenting Shareholder as may be necessary to perfect appraisal rights under applicable law. Any payments made in respect of Dissenting Shares shall be made by the Company.

(B) If any holder of Dissenting Shares shall fail to perfect or shall have effectively withdrawn or lost the right to dissent, each share of NHBT Common Stock of such holder shall be entitled to receive the Merger Consideration.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF NHBT

Subject to the disclosures set forth in the NHBT Disclosure Schedules delivered by NHBT to the Company prior to the execution of this Agreement (which schedule sets forth, among other things, facts, circumstances and events the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more of the representations and warranties contained in this Article IV, or to one or more of NHBT's covenants contained in Article VI (and making specific reference to the Section of this Agreement to which they relate); *provided* , that (i) no such item is required to be set forth as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect, (ii) the mere inclusion of an item in the NHBT Disclosure Schedules as an exception to a NHBT MAE Rep shall not be deemed an admission by NHBT that such item represents a material exception or that such item is reasonably likely to result in a Material Adverse Effect and (iii) disclosure in any paragraph of the NHBT Disclosure Schedules shall apply only to the indicated Section of this Agreement except to the extent that it is reasonably clear on the face of such disclosure that it is relevant to another paragraph of the NHBT Disclosure Schedules or another Section of this Agreement), NHBT represents and warrants to the Company as follows:

4.1. *Organization.*

4.1.1. NHBТ is a West Virginia chartered bank duly organized and validly existing and in good standing under the laws of the State of West Virginia. NHBТ has the requisite corporate power and authority to carry on its business as now conducted and is duly licensed or qualified to do business in the states of the United States where its ownership or leasing of property or the conduct of its business requires such qualification, except where the failure to be so qualified or licensed and in good standing would not, individually or in the aggregate, have a Material Adverse Effect on NHBТ. The deposits of NHBТ are insured by the FDIC to the fullest extent permitted by law, and all premiums and assessments required to be paid in connection therewith have been paid by NHBТ when due. NHBТ is a member in good standing of the FHLB and owns the requisite amount of stock therein.

4.1.2. NHBТ Disclosure Schedule 4.1.2 sets forth each NHBТ Subsidiary. Each NHBТ Subsidiary is a corporation, limited liability company or other entity duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization. Each NHBТ Subsidiary has the requisite corporate or other entity power and authority to carry on its business as now conducted. Each NHBТ Subsidiary is duly licensed or qualified to do business in the states of the United States and foreign jurisdictions where its ownership or leasing of property or the conduct of its business requires such qualification, except where the failure to be so qualified or licensed and in good standing would not, individually or in the aggregate, have a Material Adverse Effect on NHBТ.

4.1.3. The respective minute books of NHBТ and each NHBТ Subsidiary accurately record all material corporate or other entity actions of their respective shareholders and boards of directors, or their other entity equivalents (including committees).

4.1.4. Prior to the date of this Agreement, NHBТ has made available to the Company true and correct copies of the articles of incorporation, charter and bylaws, or their other entity equivalents, of NHBТ and the NHBТ Subsidiaries, each as in effect as of the date hereof.

4.2. *Capitalization.*

4.2.1. The authorized capital stock of NHBТ consists of 59,681 shares of common stock, \$10.00 par value per share, of which as of the date hereof, 59,681 shares are outstanding, validly issued, fully paid and nonassessable and free of preemptive rights. There are no shares of NHBТ Common Stock held by NHBТ as Treasury Stock. Neither NHBТ nor any NHBТ Subsidiary has or is bound by any Rights of any character relating to the purchase, sale or issuance or voting of, or right to receive dividends or other distributions on any shares of NHBТ Common Stock, or any other security of NHBТ or a NHBТ Subsidiary or any securities representing the right to vote, purchase or otherwise receive any shares of NHBТ Common Stock or any other security of NHBТ or any NHBТ Subsidiary, or pursuant to which NHBТ or any NHBТ Subsidiary is or could be required to register shares of NHBТ capital stock or other securities under the Securities Act.

4.2.2. Except for the NHBТ Subsidiaries, NHBТ does not possess, directly or indirectly, any equity interest in any corporate entity, except for equity interests held in the investment portfolios of NHBТ Subsidiaries, equity interests held by NHBТ Subsidiaries in a fiduciary capacity, and equity interests held in connection with the lending activities of NHBТ Subsidiaries, including stock in the FHLB. Except as disclosed in NHBТ Disclosure Schedule 4.2.2, NHBТ, directly or indirectly, owns all of the outstanding shares of capital stock of or all equity interests in each NHBТ Subsidiary free and clear of all liens, security interests, pledges, charges, encumbrances, agreements and restrictions of any kind or nature.

4.2.3. Except as set forth on NHBT Disclosure Schedule 4.2.3, to the Knowledge of NHBT, no Person or “group” (as that term is used in Section 13(d)(3) of the Exchange Act), is the beneficial owner (as defined in Section 13(d) of the Exchange Act) of 5% or more of the outstanding shares of NHBT Common Stock.

4.2.4. NHBT Disclosure Schedule 4.2.4 sets forth NHBT’s and all NHBT Subsidiaries’ capital stock, equity interest or other direct or indirect ownership interest in any Person other than a NHBT Subsidiary, where such ownership interest is equal to or greater than five percent (5%) of the total ownership interest of such Person.

4.3. *Authority; No Violation.*

4.3.1. NHBT has full corporate power and authority to execute and deliver this Agreement and, subject to receipt of the Regulatory Approvals and the approval of this Agreement by NHBT’s shareholders, to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by NHBT and the consummation by NHBT of the transactions contemplated hereby, including the Merger, have been duly and validly approved by the Board of Directors of NHBT, and no other corporate proceedings on the part of NHBT, except for the approval of the NHBT shareholders, is necessary to consummate the transactions contemplated hereby, including the Merger. This Agreement has been duly and validly executed and delivered by NHBT, and subject to due and valid execution and delivery of this Agreement by the Company, constitutes the valid and binding obligation of NHBT, enforceable against NHBT in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors’ rights generally, and subject, as to enforceability, to general principles of equity.

4.3.2. Subject to receipt of Regulatory Approvals and NHBT’s and the Company’s compliance with any conditions contained therein, and to the receipt of the requisite approval of the shareholders of NHBT, (a) the execution and delivery of this Agreement by NHBT, (b) the consummation of the transactions contemplated hereby, and (c) compliance by NHBT with any of the terms or provisions hereof does not and will not (i) conflict with or result in a breach of any provision of the articles of incorporation, certificate of formation, limited liability company agreement, bylaws, or other similar organizational or governing document of NHBT or any NHBT Subsidiary; (ii) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to NHBT or any NHBT Subsidiary or any of their respective properties or assets; (iii) violate, conflict with, result in a breach of any provisions of, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default), under, result in the termination of, accelerate the performance required by, or result in a right of termination or acceleration or the creation of any lien, security interest, charge or other encumbrance upon any of the properties or assets of NHBT or any NHBT Subsidiary under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement, commitment or other instrument or obligation to which any of them is a party, or by which they or any of their respective properties or assets may be bound or affected; or (iv) contravene, conflict with or result in a violation or breach of any of the terms or requirements of, or give any Governmental Entity the right to revoke, withdraw, suspend, cancel, terminate or modify, any governmental authorization that is held by NHBT or any NHBT Subsidiary.

4.3.3. The NHBT Board of Directors has determined that the Merger, on the terms and conditions set forth in this Agreement, is advisable and in the best interests of NHBT and its shareholders, that it will recommend that NHBT’s shareholders vote in favor of the Merger, subject to Section 6.10.5 of this Agreement, on the terms and conditions set forth in this Agreement, and has directed that the Merger, on the terms and conditions set forth in this Agreement, be submitted to NHBT’s shareholders for consideration at a duly held meeting of such shareholders and, except for the approval of this Agreement by a vote of a majority of the shares of represented and entitled to vote at the NHBT Shareholders Meeting, no other proceedings on the part of NHBT are necessary to approve this Agreement or to consummate the transactions contemplated hereby.

4.4. *Consents.*

Except for (a) filings with Bank Regulators, the receipt of the Regulatory Approvals, and compliance with any conditions contained therein, (b) the filing with the SEC of the Merger Registration Statement, (c) such filings and approvals as are required to be made or obtained under the securities or “Blue Sky” laws of various states in connection with the issuance of the shares of Company Common Stock pursuant to this Agreement, and (d) the approval of this Agreement by the requisite vote of the shareholders of NHBT, no consents, waivers or approvals of, or filings or registrations with, any Governmental Entity are necessary, and no consents, waivers or approvals of, or filings or registrations with, any other third parties are necessary, in connection with (x) the execution and delivery of this Agreement by NHBT, and (y) the completion of the Merger by NHBT and the other transactions contemplated by this Agreement. NHBT has no Knowledge of any fact or circumstance pertaining to NHBT that would cause it to reasonably believe that any Regulatory Approvals or other required consents or approvals will not be received.

4.5. *Reports, Regulatory Matters, Financial Statements.*

4.5.1. The NHBT Regulatory Reports have been prepared in all material respects in accordance with applicable regulatory accounting principles and practices throughout the periods covered by such statements. NHBT has previously made available to the Company the NHBT Regulatory Reports.

4.5.2. NHBT has previously made available to the Company the NHBT Financial Statements. The NHBT Financial Statements have been prepared in accordance with GAAP, and (including the related notes where applicable) fairly present in each case in all material respects, the consolidated financial position, results of operations and cash flows of NHBT and the NHBT Subsidiaries on a consolidated basis as of and for the respective periods ending on the dates thereof, in accordance with GAAP during the period involved, except as indicated in the notes thereto, or in the case of unaudited statements for periods subsequent to December 31, 2016.

4.5.3. At the date of each balance sheet included in the NHBT Financial Statements or the NHBT Regulatory Reports, NHBT did not have any material liabilities, obligations or loss contingencies of any nature (whether absolute, accrued, contingent or otherwise) of a type required to be reflected in such NHBT Financial Statements or NHBT Regulatory Reports or in the footnotes thereto which are not fully reflected or reserved against therein or fully disclosed in a footnote thereto and subject, in the case of any unaudited statements, to normal, recurring audit adjustments and the absence of footnotes. The NHBT Financial Statements reflect only actual transactions and all other books and records, including the NHBT Financial Statements, of NHBT and the NHBT Subsidiaries have been, and are being, maintained in all material respects in accordance with applicable legal and accounting requirements and reflect only actual transactions.

4.5.4. The records, systems, controls, data and information of NHBST and its Subsidiaries are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership and direct control of NHBST or its Subsidiaries or accountants (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that would not reasonably be expected to have a material adverse effect on the system of internal accounting controls described below in this Section 4.5.4. NHBST (a) has implemented and maintains a system of internal control over financial reporting that is designed to provide reasonable assurances regarding the reliability of financial reporting and the preparation of its financial statements for external purposes in accordance with GAAP, and (b) has disclosed, based on its most recent evaluation prior to the date hereof, to NHBST's outside auditors and the audit committee of NHBST's Board of Directors (the " **NHBST Audit Committee** ") and as set forth in NHBST Disclosure Schedule 4.5.4 (i) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) which are reasonably likely to adversely affect NHBST's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in NHBST's internal control over financial reporting. These disclosures (if any) were made in writing to NHBST's auditors and the NHBST Audit Committee and a copy has previously been made available to the Company.

4.5.5. Except as otherwise set forth in NHBST Disclosure Schedule 4.5.5, since December 31, 2015, (a) neither NHBST nor any of its Subsidiaries nor any director or executive officer of NHBST or any of its Subsidiaries has received or otherwise had or obtained Knowledge of any complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of NHBST or any of its Subsidiaries or their respective internal accounting controls, including any complaint, allegation, assertion or claim that NHBST or any of its Subsidiaries has engaged in illegal accounting or auditing practices, and (b) no attorney representing NHBST or any of its Subsidiaries, whether or not employed by NHBST or any of its Subsidiaries, has reported evidence of a breach of fiduciary duty or similar violation by NHBST or any of its officers, directors, employees or agents to the Board of Directors of NHBST or any committee thereof or to any director or executive officer of NHBST.

4.6. *Taxes.*

4.6.1. NHBST and the NHBST Subsidiaries are collectively a single pass-through entity for federal income tax purposes, with NHBST at all times since its incorporation being an "S" corporation under Section 1361 of the Code and with each NHBST Subsidiary at all times during its ownership by NHBST being a Qualified Subchapter S Subsidiary under the Code. No event has ever occurred that could prior to the Effective Time adversely affect the "S" corporation status of NHBST or the Qualified Subchapter S Subsidiary status of any NHBST Subsidiary for federal income tax purposes. NHBST and each NHBST Subsidiary has timely and duly filed all Tax Returns required to be filed by or with respect to NHBST and every NHBST Subsidiary, either separately or as a member of a group of corporations, on or prior to the date hereof and will timely and duly file all Tax Returns required to be filed by or with respect to NHBST and every NHBST Subsidiary, either separately or as a member of a group of corporations, on or prior to the Closing Date, taking into account any extensions (all such Tax Returns being accurate and correct in all material respects and prepared in substantial compliance with all applicable laws and regulations) and has duly paid or made provisions that are adequate for the payment of all Taxes which have been incurred by or are due or claimed to be due from NHBST and any NHBST Subsidiary by any Taxing Authority on or prior to the date hereof other than Taxes or other charges which (a) are not delinquent, (b) are being contested in good faith and as to which adequate reserves (determined in accordance with GAAP) have been provided in the NHBST Financial Statements, or (c) have not yet been fully determined. Except as set forth in NHBST Disclosure Schedule 4.6.1, neither NHBST nor any NHBST Subsidiaries currently is the beneficiary of any extension of time within which to file any Tax Return. Except as set forth in NHBST Disclosure Schedule 4.6.1, as of the date of this Agreement, there is no audit examination, deficiency assessment, Tax investigation, administrative or judicial proceedings or refund litigation with respect to any Taxes of NHBST or any NHBST Subsidiary, and no written claim has been made by any Taxing Authority in a jurisdiction where NHBST or any NHBST Subsidiary does not file Tax Returns that NHBST or any NHBST Subsidiary is subject to Tax in that jurisdiction. NHBST and the NHBST Subsidiaries have not executed an extension or waiver of any statute of limitations on the assessment or collection of any Tax due that is currently in effect. NHBST and each NHBST Subsidiary has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder or other third party, and NHBST and each NHBST Subsidiary has timely complied with all applicable information reporting requirements under Part III, Subchapter A of Chapter 61 of the Code and similar applicable state and local information reporting requirements. The United States federal and state income Tax Returns of NHBST and each NHBST Subsidiary subject to such Taxes have been audited by the IRS or relevant state Tax Authorities or are closed by the applicable statute of limitations for all taxable years through December 31, 2012.

4.6.2. The unpaid Taxes of NHBT and the NHBT Subsidiaries (a) do not exceed the reserve for Tax liability set forth on the balance sheet of the NHBT Financial Statements and (b) will not exceed the reserve as adjusted for the passage of time through the Closing Date in accordance with the past customs and practice of NHBT in filing its Tax Returns. Since December 31, 2016, neither NHBT nor any NHBT Subsidiary has incurred any liability for Taxes arising from extraordinary gains or losses, as the term is used in GAAP.

4.6.3. No audit by the IRS has commenced or been completed pursuant to the Code regarding Subchapter S items of NHBT, and no agreement, consent or waiver to extend the statute of limitations of Subchapter S items of NHBT has been given. To the knowledge of NHBT, each NHBT shareholder's treatment of Subchapter S items with respect to NHBT is consistent with the manner in which NHBT has filed its Tax Returns, and no audit by the IRS of any NHBT shareholder has occurred with respect to such shareholder's treatment of Subchapter S items of NHBT.

4.6.4. No dividend or other distribution declared or paid by NHBT to its shareholders has exceeded the portion of NHBT's "accumulated adjustments account" (within the meaning of Treasury Regulation Section 1.1368-2) properly allocated to such dividend or distribution in accordance with that regulation, and no dividend or distribution declared or paid by NHBT before the Effective Time will exceed the portion of NHBT's accumulated adjustments account properly allocated to such dividend or distribution in accordance with that regulation.

4.6.5. None of NHBT, any NHBT Subsidiary or any director or executive officer (or employee responsible for Tax matters) of NHBT or any NHBT Subsidiary expects any Taxing Authority to assess any additional Taxes for any period for which Tax Returns have been filed. Neither NHBT nor any NHBT Subsidiary has received from any federal, state, local, or non-U.S. taxing authority (including jurisdictions where NHBT or any NHBT Subsidiary have not filed Tax Returns) any (a) notice indicating an intent to open an audit or other review, (b) request for information related to Tax matters, or (c) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any taxing authority against NHBT or any NHBT Subsidiary. Neither NHBT nor any NHBT Subsidiary is a party to or bound by any Tax allocation or sharing agreement. Neither NHBT nor any NHBT Subsidiary has been a member of an affiliated group filing a consolidated federal income Tax Return and neither NHBT nor any NHBT Subsidiary has any liability for the Taxes of any Person (other than NHBT or any NHBT Subsidiary) under Section 1.1502-6 of the income tax regulations promulgated under the Code (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise. There has not been an ownership change, as defined in Section 382(g) of the Code, of NHBT or any NHBT Subsidiary that occurred during or after any taxable period in which NHBT or such NHBT Subsidiary incurred an operating loss that carries over to any taxable period ending after the fiscal year of NHBT or any NHBT Subsidiary immediately preceding the date of this Agreement.

4.6.6. Neither NHBT nor any NHBT Subsidiary has been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code. Neither NHBT nor any NHBT Subsidiary has distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Section 355 or Section 361 of the Code. Neither NHBT nor any NHBT Subsidiary is or has been a party to any “reportable transaction,” as defined in Section 6707A(c)(1) of the Code and Section 1.6011-4(b) of the income tax regulations promulgated under the Code. Neither NHBT nor any NHBT Subsidiary is a party to any joint venture, partnership, or other arrangement or contract which could be treated as a partnership for federal income tax purposes. Neither NHBT nor any NHBT Subsidiary owns an interest in any (a) single member limited liability company or other entity that is treated as a disregarded entity, (b) controlled foreign corporation (as defined in Section 957 of the Code), (c) passive foreign investment company (as defined in Section 1297 of the Code) or (d) other entity the income of which is or could be required to be included in the income of the NHBT or any NHBT Subsidiary. Neither NHBT nor any NHBT Subsidiary is or ever has been a “personal holding Company” as defined in Section 542 of the Code.

4.6.7. Neither NHBT nor any NHBT Subsidiary has disposed of property in a transaction presently being accounted for under the installment method under Section 453 of the Code. None of the assets of NHBT or any NHBT Subsidiary is property which NHBT or any NHBT Subsidiary is required to treat as being owned by any other Person pursuant to the so-called “safe harbor lease” provisions of former Section 168(f)(8) of the Code. None of the assets of NHBT or any NHBT Subsidiary directly or indirectly secures any debt the interest on which is tax exempt under Section 103(a) of the Code. Neither NHBT nor any NHBT Subsidiary presently hold assets for which an election under Section 108(b)(5) of the Code was made. None of the assets of NHBT or any NHBT Subsidiary is “tax-exempt use property” within the meaning of Section 168(h) of the Code. No excess loss account exists with respect to any NHBT Subsidiary. NHBT and each NHBT Subsidiary is not required to include in income any adjustment pursuant to Section 481(a) of the Code by reason of a voluntary change in accounting and NHBT has no Knowledge that the IRS has proposed such adjustment in accounting method. The acquisition of the NHBT Common Stock and the other transactions contemplated by this Agreement will not be a factor causing any payments to be made by NHBT and each NHBT Subsidiary not to be deductible (in whole or in part) pursuant to Sections 280G, 404 or 162(m) of the Code (or any corresponding provisions of state, local, or non-U.S. Tax law). There are no rulings, requests for rulings, or closing agreements with any Taxing Authority specifically requested or entered into by NHBT or a NHBT Subsidiary, which could affect their respective Taxes for any period after the Closing. All transactions that could give rise to an understatement of federal income Tax (within the meaning of Sections 6662 and 6662A of the Code) with respect to NHBT and each NHBT Subsidiary were adequately disclosed on Tax Returns to the extent required under the Code. There are no liens for Taxes upon any property or assets of NHBT and each NHBT Subsidiary except for liens for current Taxes, assessments, and other governmental charges not yet due, or which may thereafter be paid without penalty.

4.6.8. Each of NHBT and the NHBT Subsidiaries operates at least one significant historic business line, or owns at least a significant portion of its historic business assets, in each case within the meaning of Section 1.368-1(d) of the income tax regulations promulgated under the Code.

4.6.9. No portion of the Merger Consideration (or any other amount payable pursuant to the transactions contemplated by this Agreement) is payable on account of or attributable to accrued but unpaid dividends on any class of stock of NHBT.

4.6.10. Neither NHBT nor any NHBT Subsidiary has engaged (or will engage) in any transaction wherein the financial statement effects of the tax position related thereto are not recognized pursuant to Financial Accounting Standards Board Accounting Standards Codification 740 (FASB ASC 740) because, based on the technical merits, it is not more likely than not that the position will be sustained upon examination.

4.7. *No Material Adverse Effect.*

NHBT has not suffered any Material Adverse Effect since December 31, 2016 and no event has occurred or circumstance arisen since that date which, in the aggregate, has had or is reasonably likely to have a Material Adverse Effect on NHBT.

4.8. *Material Contracts; Leases; Defaults.*

4.8.1. Except as set forth in NHBT Disclosure Schedule 4.8.1, neither NHBT nor any NHBT Subsidiary is a party to or subject to: (a) any employment, consulting or severance contract, “change in control” or termination contract or arrangement with any past or present officer, director, employee or independent contractor of NHBT or any NHBT Subsidiary, including those which would provide such individual with employment or a contractual relationship for any specified period or with a payment upon the occurrence of an event (such as termination or change in control) except for “at will” arrangements; (b) any agreement containing provisions relating to non-competition, employee non-solicitation, customer or client non-solicitation or no-piracy, confidentiality or any other such restrictive covenants applicable to NHBT or any past or present NHBT director or employee; (c) any plan, arrangement or contract providing for bonuses, pensions, options, deferred compensation, retirement payments, profit sharing or similar arrangements for or with any past or present officers, directors, employees or independent contractors of NHBT or any NHBT Subsidiary; (d) any collective bargaining agreement with any labor union relating to employees of NHBT or any NHBT Subsidiary; (e) any agreement which by its terms limits the payment of dividends by NHBT or any NHBT Subsidiary; (f) any instrument evidencing or related to indebtedness for borrowed money whether directly or indirectly, by way of purchase money obligation, conditional sale, lease purchase, guaranty or otherwise, in respect of which NHBT or any NHBT Subsidiary is an obligor to any person, which instrument evidences or relates to indebtedness other than deposits, repurchase agreements, FHLB advances, bankers’ acceptances, and “treasury tax and loan” accounts and transactions in “federal funds” in each case established in the ordinary course of business consistent with past practice, or which contains financial covenants or other restrictions (other than those relating to the payment of principal and interest when due) which would be applicable on or after the Closing Date to the Company or any Company Subsidiary; (g) any other agreement, written or oral, that obligates NHBT or any NHBT Subsidiary for the payment of more than \$10,000 over its remaining term, which is not terminable without cause on 60 days’ or less notice without penalty or payment (other than agreements for commercially available “off-the-shelf” software), (h) any agreement (other than this Agreement), contract, arrangement, commitment or understanding (whether written or oral) that restricts or limits the conduct of business by NHBT or any NHBT Subsidiary; (i) any contract, plan or arrangement which provides for payments or benefits in certain circumstances which, together with other payments or benefits payable to any participant therein or party thereto, would reasonably be likely to render any portion of any such payments or benefits subject to disallowance of deduction therefor as a result of the application of Section 280G of the Code; (j) any agreement or arrangement that is subject to the provisions of 12 C.F.R. Part 359, (k) any lease for real property; (l) any contract or arrangement with any broker-dealer or investment adviser; (m) any investment advisory contract with any investment company registered under the Investment Company Act of 1940; (n) any contract or arrangement with, or membership in, any local clearing house or self-regulatory organization; or (o) any other contract which is material to the business, operations or financial condition of NHBT or a NHBT Subsidiary.

4.8.2. Each real estate lease that requires the consent of the lessor or its agent as a result of the Merger by virtue of the terms of any such lease, is listed in NHBT Disclosure Schedule 4.8.2 identifying the section of the lease that contains such prohibition or restriction. Subject to any consents that may be required as a result of the transactions contemplated by this Agreement, neither NHBT nor any NHBT Subsidiary is in default in any respect under any material contract, agreement, commitment, arrangement, lease, insurance policy or other instrument to which it is a party, by which its assets, business, or operations may be bound or affected, or under which it or its assets, business, or operations receive benefits, and there has not occurred any event that, with the lapse of time or the giving of notice or both, would constitute such a default, except where default would not, individually or in the aggregate, have a Material Adverse Effect on NHBT.

4.8.3. True and correct copies of the agreements, contracts, arrangements and instruments referred to in Section 4.8.1 and 4.8.2 (“ **Material Contracts** ”) have been made available to the Company on or before the date hereof, and are valid, binding and in full force and effect on the date hereof and neither NHBT nor any NHBT Subsidiary (nor, to the Knowledge of NHBT, any other party to any such contract, arrangement or instrument) has breached any provision of, or is in default in any respect under any term of, any Material Contract, and no event or condition exists that constitutes or, after notice or lapse of time or both, will constitute, a breach or default on the part of NHBT or any of the NHBT Subsidiaries under any Material Contract. Except as listed on NHBT Disclosure Schedule 4.8.3, no party to any Material Contract will have the right to terminate any or all of the provisions of any such Material Contract as a result of the execution of, and the consummation of the transactions contemplated by, this Agreement.

4.8.4. Except as listed on NHBT Disclosure Schedule 4.8.4, since December 31, 2016, through and including the date of this Agreement, neither NHBT nor any NHBT Subsidiary has (a) except for (i) normal increases for employees made in the ordinary course of business consistent with past practice, or (ii) as required by applicable law, increased the wages, salaries, compensation, pension, or other fringe benefits or perquisites payable to any executive officer, employee, or director from the amount thereof in effect as of December 31, 2016, granted any severance or termination pay, entered into any contract to make or grant any severance or termination pay, or paid any bonus other than the customary year-end bonuses in amounts consistent with past practice, (b) granted any options to purchase shares of NHBT Common Stock, or any right to acquire any shares of its capital stock to any executive officer, director or employee, (c) increased or established any bonus, insurance, severance, deferred compensation, pension, retirement, profit sharing, stock option (including, without limitation, the granting of stock options, stock appreciation rights, performance awards, or restricted stock awards), stock purchase or other employee benefit plan, (d) made any election for federal or state income tax purposes, (e) made any change in the credit policies or procedures of NHBT or any of the NHBT Subsidiaries, the effect of which was or is to make any such policy or procedure less restrictive, (f) made any material acquisition or disposition of any assets or properties, or any contract for any such acquisition or disposition entered into other than loans and loan commitments, (g) entered into any lease of real or personal property requiring annual payments in excess of \$5,000, (h) except as required by GAAP or a Governmental Entity, changed any accounting methods, principles or practices of NHBT or of the NHBT Subsidiaries affecting its assets, liabilities or businesses, including any reserving, renewal or residual method, practice or policy or (i) suffered any strike, work stoppage, slow-down, or other labor disturbance.

4.9. *Ownership of Property; Insurance Coverage.*

4.9.1. NHBST and each NHBST Subsidiary has good and, as to real property, marketable title to all assets and properties owned by NHBST or each NHBST Subsidiary in the conduct of their businesses, whether such assets and properties are real or personal, tangible or intangible, including assets and property reflected in the balance sheets contained in the NHBST Regulatory Reports and in the NHBST Financial Statements or acquired subsequent thereto (except to the extent that such assets and properties have been disposed of in the ordinary course of business, since the date of such balance sheets), subject to no encumbrances, liens, mortgages, security interests or pledges, except (a) those items which secure liabilities for public or statutory obligations or any discount with, borrowing from or other obligations to FHLB, inter-bank credit facilities, or any transaction by a NHBST Subsidiary acting in a fiduciary capacity, (b) statutory liens for amounts not yet delinquent or which are being contested in good faith, (c) non-monetary liens affecting real property which do not adversely affect the value or use of such real property, and (d) those described and reflected in the NHBST Financial Statements. NHBST and the NHBST Subsidiaries, as lessee, have the right under valid and enforceable leases of real and personal properties used by NHBST and the NHBST Subsidiaries in the conduct of their businesses to occupy or use all such properties as presently occupied and used by each of them. NHBST is not a party to any agreement pursuant to which it has securitized any of its assets.

4.9.2. With respect to all agreements pursuant to which NHBST or any NHBST Subsidiary has purchased securities subject to an agreement to resell, if any, NHBST or such NHBST Subsidiary, as the case may be, has a valid, perfected, first priority lien or security interest in the securities or other collateral securing the repurchase agreement, and the value of such collateral equals or exceeds the amount of the debt secured thereby.

4.9.3. NHBST and each NHBST Subsidiary currently maintain insurance considered by each of them to be reasonable for their respective operations. Neither NHBST nor any NHBST Subsidiary, except as disclosed in NHBST Disclosure Schedule 4.9.3, has received notice from any insurance carrier during the past five years that (a) such insurance will be canceled or that coverage thereunder will be reduced or eliminated, or (b) premium costs (other than with respect to health or disability insurance) with respect to such policies of insurance will be substantially increased. Except as set forth on NHBST Disclosure Schedule 4.9.3, there are presently no claims pending under such policies of insurance and no notices have been given by NHBST or any NHBST Subsidiary under such policies (other than with respect to health or disability insurance). NHBST and all NHBST Subsidiaries maintain such fidelity bonds and errors and omissions insurance as may be customary or required under applicable laws or regulations. All such insurance is valid and enforceable and in full force and effect, and within the last three years NHBST and each NHBST Subsidiary has received each type of insurance coverage for which it has applied and during such periods has not been denied indemnification for any claims submitted under any of its insurance policies. NHBST Disclosure Schedule 4.9.3 identifies all policies of insurance maintained by NHBST and each NHBST Subsidiary.

4.9.4. All real property owned by NHBST or a NHBST Subsidiary is in material compliance with all applicable zoning laws and building codes, and the buildings and improvements located on such real property are in good operating condition and in a state of good working order, ordinary wear and tear and casualty excepted. There are no pending or, to the Knowledge of NHBST, threatened condemnation proceedings against such real property. NHBST and the applicable NHBST Subsidiaries are in material compliance with all applicable health and safety related requirements for the owned real property, including those under the Americans with Disabilities Act of 1990 and the Occupational Safety and Health Act of 1970. Insurance is currently maintained on all property, including all owned real property, in amounts, scope and coverage reasonably necessary for its operations. Neither NHBST nor any NHBST Subsidiary has received any written notice of termination, nonrenewal or premium adjustment for such policies.

4.10. *Legal Proceedings.*

Except as set forth on NHBT Disclosure Schedule 4.10, neither NHBT nor any NHBT Subsidiary is a party to any, and there are no pending or, to NHBT's Knowledge, threatened legal, administrative, arbitration or other proceedings, claims (whether asserted or unasserted), actions or governmental investigations or inquiries of any nature (a) against NHBT or any NHBT Subsidiary, (b) to which NHBT or any NHBT Subsidiary's assets are or may be subject, (c) challenging the validity or propriety of any of the transactions contemplated by this Agreement, (d) which could adversely affect the ability of NHBT to perform under this Agreement, or (e) which would be reasonably likely to materially impair NHBT's or any NHBT Subsidiary's ability to operate its business as currently conducted or proposed to be conducted post-Merger.

4.11. *Compliance With Applicable Law.*

4.11.1. Each of NHBT and each NHBT Subsidiary is in compliance in all material respects with all applicable federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders or decrees applicable to it, its properties, assets and deposits, its business, and its conduct of business and its relationship with its employees, including, without limitation, the Banking Code, the FDIA, the USA PATRIOT Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Community Reinvestment Act of 1977 (" **CRA** "), the Home Mortgage Disclosure Act, the Bank Secrecy Act, and all other applicable fair lending laws and other laws relating to discriminatory business practices and neither NHBT nor any NHBT Subsidiary has received any written notice to the contrary.

4.11.2. Each of NHBT and each NHBT Subsidiary has all permits, licenses, authorizations, orders and approvals of, and has made all filings, applications and registrations with, all Governmental Entities and Bank Regulators that are required in order to permit it to own or lease its properties and to conduct its business as presently conducted; all such permits, licenses, certificates of authority, orders and approvals are in full force and effect and, no suspension or cancellation of any such permit, license, certificate, order or approval is, to the Knowledge of NHBT, threatened or will result from the consummation of the transactions contemplated by this Agreement, subject to obtaining the Regulatory Approvals.

4.11.3. Other than those listed on NHBT Disclosure Schedule 4.11.3, for the period beginning January 1, 2014, neither NHBT nor any NHBT Subsidiary has received any written notification or other communication from any Bank Regulator (a) asserting that NHBT or any NHBT Subsidiary is not in compliance with any of the statutes, regulations or ordinances which such Bank Regulator enforces; (b) threatening to revoke any license, franchise, permit or governmental authorization; (c) requiring, or threatening to require, NHBT or any NHBT Subsidiary, or indicating that NHBT or any NHBT Subsidiary may be required, to enter into a cease and desist order, agreement or memorandum of understanding or any other agreement with any federal or state governmental agency or authority which is charged with the supervision or regulation of banks or engages in the insurance of bank deposits restricting or limiting, or purporting to restrict or limit the operations of NHBT or any NHBT Subsidiary, including without limitation any restriction on the payment of dividends; or (d) directing, restricting or limiting, or purporting to direct, restrict or limit, in any manner the operations of NHBT or any NHBT Subsidiary, including without limitation any restriction on the payment of dividends (any such notice, communication, memorandum, agreement or order described in this sentence is hereinafter referred to as a "**NHBT Regulatory Agreement** "). Except as disclosed on NHBT Disclosure Schedule 4.11.3, neither NHBT nor any NHBT Subsidiary is a party to or is subject to any order, decree, agreement, memorandum of understanding or similar arrangement with, or a commitment letter or similar submission to, or extraordinary supervisory letter from, any Bank Regulator or any federal or state governmental agency or authority charged with the supervision or regulation of issuers of securities or the supervision or regulation of it. The most recent regulatory rating given to NHBT as to compliance with the CRA is "satisfactory" or better. To the Knowledge of NHBT, there are no unresolved violations, criticisms, or exceptions by any Regulatory Authority with respect to any NHBT Regulatory Agreement. There is no injunction, order, judgment or decree imposed upon NHBT or any NHBT Subsidiary or the assets of NHBT or any NHBT Subsidiary.

4.11.4. NHB T Disclosure Schedule 4.11.4 sets forth, as of March 31, 2017, a schedule of all executive officers and directors of NHB T who have outstanding loans from NHB T, and there has been no default on, or forgiveness or waiver of, in whole or in part, any such loan during the two years immediately preceding the date hereof.

4.11.5. To NHB T's Knowledge, none of NHB T's or any NHB T Subsidiary's officers, directors, managers, members, employees, or partners has at any time made or received any bribe, kickback or other illegal payment or engaged in any other illegal or improper conduct that has led to any fine, penalty, sanction or liability. NHB T has no Knowledge of any actual, possible or proposed disciplinary action by any Governmental Entity against any of NHB T's or any NHB T Subsidiary's officers, directors, managers, members, partners or employees.

4.12. *Employee Benefit Plans.*

4.12.1. NHB T Disclosure Schedule 4.12.1 includes a list of all existing bonus, incentive, deferred compensation, supplemental executive retirement plans, pension, retirement, profit-sharing, thrift, savings, employee stock ownership, stock bonus, stock purchase, restricted stock, stock option, stock appreciation, phantom stock, severance, welfare benefit plans (including paid time off policies and other benefit policies and procedures), fringe benefit plans, employment, consulting, settlement and change in control agreements and all other benefit practices, policies and arrangements maintained by NHB T or any NHB T Subsidiary in which any employee or former employee, consultant or former consultant or director or former director of NHB T or any NHB T Subsidiary participates or to which any such employee, consultant or director is a party or is otherwise entitled to receive benefits (the "**NHB T Compensation and Benefit Plans**"). Neither NHB T nor any NHB T Subsidiary has any commitment to create any additional NHB T Compensation and Benefit Plan or to modify, change or renew any existing NHB T Compensation and Benefit Plan, except as required to maintain the qualified status thereof. NHB T has made available to the Company true and correct copies of the agreements or other documents establishing and evidencing the NHB T Compensation and Benefit Plans.

4.12.2. Except as disclosed in NHB T Disclosure Schedule 4.12.2, each NHB T Compensation and Benefit Plan has been operated and administered in all material respects in accordance with its terms and with applicable law, including, but not limited to, ERISA, the Code, the Securities Act, the Exchange Act, the Age Discrimination in Employment Act of 1967, COBRA, the Health Insurance Portability and Accountability Act ("**HIPAA**"), the Affordable Care Act ("**ACA**") and any regulations or rules promulgated thereunder, and all filings, disclosures and notices required by ERISA, the Code, the Securities Act, the Exchange Act, the Age Discrimination in Employment Act, COBRA, HIPAA, ACA and any other applicable law have been timely made or any interest, fines, penalties or other impositions for late filings have been paid in full. Except as disclosed in NHB T Disclosure Schedule 4.12.2, each NHB T Compensation and Benefit Plan which is an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA (a "**Pension Plan**") and which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the IRS, or is in the form of a prototype or volume submitter plan that is the subject of a favorable opinion letter from the IRS on which NHB T is entitled to rely, and NHB T is not aware of any circumstances which are reasonably likely to result in revocation of any such favorable determination letter or opinion letter. There is no pending or, to the Knowledge of NHB T, threatened action, suit or claim relating to any of the NHB T Compensation and Benefit Plans (other than routine claims for benefits). Neither NHB T nor any NHB T Subsidiary has engaged in a transaction, or omitted to take any action, with respect to any NHB T Compensation and Benefit Plan that would reasonably be expected to subject NHB T or any NHB T Subsidiary to an unpaid tax or penalty imposed by either Sections 4975, 4980B or 5000 of the Code or Section 502 of ERISA.

4.12.3. Neither NHBT nor any entity with which it is or was ever considered one employer under Section 401(b)(1) of ERISA or Section 414 of the Code (an “**NHBT ERISA Affiliate**”) since the effective date of ERISA maintains or ever maintained or participated in a plan subject to Title IV of ERISA, or contributes to, contributed to, is obligated to contribute to or was ever obligated to contribute to a “multiemployer plan,” as defined in Section 3(37) of ERISA. Neither NHBT, nor any NHBT ERISA Affiliate, nor any NHBT Compensation and Benefit Plan, nor any trust created thereunder, nor any trustee or administrator thereof has engaged in a transaction in connection with which NHBT, any NHBT ERISA Affiliate, and any NHBT Compensation and Benefit Plan, or any such trust or any trustee or administrator thereof, could reasonably be expected to be subject to either a civil liability or penalty pursuant to Section 409, 502(i) or 502(l) of ERISA or a tax imposed pursuant to Chapter 43 of the Code.

4.12.4. All contributions required to be made under the terms of any NHBT Compensation and Benefit Plan have been timely made, and all anticipated contributions and funding obligations are or will be accrued on NHBT’s consolidated financial statements to the extent required by GAAP. NHBT and each NHBT Subsidiary has expensed and accrued as a liability the present value of future benefits under each applicable NHBT Compensation and Benefit Plan for financial reporting purposes as required by GAAP.

4.12.5. Neither NHBT nor any NHBT Subsidiary has any obligations to provide retiree health, life insurance, death benefits, or disability insurance, except as set forth in NHBT Disclosure Schedule 4.12.5, under any NHBT Compensation and Benefit Plan, other than benefits mandated by Section 4980B of the Code. Except as set forth in NHBT Disclosure Schedule 4.12.5, there has been no communication to employees by NHBT or any NHBT Subsidiary that would reasonably be expected to promise or guarantee such employees retiree health, life insurance, or disability insurance, or any retiree death benefits.

4.12.6. NHBT and its Subsidiaries do not maintain any NHBT Compensation and Benefit Plans covering employees who are not United States residents.

4.12.7. With respect to each NHBT Compensation and Benefit Plan, if applicable, NHBT has provided or made available to the Company copies of the: (a) trust instruments and insurance contracts; (b) three most recent Forms 5500 filed with the IRS, including all schedules and attachments thereto; (c) three most recent financial statements; (d) most recent summary plan description; (e) most recent determination letter issued by the IRS; (f) any Form 5310 or Form 5330 filed with the IRS within the last three years; and (g) most recent nondiscrimination tests performed under ERISA and the Code (including 401(k) and 401(m) tests).

4.12.8. Except as provided in NHBT Disclosure Schedule 4.12.8, the consummation of the Merger will not, directly or indirectly (including, without limitation, as a result of any termination of employment or service at any time prior to or following the Effective Time) (a) entitle any employee, consultant or director to any payment or benefit (including severance pay, change in control benefit, or similar compensation) or any increase in compensation, (b) result in any increase in benefits payable under any NHBT Compensation and Benefit Plan, or (c) entitle any current or former employee, director or independent contractor of NHBT or any NHBT Subsidiary to any actual or deemed payment (or benefit) which could constitute a “parachute payment” (as such term is defined in Section 280G of the Code).

4.12.9. Neither NHBT nor any NHBT Subsidiary maintains any compensation plans, programs or arrangements under which any payment is reasonably likely to become non-deductible, in whole or in part, for tax reporting purposes as a result of the limitations under Section 162(m) of the Code and the regulations issued thereunder.

4.12.10. Except as disclosed in NHBT Disclosure Schedule 4.12.10, all deferred compensation plans, programs or arrangements are in compliance, both in form and operation, with Section 409A of the Code and all guidance issued thereunder.

4.12.11. Except as set forth in NHBT Disclosure Schedule 4.12.11, (i) each NHBT Compensation and Benefit Plan which is either a nonqualified deferred compensation plan or a supplemental retirement plan (A) was in effect at least one year prior to October 21, 2014 and (B) was not amended during the one-year period immediately preceding October 21, 2014 to increase the benefits payable thereunder, (ii) the benefits payable under each NHBT Compensation and Benefit Plan which is either a nonqualified deferred compensation plan or a supplemental retirement plan are accrued each period only for current or prior service rendered to NHBT, (iii) any payments made pursuant to a NHBT Compensation and Benefit Plan which is either a nonqualified deferred compensation plan or a supplemental retirement plan are not based on any discretionary acceleration of vesting or accrual of benefits which occurs at any time later than one year prior to October 21, 2014, (iv) NHBT has previously recognized compensation expense and accrued a liability for the benefit payments under each NHBT Compensation and Benefit Plan which is either a nonqualified deferred compensation plan or a supplemental retirement plan according to GAAP, and (v) since October 21, 2014, payments under each NHBT Compensation and Benefit Plan which is either a nonqualified deferred compensation plan or a supplemental retirement plan have not been in excess of the accrued liability computed in accordance with GAAP.

4.13. *Brokers, Finders and Financial Advisors.*

Neither NHBT nor any NHBT Subsidiary, nor any of their respective officers, directors, employees or agents, has employed any broker, finder or financial advisor in connection with the transactions contemplated by this Agreement, or incurred any liability or commitment for any fees or commissions to any such person in connection with the transactions contemplated by this Agreement except for the retention of Renaissance Partners, LLC (“**Renaissance Partners**”) by NHBT and the fee payable pursuant thereto. NHBT has provided or made available to the Company a true and correct copy of the engagement agreement with Renaissance Partners, setting forth the fee payable to Renaissance Partners for its services rendered to NHBT in connection with the Merger and transactions contemplated by this Agreement.

4.14. *Environmental Matters.*

4.14.1. Except as may be set forth in NHBT Disclosure Schedule 4.14, with respect to NHBT and each NHBT Subsidiary:

(A) To NHBT’s Knowledge, neither the conduct nor operation of its business nor any condition of any property currently or previously owned or operated by it during the period of such ownership or operation by NHBT or any NHBT Subsidiary, or to NHBT’s Knowledge at any other time, (including Participation Facilities, as hereinafter defined) including, without limitation, in a fiduciary or agency capacity, or, to NHBT’s Knowledge, any property on which it holds a lien, results or resulted in a violation of or gives rise to any potential liability under, any Environmental Laws that is reasonably likely to impose a liability (including a remediation obligation) upon NHBT or any NHBT Subsidiary. To the Knowledge of NHBT, no condition has existed or event has occurred with respect to any of them or any such property that, with notice or the passage of time, or both, is reasonably likely to result in any liability to NHBT or any NHBT Subsidiary by reason of any Environmental Laws. Neither NHBT nor any NHBT Subsidiary during the past five years has received any written notice from any Person or Governmental Entity that NHBT or any NHBT Subsidiary or the operation or condition of any property ever owned, operated (including Participation Facilities), or held as collateral or in a fiduciary capacity by any of them, is currently in violation of or otherwise is alleged to have liability under any Environmental Laws or relating to Materials of Environmental Concern (including, but not limited to, responsibility (or potential responsibility) for the cleanup or other remediation of any Materials of Environmental Concern at, on, beneath, or originating from any such property) for which a material liability is reasonably likely to be imposed upon NHBT or any NHBT Subsidiary;

(B) There is no suit, claim, action, demand, executive or administrative order, directive, investigation or proceeding pending or, to NHBT's Knowledge, threatened, before any court, governmental agency or other forum against NHBT or any NHBT Subsidiary (a) for alleged noncompliance (including by any predecessor) with, or liability under, any Environmental Law or (b) relating to the presence of or release (defined herein) into the environment of any Materials of Environmental Concern (as defined herein), whether or not occurring at or on a site owned, leased or operated by NHBT or any NHBT Subsidiary;

(C) To NHBT's Knowledge, there are no underground storage tanks on, in or under any properties owned or operated by NHBT or any of the NHBT Subsidiaries, and to NHBT's Knowledge no underground storage tanks have been closed or removed from any properties owned or operated by NHBT or any of the NHBT Subsidiaries or any Participation Facility except in compliance with Environmental Laws; and

(D) "**Participation Facility**" shall mean any facility in which NHBT or any of the NHBT Subsidiaries participates in the management, whether as a fiduciary, lender in control of the facility, owner or operator.

4.15. *Loan Portfolio.*

4.15.1. The allowance for loan losses reflected in NHBT's audited consolidated balance sheet at December 31, 2016 was, and the allowance for loan losses shown on the balance sheets in NHBT's Financial Statements for periods ending after December 31, 2016 will be, adequate, as of the dates thereof, under GAAP.

4.15.2. NHBT Disclosure Schedule 4.15.2 sets forth a listing, as of March 31, 2017, by name and account, of: (a) all loans (including loan participations) of NHBT or any NHBT Subsidiary that have had their respective terms to maturity accelerated during the past twelve months; (b) all loan commitments or lines of credit of NHBT or any NHBT Subsidiary which have been terminated by NHBT or any NHBT Subsidiary during the past twelve months by reason of a default or adverse developments in the condition of the borrower or other events or circumstances affecting the credit of the borrower; (c) each borrower, customer or other party which has notified NHBT or any NHBT Subsidiary during the past twelve months of, or has asserted against NHBT or any NHBT Subsidiary, in each case in writing, any "lender liability" or similar claim, and each borrower, customer or other party which has given NHBT or any NHBT Subsidiary any oral notification of, or orally asserted to or against NHBT or any NHBT Subsidiary, any such claim; (d) all loans, (i) that are contractually past due 60 days or more in the payment of principal and/or interest, (ii) that are on non-accrual status, (iii) that as of the date of this Agreement are classified as "Other Loans Specially Mentioned", "Special Mention", "Substandard", "Doubtful", "Loss", "Classified", "Criticized", "Watch List" or words of similar import, together with the principal amount of and accrued and unpaid interest on each such loan and the identity of the obligor thereunder, (iv) where, during the past three years, the interest rate terms have been reduced and/or the maturity dates have been extended subsequent to the agreement under which the loan was originally created due to concerns regarding the borrower's ability to pay in accordance with such initial terms, or (v) that qualify as Troubled Debt Restructurings, (vi) where a specific reserve allocation exists in connection therewith, and (e) all assets classified by NHBT or any NHBT Subsidiary as REO, and all other assets currently held that were acquired through foreclosure or in lieu of foreclosure.

4.15.3. All loans receivable (including discounts) and accrued interest entered on the books of NHBT and the NHBT Subsidiaries arose out of bona fide arm's-length transactions, were made for good and valuable consideration in the ordinary course of NHBT's or the appropriate NHBT Subsidiary's respective business, and the notes or other evidences of indebtedness with respect to such loans (including discounts), and all pledges, mortgages, deeds of trust and other collateral documents or security instruments relating thereto, are valid, true and genuine and are what they purport to be. To NHBT's Knowledge, the loans, discounts and the accrued interest reflected on the books of NHBT and the NHBT Subsidiaries are subject to no defenses, set-offs or counterclaims (including, without limitation, those afforded by usury or truth-in-lending laws), except as may be provided by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity. All such loans are being transferred with good and marketable title, free and clear of any and all encumbrances, liens, pledges, equities, claims, charges, rights of first refusal or similar rights or security interests of any nature encumbering such loan and are evidenced by notes, agreements or other evidences of indebtedness which are true, genuine and correct, and to the extent secured, are secured by valid liens and security interests that are legal, valid and binding obligations of the maker thereof, enforceable in accordance with the respective terms thereof, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws or equitable principles affecting the enforcement of creditors' rights, which have been perfected.

4.16. *Related Party Transactions.*

Except as set forth in NHBT Disclosure Schedule 4.16, neither NHBT nor any NHBT Subsidiary is a party to any transaction (including any loan or other credit accommodation) with any Affiliate of NHBT or any NHBT Affiliate. All such transactions (a) were made in the ordinary course of business, (b) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other Persons, and (c) did not involve substantially more than the normal risk of collectability or present other unfavorable features (as such terms are used under Regulation O of the FRB). No loan or credit accommodation to any Affiliate of NHBT or any NHBT Subsidiary is presently in default or, during the three year period prior to the date of this Agreement, has been in default or has been restructured, modified or extended. Neither NHBT nor any NHBT Subsidiary has been notified that principal and interest with respect to any such loan or other credit accommodation will not be paid when due or that the loan grade classification accorded such loan or credit accommodation by NHBT is inappropriate.

4.17. *Deposits.*

Except as set forth in NHBT Disclosure Schedule 4.17, as of the date of this Agreement, none of the deposits of NHBT or any NHBT Subsidiary is a "brokered deposit" as defined in 12 C.F.R. Section 337.6(a)(2).

4.18. *Required Vote.*

The affirmative vote by a majority of the shares represented and entitled to vote at the NHBT Special Meeting is required to approve this Agreement and the Merger under NHBT's articles of incorporation and applicable law.

4.19. *Risk Management Instruments.*

All interest rate swaps, caps, floors, option agreements, futures and forward contracts and other similar risk management arrangements, whether entered into for NHBT's own account, or for the account of one or more of NHBT's Subsidiaries or their customers (all of which are set forth in NHBT Disclosure Schedule 4.19), were entered into in the ordinary course of business consistent with past practice and in compliance with all applicable laws, rules, regulations and regulatory policies, and with counterparties believed at the time to be financially responsible and able to understand (either alone or in consultation with their advisors) and to bear the risks of such transactions; and each of them constitutes the valid and legally binding obligation of NHBT or one of its Subsidiaries, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles), and is in full force and effect. Neither NHBT nor any NHBT Subsidiary, nor to the Knowledge of NHBT any other party thereto, is in breach of any of its obligations under any such agreement or arrangement in any respect and there are no allegations or assertions of such by any party thereunder.

4.20. *Intellectual Property.*

NHBT and each NHBT Subsidiary (a) owns or possesses valid and binding licenses and other rights (subject to expirations in accordance with their respective terms) to use any and all patents, copyrights, trade secrets, trade names, service marks and trademarks, and (b) is a party to valid and binding licenses for any software, which are required for NHBT and each NHBT Subsidiary to conduct their respective businesses as currently conducted. Neither NHBT nor any NHBT Subsidiary has received any notice or has any Knowledge of any actual or threatened conflict with respect any patents, copyrights, trade secrets, trade names, service marks, trademarks, or licensed software used by NHBT or any NHBT Subsidiary in their respective businesses as currently conducted. NHBT and each NHBT Subsidiary has performed all of the obligations required to be performed as of the date of this Agreement, and is not in default in any material respect, under any license, contract, agreement, arrangement or commitment relating to any of the foregoing. Neither NHBT nor any NHBT Subsidiary has received any charge, complaint, claim, demand or notice alleging that it has infringed upon, diluted, misappropriated or otherwise violated any intellectual property owned or controlled by any third party, and no third party has infringed, diluted, misappropriated or otherwise violated any intellectual property rights of NHBT or any NHBT Subsidiary. NHBT and each NHBT Subsidiary (a) owns or possesses confidential information, including, but not limited to, customer lists and customer data, (b) has taken reasonable steps to protect such confidential information from unintended disclosure, and (c) represents and warrants that, to its Knowledge, such confidential information has not been disclosed to any third parties other than their Affiliates, third parties with which they have contractual nondisclosure agreements or the Company and its Affiliates.

4.21. *Labor Matters.*

There are no labor or collective bargaining agreements to which NHBT or any NHBT Subsidiary is a party. There is no union organizing effort pending or to the Knowledge of NHBT, threatened against NHBT or any NHBT Subsidiary. There is no labor strike, labor dispute (other than routine employee grievances that are not related to union employees), work slowdown, stoppage or lockout pending or, to the Knowledge of NHBT, threatened against NHBT or any NHBT Subsidiary. There is no unfair labor practice or labor arbitration proceeding pending or, to the Knowledge of NHBT, threatened against NHBT or any NHBT Subsidiary (other than routine employee grievances that are not related to union employees). NHBT and each NHBT Subsidiary is in compliance in all material respects with all applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours, including but not limited to the Fair Labor Standards Act, the Family and Medical Leave Act, Title VII of the Civil Rights Act, the Immigration and Nationality Act, and the National Labor Relations Act, and are not engaged in any unfair labor practice. NHBT and each NHBT Subsidiary represents that they have not made any commitments to others inconsistent with or in derogation of any of the foregoing. There are no pending or, to the Knowledge of NHBT, threatened claims or suits against NHBT or any NHBT Subsidiary, or for which any of them might be legally responsible, under any labor or employment law or brought or made by a current or former employee or applicant. Neither NHBT nor any NHBT Subsidiary is delinquent in any material respect in payments to any of its current or former officers, directors, managers, members, partners, employees or independent contractors for any wages, salaries, commissions, bonuses, benefits, expenses, or other compensation for any services performed or amounts required to be reimbursed, or has, to its Knowledge, any liability, whether actual or contingent, with respect to any misclassification of any person as an independent contractor rather than as an employee, or with respect to any employee leased from another employer.

4.22. *NHBT Information Supplied.*

4.22.1. The information relating to NHBT and any NHBT Subsidiary to be contained in the Merger Registration Statement, or in any other document filed with any Bank Regulator or other Governmental Entity in connection herewith will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading.

4.22.2. The information supplied by NHBT and any NHBT Subsidiary for inclusion in the Applications will, at the time each such document is filed with any Bank Regulator and up to and including the dates of any required regulatory approvals or consents, as such Applications may be amended by subsequent filings, be accurate in all material respects.

4.23. *Investment Securities and Commodities*

4.23.1. NHBT and all NHBT Subsidiaries have good title to all securities and commodities owned by them (except those sold under repurchase agreements or held in any fiduciary or agency capacity), free and clear of any liens and encumbrances, except to the extent such securities or commodities are pledged in the ordinary course of business to secure obligations of NHBT or NHBT Subsidiaries. Such securities and commodities are valued on the books of NHBT in accordance with GAAP.

4.23.2. NHBT and all NHBT Subsidiaries and their respective businesses employ, and have acted in compliance in all material respects with, investment, securities, commodities, risk management and other policies, practices and procedures (the “**Policies, Practices and Procedures**”) that NHBT believes are prudent and reasonable in the context of such businesses. NHBT has previously made available to the Company in writing its material Policies, Practices and Procedures.

4.24. *Trust Accounts.*

NHBT and each of its Subsidiaries has properly administered all accounts for which it acts as a fiduciary, including but not limited to accounts for which it serves as trustee, agent, custodian, personal representative, guardian, conservator or investment advisor, in accordance with the terms of the governing documents and applicable laws and regulations. None of NHBT, any other NHBT Subsidiary, or any of their respective directors, officers or employees, has committed any breach of trust with respect to any such fiduciary account and the records for each such fiduciary account are true and correct in all material respects and accurately reflect the assets of such fiduciary account.

4.25. *No Other Representations or Warranties.*

4.25.1 Except for the representations and warranties made by NHBT in this Article IV and for the disclosures contained in the NHBT Disclosure Schedules, neither NHBT nor any other person makes any express or implied representation or warranty with respect to NHBT, its Subsidiaries, or their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects, and NHBT hereby disclaims any such other representations or warranties.

4.25.2 NHBT acknowledges and agrees that neither the Company nor any other person has made or is making any express or implied representation or warranty other than those contained in Article V and in the Company Disclosure Schedules.

**ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

Subject to the disclosures set forth in the Company Disclosure Schedules delivered by the Company to NHBT prior to the execution of this Agreement (which schedule sets forth, among other things, facts, circumstances and events the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more of the representations and warranties contained in this Article V, or to one or more of the Company's covenants contained in Article VII (and making specific reference to the Section of this Agreement to which they relate); *provided*, that (i) no such item is required to be set forth as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect, (ii) the mere inclusion of an item in the Company Disclosure Schedules as an exception to a Company MAE Rep shall not be deemed an admission by the Company that such item represents a material exception or that such item is reasonably likely to result in a Material Adverse Effect and (iii) disclosure in any paragraph of the Company Disclosure Schedules shall apply only to the indicated Section of this Agreement except to the extent that it is reasonably clear on the face of such disclosure that it is relevant to another paragraph of the Company Disclosure Schedules or another Section of this Agreement), the Company represents and warrants to NHBT as follows:

5.1. *Organization.*

5.1.1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. The Company has the requisite corporate power and authority to carry on its business as now conducted. The Company is duly licensed or qualified to do business in the states of the United States where its ownership or leasing of property or the conduct of its business requires such qualification, except where the failure to be so qualified or licensed and in good standing would not, individually or in the aggregate, have a Material Adverse Effect on the Company.

5.1.2. Farmers National is a national bank duly organized and validly existing and in good standing under the laws of the United States. Farmers National and each other Company Subsidiary has the requisite corporate power and authority to carry on its business as now conducted. Farmers National and each other Company Subsidiary is duly licensed or qualified to do business in the states of the United States and foreign jurisdictions where its ownership or leasing of property or the conduct of its business requires such qualification, except where the failure to be so qualified or licensed and in good standing would not, individually or in the aggregate, have a Material Adverse Effect. The deposits of Farmers National are insured by the FDIC to the fullest extent permitted by law, and all premiums and assessments required to be paid in connection therewith have been paid when due. Farmers National is a member in good standing of the FHLB and owns the requisite amount of stock therein.

5.2. *Capitalization.*

5.2.1. The authorized capital stock of the Company consists of 12,000,000 shares of common stock, \$1.25 par value per share, of which as of the date hereof, 2,152,358 shares are outstanding, validly issued, fully paid and nonassessable and free of preemptive rights, and 3,000,000 shares of preferred stock, \$1.00 par value per share, of which zero shares are outstanding. As of the date hereof, there are 102,017 shares of Company Common Stock held by the Company as treasury stock. Except as set forth in Company Disclosure Schedule 5.2.1, neither the Company nor any Company Subsidiary has or is bound by any Rights of any character relating to the purchase, sale or issuance or voting of, or right to receive dividends or other distributions on any shares of Company Common Stock, or any other security of the Company or any securities representing the right to vote, purchase or otherwise receive any shares of Company Common Stock or any other security of the Company or any Company Subsidiary, or pursuant to which the Company or any Company Subsidiary is or could be required to register shares of Company capital stock or other securities under the Securities Act, other than shares issuable under the Company Stock Benefit Plans.

5.2.2. The Company owns all of the capital stock of Farmers National free and clear of any liens, security interests, pledges, charges, encumbrances, agreements and restrictions of any kind or nature. Except for the Company Subsidiaries, the Company does not possess, directly or indirectly, any equity interest in any corporate entity, except for equity interests held in the investment portfolios of Company Subsidiaries, equity interests held by Company Subsidiaries in a fiduciary capacity, and equity interests held in connection with the lending activities of Company Subsidiaries, including stock in the FHLB. Except as set forth in the Company's Securities Documents, neither the Company or Farmers National, directly or indirectly, owns all of the outstanding shares of capital stock of or all equity interests in each Company Subsidiary free and clear of all liens, security interests, pledges, charges, encumbrances, agreements and restrictions of any kind or nature.

5.3. *Authority; No Violation.*

5.3.1. The Company has full corporate power and authority to execute and deliver this Agreement and, subject to receipt of the Regulatory Approvals, to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby, including the Merger, have been duly and validly approved by the Board of Directors of the Company, and no other corporate proceedings on the part of the Company are necessary to consummate the transactions contemplated hereby, including the Merger. This Agreement has been duly and validly executed and delivered by the Company, and subject to due and valid execution and delivery of this Agreement by NHBT, constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity.

5.3.2. Subject to receipt of Regulatory Approvals and NHBT's and the Company's compliance with any conditions contained therein, (a) the execution and delivery of this Agreement by the Company, (b) the consummation of the transactions contemplated hereby, and (c) compliance by the Company with any of the terms or provisions hereof does not and will not (i) conflict with or result in a breach of any provision of the articles of incorporation, certificate of formation, limited liability company agreement, bylaws or other similar organizational or governing document of the Company or any Company Subsidiary; (ii) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to the Company or any Company Subsidiary or any of their respective properties or assets; (iii) violate, conflict with, result in a breach of any provisions of, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default), under, result in the termination of, accelerate the performance required by, or result in a right of termination or acceleration or the creation of any lien, security interest, charge or other encumbrance upon any of the properties or assets of the Company or any Company Subsidiary under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement, commitment or other instrument or obligation to which any of them is a party, or by which they or any of their respective properties or assets may be bound or affected; or (iv) contravene, conflict with or result in a violation or breach of any of the terms or requirements of, or give any Governmental Entity the right to revoke, withdraw, suspend, cancel, terminate or modify, any governmental authorization that is held by the Company or any Company Subsidiary.

5.3.3. The Company Board of Directors has determined that the Merger, on the terms and conditions set forth in this Agreement, is advisable and in the best interests of the Company and its shareholders and no other proceedings on the part of the Company are necessary to approve the issuance of shares of Company Common Stock or to consummate the transactions contemplated hereby.

5.4. *Consents.*

Except for (a) filings with Bank Regulators, the receipt of the Regulatory Approvals, and compliance with any conditions contained therein, (b) the filing with the SEC of (i) the Merger Registration Statement, and (ii) such reports under Sections 13(a), 13(d), 13(g) and 16(a) of the Exchange Act as may be required in connection with this Agreement and the transactions contemplated hereby and the obtaining from the SEC of such orders as may be required in connection therewith, (c) such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of Company Common Stock pursuant to this Agreement, and (d) the approval of this Agreement by the requisite vote of the shareholders of NHBT, no consents, waivers or approvals of, or filings or registrations with, any Governmental Entity are necessary, and no consents, waivers or approvals of, or filings or registrations with, any other third parties are necessary, in connection with (i) the execution and delivery of this Agreement by the Company, and (ii) the completion of the Merger by the Company and the other transactions contemplated by this Agreement. The Company has no knowledge of any fact or circumstance pertaining to the Company that would cause it to reasonably believe that any Regulatory Approvals or other required consents or approvals will not be received.

5.5. *Financial Statements.*

5.5.1. The Company has previously made available to NHBT the Company Financial Statements. The Company Financial Statements have been prepared in accordance with GAAP, and (including the related notes where applicable) fairly present in each case in all material respects the consolidated financial position, results of operations and cash flows of the Company and the Company Subsidiaries on a consolidated basis as of and for the respective periods ending on the dates thereof, in conformity with GAAP during the periods involved, except as indicated in the notes thereto, or in the case of unaudited statements, as permitted by Form 10-Q.

5.5.2. At the date of each balance sheet included in the Company Financial Statements, the Company did not have any material liabilities, obligations or loss contingencies of any nature (whether absolute, accrued, contingent or otherwise) of a type required to be reflected in such Company Financial Statements or in the footnotes thereto which are not fully reflected or reserved against therein or fully disclosed in a footnote thereto and subject, in the case of any unaudited statements, to normal, recurring audit adjustments and the absence of footnotes. The Company Financial Statements reflect only actual transactions and all other books and records of the Company and the Company Subsidiaries have been, and are being, maintained in all material respects in accordance with applicable legal and accounting requirements and reflect only actual transactions.

5.5.3. The records, systems, controls, data and information of the Company and its Subsidiaries are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership and direct control of the Company or its Subsidiaries or accountants (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that would not reasonably be expected to have a material adverse effect on the system of internal accounting controls described below in this Section 5.5.3. The Company (a) has implemented and maintains a system of internal control over financial reporting (as required by Rule 13a-15(a) of the Exchange Act) that is designed to provide reasonable assurances regarding the reliability of financial reporting and the preparation of its financial statements for external purposes in accordance with GAAP, (b) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) to ensure that material information relating to the Company, including its consolidated Subsidiaries, is made known to the chief executive officer and the chief financial officer of the Company by others within those entities, and (c) has disclosed, based on its most recent evaluation prior to the date hereof, to the Company's outside auditors and the audit committee of the Company's Board of Directors (the "**Company Audit Committee**") (i) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting. These disclosures (if any) were made in writing to the Company's auditors and the Company Audit Committee and a copy has previously been made available to NHBT. As of the date hereof, to the Knowledge of the Company's chief executive officer and chief financial officer, each of them will be able to give the certifications required pursuant to the rules and regulations adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, without qualification, when next due.

5.5.4. The allowance for loan losses reflected in the Company's audited consolidated balance sheet at December 31, 2016 was, and the allowance for loan losses shown on the balance sheets in the Company's Securities Documents for periods ending after December 31, 2016 will be, adequate, as of the dates thereof, under GAAP.

5.5.5. Since December 31, 2016, (a) neither the Company nor any of its Subsidiaries nor any director, officer, employee, auditor, accountant or representative of the Company or any of its Subsidiaries has received or otherwise had or obtained Knowledge of any complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of the Company or any of its Subsidiaries or their respective internal accounting controls, including any complaint, allegation, assertion or claim that the Company or any of its Subsidiaries has engaged in illegal accounting or auditing practices, and (b) no attorney representing the Company or any of its Subsidiaries, whether or not employed by the Company or any of its Subsidiaries, has reported evidence of a violation of Securities Laws, breach of fiduciary duty or similar violation by the Company or any of its officers, directors, employees or agents to the Board of Directors of the Company or any committee thereof or to any director or officer of the Company.

5.6. *Taxes.*

5.6.1. The Company and the Company Subsidiaries are members of the same affiliated group within the meaning of Code Section 1504(a). The Company and each Company Subsidiary has timely and duly filed all Tax Returns required to be filed by or with respect to the Company and each Company Subsidiary, either separately or as a member of a group of corporations, on or prior to the date hereof and will timely and duly file all Tax Returns required to be filed by or with respect to the Company and each Company Subsidiary, either separately or as a member of a group of corporations, on or prior to the Closing Date, taking into account any extensions (all such Tax Returns being accurate and correct in all material respects) and has duly paid or made provisions that are adequate for the payment of all Taxes which have been incurred by or are due or claimed to be due from the Company and any Company Subsidiary by any Taxing Authority or pursuant to any written Tax sharing agreement on or prior to the date hereof other than Taxes or other charges which (a) are not delinquent, (b) are being contested in good faith and as to which adequate reserves (determined in accordance with GAAP) have been provided in the Company Financial Statements, or (c) have not yet been fully determined. As of the date of this Agreement, the Company has received no written notice of, and except as disclosed in Company Disclosure Schedule 5.6.1 there is no audit examination, deficiency assessment, Tax investigation or refund litigation with respect to any Taxes of the Company or any Company Subsidiary, and no written claim has been made by any Taxing Authority in a jurisdiction where the Company or any Company Subsidiary does not file Tax Returns that the Company or any Company Subsidiary is subject to Tax in that jurisdiction. The Company and the Company Subsidiaries have not executed an extension or waiver of any statute of limitations on the assessment or collection of any Tax due that is currently in effect. The Company and each Company Subsidiary has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder or other third party, and the Company and each Company Subsidiary has timely complied with all applicable information reporting requirements under Part III, Subchapter A of Chapter 61 of the Code and similar applicable state and local information reporting requirements. The United States federal and state income Tax Returns the Company and each Company Subsidiary subject to such Taxes have been audited by the IRS or relevant state Tax Authorities or are closed by the applicable statute of limitations for all taxable years through December 31, 2012.

5.6.2. The unpaid Taxes of the Company and the Company Subsidiaries (a) do not exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the balance sheet of the Company Financial Statements and (b) will not exceed the reserve as adjusted for the passage of time through the Closing Date in accordance with the past customs and practice of the Company in filing its Tax Returns. Since December 31, 2016, neither the Company nor any Company Subsidiary has incurred any liability for Taxes arising from extraordinary gains or losses, as the term is used in GAAP.

5.6.3. The Company and each Company Subsidiary has not disposed of property in a transaction presently being accounted for under the installment method under Section 453 of the Code. No excess loss account exists with respect to any Company Subsidiary. The Company and each Company Subsidiary is not required to include in income any adjustment pursuant to Section 481(a) of the Code by reason of a voluntary change in accounting and the Company has no Knowledge that the IRS has proposed such adjustment in accounting method. There are no rulings, requests for rulings, or closing agreements with any Taxing Authority specifically requested or entered into by the Company or a Company Subsidiary, which could affect their respective Taxes for any period after the Closing. All transactions that could give rise to an understatement of federal income Tax (within the meaning of Sections 6662 and 6662A of the Code) with respect to the Company and each Company Subsidiary were adequately disclosed on Tax Returns to the extent required under the Code. There are no liens for Taxes upon any property or assets of the Company and each Company Subsidiary except for liens for current Taxes, assessments, and other governmental charges not yet due, or which may thereafter be paid without penalty.

5.7. *No Material Adverse Effect.*

The Company has not suffered any Material Adverse Effect since December 31, 2016 and no event has occurred or circumstance arisen since that date which, in the aggregate, has had or is reasonably likely to have a Material Adverse Effect on the Company.

5.8. *Legal Proceedings.*

Except as set forth on Company Disclosure Schedule Section 5.8, neither the Company nor any Company Subsidiary is a party to any, and there are no pending or, to the Knowledge of the Company, threatened legal, administrative, arbitration or other proceedings, claims (whether asserted or unasserted), actions or governmental investigations or inquiries of any nature (a) against the Company or any Company Subsidiary that could reasonably be expected to have a Material Adverse Effect, (b) to which the Company or any Company Subsidiary's assets are or may be subject, (c) challenging the validity or propriety of any of the transactions contemplated by this Agreement, or (d) which could adversely affect the ability of the Company to perform under this Agreement.

5.9. *Compliance With Applicable Law.*

5.9.1. Each of the Company and each Company Subsidiary is in compliance in all material respects with all applicable federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders or decrees applicable to it, its properties, assets and deposits, its business, and its conduct of business and its relationship with its employees, including, without limitation, the Federal Reserve Act, the NBA, the Federal Deposit Insurance Act, the USA PATRIOT Act, the Equal Credit Opportunity Act, the Fair Housing Act, the CRA, the Home Mortgage Disclosure Act, the Bank Secrecy Act, and all other applicable fair lending laws and other laws relating to discriminatory business practices, and neither the Company nor any Company Subsidiary has received any written notice to the contrary. The Board of Directors of Farmers National has adopted and Farmers National has implemented an anti-money laundering program that contains adequate and appropriate customer identification verification procedures that has not been deemed ineffective by any Governmental Entity and that meets the requirements of Sections 352 and 326 of the USA PATRIOT Act and the regulations thereunder.

5.9.2. Each of the Company and each Company Subsidiary has all material permits, licenses, authorizations, orders and approvals of, and has made all filings, applications and registrations with, all Governmental Entities and Bank Regulators that are required in order to permit it to own or lease its properties and to conduct its business as presently conducted; all such permits, licenses, certificates of authority, orders and approvals are in full force and effect and no suspension or cancellation of any such permit, license, certificate, order or approval is, to the Knowledge of the Company, threatened or will result from the consummation of the transactions contemplated by this Agreement, subject to obtaining the Regulatory Approvals.

5.9.3. Since January 1, 2016, neither the Company nor any Company Subsidiary has received any written notification or any other communication from any Bank Regulator (a) asserting that the Company or any Company Subsidiary is not in compliance with any of the statutes, regulations or ordinances which such Bank Regulator enforces; (b) threatening to revoke any license, franchise, permit or governmental authorization; (c) requiring or threatening to require the Company or any Company Subsidiary, or indicating that the Company or any Company Subsidiary may be required, to enter into a cease and desist order, agreement or memorandum of understanding or any other agreement with any federal or state governmental agency or authority which is charged with the supervision or regulation of banks or engages in the insurance of bank deposits restricting or limiting, or purporting to restrict or limit the operations of the Company or any Company Subsidiary, including without limitation any restriction on the payment of dividends; or (d) directing, restricting or limiting, or purporting to direct, restrict or limit, in any manner the operations of the Company or any Company Subsidiary, including without limitation any restriction on the payment of dividends (any such notice, communication, memorandum, agreement or order described in this sentence is hereinafter referred to as a “**Company Regulatory Agreement**”). Neither the Company nor any Company Subsidiary is a party to or is subject to any order, decree, agreement, memorandum of understanding or similar arrangement with, or a commitment letter or similar submission to, or extraordinary supervisory letter from, any Bank Regulator or any federal or state governmental agency or authority charged with the supervision or regulation of issuers of securities or the supervision or regulation of it. The most recent regulatory rating given to Farmers National as to compliance with the CRA is satisfactory or better. There are no unresolved violations, criticisms or exceptions by any Regulatory Authority with respect to any Company Regulatory Agreement. There is no injunction, order, judgment or decree imposed upon the Company or any Company Subsidiary or the assets of the Company or any Company Subsidiary.

5.9.4. Since the enactment of the Sarbanes-Oxley Act, the Company has been and is in compliance in all material respects with the applicable provisions of the Sarbanes-Oxley Act.

5.10. *Securities Documents*

The Company has made available to NHBT copies of its (a) annual reports on Form 10-K for the years ended December 31, 2016, 2015 and 2014, and (b) proxy materials used or for use in connection with its meetings of shareholders held or to be held in 2017, 2016 and 2015. Such reports and such proxy materials complied, at the time filed with the SEC, in all material respects, with the Securities Laws.

5.11. *Brokers, Finders and Financial Advisors.*

Neither the Company nor any Company Subsidiary, nor any of their respective officers, directors, employees or agents, has employed any broker, finder or financial advisor in connection with the transactions contemplated by this Agreement, or incurred any liability or commitment for any fees or commissions to any such person in connection with the transactions contemplated by this Agreement.

5.12. *Company Common Stock.*

The shares of Company Common Stock to be issued pursuant to this Agreement, when issued in accordance with the terms of this Agreement, will be duly authorized, validly issued, fully paid and non-assessable and subject to no preemptive rights.

5.13. *Company Information Supplied.*

5.13.1. The information relating to the Company and any Company Subsidiary to be contained in the Merger Registration Statement, or in any other document filed with any Bank Regulator or other Governmental Entity in connection herewith, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading.

5.13.2. The Merger Registration Statement will comply with the provisions of the Exchange Act and the rules and regulations thereunder and the provisions of the Securities Act and the rules and regulations thereunder, except that no representation or warranty is made by the Company with respect to statements made or incorporated by reference therein based on information supplied by NHBT specifically for inclusion or incorporation by reference in the Merger Registration Statement.

5.13.3. The information supplied by the Company and any Company Subsidiary for inclusion in the Applications will, at the time each such document is filed with any Bank Regulator and up to and including the dates of any required regulatory approvals or consents, as such Applications may be amended by subsequent filings, be accurate in all material respects.

5.14. *No Other Representations or Warranties.*

5.20.1. Except for the representations and warranties made by the Company in this Article V and for the disclosures contained in the Company Disclosure Schedule, neither the Company nor any other person makes any express or implied representation or warranty with respect to the Company, its Subsidiaries, or their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects, and the Company hereby disclaims any such other representations or warranties.

5.20.2. The Company acknowledges and agrees that neither NHBT nor any other person has made or is making any express or implied representation or warranty other than those contained in Article IV and in the NHBT Disclosure Schedule.

ARTICLE VI COVENANTS OF NHBT

6.1. *Conduct of Business.*

6.1.1. *Affirmative Covenants* . During the period from the date of this Agreement to the Effective Time, except as expressly contemplated or permitted by this Agreement, required by law or as consented to in writing by the Company, which consent will not be unreasonably withheld, conditioned or delayed, NHBT will, and it will cause each NHBT Subsidiary to: operate its business, only in the usual, regular and ordinary course of business; use reasonable efforts to preserve intact its business organization and assets and maintain its rights and franchises; and voluntarily take no action which would, or would be reasonably likely to, (a) adversely affect the ability of the parties to obtain any Regulatory Approvals or other approvals of Governmental Entities required for the transactions contemplated hereby or increase the period of time necessary to obtain such approvals, or (b) adversely affect its ability to perform its covenants and agreements under this Agreement.

6.1.2. *Negative Covenants* . NHBT agrees that from the date of this Agreement to the Effective Time, except as otherwise specifically permitted or required by this Agreement, set forth in NHBT Disclosure Schedule 6.1.2, required by law or regulation or any Governmental Entity or consented to by the Company in writing, it will not, and it will cause each NHBT Subsidiary not to:

(A) change or waive any provision of its articles of incorporation, or bylaws, or appoint a new director to its board of directors (except as to the appointment of a new director, as necessary to maintain any minimum number of directors pursuant to a regulatory requirement or its articles of incorporation or bylaws);

(B) change the number of authorized or issued shares of its capital stock, issue shares of NHBT Common Stock or issue or grant any Right or agreement of any character relating to its authorized or issued capital stock or securities convertible into shares of such stock, make any grant or award under any equity compensation plan or arrangement, or split, combine or reclassify shares of its capital stock, or declare, set aside or pay any dividend or other distribution in respect of capital stock , or redeem or otherwise acquire any shares of its capital stock other than a security interest or as a result of the enforcement of a security interest;

(C) enter into, amend in any material respect or terminate any material contract or agreement (including without limitation any settlement agreement with respect to litigation other than pursuant to any payment, discharge, settlement or compromise permitted pursuant to Section 6.1.2(T)), or waive, release, grant or transfer material rights of value except in the ordinary course of business;

(D) make application for the opening or closing of any, or open or close any, branch or automated banking facility;

(E) grant or agree to pay any bonus, severance or termination to, or enter into, renew or amend any employment agreement, severance agreement and/or supplemental executive agreement with, or increase in any manner the compensation or fringe benefits of, any of its directors, officers or employees, except as may be required by law or promote any employee to a rank having a title of vice president or other more, or senior rank or hire any new employee at an annual rate of compensation in excess of \$20,000, other than the hiring of at-will, non-officer employees to fill vacancies that may from time to time arise in the ordinary course of business;

(F) enter into or, except as may be required by law, materially modify any pension, retirement, stock option, stock purchase, stock appreciation right, stock grant, savings, profit sharing, deferred compensation, supplemental retirement, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement related thereto, in respect of any of its directors, officers or employees; or make any contributions to any defined contribution plan not in the ordinary course of business consistent with past practice;

(G) merge or consolidate NHBT with any other institution; sell or lease all or any substantial portion of the assets or business of NHBT; make any acquisition of all or any substantial portion of the business or assets of any other person, firm, association, corporation or business organization other than in connection with foreclosures, settlements in lieu of foreclosure, troubled loan or debt restructuring, or the collection of any loan or credit arrangement between NHBT and any other person; enter into a purchase and assumption transaction with respect to deposits and liabilities; voluntarily revoke or surrender any certificate of authority to maintain, or file an application for the relocation of, any existing branch office, or file an application for a certificate of authority to establish a new branch office;

(H) sell or otherwise dispose of the capital stock of any NHBT Subsidiary; or sell or otherwise dispose of any material asset of NHBT; except for transactions with the FHLB, subject any asset of NHBT to a lien, pledge, security interest or other encumbrance other than in the ordinary course of business consistent with past practice; or incur any indebtedness for borrowed money (or guarantee any indebtedness for borrowed money), except in the ordinary course of business consistent with past practice;

(I) materially change any method, practice or principle of accounting, except as may be required from time to time by GAAP (without regard to any optional early adoption date) or any Regulatory Authority responsible for regulating NHBT;

(J) except for foreclosure and collection matters, waive, release, grant or transfer material rights of value or modify or change in any material respect any existing material agreement or indebtedness to which NHBT is a party, other than in the ordinary course of business, consistent with past practice;

(K) purchase any equity securities, or purchase any securities other than securities issued by a U.S. government and U.S. government agency with final maturities of less than one (1) year;

(L) except for commitments issued prior to the date of this Agreement which have not yet expired and which have been disclosed on the NHBT Disclosure Schedule 6.1.2 (L), and the renewal of existing lines of credit, make any new loan or other credit facility commitment (including without limitation, lines of credit and letters of credit) in an amount in excess of \$200,000 for a commercial loan, or in excess of \$417,000 for a non-conforming residential loan. In addition, the prior approval of the Company is required with respect to the following: (i) any new loan or credit facility commitment in an amount of \$100,000 or greater to any borrower or group of affiliated borrowers whose credit exposure with NHBT, in the aggregate, exceeds \$500,000 prior thereto or as a result thereof; (ii) any new loan or credit facility commitment in excess of \$417,000 with respect to a non-conforming residential mortgage loan or \$150,000 with respect to a home equity line of credit, in either case to any person residing, or any property located, outside of the State of West Virginia; (iii) any new unsecured loan in excess of \$25,000; and (iv) any new loan or loan commitment to any director or executive officer (it being understood and agreed that the Company will use its reasonable best efforts to respond within five business days to a request by NHBT for Company's written consent to extend credit in amounts exceeding the thresholds described herein);

(M) enter into, renew, extend or modify any transaction (other than a deposit transaction) with any Affiliate;

(N) enter into any futures contract, option, interest rate cap, interest rate floor, interest rate exchange agreement or other agreement or take any other action for purposes of hedging the exposure of its interest-earning assets and interest-bearing liabilities to changes in market rates of interest;

(O) make any material change in policies in existence on the date of this Agreement with regard to: the extension of credit, or the establishment of reserves with respect to the possible loss thereon or the charge off of losses incurred thereon; investments; asset/liability management; deposit pricing or gathering; or other material banking policies except as may be required by changes in applicable laws, regulations or GAAP or by a Regulatory Authority;

(P) except for the execution of this Agreement, and the transactions contemplated herein, take any action that would give rise to an acceleration of the right to payment to any individual under any NHBT compensation and benefit plan;

(Q) make any capital expenditure in excess of \$5,000 individually or \$10,000 in the aggregate, other than expenditures necessary to maintain existing assets in good repair;

(R) purchase or otherwise acquire any material asset or incur any material liability other than in the ordinary course of business consistent with past practices and policies;

(S) undertake or enter into any lease, contract or other commitment for its account, other than in the ordinary course of business, involving a payment by NHBT of more than \$5,000 annually, or containing any financial commitment in excess of \$15,000 in the aggregate and extending beyond 24 months from the date hereof;

(T) except with respect to foreclosures or other collection actions (which are set forth in NHBT Bank Disclosure Schedule 6.1.2(T)), pay, discharge, settle or compromise any claim, action, litigation, arbitration or proceeding, other than any such payment (except to the extent paid or reimbursed by insurance), discharge, settlement or compromise in the ordinary course of business consistent with past practice that involves solely money damages in the amount not in excess of \$10,000 individually or, for each fiscal quarter, \$25,000 in the aggregate, and that does not create negative precedent for other pending or potential claims, actions, litigation, arbitration or proceedings, or waive or release any material rights or claims, or agree to consent to the issuance of any injunction, decree, order or judgment restricting or otherwise affecting its business or operations, it being understood and agreed that the Company will use its reasonable best efforts to respond within five business days to a request by NHBT for the Company's written consent to pay, discharge, settle or compromise a claim in amounts exceeding the thresholds described herein;

(U) foreclose upon or take a deed or title to any commercial real estate without first conducting a Phase I environmental assessment of the property or foreclose upon any commercial real estate if such environmental assessment indicates the presence of a Materials of Environmental Concern;

(V) purchase or sell any mortgage loan servicing rights other than in the ordinary course of business consistent with past practice;

(W) sell any participation interest in any loan other than in the ordinary course of business consistent with past practice or sell any Real Estate Owned (other than sales that generate a net book loss of not more than \$10,000 for any particular property) it being understood and agreed that the Company will use its reasonable best efforts to respond within five business days to a request by NHBT for the Company's written consent to sell Real Estate Owned for a loss exceeding the threshold described herein;

(X) issue any broadly distributed communication of a general nature to employees (including general communications relating to benefits and compensation) without prior consultation with the Company and, to the extent relating to post-Closing employment, benefit or compensation information without the prior consent of the Company (which shall not be unreasonably withheld) or issue any broadly distributed communication of a general nature to customers without the prior approval of the Company (which shall not be unreasonably withheld), except as required by law or for communications in the ordinary course of business consistent with past practice that do not relate to the Merger or other transactions contemplated hereby; or

(Y) take any voluntary action that is intended or is reasonably likely to result in any of the representations and warranties of NHBT set forth in this Agreement becoming untrue as of any date after the date hereof or in any of any of the conditions to the Merger not being satisfied.

6.2. *Current Information and Cooperation.*

6.2.1. Subject to compliance with applicable law, regulation and policy, during the period from the date of this Agreement to the Effective Time, NHBT will cause one or more of its representatives to confer with representatives of the Company and report the general status of its ongoing operations at such times as the Company may reasonably request. NHBT will promptly notify the Company of any material change in the normal course of its business or in the operation of its properties and, to the extent permitted by applicable law, of any governmental complaints, investigations or hearings (or communications indicating that the same may be contemplated), or the institution or the threat of litigation involving NHBT or any NHBT Subsidiary. Without limiting the foregoing, senior officers of the Company and NHBT shall meet on a reasonably regular basis (expected to be at least monthly) to review the financial, credit and operational affairs, and the like, of NHBT and its Subsidiaries, subject to relevant provisions of applicable law.

6.2.2. NHBT and Farmers National shall meet on a regular basis to discuss and plan for the conversion of NHBT's data processing and related electronic informational systems to those used by Farmers National, which planning shall include, but not be limited to, discussion of the possible termination by NHBT of third-party service provider arrangements effective at the Effective Time or at a date thereafter, non-renewal of personal property leases and software licenses used by NHBT in connection with its systems operations, retention of outside consultants and additional employees to assist with the conversion, and outsourcing, as appropriate, of proprietary or self-provided system services, it being understood that NHBT shall not be obligated to take any such action prior to the Effective Time and, unless NHBT otherwise agrees, no conversion shall take place prior to the Effective Time. In the event that NHBT takes, at the request of Farmers National, any action relative to third parties to facilitate the conversion that results in the imposition of any fees or charges, Farmers National shall indemnify NHBT for any such fees and charges, and the costs of reversing the conversion process, if for any reason the Merger is not consummated for any reason other than a breach of this Agreement by the Company.

6.2.3. Each of the parties agrees to use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other party in doing, all things necessary, proper, and advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement including, without limitation, any actions, assistance or cooperation necessary in preparation for the conversion and integration of NHBT's operations into Farmers National's operations. Notwithstanding any other provision contained in this Agreement, (a) neither the Company nor Farmers National shall under any circumstance be permitted to exercise control of NHBT or any NHBT Subsidiaries prior to the Effective Time.

6.2.4. On a monthly basis, NHBT shall provide the Company with a written list of nonperforming assets (the term "nonperforming assets," for purposes of this subsection, means (a) loans that are Troubled Debt Restructurings, (b) loans on nonaccrual or non-performing status, (c) REO, (d) all loans thirty (30) days or more past due as to principal or interest and still accruing) as of the end of such month and (e) and impaired loans. Within seven (7) days of the end of each month, NHBT shall provide the Company with a schedule of all loan approvals, which schedule shall indicate the loan amount, loan type and other material features of the loan. On a monthly basis, NHBT shall provide the Company with the following reports: (a) watch list report, (b) classified asset report, (c) net charge-offs, (d) loan loss reserve analysis, (e) individual asset quality write ups, and (f) pipeline report.

6.2.5. NHBT shall promptly inform the Company upon receiving notice of any legal, administrative, arbitration or other proceedings, demands, notices, audits or investigations by any federal, state or local commission, agency or board relating to the alleged liability of NHBT or any NHBT Subsidiary under any labor or employment law, or related to any claims made by or threatened by any current or former employee or applicant.

6.3. *Access to Properties and Records.*

Subject to Section 12.1 hereof, NHBT shall permit the Company reasonable access during normal business hours upon reasonable written notice to its properties and those of the NHBT Subsidiaries, and shall disclose and make available to the Company during normal business hours all of its books, papers and records relating to the assets, properties, operations, obligations and liabilities, including, but not limited to, all books of account (including the general ledger), tax records, minute books of directors' (other than minutes that discuss any of the transactions contemplated by this Agreement or any other subject matter NHBT determines based on the advice of legal counsel should be treated as confidential) and shareholders' meetings, organizational documents, bylaws, contracts and agreements, filings with any regulatory authority, plans affecting employees, and any other business activities or prospects in which the Company may have a reasonable interest; provided, however, that NHBT shall not be required to take any action that would provide access to or to disclose information where such access or disclosure would violate or prejudice the rights or business interests or confidences of any customer or other person or would result in the waiver by it of the privilege protecting communications between it and any of its counsel or that is otherwise prohibited by law or contractual agreement. The Company shall use commercially reasonable efforts to minimize any interference with NHBT's regular business operations during any such access to NHBT's property, books and records.

6.4. *Financial and Other Statements.*

6.4.1. Promptly upon receipt thereof, NHBT will furnish to the Company copies of each annual, interim or special audit of the books of NHBT and the NHBT Subsidiaries made by its independent auditors and copies of all internal control reports submitted to NHBT by such auditors in connection with each annual, interim or special audit of the books of NHBT and the NHBT Subsidiaries made by such auditors.

6.4.2. As soon as reasonably available, NHBT will furnish to the Company copies of all documents, statements and reports that it or any NHBT Subsidiary shall send to its shareholders or, to the extent legally permitted to do so, any Bank Regulator. Within seven (7) days after the end of each month, NHBT will deliver to the Company a consolidated balance sheet and a consolidated statement of income, without related notes, for such month prepared in accordance with current financial reporting practices.

6.4.3. To the extent legally permitted to so, NHBT will advise the Company promptly of the receipt of any written communication of any Bank Regulator with respect to the condition or activities of NHBT or any of the NHBT Subsidiaries.

6.4.4. With reasonable promptness, NHBT will furnish to the Company such additional financial data that NHBT possesses and as the Company may reasonably request, including without limitation, detailed monthly financial statements and loan reports.

6.5. *Maintenance of Insurance.*

NHBT shall maintain, and cause each NHBT Subsidiary to maintain, insurance in such amounts as are reasonable to cover such risks as are customary in relation to the character and location of their properties and the nature of their business, but in no event shall such coverage be less than coverage by the policies in place as of the date of this Agreement.

6.6. *Disclosure Supplements.*

From time to time as necessary, NHBT will supplement or amend the NHBT Disclosure Schedule delivered in connection herewith with respect to any matter hereafter arising which, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in such NHBT Disclosure Schedule or which is necessary to correct any information in such NHBT Disclosure Schedule which has been rendered inaccurate thereby. Notwithstanding the foregoing, NHBT shall promptly notify the Company if any representation or warranty of NHBT becomes materially inaccurate but in no event more than five (5) Business Days after NHBT has Knowledge of such material inaccuracy. No supplement or amendment to such NHBT Disclosure Schedule shall have any effect for the purpose of determining satisfaction of the conditions set forth in Article IX.

6.7. *Consents and Approvals of Third Parties.*

NHBT shall use all commercially reasonable efforts to obtain as soon as practicable all consents and approvals of third parties necessary or desirable for the consummation of the transactions contemplated by this Agreement prior to the Effective Time.

6.8. *Failure to Fulfill Conditions.*

In the event that NHBT determines that a condition to its obligation to complete the Merger cannot be fulfilled and that it will not waive that condition, it will promptly notify the Company.

6.9. *Reasonable Best Efforts.*

Subject to the terms and conditions herein provided, NHBT agrees to use all commercially reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement.

6.10. *No Solicitation.*

6.10.1. From the date of this Agreement until the earlier to occur of the Closing or the termination of this Agreement in accordance with its terms, NHBT shall not, and shall cause its Subsidiaries and its and their respective officers, directors, employees, investment bankers, financial advisors, attorneys, accountants, consultants, affiliates and other agents (collectively, the “**Representatives**”) not to, directly or indirectly, (a) initiate, solicit or knowingly encourage, or take any other action to knowingly facilitate the making of any inquiry, offer or proposal which constitutes, or could reasonably be expected to lead to, an Acquisition Proposal; (b) participate in any discussions or negotiations regarding any Acquisition Proposal or furnish, or otherwise afford access, to any Person (other than the Company) any information or data with respect to NHBT or any of its Subsidiaries or otherwise relating to an Acquisition Proposal; (c) release any Person from, waive any provisions of, or fail to enforce any confidentiality agreement or standstill agreement to which NHBT is a party; or (d) enter into any agreement, agreement in principle or letter of intent with respect to any Acquisition Proposal or approve or resolve to approve any Acquisition Proposal or any agreement, agreement in principle or letter of intent relating to an Acquisition Proposal. Any violation of the foregoing restrictions by NHBT or any Representative, whether or not such Representative is so authorized and whether or not such Representative is purporting to act on behalf of NHBT or otherwise, shall be deemed to be a breach of this Agreement by NHBT. NHBT and its Subsidiaries shall, and shall cause each of NHBT Representatives to, immediately cease and cause to be terminated any and all existing discussions, negotiations, and communications with any Persons with respect to any existing or potential Acquisition Proposal.

For purposes of this Agreement, “ **Acquisition Proposal** ” shall mean any inquiry, offer or proposal (other than an inquiry, offer or proposal from the Company), whether or not in writing, contemplating, relating to, or that could reasonably be expected to lead to, an Acquisition Transaction. For purposes of this Agreement, “ **Acquisition Transaction** ” shall mean (a) any transaction or series of transactions involving any merger, consolidation, recapitalization, share exchange, liquidation, dissolution or similar transaction involving NHBT or any of its Subsidiaries; (b) any transaction pursuant to which any third party or group acquires or would acquire (whether through sale, lease or other disposition), directly or indirectly, any assets of NHBT or any of its Subsidiaries representing, in the aggregate, twenty-five percent (25%) or more of the assets of NHBT and its Subsidiaries on a consolidated basis; (c) any issuance, sale or other disposition of (including by way of merger, consolidation, share exchange or any similar transaction) securities (or options, rights or warrants to purchase or securities convertible into, such securities) representing twenty-five percent (25%) or more of the votes attached to the outstanding securities of NHBT or any of its Subsidiaries; (d) any tender offer or exchange offer that, if consummated, would result in any third party or group beneficially owning twenty-five percent (25%) or more of any class of equity securities of NHBT or any of its Subsidiaries; or (e) any transaction which is similar in form, substance or purpose to any of the foregoing transactions, or any combination of the foregoing.

6.10.2. Notwithstanding Section 6.10.1, NHBT may take any of the actions described in clause (b) of the first paragraph of Section 6.10.1 if, but only if, (a) NHBT has received a bona fide unsolicited written Acquisition Proposal that did not result from a breach of this Section 6.10; (b) the Board of Directors of NHBT determines in good faith, after consultation with and having considered the advice of its outside legal counsel and its independent financial advisor, that such Acquisition Proposal constitutes or is reasonably likely to lead to a Superior Proposal; (c) prior to furnishing or affording access to any information or data with respect to NHBT or any of its Subsidiaries or otherwise relating to an Acquisition Proposal, NHBT receives from such Person a confidentiality agreement with terms no less favorable to NHBT than those contained in the Confidentiality and Nondisclosure Agreement, dated as of January 31, 2017, by and between the Company and Renaissance Partners, and (d) the Board of Directors of NHBT determines in good faith, after consultation with and having considered the advice of its outside legal counsel, that the failure to take any such actions would be reasonably likely to violate its fiduciary duties under applicable laws. NHBT shall promptly provide to the Company any non-public information regarding NHBT or its subsidiaries provided to any other Person that was not previously provided to the Company, such additional information to be provided no later than the date of provision of such information to such other party.

For purposes of this Agreement, “ **Superior Proposal** ” shall mean any unsolicited bona fide written proposal (on its most recently amended or modified terms, if amended or modified) made by a third party to enter into an Acquisition Transaction on terms that the Board of Directors of NHBT reasonably determines in its good faith judgment, after consultation with and having considered the advice of outside legal counsel and its financial advisor, (a) would, if consummated, result in the acquisition of all, but not less than all, of the issued and outstanding shares of NHBT Common Stock or all, or substantially all, of the assets of NHBT and its Subsidiaries on a consolidated basis; (b) would result in a transaction that (i) involves consideration to the holders of the shares of NHBT Common Stock that is more favorable than the Merger Consideration to be paid to NHBT’s shareholders pursuant to this Agreement, considering, among other things, the nature of the consideration being offered, any regulatory approvals or other risks associated with the timing and consummation of the proposed transaction beyond, or in addition to, those specifically contemplated hereby, and which proposal is not conditioned upon obtaining additional financing and (ii) is, in light of the other terms of such proposal, more favorable to NHBT than the Merger and the transactions contemplated by this Agreement; and (c) is reasonably likely to be completed on the terms proposed, in each case taking into account all legal, financial, regulatory and other aspects of the proposal.

6.10.3. NHBT shall promptly (and in any event within forty-eight (48) hours) notify the Company in writing if any proposals or offers are received by, any information is requested from, or any negotiations or discussions are sought to be initiated or continued with, NHBT or any NHBT Representatives, in each case in connection with any Acquisition Proposal, and such notice shall indicate the name of the Person initiating such discussions or negotiations or making such proposal, offer or information request and the material terms and conditions of any proposals or offers (and, in the case of written materials relating to such proposal, offer, information request, negotiations or discussion, providing copies of such materials (including e-mails or other electronic communications)) unless (a) such materials constitute confidential information of the party making such offer or proposal under an effective confidentiality agreement, (b) disclosure of such materials jeopardizes the attorney-client privilege or (c) disclosure of such materials contravenes any law, rule, regulation, order, judgment or decree. NHBT agrees that it shall keep the Company informed, on a current basis, of the status and terms of any such proposal, offer, information request, negotiations or discussions (including any amendments or modifications to such proposal, offer or request).

6.10.4. Neither the Board of Directors of NHBT nor any committee thereof shall (a) withdraw, qualify or modify, or propose to withdraw, qualify or modify, in a manner adverse to the Company in connection with the transactions contemplated by this Agreement (including the Merger), the NHBT Recommendation (as defined in Section 8.1), or make any statement, filing or release, in connection with the NHBT Shareholders Meeting or otherwise, inconsistent with the NHBT Recommendation (it being understood that taking a neutral position or no position with respect to an Acquisition Proposal shall be considered an adverse modification of the NHBT Recommendation); or (b) approve or recommend, or publicly propose to approve or recommend, any Acquisition Proposal.

6.10.5. Notwithstanding Section 6.10.4, prior to the date of NHBT Shareholders Meeting, the Board of Directors of NHBT may approve or recommend to the shareholders of NHBT a Superior Proposal and withdraw, qualify or modify the NHBT Recommendation in connection therewith (a “**NHBT Subsequent Determination**”) after the third (3rd) Business Day following the Company’s receipt of a notice (the “**Notice of Superior Proposal**”) from NHBT advising the Company that the Board of Directors of NHBT, after receiving the advice of its outside legal counsel and, with respect to financial matters, its financial advisors, determines in good faith that it would be reasonably likely to result in a violation of its fiduciary duties under applicable law to continue to recommend this Agreement, then in submitting this Agreement to its shareholders, such Board of Directors may (but shall not be required to) submit this Agreement to its shareholders without recommendation (although the resolutions approving this Agreement as of the date hereof may not be rescinded or amended), in which event the Board of Directors may communicate the basis for its lack of a recommendation to its shareholders in the Proxy Statement-Prospectus or an appropriate amendment or supplement thereto to the extent required by law; *provided*, that the Board of Directors may not take any actions under this sentence unless (i) it gives the Company at least three (3) Business Days’ prior written notice of its intention to take such action and a reasonable description of the event or circumstances giving rise to its determination to take such action (including, in the event such action is taken by the Board of Directors of NHBT in response to an Acquisition Proposal, the latest material terms and conditions of, and the identity of the third party making, any such Acquisition Proposal, or any amendment or modification thereof, or describe in reasonable detail such other event or circumstances) and (ii) at the end of such notice period, the Board of Directors takes into account any amendment or modification to this Agreement proposed by the Company (*provided, however*, that the Company shall not be obligated to propose any such adjustments, modifications to the terms and condition of this Agreement) and after receiving the advice of its outside legal counsel and, with respect to financial matters, its financial advisors, determines in good faith that it would nevertheless be reasonably likely to result in a violation of its fiduciary duties under applicable law to continue to recommend this Agreement. Any material amendment to any Acquisition Proposal will be deemed to be a new Acquisition Proposal for purposes of this Section 6.10.5 and will require a new notice period as referred to in this Section 6.10.5. Notwithstanding the foregoing, the changing, qualifying or modifying of the NHBT Recommendation or the making of a NHBT Subsequent Determination by the Board of Directors of NHBT shall not change the approval of the Board of Directors of NHBT for purposes of causing any applicable federal or state anti-takeover laws or regulations to be inapplicable to this Agreement and the transactions contemplated hereby, including the Merger.

6.10.6. Nothing contained in Section 6.10 shall prohibit NHBT or the Board of Directors of NHBT from complying with NHBT's obligations under Rules 14d-9 and 14e-2(a) (as if such rules were applicable to NHBT) promulgated under the Exchange Act; provided, however, that any such disclosure relating to an Acquisition Proposal shall be deemed a change in the NHBT Recommendation unless the Board of Directors of NHBT reaffirms the NHBT Recommendation in such disclosure.

6.11. *Merger-Related Costs.*

NHBT agrees to consult with the Company with respect to its loan, litigation and real estate valuation policies and practices (including loan classifications); provided, however, that neither the Company nor Farmers National shall under any circumstance be permitted to exercise control of NHBT, NHBT Bank or any other NHBT Subsidiaries prior to the Effective Time. The Company and NHBT shall also consult with respect to the character, amount and timing of restructuring charges to be taken by each of them in connection with the transactions contemplated hereby and shall take such charges as the Company shall reasonably request and which are not inconsistent with GAAP; provided that no such actions shall be effected (i) until the Company shall have irrevocably certified to NHBT that all conditions set forth in Article IX to the obligation of the Company to consummate the transactions contemplated hereby have been satisfied or, where legally permissible, waived and (ii) more than five (5) Business Days prior to the Closing Date.

6.12. *401(k) Plan; Other Benefit Plans.*

6.12.1. NHBT shall take all necessary action to cause the NHBT 401(k) Plan to be terminated effective no later than the day immediately prior to the Effective Time (the "**Plan Termination Date**"). The accounts of all participants and beneficiaries in the NHBT 401(k) Plan shall become fully vested as of the Plan Termination Date. As soon as practicable after the Plan Termination Date, the account balances in the NHBT 401(k) Plan shall be distributed as a participant or beneficiary may direct, consistent with applicable laws and regulations. Any Continuing Employee who elects to participate in the Company's 401(k) Plan and who remains employed by the Company or any Company Subsidiary at the time his or her account balance in the NHBT 401(k) Plan is distributed may elect to have such account balance rolled over into the Company's 401(k) Plan, provided that no outstanding loans under the NHBT 401(k) Plan may be rolled over into the Company's 401(k) Plan. NHBT shall, or shall direct the fiduciaries of the NHBT 401(k) Plan to (to the extent permitted by law), provide the Company and its counsel with a draft of each resolution, amendment, participant communication or other document relating to the termination of the NHBT 401(k) Plan at least five (5) Business Days before such document is adopted or distributed, and no such document shall be adopted or distributed without the Company's approval (not to be unreasonably withheld, conditioned or delayed). Prior to the Closing Date, NHBT shall provide the Company with the final documentation evidencing that the actions contemplated herein have been effectuated.

6.12.2. To the extent requested by the Company prior to the Closing Date, NHBT and the NHBT Subsidiaries shall cooperate in good faith with the Company to amend, freeze, terminate or modify any NHBT Compensation and Benefit Plan not covered elsewhere in this Section 6.12 in accordance with the terms of such plan or agreement, to be effective as of or immediately prior to the Effective Time (or at such different time mutually agreed to by the parties), except that the winding up of any such plan or agreement may be completed following the Effective Time. NHBT shall provide the Company and its counsel with a draft of each resolution, amendment, participant communication or other document relating to the foregoing at least five (5) business days before such document is adopted or distributed, and no such document shall be adopted or distributed without the Company's approval (not to be unreasonably withheld, conditioned or delayed). Prior to the Closing Date, NHBT shall provide the Company with the final documentation evidencing that the actions contemplated herein have been effectuated.

6.13. *Anti-takeover Provisions.*

NHBT and the NHBT Subsidiaries shall take all steps required by any relevant federal or state law or regulation or under any relevant agreement or other document to exempt or continue to exempt NHBT, the Merger, the Agreement and the transactions contemplated hereby from any provisions of an anti-takeover nature contained in NHBT's or its Subsidiaries' organizational documents, and the provisions of any applicable federal or state anti-takeover laws and regulations.

**ARTICLE VII
COVENANTS OF THE COMPANY**

7.1. *Conduct of Business.*

During the period from the date of this Agreement to the Effective Time, except with the written consent of NHBT, which consent will not be unreasonably withheld, the Company will, and it will cause each Company Subsidiary to use reasonable efforts to preserve intact its business organization and assets and maintain its rights and franchises; and voluntarily take no action that would, or would be reasonably likely to: (a) adversely affect the ability of the parties to obtain the Regulatory Approvals or other approvals of Governmental Entities required for the transaction contemplated hereby, or increase the period of time necessary to obtain such approvals; (b) adversely affect its ability to perform its covenants and agreements under this Agreement; or (c) result in the representations and warranties contained in Article V of this Agreement not being true and correct on the date of this Agreement or at any future date on or prior to the Closing Date or in any of the conditions set forth in Article IX hereof not being satisfied.

7.2. *Current Information.*

During the period from the date of this Agreement to the Effective Time as necessary, the Company will cause one or more of its representatives to confer with representatives of NHBT and report the general status of its financial condition, operations and business and matters relating to the completion of the transactions contemplated hereby, at such times as NHBT may reasonably request. The Company will promptly notify NHBT, to the extent permitted by applicable law, of any governmental complaints, investigations or hearings (or communications indicating that the same may be contemplated), which might adversely affect the ability of the parties to obtain the Regulatory Approvals or increase the period of time necessary to obtain such approvals; or the institution of material litigation involving the Company and any Company Subsidiary. The Company shall be reasonably responsive to requests by NHBT for access to such information and personnel regarding the Company and its Subsidiaries as may be reasonably necessary for NHBT to confirm that the representations and warranties of the Company contained herein are true and correct and that the covenants of the Company contained herein have been performed in all material respects; provided, however, that the Company shall not be required to take any action that would provide access to or to disclose information where such access or disclosure, in the Company's reasonable judgment, would interfere with the normal conduct of the Company's business or would violate or prejudice the rights or business interests or confidences of any customer or other person or would result in the waiver by it of the privilege protecting communications between it and any of its counsel.

7.3. *Financial and Other Statements.*

The Company will make available to NHBT the Securities Documents filed by it with the SEC under the Securities Laws. The Company will furnish to NHBT copies of all documents, statements and reports that it or Farmers National intends to file with any Bank Regulator with respect to the Merger. The Company will furnish to NHBT copies of all documents, statements and reports that it sends to the shareholders of the Company.

7.4. *Disclosure Supplements.*

From time to time prior to the Effective Time as necessary, the Company will supplement or amend the Company Disclosure Schedules delivered in connection herewith with respect to any material matter hereafter arising which, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in such Company Disclosure Schedule or which is necessary to correct any information in such Company Disclosure Schedule which has been rendered inaccurate thereby. No supplement or amendment to such Company Disclosure Schedule shall have any effect for the purpose of determining satisfaction of the conditions set forth in Article IX.

7.5. *Consents and Approvals of Third Parties.*

The Company shall use all commercially reasonable efforts to obtain as soon as practicable all consents and approvals of third parties, necessary or desirable for the consummation of the transactions contemplated by this Agreement.

7.6. *Reasonable Best Efforts.*

Subject to the terms and conditions herein provided, the Company agrees to use all commercially reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement.

7.7. *Failure to Fulfill Conditions.*

In the event that the Company determines that a condition to its obligation to complete the Merger cannot be fulfilled and that it will not waive that condition, it will promptly notify NHBT.

7.8. *Employee Benefits.*

7.8.1. Prior to the Effective Time, the Company shall take all reasonable action so that employees of NHBT who become employees of the Company or a Company Subsidiary (“ **Continuing Employees** ”) shall be eligible to participate, effective as soon as each Company employee benefit plan permits (but not sooner than is administratively practicable following the Effective Time), in each of the Company’s employee benefit plans in which similarly situated employees of the Company or a Company Subsidiary participate; provided, however, that, in the case of all benefits to be provided to the Continuing Employees, until the first anniversary of the Effective Time, the Company may instead provide such employees with participation in the employee benefit plans of NHBT in which they participated immediately prior to the Effective Time, provided that the result is the provision of benefits to each Continuing Employee that are substantially similar in the aggregate to the benefits provided to similarly-situated employees of the Company and its Subsidiaries (it being understood that inclusion of Continuing Employees in the Company’s employee benefit plans may occur at different times with respect to different plans). This Agreement shall not be construed to limit the ability of the Company or any Company Subsidiary to terminate the employment of any employee or to amend or terminate any employee benefit plans in accordance with their respective terms and conditions after the Effective Time.

7.8.2. With respect to each Company employee benefit plan for which length of service is taken into account for any purpose, service with NHBT (or predecessor employers to the extent NHBT provides past service credit) shall be treated as service with the Company and its Subsidiaries for purposes of determining eligibility to participate, vesting, and entitlement to benefits, including for severance benefits and vacation entitlement (but not for accrual of defined benefit pension benefits); provided, however, that such prior service shall not be recognized to the extent that such recognition would result in a duplication of benefits; and provided further, as of and during the one-year period following the Effective Time, the severance rights of persons who were employees of NHBT immediately prior to the Effective Time shall be governed solely by Section 7.8.3 below. Such prior service credit also shall apply for purposes of satisfying any waiting periods, evidence of insurability requirements, or the application of any preexisting condition limitations, if permitted by the Company employee benefit plan. In the event of a termination or consolidation of any group medical plan sponsored by NHBT, at or following the Effective Time, any employee of NHBT that is not a Continuing Employee and any “qualified beneficiaries” (within the meaning of Section 4980B(g) of the Code) of such individuals shall be entitled to continuation coverage under the group medical plan(s) sponsored or maintained by the Company at the expense of such terminated employees and qualified beneficiaries, except as otherwise provided.

7.8.3. Each employee of NHBT immediately prior to the Effective Time and whose employment is terminated as of the Effective Time or whose employment continues with the Company or any Company Subsidiary as of the Effective Time and whose employment thereafter is terminated involuntarily other than for “cause,” during the one-year period following the Effective Time shall be entitled to receive a lump sum severance payment from the Company equal in amount to two weeks’ base pay with respect to any salaried employee (one week in the case of non-salaried employees) (with such amount to be calculated based upon such employee’s base pay as of the Effective Time or, if higher, the base pay as of the date of termination) for each full year such employee was employed by NHBT, provided such terminated employee had at least one year of credited service and subject to a maximum of 20 weeks’ severance, and, provided further, that such terminated employee enters into a release of claims against the Company and the Company Subsidiaries. For purposes of this Section 7.8.3 (c), “cause” shall mean termination because of the employee’s personal dishonesty, incompetence, willful misconduct, breach of fiduciary duty involving personal profit, intentional failure to perform stated duties or willful violation of any law, rule or regulation (other than traffic violations or similar violations), “base pay” shall mean an employee’s annual salary or annual compensation computed on an hourly basis, excluding bonuses, commissions, perquisites, benefits or similar payments, and “year of credited service” shall mean each full 12-month period of service from the date of hire.

7.8.4. The Company and NHBT have agreed that it is advisable to pay retention bonuses to selected employees of NHBT who become Continuing Employees and remain employees through a specified date, which retention bonuses shall not exceed \$20,000 in the aggregate. Such retention bonuses will be payable to such persons and in such amounts as may be mutually agreed upon by NHBT and the Company.

7.8.5. Concurrently with the execution of this Agreement, Farmers National shall enter into an Agreement with Mark A. Mangano in the form of Company Disclosure Schedule 7.8.5, which agreement shall become effective as of the Effective Time.

7.9. *Directors and Officers Indemnification and Insurance.*

7.9.1. The Company shall indemnify, defend and hold harmless each person who is now, or who has been at any time before the date hereof or who becomes before the Effective Time, an officer or director of NHBT (the “ **Indemnified Parties** ”) against all losses, claims, damages, costs, expenses (including attorney’s fees), liabilities or judgments or amounts that are paid in settlement (which settlement shall require the prior written consent of the Company, which consent shall not be unreasonably withheld) of or in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, or administrative (each a “ **Claim** ”), in which an Indemnified Party is, or is threatened to be made, a party or witness in whole or in part or arising in whole or in part out of the fact that such person is or was a director, officer or employee of NHBT if such Claim pertains to any matter of fact arising, existing or occurring at or before the Effective Time (including, without limitation, the Merger and the other transactions contemplated hereby), regardless of whether such Claim is asserted or claimed before, or after, the Effective Time, to the fullest extent as would have been permitted by NHBT under West Virginia law and under NHBT’s Articles of Incorporation and Bylaws. The Company shall pay expenses in advance of the final disposition of any such action or proceeding to each Indemnified Party to the fullest extent as would have been permitted by NHBT under West Virginia law and under NHBT’s Articles of Incorporation and Bylaws, upon receipt of an undertaking to repay such advance payments if he shall be adjudicated or determined to be not entitled to indemnification in the manner set forth below. Any Indemnified Party wishing to claim indemnification under this Section 7.9 upon learning of any Claim, shall notify the Company (but the failure so to notify the Company shall not relieve it from any liability which it may have under this Section 7.9, except to the extent such failure materially prejudices the Company) and shall deliver to the Company the undertaking referred to in the previous sentence.

7.9.2. In the event that either the Company or any of its successors or assigns (i) consolidates with or merges into any other person and shall not be the continuing or surviving bank or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any person, then, and in each such case, proper provision shall be made so that the successors and assigns of the Company shall assume the obligations set forth in this Section 7.9.

7.9.3. The Company shall maintain, or shall cause Farmers National to maintain, in effect for up to three years following the Effective Time, the current directors’ and officers’ liability insurance policies covering the officers and directors of NHBT (provided, that the Company may substitute therefore policies of at least the same coverage containing terms and conditions which are not materially less favorable to the officers and directors of NHBT) with respect to matters occurring at or prior to the Effective Time; provided, however, that in no event shall the Company be required to expend pursuant to this Section 7.9 an aggregate amount to exceed \$18,000 with respect to such insurance (the “ **Maximum Amount** ”); provided, further, that if the amount of the aggregate premium necessary to maintain or procure such insurance coverage exceeds the Maximum Amount, the Company shall maintain the most advantageous policies of directors’ and officers’ insurance obtainable for a premium equal to the Maximum Amount. In connection with the foregoing, NHBT agrees in order for the Company to fulfill its agreement to provide directors and officers liability insurance policies for up to three years to provide such insurer or substitute insurer with such reasonable and customary representations as such insurer may request with respect to the reporting of any prior claims.

7.10. *Stock and Cash Reserve.*

The Company agrees at all times from the date of this Agreement until the Merger Consideration has been paid in full to reserve a sufficient number of shares of its common stock to fulfill its obligations under this Agreement.

7.11. *Adverse Actions.*

Neither the Company nor any Company Subsidiary shall: (a) take any action that would, or is reasonably likely to, prevent or impede the Merger from qualifying as a reorganization within the meaning of Section 368 of the Code; or (b) take any action that is intended or is reasonably likely to result in (i) any of its representations and warranties set forth in this Agreement being or becoming untrue in any respect at any time at or prior to the Effective Time, (ii) any of the conditions to the Merger set forth in Article 9 not being satisfied, (iii) a material violation of any provision of this Agreement, or (iv) a material delay in the consummation of the Merger except, in each case, as may be required by applicable law or regulation.

**ARTICLE VIII
REGULATORY AND OTHER MATTERS**

8.1. *Shareholder Meeting.*

NHBT will (a) as promptly as practicable after the Merger Registration Statement is declared effective by the SEC, take all steps necessary to duly call, give notice of, convene and hold a meeting of its shareholders (the “**NHBT Shareholders Meeting**”), for the purpose of considering this Agreement and the Merger, and for such other purposes as may be, in NHBT’s reasonable judgment, necessary or desirable, and (b) subject to Section 6.10, have its Board of Directors recommend approval of this Agreement to the NHBT shareholders (the “**NHBT Recommendation**”). Subject to Section 6.10.5, the Board of Directors of NHBT shall use its commercially reasonable best efforts to obtain from the shareholders of NHBT the required vote to approve the Merger, including by communicating to its shareholders its recommendation (and including such recommendation in the Proxy Statement-Prospectus) that they adopt and approve this Agreement and the transactions contemplated hereby.

8.2. *Proxy Statement-Prospectus.*

8.2.1. For the purposes (x) of registering Company Common Stock to be offered to holders of NHBT Common Stock in connection with the Merger with the SEC under the Securities Act and (y) of holding the NHBT Shareholders Meeting, the Company shall draft and prepare, and NHBT shall cooperate in the preparation of, the Merger Registration Statement, including a proxy statement of NHBT, and a prospectus of the Company satisfying all applicable requirements of applicable state securities and banking laws, and of the Securities Act and the Exchange Act, and the rules and regulations thereunder (such proxy statement/prospectus in the form mailed to the NHBT shareholders, together with any and all amendments or supplements thereto, being herein referred to as the “**Proxy Statement-Prospectus**”). The Company shall file the Merger Registration Statement, including the Proxy Statement-Prospectus, with the SEC. Each of the Company and NHBT shall use their commercially reasonable efforts to have the Merger Registration Statement declared effective under the Securities Act as promptly as practicable after such filing, and each of NHBT and the Company shall thereafter promptly mail the Proxy Statement-Prospectus to the NHBT shareholders. The Company shall also use its commercially reasonable efforts to obtain all necessary state securities law or “Blue Sky” permits and approvals required to carry out the transactions contemplated by this Agreement, and NHBT shall furnish all information concerning NHBT and the holders of NHBT Common Stock as may be reasonably requested in connection with any such action.

8.2.2. NHBT shall provide the Company with any information concerning itself that the Company may reasonably request in connection with the drafting and preparation of the Proxy Statement-Prospectus, and the Company shall notify NHBT promptly of the receipt of any comments of the SEC with respect to the Proxy Statement-Prospectus and of any requests by the SEC for any amendment or supplement thereto or for additional information and shall provide to NHBT promptly copies of all correspondence between the Company or any of their representatives and the SEC. The Company shall give NHBT and its counsel reasonable opportunity to review and comment on the Proxy Statement-Prospectus prior to its being filed with the SEC and shall give NHBT and its counsel the reasonable opportunity to review and comment on all amendments and supplements to the Proxy Statement-Prospectus and all responses to requests for additional information and replies to comments prior to their being filed with, or sent to, the SEC. Each of the Company and NHBT agrees to use commercially reasonable efforts, after consultation with the other party hereto, to respond promptly to all such comments of and requests by the SEC and to cause the Proxy Statement-Prospectus and all required amendments and supplements thereto to be mailed to the holders of NHBT Common Stock entitled to vote at their respective NHBT Shareholders Meeting at the earliest practicable time.

8.2.3. NHBT and the Company shall promptly notify the other party if at any time it becomes aware that the Proxy Statement-Prospectus or the Merger Registration Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. In such event, NHBT shall cooperate with the Company in the preparation of a supplement or amendment to such Proxy Statement-Prospectus that corrects such misstatement or omission, and the Company shall file an amended Merger Registration Statement with the SEC, and each party shall mail an amended Proxy Statement-Prospectus to its respective shareholders.

8.3. *Regulatory Approvals.*

Each of NHBT and the Company will cooperate with the other and use all reasonable efforts to promptly prepare and file all necessary documentation and all necessary filings and to obtain all necessary permits, consents, waivers, approvals and authorizations of the SEC, the Bank Regulators and any other third parties and governmental bodies necessary to consummate the transactions contemplated by this Agreement. NHBT and the Company will furnish each other and each other's counsel with all information concerning themselves, their Subsidiaries, directors, officers and shareholders and such other matters as may be necessary or advisable in connection with the Proxy Statement-Prospectus and any application, petition or any other statement or application made by or on behalf of NHBT or the Company to any Bank Regulatory or governmental body in connection with the Merger, and the other transactions contemplated by this Agreement. Each party shall have the right to review and approve in advance all characterizations of the information relating to such party and any of its Subsidiaries, which appear in any filing made in connection with the transactions contemplated by this Agreement with any governmental body.

**ARTICLE IX
CLOSING CONDITIONS**

9.1. *Conditions to Each Party's Obligations under this Agreement.*

The respective obligations of each party under this Agreement shall be subject to the fulfillment at or prior to the Closing Date of the following conditions, none of which may be waived:

9.1.1. *Shareholder Approval* . This Agreement and the transactions contemplated hereby shall have been approved by the requisite vote of the shareholders of NHBT.

9.1.2. *Orders and Prohibitions* . None of NHBT, the Company or any of their respective Subsidiaries shall be subject to any order, decree or injunction of a court or agency of competent jurisdiction that enjoins or prohibits the consummation of the transactions contemplated by this Agreement and no statute, rule or regulation shall have been enacted, entered, promulgated, interpreted, applied or enforced by any Governmental Entity or Bank Regulator, that enjoins or prohibits the consummation of the transactions contemplated by this Agreement.

9.1.3. *Regulatory Approvals* . All Regulatory Approvals, and other necessary approvals, authorizations and consents of any Governmental Entities required to consummate the transactions contemplated by this Agreement shall have been obtained and shall remain in full force and effect and all waiting periods relating to such approvals, authorizations or consents shall have expired; and no such approval, authorization or consent shall include any condition or requirement, excluding standard conditions that are normally imposed by the regulatory authorities in bank merger transactions, that would, in the good faith reasonable judgment of the Board of Directors of the Company, materially and adversely affect the business, operations, financial condition, property or assets of the combined enterprise of NHBT and the Company or materially impair the value of NHBT to the Company.

9.1.4. *Effectiveness of Merger Registration Statement* . The Merger Registration Statement shall have become effective under the Securities Act and no stop order suspending the effectiveness of the Merger Registration Statement shall have been issued, and no proceedings for that purpose shall have been initiated or threatened by the SEC and, if the offer and sale of Company Common Stock in the Merger is subject to the “Blue Sky” laws of any state, shall not be subject to a stop order of any state securities commissioner.

9.1.5. *Tax Opinion*. On the basis of facts, representations and assumptions which shall be consistent with the state of facts existing at the Closing Date, the Company shall have received an opinion of Silver, Freedman, Taff & Tiernan LLP, and NHBT shall have received an opinion of Keevican, Weiss, Bauerle & Hirsch, LLC, each reasonably acceptable in form and substance to the Company and NHBT, dated as of the Closing Date, substantially to the effect that for federal income tax purposes, the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. In rendering the tax opinion described in this Section 9.1.6, the law firms may require and rely upon customary representations contained in certificates of officers of the Company and NHBT and their respective Subsidiaries.

9.2. *Conditions to the Obligations of the Company under this Agreement.*

The obligations of the Company under this Agreement shall be further subject to the satisfaction of the conditions set forth in this Section 9.2 at or prior to the Closing Date:

9.2.1. *Representations and Warranties*. Each of the representations and warranties of NHBT set forth in this Agreement shall be true and correct as of the date of this Agreement and as of all times up to and including the Effective Time of the Merger as though made on and as of the Effective Time of the Merger (except to the extent such representations and warranties speak as of a specified date); provided, however, that the representations and warranties in Sections 4.11.4 and 4.16 shall be true and correct in all material respects and provided, further, none of the NHBT MAE Reps shall be deemed untrue or incorrect for purposes of this Section 9.2.1, and NHBT shall not be deemed to have breached any NHBT MAE Rep, in any case, as a consequence of the existence of any fact, event or circumstance except to the extent such fact, circumstance or event, individually or in the aggregate with all other facts, events or circumstances inconsistent with any representation or warranty set forth herein, has had or would be reasonably likely to have a Material Adverse Effect (without giving effect to any materiality or Material Adverse Effect qualifier in such representation or warranty). NHBT shall have delivered to the Company a certificate to such effect signed by the Chief Executive Officer and the Chief Financial Officer of NHBT as of the Effective Time.

9.2.2. *Agreements and Covenants* . NHBT shall have performed in all material respects all obligations and complied in all material respects with all agreements or covenants to be performed or complied with by it at or prior to the Effective Time, and the Company shall have received a certificate signed on behalf of NHBT by the Chief Executive Officer and Chief Financial Officer of NHBT to such effect dated as of the Effective Time.

9.2.3. *Dissenters' Rights*. Holders of no more than one percent (1.0%) of the issued and outstanding shares of NHBT shall have exercised their statutory appraisal or dissenters' rights pursuant to Section 3.3.10 hereof prior to the Closing Date.

9.2.4. *No Change Resulting in Material Adverse Effect* . From the date hereof through the Closing Date, there shall not have occurred, on a consolidated basis, any change that individually or in the aggregate has a Material Adverse Effect with respect to NHBT.

NHBT will furnish the Company with such certificates of its officers or others and such other documents to evidence fulfillment of the conditions set forth in this Section 9.2 as the Company may reasonably request.

9.3. *Conditions to the Obligations of NHBT under this Agreement*.

The obligations of NHBT under this Agreement shall be further subject to the satisfaction of the conditions set forth in this Section 9.3 at or prior to the Closing Date:

9.3.1. *Representations and Warranties* . Each of the representations and warranties of the Company set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of all times up to and including the Effective Time of the Merger as though made on and as of the Effective Time of the Merger (except to the extent such representations and warranties speak as of a specified date); provided, however, that none of the Company MAE Reps shall be deemed untrue or incorrect for purposes of this Section 9.3.1, and the Company shall not be deemed to have breached any Company MAE Rep, in any case, as a consequence of the existence of any fact, event or circumstance except to the extent such fact, circumstance or event, individually or in the aggregate with all other facts, events or circumstances inconsistent with any representation or warranty set forth herein, has had or would be reasonably likely to have a Material Adverse Effect (without giving effect to any materiality or Material Adverse Effect qualifier in such representation or warranty). The Company shall have delivered to NHBT a certificate to such effect signed by the Chief Executive Officer and the Chief Financial Officer of the Company as of the Effective Time.

9.3.2. *Agreements and Covenants* . The Company shall have performed in all material respects all obligations and complied in all material respects with all agreements or covenants to be performed or complied with by it at or prior to the Effective Time, and NHBT shall have received a certificate signed on behalf of the Company by the Chief Executive Officer and Chief Financial Officer to such effect dated as of the Effective Time.

9.3.3. *Payment of Merger Consideration*. The Company shall have delivered the Exchange Fund to the Exchange Agent on or before the Closing Date.

9.3.4. *No Change Resulting in Material Adverse Effect* . From the date hereof through the Closing Date, there shall not have occurred, on a consolidated basis, any change that individually or in the aggregate has a Material Adverse Effect with respect to the Company or Farmers National.

The Company will furnish NHBT with such certificates of its officers or others and such other documents to evidence fulfillment of the conditions set forth in this Section 9.3 as NHBT may reasonably request.

ARTICLE X THE CLOSING

10.1. *Time and Place.*

Subject to the provisions of Articles IX and XI hereof, the Closing of the transactions contemplated hereby shall take place at the offices of Silver, Freedman, Taff & Tiernan LLP, 3299 K Street, NW, Suite 100, Washington, DC at 10:00 a.m. on the Closing Date, or at such other place or time upon which the Company and NHBT mutually agree. A pre-closing of the transactions contemplated hereby (the “ **Pre-Closing** ”) shall take place at the offices of Silver, Freedman, Taff & Tiernan LLP, 3299 K Street, NW, Suite 100, Washington, DC at 1:00 p.m. on the Business Day prior to the Closing Date.

10.2. *Deliveries at the Pre-Closing and the Closing.*

At the Pre-Closing there shall be delivered to the Company and NHBT the opinions, certificates, and other documents and instruments required to be delivered under Article IX hereof. At or prior to the Closing, the Company shall have delivered the Merger Consideration as set forth under Section 9.3.4 hereof.

ARTICLE XI TERMINATION, AMENDMENT AND WAIVER

11.1. *Termination.*

This Agreement may be terminated at any time prior to the Closing Date, whether before or after approval of the Merger by the shareholders of NHBT:

11.1.1. At any time by the mutual written agreement of the Company and NHBT;

11.1.2. By the Board of Directors of either party (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein) if there shall have been a breach of any of the representations or warranties set forth in this Agreement on the part of the other party, which breach by its nature cannot be cured prior to the Termination Date or shall not have been cured within 30 days after written notice of such breach by the terminating party to the other party; provided, however, that neither party shall have the right to terminate this Agreement pursuant to this Section 11.1.2 unless the breach of representation or warranty, together with all other such breaches, would entitle the terminating party not to consummate the transactions contemplated hereby under Section 9.2.1 (in the case of a breach of a representation or warranty by NHBT) or Section 9.3.1 (in the case of a breach of a representation or warranty by the Company);

11.1.3. By the Board of Directors of either party (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein) if there shall have been a failure to perform or comply with any of the covenants or agreements set forth in this Agreement on the part of the other party, which failure by its nature cannot be cured prior to the Termination Date or shall not have been cured within 30 days after written notice of such failure by the terminating party to the other party; provided, however, that neither party shall have the right to terminate this Agreement pursuant to this Section 11.1.3 unless the breach of covenant or agreement, together with all other such breaches, would entitle the terminating party not to consummate the transactions contemplated hereby under Section 9.2.2 (in the case of a breach of covenant by NHBT) or Section 9.3.2 (in the case of a breach of covenant by the Company);

11.1.4. At the election of the Board of Directors of either party if the Closing shall not have occurred by the Termination Date, or such later date as shall have been agreed to in writing by the Company and NHBT; provided that no party may terminate this Agreement pursuant to this Section 11.1.4 in the event that any action or failure to act by such party has been a principal cause of or resulted in the failure of the Merger to occur on or before such date and such action or failure to act constitutes a breach of this Agreement;

11.1.5. By the Board of Directors of either party if the shareholders of NHBT shall have voted at the NHBT Shareholders Meeting on the transactions contemplated by this Agreement and such vote shall not have been sufficient to approve such transactions;

11.1.6. By the Board of Directors of either party if (a) final action has been taken by a Bank Regulator whose approval is required in connection with this Agreement and the transactions contemplated hereby, which final action (i) has become unappealable and (ii) does not approve this Agreement or the transactions contemplated hereby, or (b) any court of competent jurisdiction or other governmental authority shall have issued an order, decree, ruling or taken any other action restraining, enjoining or otherwise prohibiting the Merger and such order, decree, ruling or other action shall have become final and nonappealable;

11.1.7. By the Board of Directors of the Company if NHBT has received a Superior Proposal and the Board of Directors of NHBT has entered into an acquisition agreement with respect to the Superior Proposal, terminated this Agreement, or withdrawn the NHBT Recommendation, failed to make the NHBT Recommendation or modified or qualified the NHBT Recommendation in a manner adverse to the Company;

11.1.8. By the Board of Directors of NHBT if NHBT has received a Superior Proposal and the Board of Directors of NHBT has made a determination to accept such Superior Proposal.

11.2. *Effect of Termination.*

11.2.1. In the event of termination of this Agreement pursuant to any provision of Section 11.1, this Agreement shall forthwith become void and have no further force, except that the provisions of Sections 11.2, 12.1, 12.2, 12.5, 12.6, 12.9, 12.10, and any other Section which, by its terms, relates to post-termination rights or obligations, shall survive such termination of this Agreement and remain in full force and effect.

11.2.2. If this Agreement is terminated, expenses and damages of the parties hereto shall be determined as follows:

(A) Except as provided below, whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement shall be paid by the party incurring such expenses.

(B) In the event of a termination of this Agreement because of a willful breach of any representation, warranty, covenant or agreement contained in this Agreement, the breaching party shall remain liable for any and all damages, costs and expenses, including all reasonable attorneys' fees, sustained or incurred by the non-breaching party as a result thereof or in connection therewith or with respect to the enforcement of its rights hereunder.

(C) As a condition of the Company's willingness, and in order to induce the Company, to enter into this Agreement, and to reimburse the Company for incurring the costs and expenses related to entering into this Agreement and consummating the transactions contemplated by this Agreement, NHBT hereby agrees to pay the Company, and the Company shall be entitled to payment of an amount equal to \$250,000 (the "Termination Fee"). The Termination Fee shall be paid within three (3) Business Days after written demand for payment is made by the Company, following the occurrence of any of the events set forth below:

(i) NHBT terminates this Agreement pursuant to Section 11.1.8 or the Company terminates this Agreement pursuant to Section 11.1.7; or

(ii) The entering into a definitive agreement by NHBT relating to an Acquisition Proposal or the consummation of an Acquisition Proposal involving NHBT within twelve (12) months after the termination of the Agreement by the Company pursuant to Section 11.1.2 or 11.1.3 because of, in either case, a willful breach by NHBT; or

(iii) The failure of the shareholders of NHBT to approve this Agreement by the requisite vote at the NHBT Shareholders Meeting.

(D) The right to receive the Termination Fee under Section 11.2.2(C) will constitute the sole and exclusive remedy of the Company against NHBT and its Subsidiaries and their respective officers and directors with respect to a termination under such Section 11.2.2(C) above. NHBT acknowledges that the agreements contained in Section 11.2.2(C) are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the Company would not enter into this Agreement. Accordingly, if NHBT fails to pay in a timely manner the amounts due under Section 11.2.2(C), and, in order to obtain such payment, the Company makes a claim that results in a judgment against NHBT for the amounts set forth in Section 11.2.2(C), NHBT shall pay to the Company the reasonable costs and expenses of the Company (including reasonable attorneys' fees and expenses) in connection with such suit, together with interest on the amounts set forth in Section 11.2.2(C) at the prime rate published by The Wall Street Journal (Eastern Edition) and in effect on the date such payment was required to be made.

11.3. *Amendment, Extension and Waiver.*

Subject to applicable law, at any time prior to the Effective Time (whether before or after approval thereof by the shareholders of NHBT), the parties hereto by action of their respective boards of directors, may (a) amend this Agreement, (b) extend the time for the performance of any of the obligations or other acts of any other party hereto, (c) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto, or (d) waive compliance with any of the agreements or conditions contained herein; provided, however, that after any approval of this Agreement and the transactions contemplated hereby by the shareholders of NHBT, no amendment to this Agreement may be made which under applicable law further approval by the shareholders of NHBT is required, unless such further shareholder approval is so obtained. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto. Any agreement on the part of a party hereto to any extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party, but such waiver or failure to insist on strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

**ARTICLE XII
MISCELLANEOUS**

12.1. *Confidentiality.*

Each party shall, and shall cause its representatives, advisers and agents to, maintain the confidentiality of all confidential information furnished to it by the other party concerning its and its Subsidiaries' businesses, operations, and financial positions and shall not use such information for any purpose except in furtherance of the transactions contemplated by this Agreement. If this Agreement is terminated prior to the Effective Time, each party shall promptly return or certify the destruction of all documents and copies thereof, and all work papers containing confidential information received from the other party.

12.2. *Public Announcements.*

NHBT and the Company shall cooperate with each other in the development and distribution of all news releases and other public disclosures with respect to this Agreement, and except as may be otherwise required by law or the applicable listing and corporate governance rules and regulations of NASDAQ, neither NHBT nor the Company shall issue any news release, or other public announcement or communication with respect to this Agreement unless such news release, public announcement or communication has been approved by the other party (which approval shall not be unreasonably withheld, conditioned or delayed).

12.3. *Survival.*

All representations, warranties and covenants in this Agreement or in any instrument delivered pursuant hereto or thereto shall expire on and be terminated and extinguished at the Effective Time, except for those covenants and agreements contained herein which by their terms apply in whole or in part after the Effective Time.

12.4. *Notices.*

All notices or other communications hereunder shall be in writing and shall be deemed given if delivered by receipted hand delivery, mailed by prepaid United States registered or certified mail, return receipt requested, sent by a nationally recognized overnight courier or given by email, addressed as follows:

If to the Company, to:

William C. Marsh
Chairman, President and Chief Executive Officer
Emclair Financial Corp
612 Main Street
Emlenton, Pennsylvania 16373
Fax: (724) 867-1007

With required copies (which shall not constitute notice) to:

Raymond A. Tiernan, Esquire
Hugh T. Wilkinson, Esquire
Silver, Freedman, Taff & Tiernan LLP
3299 K Street, NW, Suite 100
Washington, DC 20007
Fax: (202) 337-5502

If to NHB, to:

Mark A. Mangano
President
Northern Hancock Bank & Trust Co.
226 Washington Street
Newell, West Virginia 26050
Fax: (304) 387-2781

With required copies (which shall not constitute notice) to:

James F. Bauerle
Keevican, Weiss, Bauerle & Hirsch, LLC
Three Gateway Center
401 Liberty Avenue, 3rd Floor
Pittsburgh, Pennsylvania 15222
Fax: (412) 355-2609

or such other address as shall be furnished in writing by any party, and any such notice or communication shall be deemed to have been given: (a) as of the date delivered by hand; (b) three (3) Business Days after being delivered to the U.S. mail, postage prepaid; or (c) one (1) Business Day after being delivered to the overnight courier if next Business Day delivery is requested by the sender.

12.5. *Parties in Interest.*

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto without the prior written consent of the other party. Except for the provisions of Article III and Section 7.9, following the Effective Time, nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their respective successors, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

12.6. *Complete Agreement.*

This Agreement, including the Exhibits and Disclosure Schedules hereto and the documents and other writings referred to herein or therein or delivered pursuant hereto contains the entire agreement and understanding of the parties with respect to its subject matter. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties other than those expressly set forth herein or therein. This Agreement supersedes all prior agreements and understandings between the parties, both written and oral, with respect to its subject matter.

12.7. *Counterparts.*

This Agreement may be executed in one or more counterparts all of which shall be considered one and the same agreement and each of which shall be deemed an original. A facsimile copy or electronic transmission of a signature page shall be deemed to be an original signature page.

12.8. *Severability.*

In the event that any one or more provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, by any court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement and the parties shall use their reasonable efforts to substitute a valid, legal and enforceable provision which, insofar as practical, implements the purposes and intents of this Agreement.

12.9. *Governing Law.*

This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to its principles of conflicts of laws.

12.10. *Interpretation.*

When a reference is made in this Agreement to Sections or Exhibits, such reference shall be to a Section of or Exhibit to this Agreement unless otherwise indicated. The recitals hereto constitute an integral part of this Agreement. References to Sections include subsections, which are part of the related Section (e.g., a section numbered “Section 5.5.1” would be part of “Section 5.5” and references to “Section 5.5” would also refer to material contained in the subsection described as “Section 5.5.1”). The table of contents, index and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”. The phrases “the date of this Agreement”, “the date hereof” and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date set forth in the Recitals to this Agreement. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. All documents and information set forth in the Company’s Securities Documents shall be deemed to have been “made available” or “provided” to NHBT.

12.11. *Specific Performance; Jurisdiction.*

12.11.1. The parties hereto agree that irreparable damage would occur in the event that the provisions contained in this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Agreement and to enforce specifically the terms and provisions hereof in the United States District Court for the Western District of Pennsylvania or in any state court located in the Commonwealth of Pennsylvania, this being in addition to any other remedy to which they are entitled at law or in equity. The parties hereby waive any defense that a remedy at law would be adequate and any requirement under any applicable law to post a bond or other security as a prerequisite to obtaining specific performance relief. In addition, each of the parties hereto (a) consents to submit itself to the personal jurisdiction of the United States District Court for the Western District of Pennsylvania or of any state court located in the Commonwealth of Pennsylvania in the event any dispute arises out of this Agreement or the transactions contemplated by this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement or the transactions contemplated by this Agreement in any court other than the United States District Court for the Western District of Pennsylvania or any state court located in the Commonwealth of Pennsylvania.

12.11.2. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, IT IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL JURY IN RESPECT OF ANY CLAIM DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY HERETO CERTIFIES AND ACKNOWLEDGES THAT: (i) NO REPRESENTATIVE, AGENT, OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF ANY PROCEEDING, SEEK TO ENFORCE EITHER OF SUCH WAIVERS; (ii) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS; (iii) IT MAKES SUCH WAIVERS VOLUNTARILY; AND (iv) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12.11.2.

[Signature page follows]

IN WITNESS WHEREOF, the Company and NHBT have caused this Agreement to be executed by their duly authorized officers as of the date first set forth above.

Emclaire Financial Corp

By: /s/William C. Marsh

Name: William C. Marsh

Title: President and Chief Executive Officer

Northern Hancock Bank and Trust Co.

By: /s/Mark A. Mangano

Name: Mark A. Mangano

Title: President and Chief Executive Officer

AGREEMENT OF MERGER

THIS AGREEMENT OF MERGER (“Merger Agreement”) dated as of _____, 2017 is made by and between The Farmers National Bank of Emlenton, a national bank (“Farmers National”), and Northern Hancock Bank & Trust Co., a West Virginia bank (“NHBT”).

RECITALS:

WHEREAS, NHBT and Emclair Financial Corp, the parent bank holding company for Farmers National (the “Company”), previously have entered into an Agreement and Plan of Merger, dated as of May 4, 2017 (the “Plan”), providing for the merger of NHBT with and into Farmers National (the “Merger”).

WHEREAS, the Plan and this Agreement have been approved by (i) more than a majority of the boards of directors of each of NHBT and Farmers National, (ii) the shareholders of NHBT by more than a majority of the shares represented or present at a meeting of shareholders held to vote on the Merger, and (iii) the Company, as the sole shareholder of Farmers National; and

WHEREAS, the parties hereto desire to provide herein for the terms of the Merger of NHBT with and into Farmers National in accordance with the terms of the Plan and this Merger Agreement.

NOW, THEREFORE, in consideration of the mutual promises and mutual agreements contained herein, the parties hereto agree as follows:

Merger. Subject to the terms and conditions of this Merger Agreement, at the Effective Time (as defined below), NHBT shall merge with and into Farmers National pursuant to the provisions of 12 U.S.C. §215a-1, 12 U.S.C. §1831u and the regulations of the Office of the Comptroller of the Currency (the “OCC”). Upon consummation of the Merger, the separate corporate existence of NHBT shall cease and Farmers National shall survive and continue to exist as a national banking association incorporated under the laws of the United States (Farmers National and NHBT, collectively, are sometimes referred to herein as the “Merging Institutions” and Farmers National, as the surviving institution in the Merger, is sometimes referred to herein as the “Surviving Bank”).

Effective Time. The Merger shall become effective on _____, 2017 at ____:____.m., subject to (i) the satisfaction or, to the extent permitted by applicable law, the waiver of the closing conditions set forth in Article IX of the Plan, and (ii) receipt of all necessary approvals or non-objections from the OCC and all other necessary Regulatory Approvals from any Bank Regulator. The time that the Merger shall become effective is hereinafter referred to as the “Effective Time.”

Conversion of NHBT Common Stock and Farmers National Common Stock. As provided in Section 3.1.3 of the Plan, as of the Effective Time, each share of common stock, par value \$10.00 per share, of NHBT (“NHBT Common Stock”), issued and outstanding immediately prior to the Effective Time (other than shares (i) as to which dissenters’ rights have been asserted and duly perfected in accordance with applicable law (“Dissenting Shares”) and (ii) held by NHBT (including treasury shares) or Farmers National or the Company other than in a fiduciary capacity, which shares shall be cancelled) shall, by virtue of the Merger and without any action on the part of the holder thereof, be cancelled and by operation of law be converted into and represent the right to receive (i) 0.9793 of a share of common stock, par value \$1.25 per share of the Company (“Company Common Stock”), subject to adjustment as provided in the Plan, and (ii) a cash payment, without interest, equal to \$3.35.

Articles of Association and Bylaws . The Articles of Association and Bylaws of Farmers National shall be the Articles of Association and Bylaws of the Surviving Bank, until altered, amended or repealed in accordance with their terms and applicable law.

Name; Offices . The name of the Surviving Bank shall be “The Farmers National Bank of Emlenton.” The main office of the Surviving Bank shall be the main office of Farmers National immediately prior to the Effective Time. All offices of NHBT and Farmers National which are in lawful operation as of the Effective Time shall be the offices of the Surviving Bank upon consummation of the Merger, subject to the opening or closing of any offices of Farmers National or NHBT which may be authorized by the OCC after the date hereof.

Directors and Executive Officers . Upon consummation of the Merger, the persons serving as directors and executive officers of Farmers National immediately prior to the Effective Time shall be the directors and executive officers of the Surviving Bank. Directors and officers of the Surviving Bank shall serve for such terms as are specified in the Articles of Association and Bylaws of the Surviving Bank.

Representations and Warranties . Each of NHBT and Farmers National represents and warrants that this Agreement of Merger has been duly authorized, executed and delivered by such party and constitutes a legal, valid and binding obligation of such party, enforceable against it in accordance with the terms hereof.

Effects of the Merger. Upon consummation of the Merger, and in addition to the effects under applicable law, all assets, rights interests, privileges, powers, franchises and property (real, personal and mixed) of NHBT and Farmers National shall be automatically transferred to and vested in the Surviving Bank by virtue of such Merger without any deed or other document of transfer. The Surviving Bank, without any order or action on the part of any court or otherwise and without any documents of assumption or assignment, shall hold and enjoy all of the assets, rights, privileges, powers, properties, franchises and interests, including, without limitation, appointments, powers, designations, nominations and all other rights, interests and powers as agent or fiduciary, in the same manner and to the extent as such rights, interests and powers were held or enjoyed by NHBT and Farmers National, respectively. The Surviving Bank shall be responsible for all of the liabilities, restrictions and duties of every kind and description of both NHBT and Farmers National, immediately prior to the Merger, including, without limitation, liabilities for all deposits, debts, obligations and contracts of NHBT and Farmers National, respectively, matured or unmatured, whether accrued, absolute, contingent or otherwise and whether or not reflected or reserved against on balance sheets, books of accounts or records of either NHBT or Farmers National. Deposit accounts shall be deemed issued in the name of the Surviving Bank in accordance with applicable FDIC regulations. All rights of creditors and other obligees and all liens on property of either NHBT or Farmers National shall be preserved, shall be assumed by the Surviving Bank and shall not be released or impaired. The Company, as the sole shareholder of the Surviving Bank, shall possess all the voting rights with respect to the shares of stock of the Surviving Bank.

Additional Actions. If, at any time after the Effective Time, the Surviving Bank shall consider that any further assignments or assurances in law or any other acts are necessary or desirable to (i) vest, perfect or confirm, of record or otherwise, in the Surviving Bank its rights, title or interest in, to or under any of the rights, properties or assets of NHBT acquired or to be acquired by the Surviving Bank as a result of, or in connection with, the Merger, or (ii) otherwise carry out the purposes of this Merger Agreement, NHBT and its proper officers and directors shall be deemed to have granted to the Surviving Bank an irrevocable power of attorney to execute and deliver all such proper deeds, assignments and assurances in law and to do all acts necessary or proper to vest, perfect or confirm title to and possession of such rights, properties or assets in the Surviving Bank and otherwise to carry out the purposes of this Merger Agreement; and the proper officers and directors of the Surviving Bank are fully authorized in the name of NHBT or otherwise to take any and all such action.

Counterparts. This Merger Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one agreement.

Governing Law . This Merger Agreement shall be governed in all respects, including, but not limited to, validity, interpretation, effect and performance, by the laws of the Commonwealth of Pennsylvania, except as otherwise provided by the laws of the United States.

Amendment. This Merger Agreement may be amended, modified or supplemented only by written agreement of Farmers National and NHBT at any time prior to the Effective Time.

Waiver. Subject to applicable law, any of the terms or conditions of this Merger Agreement may be waived at any time by whichever of the parties hereto is, or the shareholders of which are, entitled to the benefit thereof by action taken by the Board of Directors of such party.

Successors and Assigns. This Merger Agreement may not be assigned by any party hereto without the prior written consent of the other party. Subject to the foregoing, this Merger Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Termination. This Merger Agreement shall terminate upon the termination of the Plan in accordance with its terms. This Merger Agreement also may be terminated at any time prior to the Effective Time by mutual consent of Farmers National and NHBT in a written instrument, if and to the extent authorized by the respective Boards of Directors of Farmers National and NHBT. In the event of the termination of this Merger Agreement as provided in this Section 15, this Merger Agreement shall forthwith become null and void and of no further force or effect and there shall be no liability or obligation under this Merger Agreement on the part of any of the parties hereto or any of their respective directors, officers or affiliates, except that no party shall be relieved or released from any damages or liabilities arising out of any willful breach of this Merger Agreement.

Other Terms. All terms used in this Merger Agreement shall, unless defined herein, have the meanings set forth in the Plan. The Plan is incorporated herein by this reference and made a part hereof to the extent necessary or appropriate to effect and consummate the terms of this Merger Agreement and the Merger.

[Signature page follows]

IN WITNESS WHEREOF , each of Farmers National and NHBT has caused this Agreement of Merger to be executed on its behalf by its duly authorized officers as of the date first above written.

THE FARMERS NATIONAL BANK OF EMLENTON

Attest:

Name: Amanda L. Engles
Title: Secretary

By: _____
Name: William C. Marsh
Title: Chairman, President and Chief Executive Officer

NORTHERN HANCOCK BANK & TRUST CO.

Attest:

Name:
Title: Secretary

By: _____
Name: Mark A. Mangano
Title: President and Chief Executive Officer


Emclair Financial Corp

612 Main Street ♦ Emlenton, PA 16373-0046
 Phone: (844) 767-2311/FAX: (724) 867-9326



PRESS RELEASE

RELEASE DATE:
Thursday, May 4, 2017
CONTACT:

William C. Marsh
 Chairman, President and
 Chief Executive Officer
 Emclair Financial Corp
 Phone: (844) 800-2193
 Email: investor.relations@farmersnb.com

Or

Mark A. Mangano
 President and Chief Executive Officer
 Northern Hancock Bank & Trust Co.
 Phone: (303) 387-9900
 Email: mmangano@northernhancockbank.com

**Emclair Financial Corp Announces Expansion of Franchise into Adjacent
 West Virginia Market with Agreement to Acquire Northern Hancock Bank & Trust Co.**

Emlenton, PA, May 4, 2017 – Emclair Financial Corp (NASDAQ: EMCF) (Emclair), the parent holding company of The Farmers National Bank of Emlenton (Farmers National), and Northern Hancock Bank & Trust Co. (Northern Hancock) jointly announced today that they have entered into an Agreement and Plan of Merger providing for the acquisition of Northern Hancock by Emclair.

Under the terms of the merger agreement, which has been unanimously approved by the boards of directors of both institutions, Northern Hancock will merge into Farmers National and shareholders of Northern Hancock will receive 0.9793 shares of Emclair common stock and \$3.35 in cash for each share of common stock of Northern Hancock upon completion of the merger or approximately \$1.9 million in the aggregate.

William C. Marsh, Chairman, President and Chief Executive Officer of Emclair and Farmers National, stated, “This transaction expands our banking footprint into the upper panhandle of West Virginia, broadens our franchise, strengthens our market position and builds on our strategy to develop business in expanding and adjacent market areas. Northern Hancock has an attractive balance sheet and strong customer relationships. We believe we can provide their customers with a broader array of banking services, including expanded commercial and consumer lending capabilities and a more robust array of depository products and services.”

The transaction is expected to be accretive to tangible book value per share at closing and accretive to Emclair’s earnings per share for the remainder of 2017 following the merger, excluding one-time charges, and 6% accretive to earnings in 2018 and higher in future years. The merger is subject to the approval of the appropriate banking regulatory authorities and an affirmative vote of the shareholders of Northern Hancock. It is expected that the transaction should be completed late in the third or early in the fourth quarter of 2017.

Mark A. Mangano, President and Chief Executive Officer of Northern Hancock, said, “We are thrilled to be joining Emclair and Farmers National, which is a premier community banking franchise. We are excited about the new products and services that will be available to our customers in the communities we serve.”

At March 31, 2017, Emclair had consolidated assets of approximately \$706 million, deposits of \$606 million, net loans of \$535 million and shareholders' equity of \$55 million. At March 31, 2017, Northern Hancock had assets of approximately \$27 million, deposits of \$23 million, net loans of \$19 million and shareholders' equity of \$3.2 million.

When the transaction is consummated, the combination of the two banking companies will create a bank with approximately \$750 million in total assets providing banking services through 18 locations. The transaction will expand Emclair's Western Pennsylvania franchise into Hancock County, West Virginia, which is approximately 20 miles southwest of the proposed site for Shell's petrochemical “cracker” plant.

Silver, Freedman, Taff & Tiernan LLP, Washington, DC acted as legal counsel to Emclair in the transaction. Keevican, Weiss, Bauerle & Hirsh, LLC, Pittsburgh, PA acted as legal counsel and Renaissance Partners, LLC acted as financial advisor to Northern Hancock.

About Emclair Financial Corp

Emclair Financial Corp is the parent company of The Farmers National Bank of Emlenton, an independent, nationally chartered, FDIC-insured community bank headquartered in Emlenton, Pennsylvania, operating 17 full service offices in Venango, Allegheny, Butler, Clarion, Clearfield, Crawford, Elk, Jefferson and Mercer counties, Pennsylvania. Emclair's common stock is quoted on and traded through the NASDAQ Capital Market under the symbol “EMCF”. For more information, visit Emclair's website at “www.emclairfinancial.com”.

About Northern Hancock Bank & Trust Co.

Northern Hancock Bank & Trust Co. is a West Virginia bank headquartered in Newell, West Virginia. Northern Hancock operates two offices located in Hancock County, West Virginia.

Forward-Looking Statements

This release contains certain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements do not relate strictly to historical or current facts. Forward-looking statements reflect management's current views and estimates of future economic circumstances, industry conditions, company performance and financial results. They often include the words “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate” or words of similar meaning, or future or conditional verbs such as “will,” “would,” “should,” “could” or “may.” Forward-looking statements, by their nature, are subject to risks and uncertainties. A number of factors - many of which are beyond our control - could cause actual conditions, events or results to differ significantly from those described in the forward-looking statements. Forward-looking statements regarding the transaction are based upon currently available information.

Actual results could differ materially from those indicated in forward-looking statements. Among other factors, actual results may differ from those described in forward-looking statements due to: the possibility that the proposed transaction does not close when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received or satisfied on a timely basis or at all; the terms of the proposed transaction may need to be modified to obtain such approvals or satisfy such conditions; the anticipated benefits from the proposed transaction are not realized in the time frame anticipated or at all as a result of changes in general economic and market conditions, interest rates, laws and regulations and their enforcement, and the degree of competition in our markets; the ability to promptly and effectively integrate the businesses of the companies; the reaction of the companies' customers to the transaction; diversion of management time on merger-related issues; changes in asset quality and credit risk; the inability to sustain revenue and earnings; and competitive conditions.

Emclair's Annual Report on Form 10-K and other reports filed with the SEC describe some additional factors which could cause actual conditions, events or results to differ significantly from those described in forward-looking statements.

Forward-looking statements speak only as of the date they are made. Copies of Emclair's reports filed with the SEC are available in the Financial Information section of Emclair's website, www.emclairfinancial.com. We do not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made or to reflect the occurrence of unanticipated events.

Additional Information and Where to Find It

This press release is being made pursuant to and in compliance with Rules 165 and 425 of the Securities Act of 1933 and does not constitute an offer of any securities for sale or a solicitation of an offer to buy any securities. In connection with the proposed transaction, Emclair Financial Corp and Northern Hancock Bank & Trust Co. will file a proxy statement/prospectus as part of a registration statement on Form S-4 regarding the proposed transaction with the Securities and Exchange Commission, or SEC. Investors and security holders are urged to read the proxy statement/prospectus because it will contain important information about Emclair and Northern Hancock and the proposed transaction. The final proxy statement/prospectus will be mailed to shareholders of Northern Hancock. Investors and security holders may obtain a free copy of the definitive proxy statement/prospectus and other documents when filed with the SEC at the SEC's website at www.sec.gov. The definitive proxy statement/prospectus and other relevant documents may also be obtained free of charge from Emclair by directing such requests to the Secretary of Emclair (Amanda L. Engles) at 612 Main Street, Emlenton, Pennsylvania 16373, telephone (844) 767-2311, or from Northern Hancock by directing such requests to the Secretary of Northern Hancock (John Ash), 226 Washington Street, Newell, West Virginia 26050, telephone (304) 387-9900.

Participants in the Solicitation

Emclair and Northern Hancock and their respective directors, executive officers and certain other members of their management and employees may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information concerning all of the participants in the solicitation will be included in the proxy statement relating to the proposed transaction when it becomes available. Each of these documents is, or will be, available free of charge at the Securities and Exchange Commission's Web site at www.sec.gov and from Emclair's website at www.emclairfinancial.com.