

EMCLAIRE FINANCIAL CORP

FORM 8-K (Current report filing)

Filed 11/20/17 for the Period Ending 11/15/17

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|-------------|------------------------------------|
| Address | 612 MAIN ST EMLENTON, PA, 16373 |
| Telephone | 7248672311 |
| CIK | 0000858800 |
| Symbol | EMCF |
| SIC Code | 6021 - National Commercial Banks |
| Industry | Banks |
| Sector | Financials |
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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) November 15, 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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(e) On November 15, 2017, Emclair Financial Corp (the "Corporation" or the "Registrant") and The Farmers National Bank of Emlenton, the wholly owned national bank subsidiary of the Corporation (the "Bank"), entered into an amended and restated change in control agreement with Amanda L. Engles, Treasurer and Chief Financial Officer of the Corporation and Senior Vice President and Chief Financial Officer of the Bank (the "Change in Control Agreement"). Also on November 15, 2017, the Bank entered into a Supplemental Executive Retirement Plan Agreement (the "Supplemental Agreement") with Ms. Engles.

The Corporation and the Bank had previously entered into a change in control agreement with Ms. Engles as of February 15, 2012, which was amended and restated as of November 18, 2015. The new Change in Control Agreement with Ms. Engles expires on December 31, 2019, and the term will renew for successive one-year periods each January 1 unless notice to the contrary is provided at least 30 days prior to the renewal. If a change in control (as defined in the agreement) occurs during the term of the agreement at a time when there is less than one year remaining in the term, then the remaining term of the agreement will be automatically extended until the one-year anniversary of the completion of the change in control. The Change in Control Agreement provides that if Ms. Engles is terminated by the Corporation or the Bank (or any successor) within 24 months subsequent to a change in control of the Corporation or the Bank for other than cause, disability, retirement or the executive's death or if the executive terminates employment for good reason (as defined in the agreement) after a change in control of the Corporation or the Bank, then Ms. Engles will be entitled to the payment of a lump sum cash severance amount equal to two times the executive's highest annual compensation (as defined in the agreement) during the year of termination or either of the two preceding calendar years, the continuation of the executive's insurance benefits for up to 24 months and a lump sum cash payment equal to the projected cost of providing certain other benefits for 24 months, provided that such payments will be limited if they are deemed "parachute payments" under Section 280G of the Internal Revenue Code as amended.

The Change in Control Agreement was amended to change the cash severance amount payable to Ms. Engles subsequent to a change in control from one and one half times Ms. Engles' annual compensation to two times Ms. Engles' annual compensation. The Corporation and the Bank have entered into similar change in control agreements with other officers.

The Bank had previously entered into Supplemental Agreements with William Marsh, Matthew Lucco and Jennifer Roxbury. The Supplemental Agreements are non-qualified defined benefit plans and are unfunded. The Supplemental Agreements have no assets, and the benefits payable under the Supplemental Agreements are not secured. Participants in the Supplemental Agreements are general creditors of the Bank in regards to their vested benefits. The Supplemental Agreements provide for retirement benefits upon reaching age 65, and the participants become vested in their benefits up until their normal retirement age. Upon attaining normal retirement age, Ms. Engles would be entitled to \$780,000 over a 20-year period under her Supplemental Agreement.

The Supplemental Agreements provide that in the event of a change in control of the Corporation or the Bank (as defined in the agreements), the executive will receive his or her supplemental retirement benefits in a lump sum payment if the change in control occurs before the executive's employment is terminated and before the executive reaches normal retirement age. Payments could be limited if they are deemed "parachute payments" under Section 280G of the Internal Revenue Code, as amended.

The Supplemental Agreements prohibit the executives from competing against the Bank or soliciting customers or employees of the Bank for a period of three years following a termination of employment if such termination occurs prior to a change in control. If Ms. Engles is still employed at the time of a change in control, the Supplemental Agreement with Ms. Engles imposes non-compete and non-solicitation provisions for a period of six months following the change in control.

For additional information, reference is made to the Change in Control Agreement and the Supplemental Agreement included as Exhibits 10.1 and 10.2, respectively, which are incorporated herein by reference.

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> |
|-----------------------------|---|
| <u>10.1</u> | <u>Amended and Restated Change in Control Agreement between Emclair Financial Corp, The Farmers National Bank of Emlenton and Amanda L. Engles, dated as of November 15, 2017</u> |
| <u>10.2</u> | <u>Supplemental Executive Retirement Plan Agreement between The Farmers National Bank of Emlenton and Amanda L. Engles, dated as of November 15, 2017</u> |

SIGNATURES

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

EMCLAIRE FINANCIAL CORP

Date: November 20, 2017

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

AMENDED AND RESTATED CHANGE IN CONTROL AGREEMENT

This AMENDED AND RESTATED CHANGE IN CONTROL AGREEMENT (this "Agreement"), is made and entered into as of the 15th day of November 2017, between Emclaire Financial Corp., a Pennsylvania-chartered bank holding company (the "Corporation"), The Farmers National Bank of Emlenton, a national banking association (the "Bank") and Amanda L. Engles (the "Executive") (the Corporation and the Bank are referred to together herein as the "Employers").

WITNESSETH:

WHEREAS, the Executive is currently employed as the Treasurer and Chief Financial Officer of the Corporation and the Senior Vice President and Chief Financial Officer of the Bank;

WHEREAS, the Executive and the Employers previously entered into a change in control agreement dated as of February 15, 2012 and an amended and restated change in control agreement dated November 18, 2015 (the "Prior Agreements");

WHEREAS, the Executive and the Employers now desire to amend and restate the Prior Agreements to make certain changes;

WHEREAS, the Employers desire to be ensured of the Executive's continued active participation in the business of the Employers; and

WHEREAS, in order to induce the Executive to remain in the employ of the Employers and in consideration of the Executive's agreeing to remain in the employ of the Employers, the parties desire to specify the severance benefits which shall be due the Executive in the event that her employment with the Employers is terminated under specified circumstances;

NOW THEREFORE, in consideration of the mutual agreements herein contained, and upon the other terms and conditions hereinafter provided, the parties hereby agree as follows:

1. **Definitions.** The following words and terms shall have the meanings set forth below for the purposes of this Agreement:

(a) **Annual Compensation.** The Executive's "Annual Compensation" for purposes of this Agreement shall be deemed to mean the highest level of compensation paid to the Executive by the Employers or any subsidiary thereof and included in the Executive's gross income for tax purposes and any income earned and deferred by the Executive pursuant to any plan or arrangement of the Employers during the calendar year in which the Date of Termination occurs (determined on an annualized basis) or either of the two calendar years immediately preceding the calendar year in which the Date of Termination occurs.

(b) **Cause.** "Cause" means any of the following acts or circumstances: gross negligence or gross neglect of duties to the Employers; conviction of a felony or of a gross misdemeanor involving moral turpitude in connection with the Executive's employment with the Employers; or fraud, disloyalty, dishonesty or willful violation of any law or significant Employer policy committed in connection with the Executive's employment and resulting in a material adverse effect on the Employers; or the Executive becoming subject to any final removal or prohibition order issued by an appropriate federal banking agency pursuant to Section 8(e) of the Federal Deposit Insurance Act.

(c) **Change in Control.** "Change in Control" shall mean a change in the ownership of the Corporation or the Bank, a change in the effective control of the Corporation or the Bank or a change in the ownership of a substantial portion of the assets of the Corporation or the Bank, in each case as provided under Section 409A of the Code and the regulations thereunder.

(d) **Code.** "Code" shall mean the Internal Revenue Code of 1986, as amended.

(e) **Date of Termination.** "Date of Termination" shall mean (i) if the Executive's employment is terminated for Cause, the date on which the Notice of Termination is given, and (ii) if the Executive's employment is terminated for any other reason, the date specified in such Notice of Termination.

(f) **Disability.** "Disability" shall mean the Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Employers.

(g) **Good Reason.** Termination by the Executive of the Executive's employment for "Good Reason" shall mean termination by the Executive following a Change of Control based on:

(i) any material breach of this Agreement by the Employers, including without limitation any of the following: (A) a material diminution in the Executive's base compensation, (B) a material diminution in the Executive's authority, duties or responsibilities, or (C) a material diminution in the authority, duties or responsibilities of the officer to whom the Executive is required to report, or

(ii) any material change in the geographic location at which the Executive must perform her services under this Agreement;

provided, however, that prior to any termination of employment for Good Reason, the Executive must first provide written notice to the Employers within ninety (90) days of the initial existence of the condition, describing the existence of such condition, and the Employers shall thereafter have the right to remedy the condition within thirty (30) days of the date the Employers received the written notice from the Executive. If the Employers remedy the condition within such thirty (30) day cure period, then no Good Reason shall be deemed to exist with respect to such condition. If the Employers do not remedy the condition within such thirty (30) day cure period, then the Executive may deliver a Notice of Termination for Good Reason at any time within sixty (60) days following the expiration of such cure period.

(h) **IRS.** IRS shall mean the Internal Revenue Service.

(i) **Notice of Termination.** Any purported termination of the Executive's employment by the Employers for Cause, Disability or Retirement or by the Executive for Good Reason shall be communicated by written "Notice of Termination" to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, (iii) specifies a Date of Termination, which shall be not less than thirty (30) nor more than ninety (90) days after such Notice of Termination is given, except in the case of the Employers' termination of the Executive's employment for Cause or death, which shall be effective immediately, and (iv) is given in the manner specified in Section 7 hereof.

(j) **Retirement.** "Retirement" shall mean the Executive's voluntary or involuntary termination of employment upon reaching at least age 65, but shall not include an involuntary termination for Cause.

2. **Term of Agreement.** The initial term of this Agreement shall expire on December 31, 2019, subject to earlier termination as provided herein. Upon approval of the Board of Directors of each of the Corporation and the Bank, the term of this Agreement shall be extended for one additional year on January 1, 2019 and on January 1st of each subsequent calendar year such that at any time after January 1, 2019 the remaining term of this Agreement shall be from one to two years, absent notice of non-renewal as set forth below. Prior to January 1, 2019 and each January 1st thereafter, the Board of Directors of each of the Corporation and the Bank shall consider and review (with appropriate corporate documentation thereof, and after taking into account all relevant factors, including the Executive's performance) an extension of the term of this Agreement, and the term shall continue to extend each year if the Boards of Directors approve such extension unless the Executive gives written notice to the Employers of the Executive's election not to extend the term, with such written notice to be given not less than thirty (30) days prior to any such January 1st. If either Board of Directors elects not to extend the term, it shall give written notice of such decision to the Executive not less than thirty (30) days prior to any such January 1st. If any party gives timely notice that the term will not be extended as of January 1st of any year, then this Agreement shall terminate at the conclusion of its remaining term. Notwithstanding the foregoing, if a Change in Control occurs during the term of this Agreement at a time when there is less than one year remaining in the term of this Agreement, then the remaining term of this Agreement shall be automatically extended until the one-year anniversary of the completion of the Change in Control. References herein to the term of this Agreement shall refer both to the initial term and successive terms.

3. **Benefits upon Termination.** If the Executive's employment by the Employers shall be terminated within twenty four (24) months subsequent to a Change in Control by (i) the Employers other than for Cause, Disability, Retirement or as a result of the Executive's death, or (ii) the Executive for Good Reason, then the Employers shall, subject to the provisions of Section 3(d) and 4 hereof, if applicable:

(a) pay to the Executive, in a lump sum as of the Date of Termination, a cash amount equal to two (2) times the Executive's Annual Compensation,

(b) maintain and provide for a period ending at the earlier of (i) twenty-four (24) months after the Date of Termination or (ii) the date of the Executive's full-time employment by another employer (provided that the Executive is entitled under the terms of such employment to benefits substantially similar to those described in this subparagraph (b)), at no premium cost to the Executive, the Executive's continued participation in all group insurance, life insurance, health and accident and disability insurance coverage offered by the Employers in which the Executive was entitled to participate immediately prior to the Date of Termination, subject to subparagraphs (1), (2) and (3) below;

- (1) in the event that the Executive's participation in any plan, program or arrangement as provided in subparagraph (b) of this Section 3 is barred or would trigger the payment of an excise tax under Section 4980D of the Code, or during such period any such plan, program or arrangement is discontinued or the benefits thereunder are materially reduced, then the Employers shall arrange to provide the Executive with benefits substantially similar to those which the Executive was entitled to receive under such plans, programs and arrangements immediately prior to the Date of Termination, except that subparagraph (2) below shall be applicable if the alternative benefits would still trigger the payment of an excise tax under Section 4980D of the Code,
- (2) in the event that the continuation of any insurance coverage pursuant to Section 3(b)(1) above would trigger the payment of an excise tax under Section 4980D of the Code or in the event such continued coverage is unable to be provided by the Employers, then in lieu of providing such coverage, the Employers shall pay to the Executive within 10 business days following the Date of Termination (or within 10 business days following the discontinuation of the benefits if later) a lump sum cash amount equal to the projected cost to the Employers of providing such coverage to the Executive, with the projected cost to be based on the costs being incurred immediately prior to the Date of Termination (or the discontinuation of the benefits if later), as increased by 10% each year, and
- (3) any insurance premiums payable by the Employers or any successors pursuant to Section 3(b) or (b) (1) shall be payable at such times and in such amounts as if the Executive was still an employee of the Employers (with the Employers paying any employee portion of the premiums), subject to any increases in such amounts imposed by the insurance company or COBRA, and the amount of insurance premiums required to be paid by the Employers in any taxable year shall not affect the amount of insurance premiums required to be paid by the Employers in any other taxable year.

(c) pay to the Executive, in a lump sum within ten (10) business days after the Date of Termination, a cash amount equal to the projected cost to the Employers of providing benefits to the Executive for a period of twenty-four (24) months pursuant to any other employee benefit plan, program or arrangement offered by the Employers in which the Executive was entitled to participate immediately prior to the Date of Termination (other than cash bonus plans, retirement plans or stock compensation plans of the Employers), with the projected cost to the Employers to be based on the costs incurred for the year in which the Date of Termination occurs as determined on an annualized basis and with any automobile-related costs to exclude any depreciation on bank-owned automobiles.

(d) Notwithstanding any other provision contained in this Agreement, if either (i) the time period for making any cash payment under Section 3 commences in one calendar year and ends in the succeeding calendar year or (ii) in the event any payment under this Section 3 is made contingent upon the execution of a general release and the time period that the Executive has to consider the terms of such general release (including any revocation period under such release) commences in one calendar year and ends in the succeeding calendar year, then the payment shall not be paid until the succeeding calendar year.

4. **Limitation of Benefits under Certain Circumstances.** If the payments and benefits pursuant to Section 3 hereof, either alone or together with other payments and benefits which the Executive has the right to receive from the Employers would constitute a "parachute payment" under Section 280G of the Code, then the payments and benefits payable by the Employers pursuant to Section 3 hereof shall be reduced by the minimum amount necessary to result in no portion of the payments and benefits payable by the Employers under Section 3 being non-deductible to either of the Employers pursuant to Section 280G of the Code and subject to the excise tax imposed under Section 4999 of the Code. If the payments and benefits under Section 3 are required to be reduced, then the cash severance shall be reduced first, followed by a reduction in the fringe benefits. The determination of any reduction in the payments and benefits to be made pursuant to Section 3 shall be based upon the opinion of independent tax counsel selected by the Employers and paid for by the Employers. Such counsel shall promptly prepare the foregoing opinion, but in no event later than ten (10) days from the Date of Termination, and may use such actuaries as such counsel deems necessary or advisable for the purpose. Nothing contained herein shall result in a reduction of any payments or benefits to which the Executive may be entitled upon termination of employment under any circumstances other than as specified in this Section 4, or a reduction in the payments and benefits specified in Section 3 below zero.

5. **Mitigation; Exclusivity of Benefits.**

(a) The Executive shall not be required to mitigate the amount of any benefits hereunder by seeking other employment or otherwise, nor shall the amount of any such benefits be reduced by any compensation earned by the Executive as a result of employment by another employer after the Date of Termination or otherwise, except as set forth in Section 3(b)(ii) above.

(b) The specific arrangements referred to herein are not intended to exclude any other benefits which may be available to the Executive upon a termination of employment with the Employers pursuant to employee benefit plans of the Employers or otherwise.

6. **Withholding.** All payments required to be made by the Employers hereunder to the Executive shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Employers may reasonably determine should be withheld pursuant to any applicable law or regulation.

7. **Assignability.** The Corporation and the Bank may assign this Agreement and their rights and obligations hereunder in whole, but not in part, to any corporation, bank or other entity with or into which the Corporation or the Bank may hereafter merge or consolidate or to which the Corporation or the Bank may transfer all or substantially all of its assets, if in any such case said corporation, bank or other entity shall by operation of law or expressly in writing assume all obligations of the Employers hereunder as fully as if it had been originally made a party hereto, but may not otherwise assign this Agreement or their rights and obligations hereunder. The Executive may not assign or transfer this Agreement or any rights or obligations hereunder.

8. **Notice.** For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below:

To the Bank: Secretary
 The Farmers National Bank of Emlenton
 612 Main Street
 Emlenton, Pennsylvania 16373

To the Corporation: Secretary
 Emclaire Financial Corp.
 612 Main Street
 Emlenton, Pennsylvania 16373

To the Executive: Amanda L. Engles
 At the address last appearing on the
 personnel records of the Employers

9. **Amendment; Waiver .** No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and such officer or officers as may be specifically designated by the Boards of Directors of the Employers to sign on their behalf. No waiver by any party hereto at any time of any breach by any other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. In addition, notwithstanding anything in this Agreement to the contrary, the Employers may amend in good faith any terms of this Agreement, including retroactively, in order to comply with Section 409A of the Code.

10. **Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the United States where applicable and otherwise by the substantive laws of the Commonwealth of Pennsylvania.

11. **Nature of Employment and Obligations.**

(a) Nothing contained herein shall be deemed to create other than a terminable at will employment relationship between the Employers and the Executive, and the Employers may terminate the Executive's employment at any time, subject to providing any payments specified herein in accordance with the terms hereof.

(b) Nothing contained herein shall create or require the Employers to create a trust of any kind to fund any benefits which may be payable hereunder, and to the extent that the Executive acquires a right to receive benefits from the Employers hereunder, such right shall be no greater than the right of any unsecured general creditor of the Employers.

12. **Headings.** The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

13. **Validity.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together will constitute one and the same instrument.

15. **Regulatory Actions.** The following provisions shall be applicable to the parties or any successor thereto, and shall be controlling in the event of a conflict with any other provision of this Agreement, including without limitation Section 3 hereof.

(a) If the Executive is suspended from office and/or temporarily prohibited from participating in the conduct of the Bank's affairs pursuant to notice served under Section 8(e)(3) or Section 8(g)(1) of the Federal Deposit Insurance Act ("FDIA")(12 U.S.C. §§1818(e)(3) and 1818(g)(1)), the Bank's obligations under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Bank may, in its discretion: (i) pay the Executive all or part of the compensation withheld while its obligations under this Agreement were suspended, and (ii) reinstate (in whole or in part) any of its obligations which were suspended.

(b) If the Executive is removed from office and/or permanently prohibited from participating in the conduct of the Bank's affairs by an order issued under Section 8(e)(4) or Section 8(g)(1) of the FDIA (12 U.S.C. §§1818(e)(4) and (g)(1)), all obligations of the Bank under this Agreement shall terminate as of the effective date of the order, but vested rights of the Executive and the Bank as of the date of termination shall not be affected.

(c) If the Bank is in default, as defined in Section 3(x)(1) of the FDIA (12 U.S.C. §1813(x)(1)), all obligations under this Agreement shall terminate as of the date of default, but vested rights of the Executive and the Bank as of the date of termination shall not be affected.

16. **Regulatory Prohibition.** Notwithstanding any other provision of this Agreement to the contrary, any renewal of this Agreement and any payments made to the Executive pursuant to this Agreement, or otherwise, are subject to and conditioned upon their compliance with Section 18(k) of the FDIA (12 U.S.C. §1828(k)) and 12 C.F.R. Part 359.

17. **Payment of Costs and Legal Fees and Reinstatement of Benefits.** In the event any dispute or controversy arising under or in connection with the Executive's termination is resolved in favor of the Executive, whether by judgment, arbitration or settlement, the Executive shall be entitled to the payment of (a) all legal fees incurred by the Executive in resolving such dispute or controversy, and (b) any back-pay, including Base Salary, bonuses and any other cash compensation, fringe benefits and any compensation and benefits due to the Executive under this Agreement.

18. **Arbitration.** Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the rules then in effect of the district office of the American Arbitration Association ("AAA") nearest to the home office of the Bank, and judgment upon the award rendered may be entered in any court having jurisdiction thereof, except to the extent that the parties may otherwise reach a mutual settlement of such issue. The Employers shall incur the cost of all fees and expenses associated with filing a request for arbitration with the AAA, whether such filing is made on behalf of the Employers or the Executive, and the costs and administrative fees associated with employing the arbitrator and related administrative expenses assessed by the AAA.

19. **Entire Agreement .** This Agreement embodies the entire agreement between the Employers and the Executive with respect to the matters agreed to herein. All prior agreements between the Employers and the Executive, including without limitation the Prior Agreements, with respect to the matters agreed to herein are hereby superseded and shall have no force or effect.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN AGREEMENT

This Supplemental Executive Retirement Plan Agreement (the "Agreement"), by and between The Farmers National Bank of Emlenton, located in Emlenton, Pennsylvania (hereinafter referred to as the "Employer"), and Amanda Engles (hereinafter referred to as the "Executive"), is made and entered into this 15th of November, 2017, formalizes the agreements and understanding between the Employer and the Executive.

WITNESSETH :

WHEREAS, the Executive is employed by the Employer;

WHEREAS, the Employer recognizes the valuable services the Executive has performed for the Employer and wishes to encourage the Executive's continued employment and to provide the Executive with additional incentive to achieve corporate objectives;

WHEREAS, the Employer wishes to provide the terms and conditions upon which the Employer shall pay additional retirement benefits to the Executive;

WHEREAS, the Employer and the Executive intend this Agreement shall at all times be administered and interpreted in compliance with Code Section 409A; and

WHEREAS, the Employer intends this Agreement shall at all times be administered and interpreted in such a manner as to constitute an unfunded nonqualified deferred compensation arrangement, maintained primarily to provide supplemental retirement benefits for the Executive, a member of select group of management or highly compensated employee of the Employer.

NOW THEREFORE, in consideration of the premises and of the mutual promises herein contained, the Employer and the Executive agree as follows:

**ARTICLE 1
DEFINITIONS**

For the purpose of this Agreement, the following phrases or terms shall have the indicated meanings:

1.1 *"Accrued Benefit"* means the dollar value of the liability that should be accrued by the Employer, under Generally Accepted Accounting Principles, for the Employer's obligation to the Executive under this Agreement, calculated by applying Accounting Standards Codification 710-10 and the Discount Rate.

- 1.2 *"Administrator"* means the Board or its designee.
- 1.3 *"Affiliate"* means any business entity with whom the Employer would be considered a single employer under Section 414(b) and 414(c) of the Code. Such term shall be interpreted in a manner consistent with the definition of "service recipient" contained in Code Section 409A.
- 1.4 *"Beneficiary"* means the person or persons designated in writing by the Executive to receive benefits hereunder in the event of the Executive's death.
- 1.5 *"Board"* means the Board of Directors of the Employer.
- 1.6 *"Cause"* means any of the following acts or circumstances: gross negligence or gross neglect of duties to the Employer; conviction of a felony or of a gross misdemeanor involving moral turpitude in connection with the Executive's employment with the Employer; or fraud, disloyalty, dishonesty or willful violation of any law or significant Employer policy committed in connection with the Executive's employment and resulting in a material adverse effect on the Employer.
- 1.7 *"Change in Control"* means a change in the ownership or effective control of the Employer, or in the ownership of a substantial portion of the assets of the Employer, as such change is defined in Code Section 409A and regulations thereunder.
- 1.8 *"Claimant"* means a person who believes that he or she is being denied a benefit to which he or she is entitled hereunder.
- 1.9 *"Code"* means the Internal Revenue Code of 1986, as amended.
- 1.10 *"Corporation"* means Emclair Financial Corp.
- 1.11 *"Disability"* means a condition of the Executive whereby the Executive either: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Employer. The Administrator will determine whether the Executive has incurred a Disability based on its own good faith determination and may require the Executive to submit to reasonable physical and mental examinations for this purpose. The Executive will also be deemed to have incurred a Disability if determined to be totally disabled by the Social Security Administration or in accordance with a disability insurance program, provided that the definition of disability applied under such disability insurance program complies with the initial sentence of this Section.
- 1.12 *"Discount Rate"* means the rate used by the Administrator for determining the Accrued Benefit. The initial Discount Rate is three and three-quarters percent (3.75%). The Administrator may adjust the Discount Rate to maintain the rate within reasonable standards according to Generally Accepted Accounting Principles and applicable bank regulatory guidance.

1.13 *"Early Termination"* means Separation from Service before Normal Retirement Age except when such Separation from Service occurs following a Change in Control or due to termination for Cause.

1.14 *"Effective Date"* means January 1, 2018.

1.15 *"ERISA"* means the Employee Retirement Income Security Act of 1974, as amended.

1.16 *"Normal Retirement Age"* means the date the Executive attains age sixty-five (65).

1.17 *"Plan Year"* means each twelve (12) month period commencing on October 1 and ending on September 30 of each year. The initial Plan Year shall commence on the Effective Date and end on the following September 30.

1.18 *"Schedule A"* means the schedule attached hereto and made a part hereof. Schedule A shall be updated upon a change to any of the benefits described in Article 2 hereof.

1.19 *"Separation from Service"* means a termination of the Executive's employment with the Employer and its Affiliates for reasons other than death or Disability. A Separation from Service may occur as of a specified date for purposes of the Agreement even if the Executive continues to provide some services for the Employer or its Affiliates after that date, provided that the facts and circumstances indicate that the Employer and the Executive reasonably anticipated at that date that either no further services would be performed after that date, or that the level of bona fide services the Executive would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed over the immediately preceding thirty-six (36) month period (or the full period during which the Executive performed services for the Employer, if that is less than thirty-six (36) months). A Separation from Service will not be deemed to have occurred while the Executive is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six (6) months or, if longer, the period for which a statute or contract provides the Executive with the right to reemployment with the Employer. If the Executive's leave exceeds six (6) months but the Executive is not entitled to reemployment under a statute or contract, the Executive incurs a Separation from Service on the next day following the expiration of such six (6) month period. In determining whether a Separation from Service occurs the Administrator shall take into account, among other things, the definition of "service recipient" and "employer" set forth in Treasury regulation §1.409A-1(h)(3). The Administrator shall have full and final authority, to determine conclusively whether a Separation from Service occurs, and the date of such Separation from Service.

1.20 *"Specified Employee"* means an individual that satisfies the definition of a "key employee" of the Employer as such term is defined in Code §416(i) (without regard to Code §416(i)(5)), provided that the stock of the Employer is publicly traded on an established securities market or otherwise, as defined in Code §1.897-1(m). If the Executive is a key employee at any time during the twelve (12) months ending on December 31, the Executive is a Specified Employee for the twelve (12) month period commencing on the first day of the following April.

ARTICLE 2 PAYMENT OF BENEFITS

2.1 *Normal Retirement Benefit.* Upon Separation from Service after Normal Retirement Age, the Employer shall pay the Executive an annual benefit in the amount of Thirty-Nine Thousand Dollars (\$39,000) in lieu of any other benefit hereunder. The annual benefit will be paid in equal monthly installments commencing the month following Separation from Service and continuing for twenty (20) years, subject to the conditions and limitations hereinafter set forth.

2.2 *Early Termination Benefit .* If Early Termination occurs, the Employer shall pay the Executive the Early Termination annual benefit shown on Schedule A for the Plan Year ending immediately prior to Separation from Service in lieu of any other benefit hereunder. The annual benefit will be paid in equal monthly installments commencing the month following Separation from Service and continuing for five (5) years.

2.3 *Disability Benefit .* In the event the Executive suffers a Disability prior to Normal Retirement Age the Employer shall pay the Executive the Disability annual benefit shown on Schedule A for the Plan Year ending immediately prior to Disability in lieu of any other benefit hereunder. The annual benefit will be paid in equal monthly installments commencing the month following Normal Retirement Age and continuing for twenty (20) years.

2.4 *Change in Control Benefit .* If a Change in Control occurs prior to Separation from Service and prior to Normal Retirement Age the Employer shall pay the Executive the Change in Control benefit amount shown on Schedule A for the Plan Year ending immediately prior to the Change in Control in lieu of any other benefit hereunder. The benefit will be paid in a lump sum within ninety (90) days following the Change in Control, with the precise date of payment within such period determined by the Employer in its sole discretion.

2.5 *Death During Active Service and Prior to Change in Control .* In the event the Executive dies prior to becoming entitled to any other benefit hereunder, the Employer shall pay the death benefit shown on Schedule A for the Plan Year ending immediately prior to the Executive's death in lieu of any other benefit hereunder. The annual benefit will be paid in equal monthly installments commencing the month following the Executive's death and continuing for twenty (20) years.

2.6 *Death Prior to Commencement of Benefits.* In the event the Executive dies after becoming entitled to a benefit hereunder but prior to commencement of benefit payments, the Employer shall pay the Beneficiary the same amounts at the same times as the Employer would have paid the Executive had the Executive survived.

2.7 *Death Subsequent to Commencement of Benefit Payments .* In the event the Executive dies while receiving payments, but prior to receiving all payments due and owing hereunder, the Employer shall pay the Beneficiary the same amounts as the Employer would have paid the Executive had the Executive survived.

2.8 *Termination for Cause .* If the Employer terminates the Executive's employment for Cause, then the Executive shall not be entitled to any benefits under the terms of this Agreement.

2.9 *Restriction on Commencement of Distributions .* Notwithstanding any provision of this Agreement to the contrary, if the Executive is considered a Specified Employee at the time of Separation from Service, the provisions of this Section shall govern all distributions hereunder. Distributions which would otherwise be made to the Executive due to Separation from Service shall not be made during the first six (6) months following Separation from Service. Rather, any distribution which would otherwise be paid to the Executive during such period shall be accumulated and paid to the Executive in a lump sum on the first day of the seventh month following Separation from Service, or if earlier, upon the Executive's death. All subsequent distributions shall be paid as they would have had this Section not applied.

2.10 *Acceleration of Payments .* Except as specifically permitted herein, no acceleration of the time or schedule of any payment may be made hereunder. Notwithstanding the foregoing, payments may be accelerated, in accordance with the provisions of Treasury Regulation §1.409A-3(j)(4) in the following circumstances: (i) as a result of certain domestic relations orders; (ii) in compliance with ethics agreements with the federal government; (iii) in compliance with the ethics laws or conflicts of interest laws; (iv) in limited cashouts (but not in excess of the limit under Code §402(g)(1)(B)); (v) to pay employment-related taxes; or (vi) to pay any taxes that may become due at any time that the Agreement fails to meet the requirements of Code Section 409A.

2.11 *Delays in Payment by Employer .* A payment may be delayed to a date after the designated payment date under any of the circumstances described below, and the provision will not fail to meet the requirements of establishing a permissible payment event. The delay in the payment will not constitute a subsequent deferral election, so long as the Employer treats all payments to similarly situated Participants on a reasonably consistent basis.

(a) Payments subject to Code Section 162(m). If the Employer reasonably anticipates that the Employer's deduction with respect to any distribution under this Agreement would be limited or eliminated by application of Code Section 162(m), then to the extent deemed necessary by the Employer to ensure that the entire amount of any distribution from this Agreement is deductible, the Employer may delay payment of any amount that would otherwise be distributed under this Agreement. The delayed amounts shall be distributed to the Executive (or the Beneficiary in the event of the Executive's death) at the earliest date the Employer reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m).

(b) Payments that would violate Federal securities laws or other applicable law. A payment may be delayed where the Employer reasonably anticipates that the making of the payment will violate Federal securities laws or other applicable law provided that the payment is made at the earliest date at which the Employer reasonably anticipates that the making of the payment will not cause such violation. The making of a payment that would cause inclusion in gross income or the application of any penalty provision of the Internal Revenue Code is not treated as a violation of law.

(c) Solvency. Notwithstanding the above, a payment may be delayed where the payment would jeopardize the ability of the Employer to continue as a going concern.

2.12 *Treatment of Payment as Made on Designated Payment Date*. Solely for purposes of determining compliance with Code Section 409A, any payment under this Agreement made after the required payment date shall be deemed made on the required payment date provided that such payment is made by the latest of: (i) the end of the calendar year in which the payment is due; (ii) the 15th day of the third calendar month following the payment due date; (iii) if Employer cannot calculate the payment amount on account of administrative impracticality which is beyond the Executive's control, the end of the first calendar year which payment calculation is practicable; and (iv) if Employer does not have sufficient funds to make the payment without jeopardizing the Employer's solvency, in the first calendar year in which the Employer's funds are sufficient to make the payment.

2.13 *Facility of Payment*. If a distribution is to be made to a minor, or to a person who is otherwise incompetent, then the Administrator may make such distribution: (i) to the legal guardian, or if none, to a parent of a minor payee with whom the payee maintains his or her residence; or (ii) to the conservator or administrator or, if none, to the person having custody of an incompetent payee. Any such distribution shall fully discharge the Employer and the Administrator from further liability on account thereof.

2.14 *Excise Tax Limitation*. Notwithstanding any provision of this Agreement to the contrary, if any benefit payment hereunder would be treated as an "excess parachute payment" under Code Section 280G, the Employer shall reduce such benefit payment to the extent necessary to avoid treating such benefit payment as an excess parachute payment. The Executive shall be entitled to only the reduced benefit and shall forfeit any amount over and above the reduced amount.

2.15 *Changes in Form of Timing of Benefit Payments* . The Employer and the Executive may, subject to the terms hereof, amend this Agreement to delay the timing or change the form of payments. Any such amendment:

- (a) must take effect not less than twelve (12) months after the amendment is made;
- (b) must, for benefits distributable due solely to the arrival of a specified date, or on account of Separation from Service or Change in Control, delay the commencement of distributions for a minimum of five (5) years from the date the first distribution was originally scheduled to be made;
- (c) must, for benefits distributable due solely to the arrival of a specified date, be made not less than twelve (12) months before distribution is scheduled to begin; and
- (d) may not accelerate the time or schedule of any distribution.

ARTICLE 3 BENEFICIARIES

3.1 *Designation of Beneficiaries* . The Executive may designate any person to receive any benefits payable under the Agreement upon the Executive's death, and the designation may be changed from time to time by the Executive by filing a new designation. Each designation will revoke all prior designations by the Executive, shall be in the form prescribed by the Administrator, and shall be effective only when filed in writing with the Administrator during the Executive's lifetime. If the Executive names someone other than the Executive's spouse as a Beneficiary, the Administrator may, in its sole discretion, determine that spousal consent is required to be provided in a form designated by the Administrator, executed by the Executive's spouse and returned to the Administrator. The Executive's beneficiary designation shall be deemed automatically revoked if the Beneficiary predeceases the Executive or if the Executive names a spouse as Beneficiary and the marriage is subsequently dissolved.

3.2 *Absence of Beneficiary Designation* . In the absence of a valid Beneficiary designation, or if, at the time any benefit payment is due to a Beneficiary, there is no living Beneficiary validly named by the Executive, the Employer shall pay the benefit payment to the Executive's spouse. If the spouse is not living then the Employer shall pay the benefit payment to the Executive's living descendants *per stirpes* , and if there no living descendants, to the Executive's estate. In determining the existence or identity of anyone entitled to a benefit payment, the Employer may rely conclusively upon information supplied by the Executive's personal representative, executor, or administrator.

**ARTICLE 4
ADMINISTRATION**

4.1 *Administrator Duties* . The Administrator shall be responsible for the management, operation, and administration of the Agreement. When making a determination or calculation, the Administrator shall be entitled to rely on information furnished by the Employer, Executive or Beneficiary. No provision of this Agreement shall be construed as imposing on the Administrator any fiduciary duty under ERISA or other law, or any duty similar to any fiduciary duty under ERISA or other law.

4.2 *Administrator Authority* . The Administrator shall enforce this Agreement in accordance with its terms, shall be charged with the general administration of this Agreement, and shall have all powers necessary to accomplish its purposes.

4.3 *Binding Effect of Decision* . The decision or action of the Administrator with respect to any question arising out of or in connection with the administration, interpretation or application of this Agreement and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in this Agreement.

4.4 *Compensation, Expenses and Indemnity* . The Administrator shall serve without compensation for services rendered hereunder. The Administrator is authorized at the expense of the Employer to employ such legal counsel and/or recordkeeper as it may deem advisable to assist in the performance of its duties hereunder. Expense and fees in connection with the administration of this Agreement shall be paid by the Employer.

4.5 *Employer Information* . The Employer shall supply full and timely information to the Administrator on all matters relating to the Executive's compensation, death, Disability or Separation from Service, and such other information as the Administrator reasonably requires.

4.6 *Termination of Participation* . If the Administrator determines in good faith that the Executive no longer qualifies as a member of a select group of management or highly compensated employees, as determined in accordance with ERISA, the Administrator shall have the right, in its sole discretion, to cease further benefit accruals hereunder.

4.7 *Compliance with Code Section 409A* . The Employer and the Executive intend that the Agreement comply with the provisions of Code Section 409A to prevent the inclusion in gross income of any amounts deferred hereunder in a taxable year prior to the year in which amounts are actually paid to the Executive or Beneficiary. This Agreement shall be construed, administered and governed in a manner that affects such intent, and the Administrator shall not take any action that would be inconsistent therewith.

ARTICLE 5
CLAIMS AND REVIEW PROCEDURES

5.1 *Claims Procedure* . A Claimant who has not received benefits under this Agreement that he or she believes should be distributed shall make a claim for such benefits as follows.

(a) Initiation – Written Claim . The Claimant initiates a claim by submitting to the Administrator a written claim for the benefits. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within one hundred eighty (180) days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

(b) Timing of Administrator Response . The Administrator shall respond to such Claimant within ninety (90) days after receiving the claim. If the Administrator determines that special circumstances require additional time for processing the claim, the Administrator can extend the response period by an additional ninety (90) days by notifying the Claimant in writing, prior to the end of the initial ninety (90) day period, that an additional period is required. The notice of extension must set forth the special circumstances and the date by which the Administrator expects to render its decision.

(c) Notice of Decision . If the Administrator denies part or all of the claim, the Administrator shall notify the Claimant in writing of such denial. The Administrator shall write the notification in a manner calculated to be understood by the Claimant. The notification shall set forth: (i) the specific reasons for the denial; (ii) a reference to the specific provisions of this Agreement on which the denial is based; (iii) a description of any additional information or material necessary for the Claimant to perfect the claim and an explanation of why it is needed; (iv) an explanation of this Agreement's review procedures and the time limits applicable to such procedures; and (v) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

5.2 *Review Procedure* . If the Administrator denies part or all of the claim, the Claimant shall have the opportunity for a full and fair review by the Administrator of the denial as follows.

(a) Initiation – Written Request . To initiate the review, the Claimant, within sixty (60) days after receiving the Administrator's notice of denial, must file with the Administrator a written request for review.

(b) Additional Submissions – Information Access . The Claimant shall then have the opportunity to submit written comments, documents, records and other information relating to the claim. The Administrator shall also provide the Claimant, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits.

(c) Considerations on Review. In considering the review, the Administrator shall take into account all materials and information the Claimant submits relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

(d) Timing of Administrator Response. The Administrator shall respond in writing to such Claimant within sixty (60) days after receiving the request for review. If the Administrator determines that special circumstances require additional time for processing the claim, the Administrator can extend the response period by an additional sixty (60) days by notifying the Claimant in writing, prior to the end of the initial sixty (60) day period, that an additional period is required. The notice of extension must set forth the special circumstances and the date by which the Administrator expects to render its decision.

(e) Notice of Decision. The Administrator shall notify the Claimant in writing of its decision on review. The Administrator shall write the notification in a manner calculated to be understood by the Claimant. The notification shall set forth: (a) the specific reasons for the denial; (b) a reference to the specific provisions of this Agreement on which the denial is based; (c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and (d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

ARTICLE 6 AMENDMENT AND TERMINATION

6.1 *Agreement Amendment Generally*. Except as provided in Section 6.2, this Agreement may be amended only by a written agreement signed by both the Employer and the Executive.

6.2 *Amendment to Insure Proper Characterization of Agreement*. Notwithstanding anything in this Agreement to the contrary, the Agreement may be amended by the Employer at any time, if found necessary in the opinion of the Employer, i) to ensure that the Agreement is characterized as plan of deferred compensation maintained for a select group of management or highly compensated employees as described under ERISA, ii) to conform the Agreement to the requirements of any applicable law or iii) to comply with the written instructions of the Employer's auditors or banking regulators.

6.3 *Agreement Termination Generally*. Except as provided in Section 6.4, this Agreement may be terminated only by a written agreement signed by the Company and the Executive. Such termination shall not cause a distribution of benefits under this Agreement. Rather, upon such termination benefit distributions will be made at the earliest distribution event permitted under Article 2.

6.4 *Effect of Complete Termination* . Notwithstanding anything to the contrary in Section 6.3, and subject to the requirements of Code Section 409A and Treasury Regulations §1.409A-3(j)(4)(ix), at certain times the Employer may completely terminate and liquidate the Agreement. In the event of such a complete termination, the Employer shall pay the Accrued Benefit to the Executive. Such complete termination of the Agreement shall occur only under the following circumstances and conditions.

(a) Corporate Dissolution or Bankruptcy . The Employer may terminate and liquidate this Agreement within twelve (12) months of a corporate dissolution taxed under Code Section 331, or with the approval of a bankruptcy court pursuant to 11 U.S.C. §503(b)(1)(A), provided that all benefits paid under the Agreement are included in the Executive's gross income in the latest of: (i) the calendar year which the termination occurs; (ii) the calendar year in which the amount is no longer subject to a substantial risk of forfeiture; or (iii) the first calendar year in which the payment is administratively practicable.

(b) Change in Control . The Employer may terminate and liquidate this Agreement by taking irrevocable action to terminate and liquidate within the thirty (30) days preceding or the twelve (12) months following a Change in Control. This Agreement will then be treated as terminated only if all substantially similar arrangements sponsored by the Employer which are treated as deferred under a single plan under Treasury Regulations §1.409A-1(c)(2) are terminated and liquidated with respect to each participant who experienced the Change in Control so that the Executive and any participants in any such similar arrangements are required to receive all amounts of compensation deferred under the terminated arrangements within twelve (12) months of the date the Employer takes the irrevocable action to terminate the arrangements.

(c) Discretionary Termination . The Employer may terminate and liquidate this Agreement provided that: (i) the termination does not occur proximate to a downturn in the financial health of the Employer; (ii) all arrangements sponsored by the Employer and Affiliates that would be aggregated with any terminated arrangements under Treasury Regulations §1.409A-1(c) are terminated; (iii) no payments, other than payments that would be payable under the terms of this Agreement if the termination had not occurred, are made within twelve (12) months of the date the Employer takes the irrevocable action to terminate this Agreement; (iv) all payments are made within twenty-four (24) months following the date the Employer takes the irrevocable action to terminate and liquidate this Agreement; and (v) neither the Employer nor any of its Affiliates adopt a new arrangement that would be aggregated with any terminated arrangement under Treasury Regulations §1.409A-1(c) if the Executive participated in both arrangements, at any time within three (3) years following the date the Employer takes the irrevocable action to terminate this Agreement.

ARTICLE 7
MISCELLANEOUS

7.1 *No Effect on Other Rights* . This Agreement constitutes the entire agreement between the Employer and the Executive as to the subject matter hereof. No rights are granted to the Executive by virtue of this Agreement other than those specifically set forth herein. Nothing contained herein will confer upon the Executive the right to be retained in the service of the Employer nor limit the right of the Employer to discharge or otherwise deal with the Executive without regard to the existence hereof.

7.2 *State Law* . To the extent not governed by ERISA, the provisions of this Agreement shall be construed and interpreted according to the internal law of the Commonwealth of Pennsylvania without regard to its conflicts of laws principles.

7.3 *Validity* . In case any provision of this Agreement shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

7.4 *Nonassignability* . Benefits under this Agreement cannot be sold, transferred, assigned, pledged, attached or encumbered in any manner.

7.5 *Unsecured General Creditor Status* . Payment to the Executive or any Beneficiary hereunder shall be made from assets which shall continue, for all purposes, to be part of the general, unrestricted assets of the Employer and no person shall have any interest in any such asset by virtue of any provision of this Agreement. The Employer's obligation hereunder shall be an unfunded and unsecured promise to pay money in the future. In the event that the Employer purchases an insurance policy insuring the life of the Executive to recover the cost of providing benefits hereunder, neither the Executive nor the Beneficiary shall have any rights whatsoever in said policy or the proceeds therefrom.

7.6 *Life Insurance* . If the Employer chooses to obtain insurance on the life of the Executive in connection with its obligations under this Agreement, the Executive hereby agrees to take such physical examinations and to truthfully and completely supply such information as may be required by the Employer or the insurance company designated by the Employer.

7.7 *Unclaimed Benefits* . The Executive shall keep the Employer informed of the Executive's current address and the current address of the Beneficiary. If the location of the Executive is not made known to the Employer within three years after the date upon which any payment of any benefits may first be made, the Employer shall delay payment of the Executive's benefit payment(s) until the location of the Executive is made known to the Employer; however, the Employer shall only be obligated to hold such benefit payment(s) for the Executive until the expiration of three (3) years. Upon expiration of the three (3) year period, the Employer may discharge its obligation by payment to the Beneficiary. If the location of the Beneficiary is not made known to the Employer by the end of an additional two (2) month period following expiration of the three (3) year period, the Employer may discharge its obligation by payment to the Executive's estate. If there is no estate in existence at such time or if such fact cannot be determined by the Employer, the Executive and Beneficiary shall thereupon forfeit all rights to any benefits provided under this Agreement.

7.8 *Suicide or Misstatement* . No benefit shall be distributed hereunder if the Executive commits suicide within two (2) years after the Effective Date, or if an insurance company which issued a life insurance policy covering the Executive and owned by the Employer denies coverage (i) for material misstatements of fact made by the Executive on an application for life insurance, or (ii) for any other reason.

7.9 *Removal* . Notwithstanding anything in this Agreement to the contrary, the Employer shall not distribute any benefit under this Agreement if the Executive is subject to a final removal or prohibition order issued pursuant to Section 8(e) of the Federal Deposit Insurance Act. Furthermore, any payments made to the Executive pursuant to this Agreement shall, if required, comply with 12 U.S.C. 1828, FDIC Regulation 12 CFR Part 359 and any other regulations or guidance promulgated thereunder.

7.10 *Competition after Separation from Service* . The Executive shall forfeit all rights to any further benefits hereunder if the Executive, without the prior written consent of the Employer, violates any of the following restrictive covenants.

(a) Non-compete provision . During (x) the period that the Executive is employed by the Employer, (y) the period of three years following the Executive's Separation from Service if such event occurs prior to a Change in Control, and (z) the period of six months following a Change in Control if no Separation from Service has occurred prior to such Change in Control, the Executive shall not, directly or indirectly, either as an individual or as a proprietor, stockholder, partner, officer, director, employee, agent, consultant or independent contractor of any individual, partnership, corporation or other entity (excluding an ownership interest of three percent (3%) or less in the stock of a publicly-traded company):

(i) become employed by, participate in, or becomes connected in any manner with the ownership, management, operation or control of any bank, savings and loan or other similar financial institution if the Executive's responsibilities will include providing banking or other financial services within twenty-five (25) miles of any office maintained by the Employer as of the date of the termination of the Executive's employment; provided that the foregoing shall not prevent the Executive from owning for passive investment purposes less than five percent (5%) of the publicly traded voting securities of any company engaged in the banking, financial services, insurance, brokerage or other business similar to or competitive with the Employers (so long as the Executive has no power to manage, operate, advise, consult with or control the competing enterprise and no power, alone or in conjunction with other affiliated parties, to select a director, manager, general partner, or similar governing official of the competing enterprise other than in connection with the normal and customary voting powers afforded the Executive in connection with any permissible equity ownership);

(ii) participate in any way in hiring or otherwise engaging, or assisting any other person or entity in hiring or otherwise engaging, on a temporary, part-time or permanent basis, any individual who was employed by the Employer as of the date of termination of the Executive's employment (excluding those employees whose employment is terminated by the Employer);

(iii) assist, advise, or serve in any capacity, representative or otherwise, any third party in any action against the Employer or transaction involving the Employer;

(iv) sell, offer to sell, provide banking or other financial services, assist any other person in selling or providing banking or other financial services, or solicit or otherwise compete for (whether by mail, telephone, personal meeting or any other means, excluding general solicitations of the public that are not based in whole or in part on any list of customers of the Employer or any of its Affiliates or successors), either directly or indirectly, any orders, contract, or accounts for services of a kind or nature like or substantially similar to the financial services performed or financial products sold by the Employer (the preceding hereinafter referred to as "Services"), to or from any person or entity from whom the Executive or the Employer, to the knowledge of the Executive provided banking or other financial services, sold, offered to sell or solicited orders, contracts or accounts for Services during the three (3) year period immediately prior to the termination of the Executive's employment;

(v) divulge, disclose, or communicate to others in any manner whatsoever, any confidential information of the Employer, to the knowledge of the Executive, including, but not limited to, the names and addresses of customers or prospective customers, of the Employer, as they may have existed from time to time, of work performed or services rendered for any customer, any method and/or procedures relating to projects or other work developed for the Employer, earnings or other information concerning the Employer. The restrictions contained in this subsection (v) apply to all information regarding the Employer, regardless of the source that provided or compiled such information. Notwithstanding anything to the contrary, all information referred to herein shall not be disclosed unless and until it becomes known to the general public from sources other than the Executive.

(b) Value of Non-compete for Purposes of Code Section 280G . For purposes of Code Section 280G, the Employer shall ascribe a value to the restrictive covenants imposed upon the Executive pursuant to Section 7.10 (a), with such value to not exceed one-half of the Executive's annual compensation as of the date of the Change in Control.

(c) Judicial Remedies . In the event of a breach or threatened breach by the Executive of any of the provisions of Section 7.10(a), the Executive recognizes the substantial and immediate harm that a breach or threatened breach will impose upon the Employer, and further recognizes that in such event monetary damages may be inadequate to fully protect the Employer. Accordingly, in the event of a breach or threatened breach by the Executive of any of the provisions of Section 7.10(a), the Executive consents to the Employer's entitlement to such *ex parte* , preliminary, interlocutory, temporary or permanent injunctive, or any other equitable relief, protecting and fully enforcing the Employer's rights hereunder and preventing the Executive from further any of the Executive's obligations set out herein. The Executive expressly waives any requirement, based on any statute, rule of procedure, or other source, that the Employer post a bond as a condition of obtaining any of the above-described remedies. Nothing herein shall be construed as prohibiting the Employer from pursuing any other remedies available to the Employer at law or in equity for such breach or threatened breach, including the recovery of damages from the Executive. The Executive expressly acknowledges and agrees that: (i) the restrictions set forth in Section 7.10(a) are reasonable in terms of scope, duration, geographic area and otherwise; (ii) the protections afforded the Employer in Section 7.10(a) are necessary to protect its legitimate business interest; (iii) the restrictions set forth in Section 7.10(a) will not be materially adverse to the Executive's employment with the Employer; and (iv) the Executive's agreement to observe such restrictions forms a material part of the consideration for this Agreement.

(d) Overbreadth of Restrictive Covenant . It is the intention of the parties that if any restrictive covenant in this Agreement is determined by a court of competent jurisdiction to be overly broad, then the court should enforce such restrictive covenant to the maximum extent permitted under the law as to area, breadth and duration.

7.11 Notice . Any notice, consent or demand required or permitted to be given to the Employer or Administrator under this Agreement shall be sufficient if in writing and hand-delivered or sent by registered or certified mail to the Employer's principal business office. Any notice or filing required or permitted to be given to the Executive or Beneficiary under this Agreement shall be sufficient if in writing and hand-delivered or sent by mail to the last known address of the Executive or Beneficiary, as appropriate. Any notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or on the receipt for registration or certification.

7.12 *Headings and Interpretation* . Headings and sub-headings in this Agreement are inserted for reference and convenience only and shall not be deemed part of this Agreement. Wherever the fulfillment of the intent and purpose of this Agreement requires and the context will permit, the use of the masculine gender includes the feminine and use of the singular includes the plural.

7.13 *Alternative Action* . In the event it becomes impossible for the Employer or the Administrator to perform any act required by this Agreement due to regulatory or other constraints, the Employer or Administrator may perform such alternative act as most nearly carries out the intent and purpose of this Agreement and is in the best interests of the Employer, provided that such alternative act does not violate Code Section 409A.

7.14 *Coordination with Other Benefits* . The benefits provided for the Executive or the Beneficiary under this Agreement are in addition to any other benefits available to the Executive under any other plan or program for employees of the Employer. This Agreement shall supplement and shall not supersede, modify, or amend any other such plan or program except as may otherwise be expressly provided herein.

7.15 *Inurement* . This Agreement shall be binding upon and shall inure to the benefit of the Employer, its successor and assigns, and the Executive, the Executive's successors, heirs, executors, administrators, and the Beneficiary.

7.16 *Tax Withholding* . The Employer may make such provisions and take such action as it deems necessary or appropriate for the withholding of any taxes which the Employer is required by any law or regulation to withhold in connection with any benefits under the Agreement. The Executive shall be responsible for the payment of all individual tax liabilities relating to any benefits paid hereunder.

7.17 *Aggregation of Agreement* . If the Employer offers other non-account balance deferred compensation plans, this Agreement and those plans shall be treated as a single plan to the extent required under Code Section 409A.

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IN WITNESS WHEREOF, the Executive and a representative of the Employer have executed this Agreement document as indicated below:

Executive:

/s/Amanda L. Engles
Amanda L. Engles

Employer:

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

By execution hereof, Emclaire Financial Corp. consents to and agrees to be bound by the terms and conditions of this Agreement.

Attest:

/s/Linda Bartley
Linda Bartley

Corporation:

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

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN AGREEMENT

Beneficiary Designation

I, Amanda Engles, designate the following as Beneficiary under this Agreement:

Primary

_____ %
_____ %

Contingent

_____ %
_____ %

I understand that I may change this beneficiary designation by delivering a new written designation to the Administrator, which shall be effective only upon receipt by the Administrator prior to my death. I further understand that the designation will be automatically revoked if the Beneficiary predeceases me or if I have named my spouse as Beneficiary and our marriage is subsequently dissolved.

Signature: _____ Date: _____

SPOUSAL CONSENT (Required only if Administrator requests and someone other than spouse is named Beneficiary)
I consent to the beneficiary designation above. I also acknowledge that if I am named Beneficiary and my marriage is subsequently dissolved, the beneficiary designation will be automatically revoked.
Spouse Name: _____
Signature: _____ Date: _____

Received by the Administrator this _____ day of _____, 20__

By: _____
Title: _____

Supplemental Executive Retirement Plan
Schedule A

Amanda Engles

Birth Date: XX/XX/1978

Early Termination

Disability

Change In Control

Death

Plan Anniversary Date: 09/30/2018

Normal Retirement: 04/28/2043, Age 65

| Normal Retirement Payment: Monthly for 20 Years | Amount Payable Monthly for 5 Years at Separation from Service | Amount Payable Monthly for 20 Years at Normal Retirement Age | Amount Payable Lump Sum Upon Change in Control | Amount Payable Monthly for 20 Years Upon Death |
|--|--|---|---|---|
|--|--|---|---|---|

| Values As Of | Age | Annual Benefit 1 | Annual Benefit 2 | Lump Sum Benefit | Annual Benefit 2 |
|---------------------|------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Jan-18 | 39 | 0 | 0 | 0 | 0 |
| Sep-18 | 40 | 2,168 | 1,763 | 9,900 | 702 |
| Sep-19 | 41 | 5,154 | 4,037 | 23,539 | 1,670 |
| Sep-20 | 42 | 8,255 | 6,228 | 37,699 | 2,674 |
| Sep-21 | 43 | 11,473 | 8,338 | 52,399 | 3,716 |
| Sep-22 | 44 | 14,815 | 10,371 | 67,660 | 4,799 |
| Sep-23 | 45 | 18,284 | 12,329 | 83,503 | 5,922 |
| Sep-24 | 46 | 21,885 | 14,215 | 99,950 | 7,089 |
| Sep-25 | 47 | 25,624 | 16,032 | 117,025 | 8,300 |
| Sep-26 | 48 | 29,506 | 17,782 | 134,752 | 9,557 |
| Sep-27 | 49 | 33,535 | 19,468 | 153,154 | 10,862 |
| Sep-28 | 50 | 37,718 | 21,092 | 172,259 | 12,217 |
| Sep-29 | 51 | 42,061 | 22,656 | 192,093 | 13,624 |
| Sep-30 | 52 | 46,570 | 24,163 | 212,683 | 15,085 |
| Sep-31 | 53 | 51,250 | 25,614 | 234,059 | 16,601 |
| Sep-32 | 54 | 56,109 | 27,012 | 256,250 | 18,175 |
| Sep-33 | 55 | 61,154 | 28,358 | 279,288 | 19,809 |
| Sep-34 | 56 | 66,391 | 29,656 | 303,205 | 21,505 |
| Sep-35 | 57 | 71,827 | 30,905 | 328,035 | 23,266 |
| Sep-36 | 58 | 77,472 | 32,109 | 353,811 | 25,094 |
| Sep-37 | 59 | 83,331 | 33,268 | 380,571 | 26,992 |
| Sep-38 | 60 | 89,414 | 34,384 | 408,352 | 28,962 |
| Sep-39 | 61 | 95,729 | 35,460 | 437,193 | 31,008 |
| Sep-40 | 62 | 102,285 | 36,496 | 467,135 | 33,132 |
| Sep-41 | 63 | 109,091 | 37,494 | 498,218 | 35,336 |
| Sep-42 | 64 | 116,157 | 38,456 | 530,488 | 37,625 |
| Apr-43 | 65 | 120,403 | 39,000 | 549,877 | 39,000 |

The first line represents the initial plan values as of the plan implementation date of January 01, 2018.

- 1 The annual benefit amount will be distributed in 12 equal monthly payments for a total of 60 monthly payments.
- 2 The annual benefit amount will be distributed in 12 equal monthly payments for a total of 240 monthly payments.

IF THERE IS A CONFLICT BETWEEN THIS SCHEDULE A AND THE AGREEMENT, THE TERMS AND PROVISIONS OF THE AGREEMENT SHALL PREVAIL. IF A TRIGGERING EVENT OCCURS, REFER TO THE AGREEMENT TO DETERMINE THE ACTUAL BENEFIT AMOUNT BASED ON THE DATE OF THE EVENT.

Amanda Engles _____

Date _____

By _____

Title _____

Date _____