



Emclaire Financial Corp.
The Farmers National Bank of Emlenton



**2010 ANNUAL MEETING OF
SHAREHOLDERS**

APRIL 28, 2010 – 9:00AM
EMLENTON, PENNSYLVANIA

Forward Looking Statements

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This presentation contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to management. These forward-looking statements relate to, among other things, expectations of the business environment in which we operate, projections of future performance, potential future credit experience, perceived opportunities in the market and statements regarding our mission and vision. Such statements reflect the current views of the Company with respect to future looking events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. The Company does not intend to update these forward-looking statements.

Introductions

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From Bank/Company:

- Board of Directors
- Executive Management
- Other Officers and Employees

Guests:

- Independent Accountants
 - Craig Yoder and Jim Romask – Crowe Horwath, LLP
- Market Maker
 - Bob Wagner – Boenning & Scattergood

AGENDA

- Corporate Update
- Growth and Results
 - 2009 Annual
 - 2010 First Quarter
- Asset Quality
- Capital, Dividend and Stock Matters
- Strategic Update – Looking Ahead
- Open Discussion

Wins 2008-2010

- Net Interest Margin Management
- Organic Growth
- Continued Asset Quality and Workout “Successes”
- Elk County Savings and Loan Transaction and Stock Offering
- TARP CPP Funding
- Titusville Branch Purchase
- Product Streamlining and Improvement
- Corporate Banking Products
- Business Development Committee
- Enhancement of Delivery Channels
- Investment Security Strategies
- Capital Management
- Website Redesign
- New Offices and Facility Improvements
- Wealth Management Division Growth
- Efficiency Improvements
- Top 100 Community Bank

Corporate Update

- **Economic and Regulatory Environment**
 - Unemployment – local; nationally
 - Interest rate environment
 - Increased regulation
- **Titusville Branch Purchase**
 - Attractive deal
 - Successful execution and conversion
- **Asset Quality**
 - Economic impact
 - Improving
- **Common Stock Offering**
 - 2009 add-on
 - Exploration of all capital alternatives
- **Approach for 2010**
 - Focus on organic growth
 - Focus on core business profitability
 - Eyes open for external opportunities

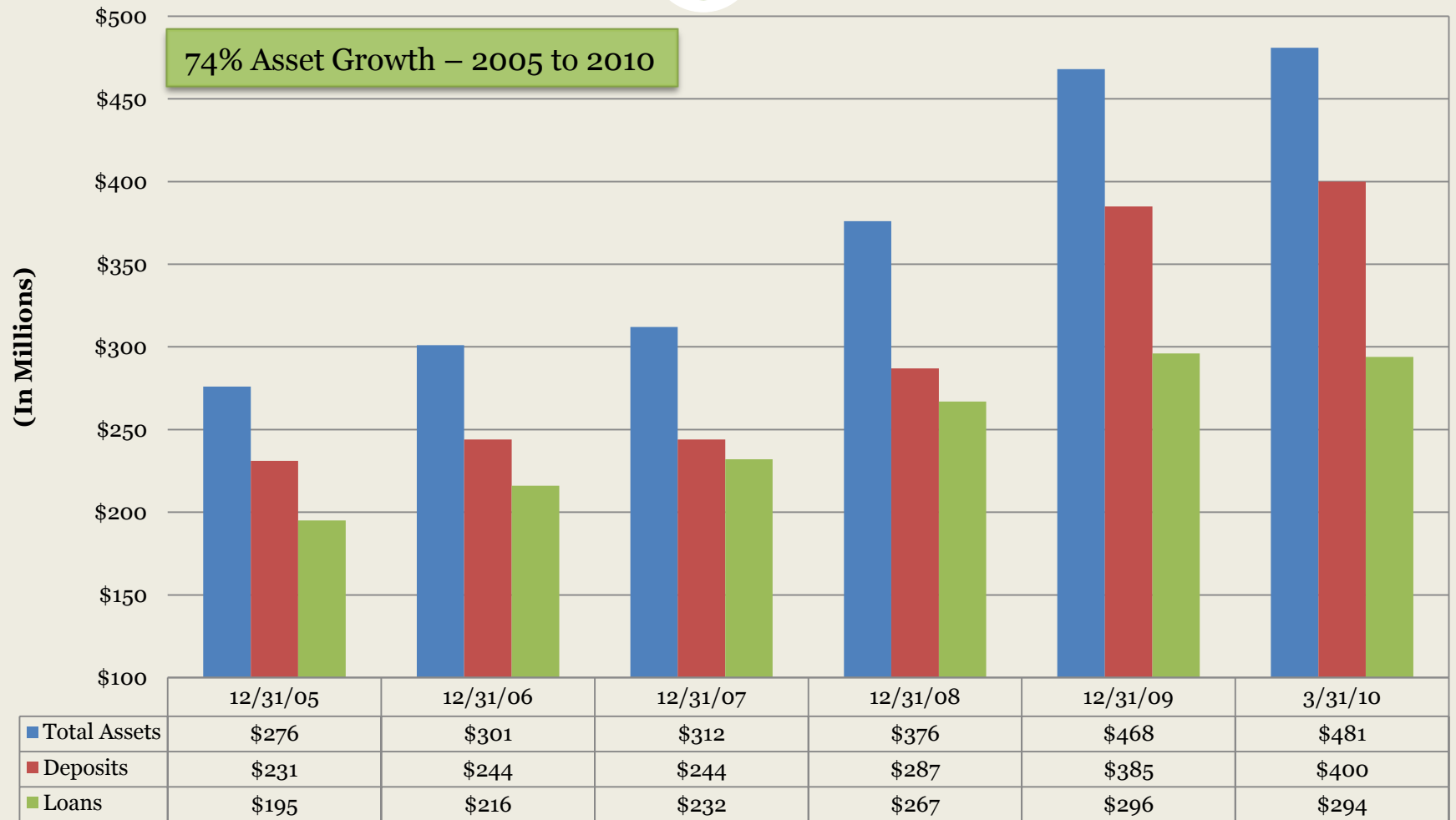
Growth And Results

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Balance Sheet Growth

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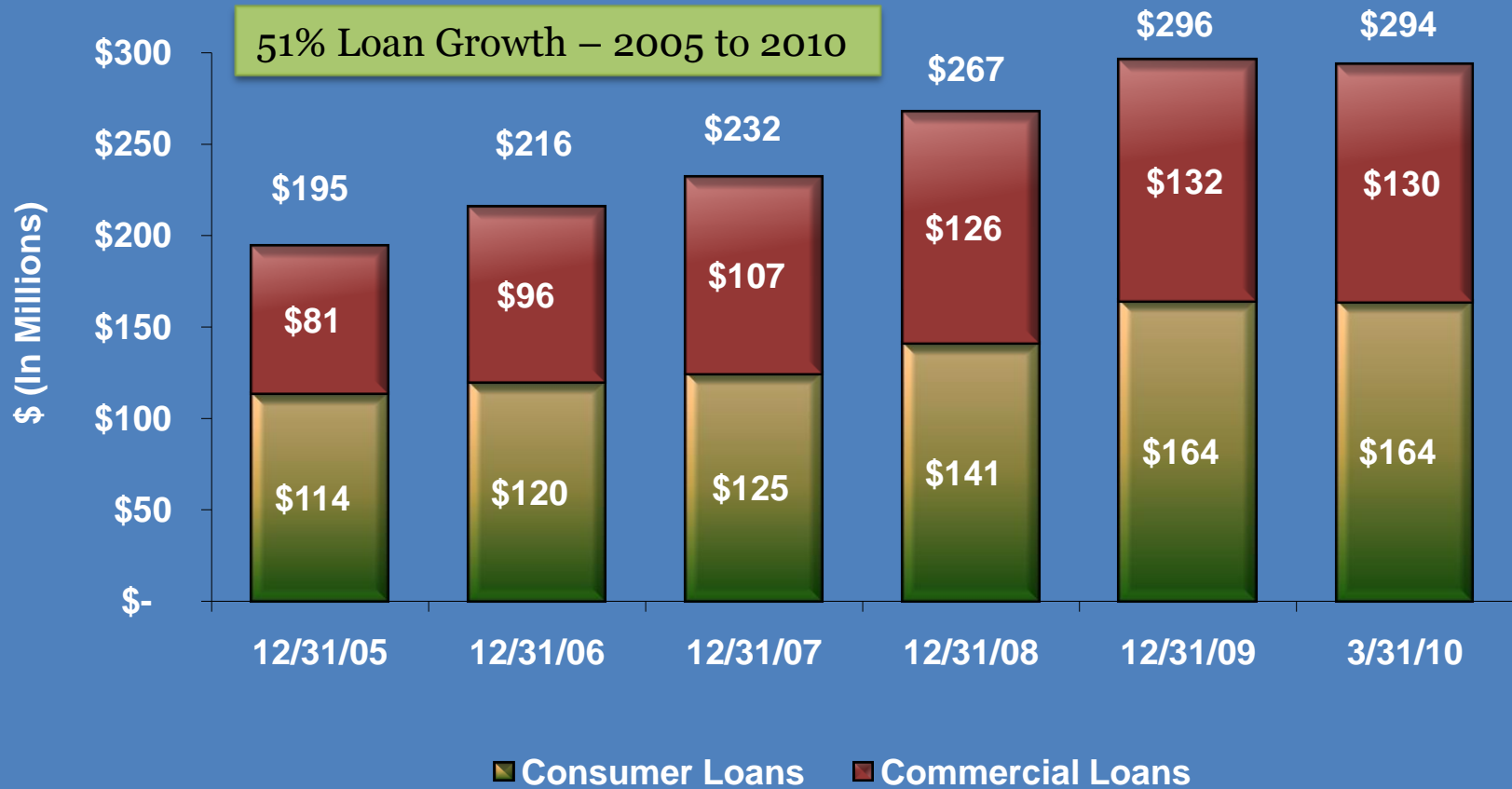
Balance Sheet Growth – How?

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- Internal (organic) growth through existing branch offices
- New (de novo) branch offices
- Acquisitions (Titusville, Elk County Savings and Loan)
- Commercial lending and corporate banking efforts
- Business Development Committee and multi-disciplined sales efforts
- Staff sales training and experience
- New and improved products and services
- Move in marketplace towards community banking

Loan Growth

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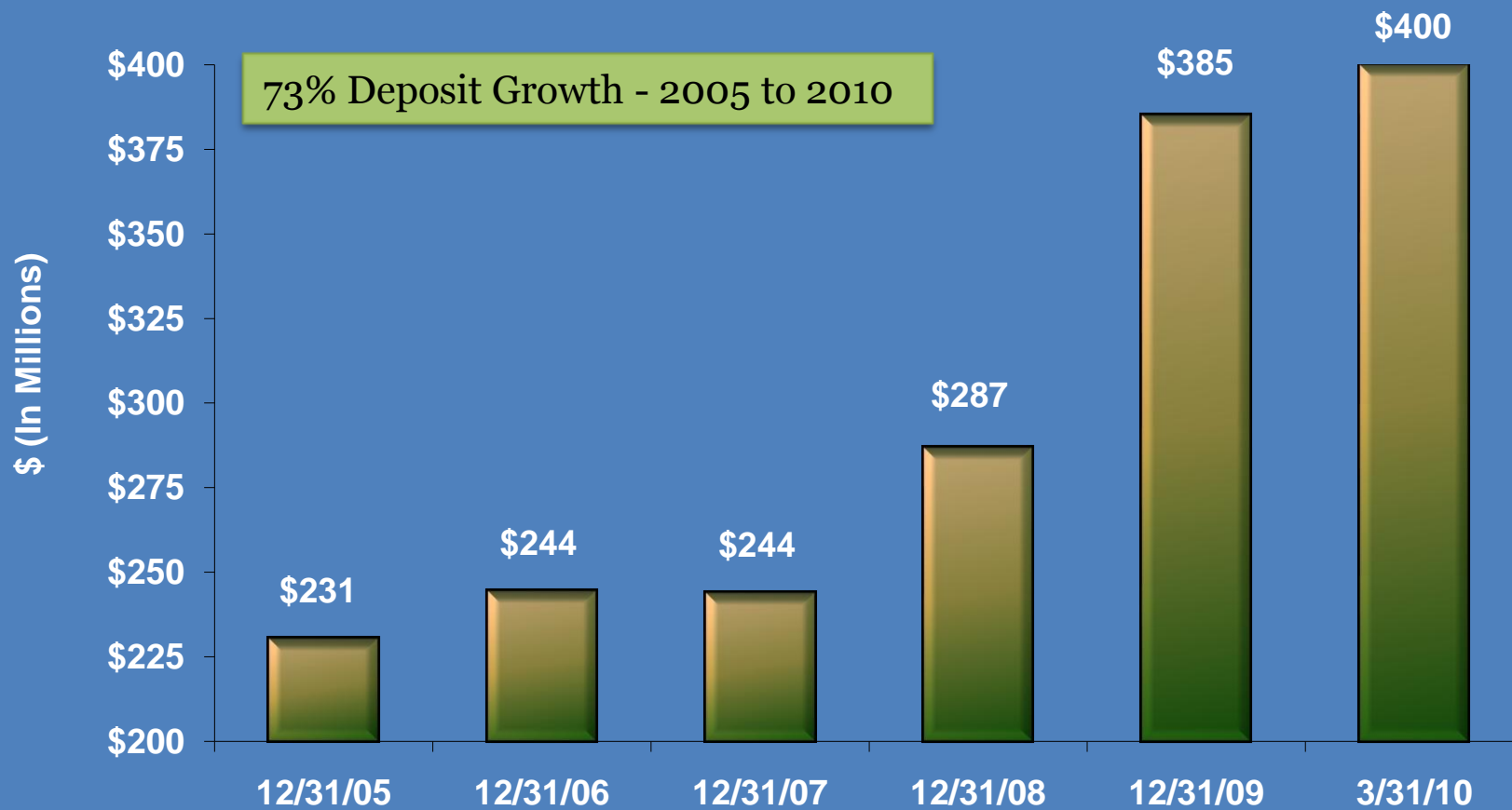


Loan Growth - Composition

<i>Dollar amounts in thousands</i>	2005-2010	\$ Change	% Growth
Balance - December 31, 2005	\$ 194,395		
<u>New Offices:</u>			
Cranberry (11/2006)	8,695		
Grove City (04/2008)	2,390		
Total New Offices	<u>11,085</u>		11%
<u>Acquisitions:</u>			
Elk County Savings & Loan Assoc. (10/2008)	5,290		
Titusville (08/2009)	31,083		
Total Acquisitions	<u>36,373</u>		36%
<u>Existing Branches</u>	8,402		8%
<u>Corporate Banking</u>	44,201		44%
Balance - March 31, 2010	\$ 294,456	\$ 100,061	100%
		51%	

Deposit Growth

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Deposit Growth - Composition

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<i>Dollar amounts in thousands</i>	2005-2010	\$ Change	% Growth
Balance - December 31, 2005	\$ 230,503		
<u>New Offices:</u>			
Cranberry (11/2006)	21,124		
Grove City (04/2008)	10,878		
Total New Offices	32,002		19%
<u>Acquisitions:</u>			
Elk County Savings & Loan Assoc. (10/2008)	2,754		
Titusville (08/2009)	95,062		
Total Acquisitions	97,816		58%
<u>Existing Branches</u>	39,341		23%
Balance - March 31, 2010	\$ 399,662	\$ 169,159	100%
		73%	

Consolidated Balance Sheets

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(\$'s in thousands, except share data)	March 31, 2010	December 31, 2009	December 31, 2008
Assets			
• Cash	\$ 27,513	\$ 38,952	\$ 16,571
• Investments	130,946	105,243	71,443
• Loans Receivable, net	291,282	292,615	264,838
• Other (intangible assets of \$6,097, \$6,242 and \$1,422)	30,795	30,716	22,812
Total Assets	\$ 480,536	\$ 476,526	\$ 375,664
Liabilities			
• Deposits	\$ 399,662	\$ 385,325	\$ 286,647
• Borrowed funds	40,000	40,000	48,188
• Other	3,144	5,167	4,706
Total Liabilities	442,806	430,492	339,541
Stockholders' Equity	37,730	37,034	36,123
Total Liabilities and Equity	\$ 480,536	\$ 476,526	\$ 375,664
Tangible book value per common share	\$16.84	\$16.32	\$19.06

Earnings – 2009 vs. 2008

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<i>(Dollar amounts in thousands, except share data)</i>	2009	2008	% Change
Net interest income	\$ 12,752	\$ 10,925	16.7%
Provision for loan losses	1,367	500	NM
Noninterest income	2,830	2,487	13.8%
Noninterest expense	12,618	11,032	14.4%
Net income	1,539	2,430	-36.7%
Preferred dividends / discount accretion	393	-	NM
Net income to common shareholders	\$ 1,146	\$ 2,430	-52.8%
Net income per common share	\$0.80	\$1.87	-57.2%
Return on average common equity	4.32%	9.38%	-54.0%

Earnings – 2009 vs. 2008

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- ↑ Net Interest Income increased \$1.8 million or 16.7%
 - ECSLA
 - Titusville
 - Tax-anticipation notes and portfolio growth
- ↓ Provision for Loan Losses
 - Larger problem credits – certain charge-offs
 - Economic impact
 - Portfolio growth
- ↓ Other-than-temporary security impairment charges
- ↓ FDIC Special Assessment & Premium Increases – \$402,000
- ↔ Titusville Acquisition and Integration Costs – \$592,000
- ↔ Stock Offering Costs (Nasdaq listing) – \$484,000
- ↔ ECSLA Extraordinary Income in 2008

- + **Continued core net income growth (Non-GAAP; unaudited)**
 - 2009 - \$2,857,000
 - 2008 - \$2,522,000

Earnings – 1Q 2010 vs. 1Q 2009

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<i>(Dollar amounts in thousands, except share data)</i>	2010	2009	% Change
Net interest income	\$ 3,509	\$ 3,061	14.6%
Provision for loan losses	128	297	-56.9%
Noninterest income	842	720	17.1%
Noninterest expense	3,391	2,622	29.3%
Net income	682	668	2.1%
Preferred dividends / discount accretion	98	98	NM
Net income to common shareholders	\$ 584	\$ 570	2.5%
Net income per common share	\$0.41	\$0.40	2.5%
Return on average common equity	9.22%	9.48%	-2.6%

Net Interest Revenue

(on a fully tax equivalent basis)

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(\$'s in thousands)	2009	2008	Change
Interest income	\$ 20,899	\$ 19,492	7.2%
Interest expense	7,582	8,168	7.2%
Net interest income	13,317	11,324	17.6%
Net interest margin	3.39%	3.59%	-5.6%
Interest rate spread	2.92%	3.02%	-3.3%
Cost of funds	2.03%	2.66%	-23.7%

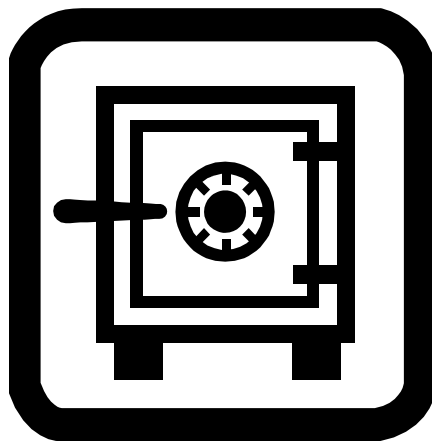
Strategic Initiatives - Efficiency

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	2009	2008	2007	2006	2005
<i>Employees:</i>					
Full Time	111	94	94	90	97
Part Time	15	17	17	22	28
FTE	119	103	103	101	111
Banking Offices	13	12	12	11	10
Total Assets (in millions)	\$467.5	\$375.7	\$311.7	\$300.1	\$275.5
Assets per employee (in 000's)	\$3,945	\$3,648	\$3,026	\$2,971	\$2,482

Asset Quality

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Asset Quality

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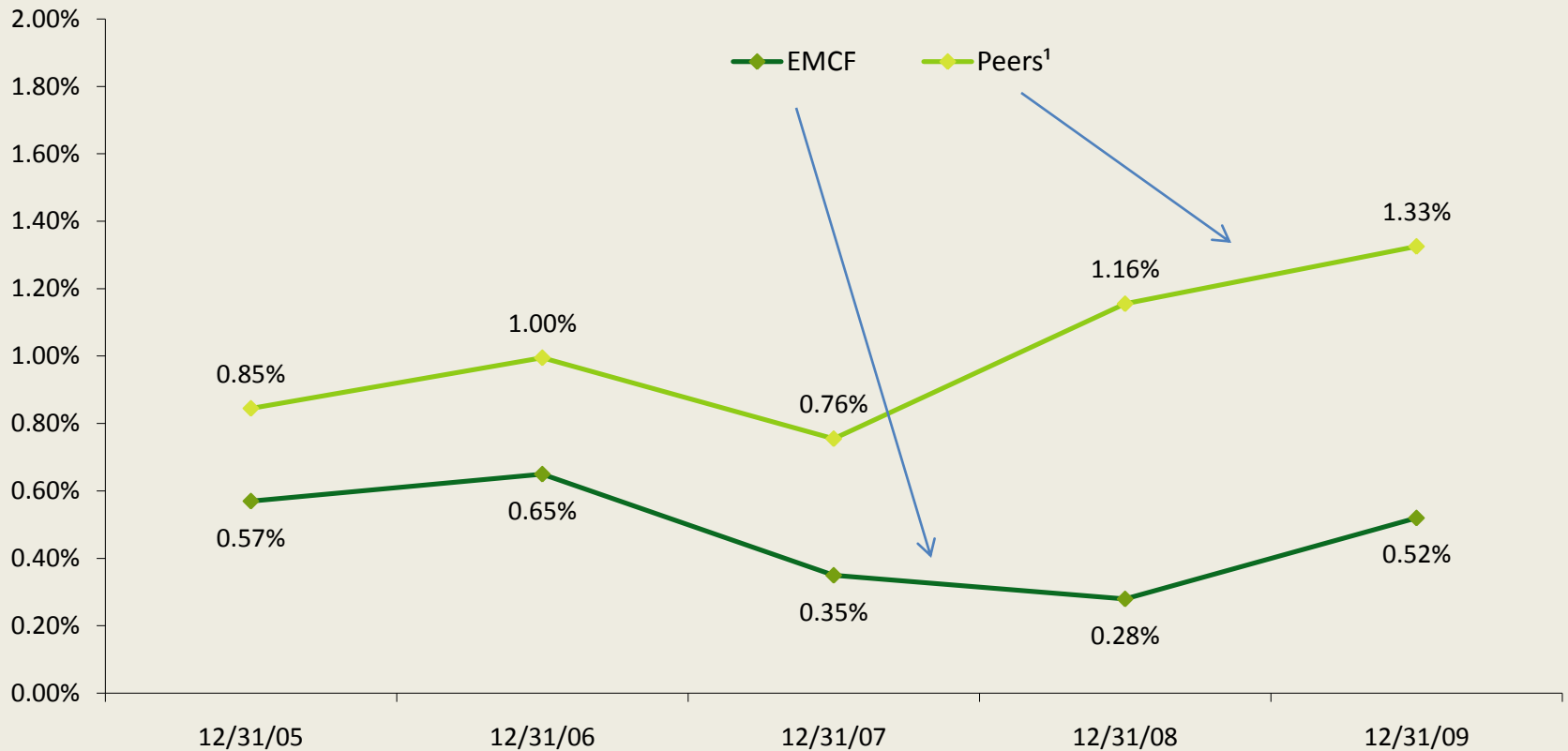
Dollar amounts in thousands

	As of:					
	March 31, 2010	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec. 31, 2008
Total Delinquency (> 30 days)	\$4,995	\$7,702	\$6,073	\$4,477	\$4,306	\$5,318
Nonperforming Assets:						
90+ Past Due (Still Accruing)	\$ 101	\$ 59	\$ 40	\$ 204	\$ 14	\$ 141
Nonaccrual	3,136	2,359	2,488	2,004	1,733	870
Total Nonperforming Loans	\$3,237	\$2,418	\$2,528	\$2,208	\$1,747	\$1,011
Repossessed Assets & OREO	233	213	428	538	110	50
Total Nonperforming Assets	\$3,470	\$2,631	\$2,956	\$2,746	\$1,857	\$1,061
NPAs + 90 Days Past Due/Assets	0.67%	0.52%	0.64%	0.70%	0.49%	0.28%
Reserves	\$3,174	\$3,202	\$3,158	\$2,935	\$2,885	\$2,651
Reserves/Loans	1.08%	1.08%	1.05%	1.08%	1.04%	0.99%
Reserves/NPLs	98%	132%	125%	133%	165%	262%
Charge-Offs (For the quarter)						
NCOs/Average Loans	0.05%	0.28%	0.02%	0.72%	0.09%	0.20%

Asset Quality

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NPAs & 90+ Days Past Due / Assets (%)



¹ Peers include AVLY, CBFV, CBTC, CNAF, FSMK, HMLN, KISB, MNBP, SOME, and WVFC
Source: SNL Financial

Asset Quality

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- Nonperforming asset and delinquency levels – below peers and industry in general
- Concern regarding certain larger credits – collateral position is sound
- Homogenous loan pool – average balance per loan/credit relationship is relatively low at less than \$50,000 per credit
- Delinquency levels in consumer loan portfolios expected to remain favorable (improving in recent quarters)
- Uncertainty surrounding possible regulatory changes given proposed loan modification rules
- Continued uncertainty surrounding poor economic climate

Capital, Dividend and Stock Matters

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Regulatory Capital Ratios - Bank

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(\$'s in thousands)		12/31/2009 w/out TARP	12/31/2009 Reported
Total Capital to Risk-weighted Assets		10.84%	13.54%
Actual		\$29,794	\$37,224
To be well capitalized (10.00%)		27,484	27,484
Excess capital		2,310	9,740
Tier 1 Capital to Risk-weighted Assets		9.68%	12.38%
Actual		\$26,594	\$34,022
To be well capitalized (6.00%)		16,491	16,491
Excess capital		10,103	17,531
Tier 1 Capital to Average Assets		5.95%	7.48%
Actual		\$26,591	\$34,022
To be well capitalized (5.00%)		22,732	22,732
Excess capital		3,850	11,290

Capital Management

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- Capital Management and Preservation Plan
 - Dividend Reduction
 - Incentive Plan Elimination

- Common Stock Add-on Offering
 - \$20 million attempt in fall 2009
 - Poor market conditions

- TARP CPP
 - Repayment Timing
 - Offering Capital Raise Efforts
 - Earnings Growth

- Additional Capital Raising Efforts
 - Add-on Offering – market improvement
 - Private Placement Investors
 - Community Offering
 - Internal Initiatives

Stock and Dividend Performance

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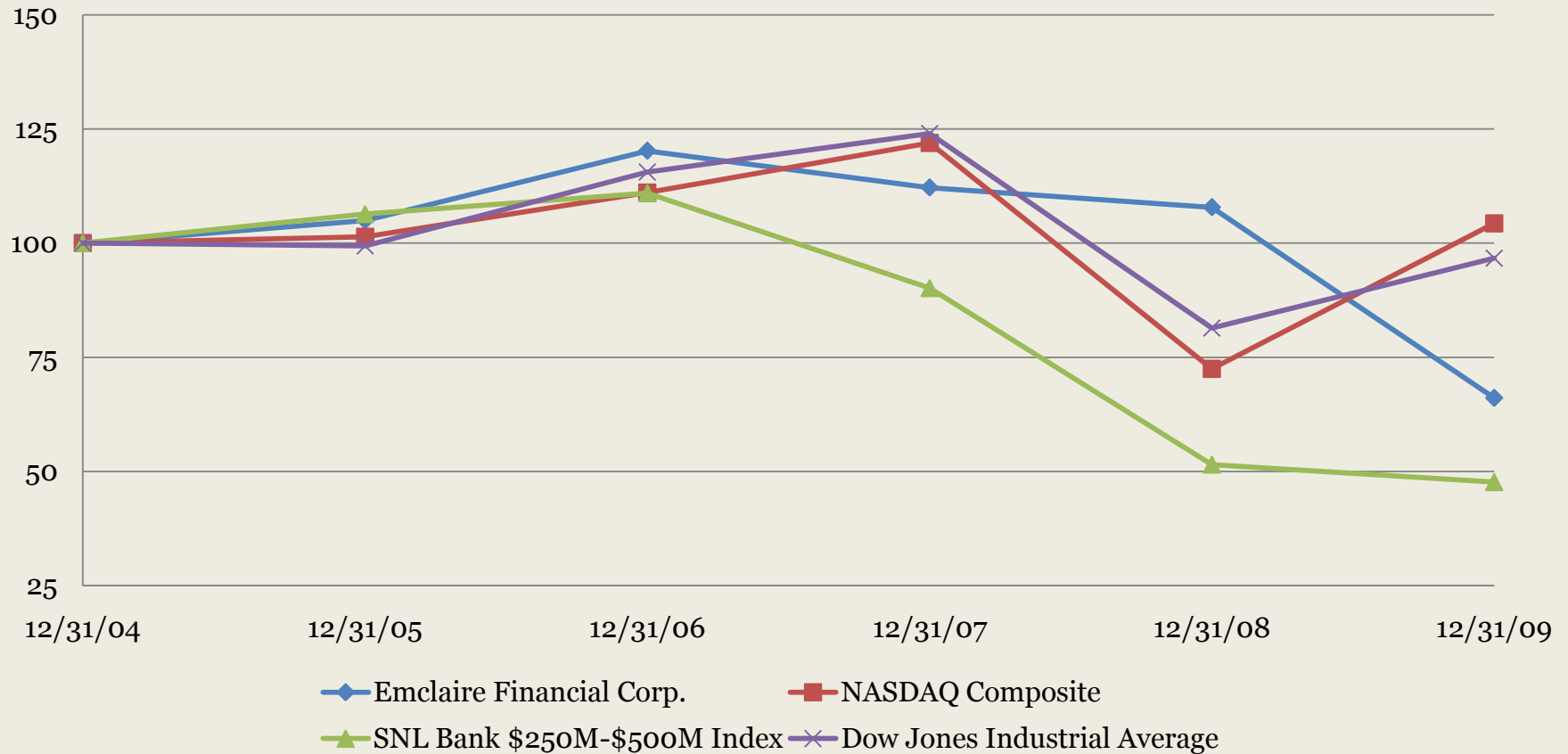
- Nasdaq Capital Markets – listing November 2009
- Current dividend rate – \$0.14 quarterly per common share; \$0.56 per common share annually
- Current dividend yield – 3.6%*
- Market Makers:
 - Boenning and Scattergood, Inc.
 - Janney Montgomery Scott LLC
 - Monroe Securities, Inc.

* - based on \$15.65 price per share on close of business April 22, 2010

Stock and Dividend Performance

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Total Return Performance



Looking Ahead

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ABA's Top 100 Community Banks

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“The best got there by attracting low-cost deposits and focusing their lending on (or benefitting from) healthy economic sectors” – ABA Banking Journal

- 4 Groups based on size and corporate structure
- Ranked #68 in Non-S banks and thrifts between \$100 million and \$3 billion in assets (2,500 similar banks across country)
- Study focused on:
 - Institutions offering traditional banking services
 - Institutions in operation during all of 2008
- Rankings based on 2008 Return on Average Equity
- Top performers
 - Effective execution of core banking activities
 - ✦ Gather low-cost deposits – opportunity arose from troubled competitors/stock market
 - ✦ Make high-yielding loans and maintain strong asset quality
 - ✦ Maintain low levels of noninterest expenses
 - To maintain top performer status
 - ✦ Focus on service excellence
 - ✦ Simplify products and pricing

Deposit Market Share

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Data adjusted for all pending and completed mergers as of 9/30/2009

Rank	Ticker	Company Name	Headquarters		Branches	Deposit Market Share June 30, 2009	
			City	State		Balance (\$000)	%
1	PNC	PNC Financial Services Group	Pittsburgh	PA	43	\$2,332,181	21.88 %
2	FNB	F.N.B. Corp.	Hermitage	PA	31	1,556,125	14.60
3	NWSB	Northwest Bancorp Inc. (MHC)	Warren	PA	36	1,163,709	10.92
4	STBA	S&T Bancorp Inc.	Indiana	PA	13	724,721	6.80
5	FCF	First Commonwealth Financial	Indiana	PA	17	700,619	6.57
6	RBS	Royal Bank of Scotland Group	Edinburgh	NA	20	606,454	5.69
7	HBAN	Huntington Bancshares Inc.	Columbus	OH	14	524,147	4.92
8	CCNE	CNB Financial Corp.	Clearfield	PA	16	513,370	4.82
9	EMCF	Emclair Financial Corp.	Emlenton	PA	13	386,418	3.63
10		Nextier Inc.	Butler	PA	12	345,894	3.25
11		Mercer County State Bncp Inc.	Sandy Lake	PA	10	214,381	2.01
12		Fryburg Banking Co.	Fryburg	PA	6	206,860	1.94
13	CBTC	CBT Financial Corp. (PA)	Clearfield	PA	6	204,911	1.92
14	MNBP	Mars National Bank (PA)	Mars	PA	5	198,946	1.87
15		Marquette Savings Bank (PA)	Erie	PA	5	140,080	1.31
16		Dollar Bank FSB (PA)	Pittsburgh	PA	2	135,382	1.27
17	FNFG	First Niagara Finl Group (NY)	Lockport	NY	2	131,194	1.23
18		Greenville Savings Bank (PA)	Greenville	PA	2	124,529	1.17
19	FSBI	Fidelity Bancorp Inc. (PA)	Pittsburgh	PA	2	102,839	0.96
20	CCYY	Clarion County Community Bk (PA)	Clarion	PA	3	79,719	0.75
			All Others		19	264,826	2.48
TOTAL					277	\$10,657,305	100.00 %

Note: EMCF eight county region includes the following: Butler, Clarion, Clearfield, Crawford, Elk, Jefferson, Mercer, and Venango Counties
Source: SNL Financial

Stable Demographics

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County	Deposits					Demographics		
	Total Deposits in Market (\$000)	EMCF			# of Branches	2009 Population (actual)	2009	2000-2009
		Deposits in Market (\$000)	Market Share (%)	Rank			Median Household Income (\$)	Median HHI Growth (%)
Butler	\$3,037,205	\$75,578	2.49%	12	3	186,331	\$55,933	31.8%
Clarion	741,031	85,794	11.58	5	3	40,806	38,165	24.0
Clearfield	1,338,461	17,339	1.30	8	1	83,103	40,132	28.2
Crawford	1,087,919	94,501	8.69	5	1	89,901	42,277	26.0
Elk	657,431	16,243	2.47	5	1	32,882	48,642	29.0
Jefferson	856,810	24,105	2.81	8	1	45,456	40,128	26.3
Mercer	2,248,725	10,275	0.46	8	1	117,718	44,369	28.0
Venango	689,723	62,583	9.07	6	2	55,432	42,257	30.0
TOTAL	\$10,657,305	\$386,418	3.63%	9	13	651,629		
Allegheny	\$53,020,588					1,229,533	\$51,686	34.9%
Armstrong	1,086,020					69,663	40,404	28.2
Beaver	2,038,292					174,688	48,885	32.0
Erie	3,396,412					281,420	48,238	31.9
Indiana	2,102,198					88,161	38,518	27.4
Lawrence	1,486,211					91,845	42,664	28.1
McKean	698,256					43,781	43,162	30.4
Warren	708,081					40,850	45,111	25.4
Washington	3,911,333					208,745	50,169	33.1
Westmoreland	6,770,122					366,166	48,828	31.6
TOTAL	\$75,217,513					2,594,852		
Pennsylvania	\$277,399,290				4,784	12,598,860	\$53,225	32.7%
United States	\$6,898,738,471				99,266	309,731,508	\$54,719	29.8

Note: Data as of June 30, 2009
Source: SNL Financial, ESRI, FDIC

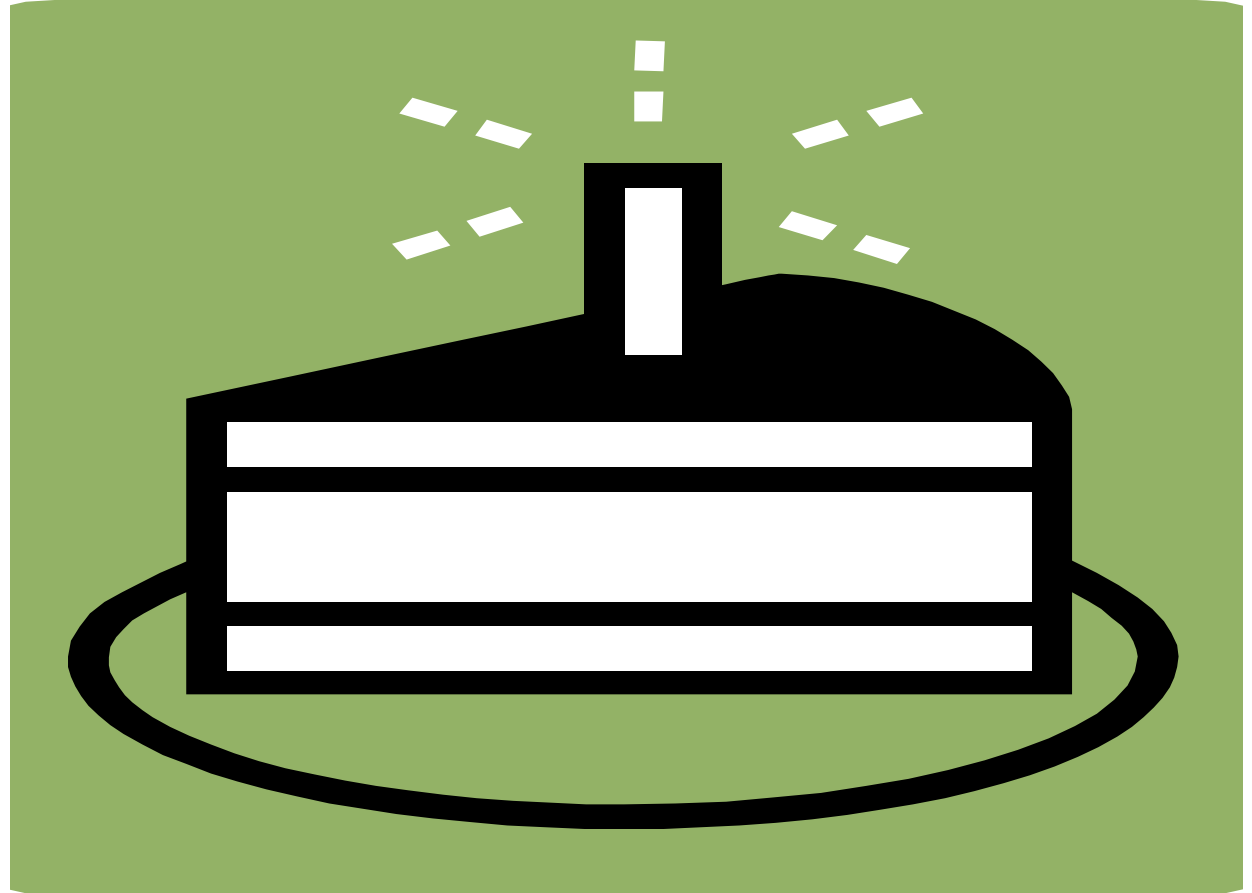
Looking Ahead

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- ◎ **Continued emphasis on credit quality**
- ◎ **Disciplined strategic de novo branch expansion**
- ◎ **Focus on organic growth**
 - ◎ Take advantage of dislocation in market
 - ◎ Focus on relationships to increase deposit penetration
 - ◎ New products
- ◎ **Drive profitability**
 - ◎ Keen focus on net interest revenue expansion
 - ◎ Diligent expense control to improve efficiency ratio
 - ◎ Growth with disciplined headcount management
 - ◎ Continue focus on revenue diversification
- ◎ **Additional potential acquisitions**
- ◎ **Additional capital raising efforts**
- ◎ **Create value for shareholders by serving local customers and communities**



THE FARMERS
NATIONAL BANK OF
EMLENTON



110 years old
July 2, 1900
July 2, 2010

Open Discussion

Thank you to:

- Board of Directors
- Management
- Staff

Questions and Answers

