

Dear Fellow Shareholder:

Enclosed please find your regular quarterly cash dividend of \$0.22 per share of Emclaire Financial Corp's common stock. The dividend is a reflection of the Corporation's continued growth and sound financial performance in the preceding quarter.

The Corporation reported net income available to common stockholders of \$997,000 or \$0.56 per diluted common share for the third quarter of 2014 compared to \$967,000 or \$0.54 per diluted common share for the same period in 2013. This increase was mostly driven by an increase in net interest income of \$140,000 and a decrease in preferred stock dividends of \$90,000, partially offset by a decrease in noninterest income of \$73,000 and an increase in noninterest expense of \$138,000. Total assets increased 12.9% to \$593.5 million at September 30, 2014 from \$525.8 million at December 31, 2013 as customer deposits increased 20.4% to \$519.9 million from \$432.0 million, respectively, driving increases in cash and equivalents, securities and loans receivable and a decrease in borrowed funds. The Corporation's tangible book value per common share was \$21.73 at September 30, 2014 compared to \$20.04 at December 31, 2013, reflecting growth of 8.4%.

The Corporation and the Bank have recently announced the retirement of Board of Directors member George W. Freeman, effective December 31, 2014. Mr. Freeman has served 58 years in the banking industry, beginning his career at the Bank in 1956 as an Assistant Cashier. Mr. Freeman has served on the Board of Directors at the Bank and the Corporation since 1964 and 1989, respectively. We thank George for his many years of service and wish him well in his retirement.

Also recently announced was the appointment of three individuals to the Board of Directors, effective January 1, 2015. The new directors are Nicholas Varischetti, Robert Freeman and Milissa Bauer. The Corporation appreciates their willingness to serve as directors and looks forward to the perspective they will bring to the Boards.

On behalf of the Board of Directors, officers and staff, I thank you for your continued support and look forward to serving you in the years ahead.

*William C. Marsh*  
 William C. Marsh  
 Chairman, President  
 and Chief Executive Officer

Balance Sheet Highlights <i>(in \$000's)</i>	September 30, 2014 <i>(Unaudited)</i>	December 31, 2013 <i>(Audited)</i>
	Assets	\$ 593,537
Loans, net	368,219	352,430
Deposits	519,908	432,006
Stockholders' Equity	47,941	45,072

Earnings Highlights <i>(in \$000's)</i>	For the nine months ended	
	September 30, 2014 <i>(Unaudited)</i>	September 30, 2013 <i>(Unaudited)</i>
Net Interest Income	\$ 12,332	\$ 11,815
Noninterest Income	3,201	2,963
Noninterest Expense	11,608	10,750
Net Income	2,742	2,879
Return on Average Assets <sup>(1)</sup>	0.65%	0.74%
Return on Average Equity <sup>(1)</sup>	7.81%	7.59%
Return on Average Common Equity <sup>(1)</sup>	8.50%	8.21%
Net Interest Margin	3.25%	3.38%
Efficiency Ratio	74.56%	69.99%

Earnings Highlights <i>(in \$000's)</i>	For the three months ended	
	September 30, 2014 <i>(Unaudited)</i>	September 30, 2013 <i>(Unaudited)</i>
Net Interest Income	\$ 4,178	\$ 4,038
Noninterest Income	929	1,002
Noninterest Expense	3,681	3,543
Net Income	1,022	1,082
Return on Average Assets <sup>(1)</sup>	0.68%	0.82%
Return on Average Equity <sup>(1)</sup>	8.50%	8.85%
Return on Average Common Equity <sup>(1)</sup>	9.26%	9.77%
Net Interest Margin	3.07%	3.41%
Efficiency Ratio	69.58%	67.70%

<sup>(1)</sup> Ratios are annualized.

For additional details regarding our quarterly results, please visit [www.emclairefinancial.com](http://www.emclairefinancial.com) to access the Corporation's SEC filings and quarterly earnings press releases.

### Mission Statement

*"Our Mission is to deliver quality financial products and services while remaining a strong, independent community bank offering personal attention through highly motivated and well-trained employees. We are committed to profitable growth and the expansion of our franchise to satisfy customers, maximize shareholder value, and make a positive impact in the communities we serve."*



- [Shareholder Letter](#)
- [Consolidated Balance Sheets](#)
- [Consolidated Statements of Income](#)

 **Emclaire Financial Corp**  
 612 Main Street • Emlenton, Pennsylvania 16373  
 844.767.2311 • [www.emclairefinancial.com](http://www.emclairefinancial.com)



## Consolidated Balance Sheets

In \$000's, except share data	As of	
	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
<b>Assets:</b>		
Cash and cash equivalents	\$ 35,318	16,658
Securities available for sale	150,321	117,304
Gross loans receivable	373,349	357,299
Less: allowance for loan losses	(5,130)	(4,869)
<b>Loans receivable, net</b>	<b>368,219</b>	<b>352,430</b>
Premises and equipment	14,294	12,310
Bank-owned life insurance	10,644	10,401
Intangible assets, net	4,462	4,629
Other assets	10,279	12,110
<b>Total other assets</b>	<b>39,679</b>	<b>39,450</b>
<b>Total Assets</b>	<b>\$ 593,537</b>	<b>\$ 525,842</b>
<b>Liabilities &amp; Stockholders' Equity:</b>		
Deposits	\$ 519,908	\$ 432,006
Borrowed funds	17,150	44,150
Other liabilities	8,538	4,614
<b>Total Liabilities</b>	<b>545,596</b>	<b>480,770</b>
Series B non-cumulative preferred stock <sup>(1)</sup>	5,000	5,000
Common stock <sup>(2)</sup>	2,341	2,338
Additional paid-in capital	19,650	19,478
Treasury stock, at cost (102,017 shares)	(2,114)	(2,114)
Retained earnings	25,148	23,650
Accumulated other comprehensive loss	(2,084)	(3,280)
<b>Total Stockholders' Equity</b>	<b>47,941</b>	<b>45,072</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$ 593,537</b>	<b>\$ 525,842</b>
Book value per common share	\$ 24.24	\$ 22.66
Tangible book value per common share	\$ 21.73	\$ 20.04
Common shares outstanding	1,771,158	1,768,658

<sup>(1)</sup> \$1.00 par value, \$5.0 million liquidation value, 5,000 shares issued and outstanding.

<sup>(2)</sup> \$1.25 par value, 12,000,000 shares authorized; 1,873,175 and 1,870,675 issued; 1,771,158 and 1,768,658 shares outstanding.

## Consolidated Statements of Income

In \$000's, except share data	For the nine months ended September 30,	
	2014 (Unaudited)	2013 (Unaudited)
Interest income	\$ 14,619	\$ 14,710
Interest expense	2,287	2,895
<b>Net interest income</b>	<b>12,332</b>	<b>11,815</b>
Provision for loan losses	508	438
<b>Net interest income after provision for loan losses</b>	<b>11,824</b>	<b>11,377</b>
Noninterest Income		
Customer Service Fees	1,182	1,254
Financial Services	31	187
Security Gains, net	748	291
Other income	1,240	1,231
<b>Total noninterest income</b>	<b>3,201</b>	<b>2,963</b>
Noninterest Expense		
Compensation and Benefits	5,599	5,684
Occupancy and Equipment	1,837	1,586
Other expenses	4,172	3,480
<b>Total noninterest expense</b>	<b>11,608</b>	<b>10,750</b>
<b>Income before income taxes</b>	<b>3,417</b>	<b>3,590</b>
Provisions for income taxes	675	711
<b>Net Income</b>	<b>\$ 2,742</b>	<b>\$ 2,879</b>
Preferred dividends	75	365
<b>Net income available to common stockholders</b>	<b>\$ 2,667</b>	<b>\$ 2,514</b>
Diluted earnings per common share	\$ 1.51	\$ 1.43
Dividends per common share	0.22	0.20
Average common shares outstanding	1,770,128	1,761,972

## Board of Directors

### William C. Marsh

Chairman of the Board  
President and Chief Executive Officer  
Emclaire Financial Corp  
Farmers National Bank

### David L. Cox

Retired President  
Emclaire Financial Corp  
Farmers National Bank

### George W. Freeman

General Partner  
Freeman's Tree Farm

### Robert L. Hunter

Chairman  
Hunter Truck Sales and Service  
Hunter Leasing

### John B. Mason

President  
H.B. Beels & Sons, Inc.

### Ronald L. Ashbaugh

Retired President  
Emclaire Financial Corp  
Farmers National Bank

### James M. Crooks

President and Owner  
J.L. Crooks Clothing Co., Inc.

### Mark A. Freemer, CPA

Partner  
CLYDE, FERRARO & Co. LLP

### Brian C. McCarrier, CPA

President  
Interstate Pipe and Supply

## Locations

### Emlenton

Manager: Cindy Elder  
612 Main Street  
Emlenton, Pennsylvania 16373  
844.867.1001

### Brookville

Manager: Stephanie Burford  
263 Main Street  
Brookville, Pennsylvania 15825  
844.849.8363

### Cranberry Township

Manager: Renee Foust  
20581 Route 19  
Cranberry Twp., Pennsylvania  
844.776.5432

### East Brady

Manager: Nan Davis  
433 Kellys Way  
East Brady, Pennsylvania 16028  
844.526.5793

### Grove City

Manager: Darian Murray  
1319 West Main Street  
Grove City, Pennsylvania 16127  
844.264.4260

### Meridian

Manager: Kyle Hilfiger  
101 Meridian Road  
Butler, Pennsylvania 16001  
844.482.0133

### Seneca

Manager: Shelly Hartle  
7001 Route 322  
Cranberry, Pennsylvania 16319  
844.676.1970

### Titusville

Manager: Amy Ruot  
127 West Spring Street  
Titusville, Pennsylvania 16354  
844.827.5910

### Bon Aire

Manager: Kyle Hilfiger  
100 Bon Aire Plaza  
Butler, Pennsylvania 16001  
844.283.4666

### Clarion

Manager: Heidi Byers  
6th Street & Wood Street  
Clarion, Pennsylvania 16214  
844.226.7523

### DuBois

Manager: Kelli Allison  
861 Beaver Drive  
DuBois, Pennsylvania 15801  
844.371.2166

### Eau Claire

Assistant Manager: Susan Myers  
207 South Washington Street  
Eau Claire, Pennsylvania 16030  
844.791.2591

### Knox

Manager: Allan Johnson  
8868 Route 338 • Suite 1  
Knox, Pennsylvania 16232  
844.797.2200

### Ridgway

Manager: Heather Serafini  
173 Main Street  
Ridgway, Pennsylvania 15853  
844.773.3195

### St. Marys

Manager: Heather Serafini  
10 North Michael Street  
St. Marys, Pennsylvania 15857  
844.834.1634

## Officers of The Farmers National Bank of Emlenton

### William C. Marsh\*

Chairman of the Board  
President and Chief Executive Officer

### Matthew J. Lucco\*

Senior Vice President  
Chief Financial Officer

### Robert A. Vernick

Senior Vice President  
Chief Lending & Business Development Officer

### Amanda L. Engles\*

Vice President  
Controller

### Eric P. Smeltzer

Vice President  
Asset and Liability Management

### Danyell L. Bundy

Vice President  
Director of Branch Banking

### Shirley J. Carroll

Assistant Vice President  
Corporate Banking

### Richard P. Liszka

Assistant Vice President  
Senior Credit Analyst

### April C. McElravy

Assistant Vice President  
Deposit Operations

### Brittany A. Basham

Assistant Vice President  
Manager of Human Resources  
and Organizational Development

### Raymond M. Lawton\*

Senior Vice President  
Chief Credit Officer

### Jennifer A. Roxbury

Senior Vice President  
Chief Operating Officer

### Robert W. Foust

Senior Vice President  
Corporate Business Development

### Aubery L. Hulings

Vice President  
Operations Manager

### Jerome F. Millin

Vice President  
Information Technology

### Joshua D. Fye

Vice President  
Corporate Banking

### Richard E. Grejda

Assistant Vice President  
Corporate Banking

### Richard J. Doverspike

Assistant Vice President  
Corporate Banking

### Andrew M. Hogue

Assistant Vice President  
Facilities and Security

### Stephanie A. Slezak

Assistant Vice President  
Consumer Credit Operations

\*Officer of Emclaire Financial Corp

