EMCLAIRE FINANCIAL CORP
Form S-1/A
November 03, 2009

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As filed with the Securities and Exchange Commission on November 3, 2009

Registration No. 333-161955

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 2 TO THE

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

EMCLAIRE FINANCIAL CORP.

(Exact name of registrant as specified in charter)

Pennsylvania	**6021**	**25-1606091**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Code Number)	(I.R.S. Employer Identification No.)

612 Main Street, Emlenton, Pennsylvania 16373
(724) 867-2311
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

William C. Marsh
Chairman of the Board, President and Chief Executive Officer
Emclaire Financial Corp.
612 Main Street, Emlenton, Pennsylvania 16373
(724) 867-2311
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Please send copies of all communications to:

Kevin M. Houlihan, Esq. **Jonathan C. Pavony, Esq.** **Patton Boggs LLP** 2550 M Street, NW Washington, D.C. 20037 (202) 457-6000	**Brendan P. Head, Esq.** **Michael P. Reed, Esq.** **DLA Piper LLP (US)** 500 Eighth Street, NW Washington, D.C. 20004 (202) 799-4000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company ý

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common Stock, par value $1.25 per share	$23,000,000	$1,283.40

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.

(2) Includes offering price of shares that the underwriters have the option to purchase to cover over-allotments, if any.

(3) The registrant previously paid $1,171.80 of the Registration Fee.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED NOVEMBER 3, 2009

PRELIMINARY PROSPECTUS

1,250,000 Shares

Common Stock

We are offering shares of our common stock, $1.25 par value per share. Currently, our common stock is currently quoted on the OTC Bulletin Board under the symbol "EMCF." On November 2, 2009, the last reported sales price of our common stock was $16.00 per share. We have received approval to list our common stock on the NASDAQ Capital Market under the symbol "EMCF." We expect that our common stock will begin trading on the NASDAQ Capital Market starting on November 6, 2009.

Investing in our common stock involves risks. Please carefully read the "Risk Factors" beginning on page 9 of this prospectus for a discussion of certain factors that you should consider before making your investment decision.

	Per share	Total
Price to public	$	$
Underwriting discount	$	$
Proceeds to us, before expenses	$	$

We have granted the underwriters a 30 day option to purchase up to 187,500 additional shares of common stock at the same price, and on the same terms, solely to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

These shares of common stock are not deposits, savings accounts, or other obligations of our bank subsidiary or any of our non-bank subsidiaries and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The underwriters expect to deliver the common stock to purchasers against payment in New York, New York on or about , 2009, subject to customary closing conditions.

SANDLER O'NEILL + PARTNERS, L.P.

BOENNING & SCATTERGOOD, INC.

The date of this prospectus is , 2009

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CAUTIONARY STATEMENT ABOUT FORWARD LOOKING STATEMENTS

This prospectus contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These forward looking statements represent plans, estimates, objectives, goals, guidelines, expectations, intentions, projections and statements of our beliefs concerning future events, business plans, objectives, expected operating results and the assumptions upon which those statements are based. Forward looking statements include without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and are typically identified with words such as "may," "could," "should," "will," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," or words or phases of similar meaning. We caution that the forward looking statements are based largely on our expectations and are subject to a number of known and unknown risks and uncertainties that are subject to change based on factors which are, in many instances, beyond our control. Actual results, performance or achievements could differ materially from those contemplated, expressed, or implied by the forward looking statements.

The following factors, among others, could cause our financial performance to differ materially from that expressed in such forward looking statements:

The strength of the United States economy in general and the strength of the local economies in which we conduct operations;

Geopolitical conditions, including acts or threats of terrorism, actions taken by the United States or other governments in response to acts or threats of terrorism and/or military conflicts, which could impact business and economic conditions in the United States and abroad;

The effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System, or the Federal Reserve Board, inflation, interest rate, market and monetary fluctuations;

The impact of changes in financial services policies, laws and regulations, including laws, regulations and policies concerning taxes, banking, securities and insurance, and the application thereof by regulatory bodies;

The timely development of competitive new products and services and the acceptance of these products and services by new and existing customers;

The willingness of users to substitute competitors' products and services for our products and services;

The effect of changes in accounting policies and practices, as may be adopted from time-to-time by bank regulatory agencies, the Securities and Exchange Commission, or the SEC, the Public Company Accounting Oversight Board, the Financial Accounting Standards Board or other accounting standards setters;

Technological changes;

The effect of acquisitions we may make, including, without limitation, the failure to achieve the expected revenue growth and/or expense savings from such acquisitions;

The growth and profitability of non-interest or fee income being less than expected;

Changes in the level of our non-performing assets and charge-offs;

Changes in consumer spending and savings habits; and

Unanticipated regulatory or judicial proceedings.

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If one or more of the factors affecting our forward looking information and statements proves incorrect, then our actual results, performance or achievements could differ materially from those expressed in, or implied by, forward looking information and statements contained in this prospectus. Therefore, we caution you not to place undue reliance on our forward looking information and statements. Except as required by applicable law or regulation, we will not update the forward looking statements to reflect actual results or changes in the factors affecting the forward looking statements.

ABOUT THIS PROSPECTUS

You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell our securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations, and prospects may have changed since those dates.

Unless otherwise stated in this prospectus, references to "we," "us," "our," "Emclaire," the "Company," or the "Corporation" refer to Emclaire Financial Corp. and our wholly owned subsidiaries, and references to the "Bank" refer to The Farmers National Bank of Emlenton, our wholly owned subsidiary.

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PROSPECTUS SUMMARY

This summary highlights selected information elsewhere or incorporated by reference in this prospectus and may not contain all the information that you need to consider in making your investment decision. You should carefully read this entire prospectus, as well as the information to which we refer you and the information incorporated by reference herein, before deciding whether to invest in our common stock. You should pay special attention to the "Risk Factors" section of this prospectus to determine whether an investment in the common stock is appropriate for you.

Company Overview

We are a Pennsylvania corporation and financial holding company that provides a full range of retail and commercial financial products and services to customers in western Pennsylvania through our wholly owned subsidiary bank, The Farmers National Bank of Emlenton. The Bank also provides investment advisory services through its Farmers National Financial Services division.

We have received approval to list our common stock on the NASDAQ Capital Market under the symbol "EMCF." We expect that our common stock will begin trading on the NASDAQ Capital Market starting on November 6, 2009. Currently, our common stock is quoted on the OTC Bulletin Board under the symbol "EMCF." As of November 2, 2009, there were 1,431,404 shares of our common stock outstanding.

The Bank was organized in 1900 as a national banking association and is a financial intermediary whose principal business consists of attracting deposits from the general public and investing such funds in real estate loans secured by liens on residential and commercial property, consumer loans, commercial business loans, marketable securities and interest-earning deposits. The Bank operates through a network of 13 retail branch offices in Venango, Butler, Clarion, Clearfield, Crawford, Elk, Jefferson and Mercer counties, Pennsylvania. The Company and the Bank are headquartered in Emlenton, Pennsylvania.

We are a registered financial holding company pursuant to the Bank Holding Company Act of 1956, as amended, or the BHCA. We are subject to regulation and examination by the Federal Reserve Board, or the FRB, under the BHCA. The Bank is subject to examination and comprehensive regulation by the Office of the Comptroller of the Currency, or the OCC, which is the Bank's chartering authority, and the Federal Deposit Insurance Corporation, or the FDIC, which insures customer deposits held by the Bank to the full extent provided by law. The Bank is a member of the Federal Reserve Bank of Cleveland and the Federal Home Loan Bank of Pittsburgh.

At September 30, 2009 we had $459.3 million in total assets, $37.5 million in stockholders' equity, $298.6 million in net loans receivable and $378.1 million in deposits.

Our principal executive office is located at 612 Main Street, Emlenton, Pennsylvania 16373 and our telephone number is (724) 867-2311. Our internet address is *http://www.farmersnb.com*. The reference to our website does not constitute incorporation by reference of the information contained on the website, which should not be considered part of this prospectus.

Acquisitions

On August 28, 2009, the Bank completed the purchase of a former National City Bank full service branch office in Titusville, Pennsylvania. Through the acquisition of this office the Bank assumed $90.8 million in deposits in exchange for $32.6 million in loans, $54.9 million in net cash and certain fixed assets of the office.

On October 17, 2008, we completed an acquisition of Elk County Savings and Loan Association, a Pennsylvania-chartered savings association, or the Association, located in Ridgway, Pennsylvania. The

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Association converted from a mutual to stock form of organization and immediately issued all of its capital stock to the Company and merged with the Bank. In connection with the acquisition, we issued 163,569 shares of our common stock resulting in net capital proceeds of $3.5 million. Through this acquisition, the Bank added $7.3 million in loans, $6.2 million in deposits and realized additional capital from the Association of approximately $1.0 million.

Our Strategy

Our goal is to continue to expand our banking and financial services franchise, organically and through opportunistic acquisitions, while maintaining sound asset quality, sensible risk-management practices and profitable operations in order to provide quality returns to our shareholders. The Bank is a well-positioned community bank that services the growing northern suburbs of Pittsburgh, Pennsylvania and rural counties in the adjacent western Pennsylvania region. While positioned for growth in the larger Pittsburgh market, we maintain longstanding ties with our loyal rural customer base and provide unique community-based banking services to an otherwise underserviced market. In many of our markets, we are the only bank in town. As a result, we have a stable and attractive funding base that has supported and is expected to support the profitable growth of our consumer and commercial lending activities and business banking activities in all of the markets that we serve. Our strategy is and has been successful and we can continue to be successful by targeting the following key elements:

Strong Core Deposit Base. Our relatively diverse branch banking franchise provides a stable funding platform to support our growth opportunities. We have consistently maintained a strong emphasis on core deposit relationship management coupled with a culture that is focused on sales and customer satisfaction. Our deposit products are streamlined and easy to understand and our sales teams focus on cross selling cash management services to corporate and small business customers. Our philosophy has allowed us to not only manage our stable funding base, but also to attract and retain core deposits, as evidenced by the sum of our non-interest bearing, money market and savings deposits being more than 55% of total customer deposits at September 30, 2009. Non-interest bearing deposits alone represent almost 18% of our deposit mix at such date.

Clean Asset Quality. We are a cash flow and collateral based lender. At September 30, 2009, approximately 79% of our loan portfolio was secured by real estate, of which approximately 38% consisted of commercial real estate loans. As a result of the extensive market knowledge and underwriting expertise of our lending and credit review staff, executive officers and board of directors, along with our strict, quality-oriented underwriting and credit monitoring culture, our ratio of non-performing assets to total assets has traditionally been below 1.00%. While overall credit losses and problem assets have increased this year over historic levels, due to the unprecedented economic climate, credit quality remains our top priority, and we are and have been responding to these conditions and working diligently to resolve specific problem credits and minimize related losses. The average balance of outstanding loans in the Bank's loan portfolio was $45,000 at September 30, 2009. We manage a diversified loan portfolio with a platform of homogenous first mortgage, home equity and other consumer loans complemented by a stable mix of commercial real estate and commercial and industrial loans. The diversity of these portfolios provides for ready management of not only credit risk, but also interest rate risk given the varying pricing and maturity terms of our product mix.

Experienced Management Team. We have assembled an experienced executive management team capable of responding to daily challenges while focusing on strategic objectives. The Company's executive management team has a combined 80 years of professional banking experience. Our executive team brings experience from larger multi-billion dollar institutions, international accounting and consulting firms and local businesses. With insider ownership at more than 12% of outstanding shares as of September 30, 2009, the Company's management and the board of directors are dedicated to the communities that we serve and to relationship banking for the benefit of the Company. The average tenure of our board of directors is more than 20 years. The board of directors is comprised of a combination of professionals, former bankers and local business owners with extensive knowledge of the regulatory and economic environment in which we operate and the markets that we serve.

Proven Ability to Execute Acquisitions. Since 1991, we have completed five acquisitions consisting of two whole institution purchases and the purchase of branch packages from large national banks. Most recently, in August 2009, we completed the acquisition of a $90 million deposit branch office from PNC Financial Services Group, Inc. as a result of their divestiture of certain National City Bank offices. This acquired branch office in Titusville, Pennsylvania is located in a market contiguous to our current markets and as of September 30, 2009, held a 46% market share of the deposits in Titusville. In October 2008, we completed the purchase of a small mutual savings and loan association through a unique merger conversion transaction. This acquisition added capital and provided us with the opportunity to nearly double the loans and deposits of our branch office in that market without significantly increasing overhead. We will continue to analyze and pursue strategic branch and whole institution acquisition opportunities in an effort to further expand our banking footprint and enhance shareholder value.

Consistent Organic Growth. During the period between December 31, 2004 and September 30, 2009, excluding consideration of acquisitions, total assets, total loans and total deposits have grown $87.7 million or 32%, $79.0 million or 44% and $49.0 million or 21%, respectively. This growth reflects management's efforts to enhance the Bank's sales and service culture and the focus on new products and services, including the expansion of corporate banking activities, coupled with the opening of de novo branch offices in adjacent markets. In the last three years, we opened two de novo branch offices which have contributed $11.1 million in consumer loan growth and $23.0 million in deposit growth. We recently began to offer corporate internet banking, account analysis, remote deposit capture and other new products and depository services and expect this to contribute to retention and growth of our deposit market share.

Stable Market Area. The Farmers National Bank of Emlenton has been in existence for more than 100 years. We serve as an alternative to larger regional and national banks that operate in our markets. Due to the consolidation in the banking sector, the deterioration in the financial condition of certain large banking institutions and the volatility of the stock market, customers have moved deposits to our Bank as a flight to quality. Of our 13 banking offices, four are in rural communities where we are the only bank in the community. As of June 30, 2009, in the eight county area that we serve, we hold a 3.6% deposit market share of a $10.7 billion deposit base. We believe that this deposit base provides us with vast potential for continued core expansion. Our rural deposit base provides an attractively priced and stable funding base for expansion in our current market area and a platform for growth in contiguous markets.

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The Offering

Issuer	Emclaire Financial Corp.
Common stock offered by us	1,250,000 shares of common stock, $1.25 par value per share(1)
Over-allotment option	We have granted the underwriters an option to purchase up to 187,500 additional shares of common stock within 30 days of the date of this prospectus in order to cover over-allotments, if any.
Common stock outstanding after the offering	2,681,404 shares of common stock(2)
Offering price	$ per share
Net proceeds	The net proceeds, after underwriting discounts and estimated expenses, to us from the sale of the common stock offered hereby will be approximately $ million. If the underwriters exercise their over-allotment option in full, we estimate that our net proceeds will be approximately $ million.
Use of proceeds	We intend to use the net proceeds from this offering for general corporate purposes, including contributions of capital to the Bank for anticipated balance sheet growth both organically and through opportunistic acquisitions. We do not have any agreements or commitments with respect to any acquisitions. Subject to regulatory approval, we also intend to use the net proceeds from this offering to redeem all of the shares of our Fixed Rate Cumulative Perpetual Preferred Stock, Series A, or the Series A Preferred Stock, which were issued to the U.S. Department of the Treasury, or the U.S. Treasury, as part of the TARP Capital Purchase Program, or the CPP. In addition, we may repurchase the warrant issued to the U.S. Treasury in connection with that transaction. We will need the approval of our primary regulators prior to repurchasing these securities, which approval we have not currently sought to obtain. There can be no assurance that such approval will be granted, and if so granted, when the Series A Preferred Stock and the warrant will be repurchased. In addition, we expect to repay approximately $5.0 million on an outstanding revolving line of credit with the net proceeds. See "Use of Proceeds" on page 17.
Proposed and current market and trading symbol for the common stock	We have received approval to list our common stock on the NASDAQ Capital Market under the symbol "EMCF." We expect that our common stock will begin trading on the NASDAQ Capital Market starting on November 6, 2009. Currently, our common stock is quoted on the OTC Bulletin Board under the symbol "EMCF."

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Dividends and distributions	We have traditionally paid a regular quarterly cash dividend on our common stock. The most recent quarterly dividend that we declared was $0.14 per share and was paid on September 18, 2009. The dividend rate and the continued payment of dividends will depend on a number of factors, including regulatory capital requirements, our financial condition and results of operations, tax considerations, statutory and regulatory limitations, and general economic conditions. No assurance can be given that we will continue to pay dividends or that dividends will not be reduced in the future. See "Market For Common Stock and Dividend Policy" at page 18.

(1) The number of shares offered assumes that the underwriters' over-allotment option is not exercised. If the over-allotment option is exercised in full, we will issue and sell 187,500 shares.

(2) The number of shares outstanding after the offering is based on 1,431,404 shares of common stock outstanding as of November 2, 2009, and excludes 187,500 shares issuable pursuant to the exercise of the underwriters' over-allotment option. It also excludes an aggregate of 177,496 shares reserved for issuance under our equity compensation plans subject to outstanding awards, and warrants to purchase 50,111 shares of common stock at an exercise price of $22.45 per share held by the U.S. Treasury. If this offering is a "qualifying equity offering" as defined by the terms of the warrant we issued to the U.S. Treasury, and we raise at least $7.5 million prior to December 31, 2009, then the number of shares of common stock underlying the warrant issued to the U.S. Treasury will be reduced by 50%, or 25,056 shares.

Risk Factors

Investing in our common stock involves risks. You should carefully consider the information under "Risk Factors" beginning on page 9 and the other information included in this prospectus before investing in our common stock.

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SELECTED CONSOLIDATED FINANCIAL DATA OF EMCLAIRE

The following tables present our selected consolidated financial data as of or for the nine months ended September 30, 2009 and 2008, and as of or for each of the five years ended December 31, 2008. Financial data as of or for each of the five years ended December 31, 2008 is derived from our audited consolidated financial statements. Financial data as of or for the nine months ended September 30, 2009 and 2008 is derived from our unaudited consolidated financial statements, which in the opinion of management, include all normal recurring adjustments necessary for a fair presentation of the results for such periods. Results for the nine months ended September 30, 2009, are not necessarily indicative of our expected results for the full year ending December 31, 2009. You should read this table together with the historical consolidated financial information contained in our consolidated financial statements and related notes, "Management's Discussion and Analysis of Financial Condition and Results of Operation" included in our Annual Report on Form 10-K for the year ended December 31, 2008, and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, which have been filed with the SEC and are incorporated by reference in this prospectus.

	As of or for the nine months ended September 30,		As of or for the year ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
	(Unaudited)						
	(Dollar Amounts in Thousands, Except Per Share Data)						
Financial Condition Data							
Total assets	$ 459,283	$ 356,908	$ 375,664	$ 311,720	$ 300,560	$ 275,517	$ 273,380
Securities	83,684	57,798	71,443	51,919	51,774	56,304	63,362
Loans receivable, net	298,608	251,043	264,838	229,819	213,344	192,526	179,575
Deposits	378,086	278,351	286,647	244,262	244,492	230,503	232,874
Borrowed funds	40,000	48,260	48,188	40,400	30,000	19,500	15,000
Stockholders' equity	37,495	25,379	36,123	24,703	23,917	23,615	23,616
Stockholders' equity per common share	$ 21.01	$ 20.02	$ 20.06	$ 19.48	$ 18.86	$ 18.63	$ 18.63
Tangible stockholders' equity per common share	$ 16.56	$ 18.90	$ 19.06	$ 18.36	$ 17.74	$ 17.50	$ 17.48
Operations Data							
Interest and dividend income	$ 14,912	$ 13,931	$ 19,093	$ 17,855	$ 16,259	$ 14,877	$ 13,953
Interest expense	5,620	6,094	8,168	7, 886	6,968	5,573	5,219
Net interest income	9,292	7,837	10,925	9,969	9,291	9,304	8,734
Provision for loan losses	1,077	285	500	256	358	205	290
Net interest income after provision for loan losses	8,215	7,552	10,425	9,713	8,933	9,099	8,444
Noninterest income	1,652	1,777	2,487	2,943	2,934	3,317	2,535
Noninterest expense	8,773	7,003	11,032	9,164	9,409	9,146	7,909
Income before income taxes and extraordinary item	1,094	2,326	1,880	3,492	2,458	3,270	3,070
Provision for income taxes	27	510	356	795	492	697	513
Income before extraordinary item	1,067	1,816	1,524	2,697	1,966	2,573	2,557
Extraordinary item			906				
Net income	1,067	1,816	2,430	2,697	1,966	2,573	2,557
Accumulated preferred stock dividends and discount accretion	294						
Net income available to common shareholders	$ 773	$ 1,816	$ 2,430	$ 2,697	$ 1,966	$ 2,573	$ 2,557
Average common shares outstanding	1,431,404	1,267,835	1,301,800	1,267,835	1,267,835	1,267,835	1,267,835
Basic and diluted earnings per share	$ 0.54	$ 1.43	$ 1.87	$ 2.13	$ 1.55	$ 2.03	$ 2.02

Dividends per share(1)	$	0.60	$	0.96	$	1.30	$	1.54	$	1.10	$	1.02	$	0.94

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	As of or for the nine months ended September 30,		As of or for the year ended December 31,				
	2009(4)	2008(4)	2008	2007	2006	2005	2004
	(Unaudited)						
	(Dollar Amounts in Thousands, Except Per Share Data)						
Other Data							
Performance Ratios							
Return on average assets	0.36%	0.74%	0.72%	0.90%	0.69%	0.94%	0.96%
Return on average equity	3.94%	9.70%	9.37%	11.13%	8.28%	10.69%	11.08%
Yield on interest-earning assets(2)	5.43%	6.24%	6.18%	6.55%	6.30%	6.00%	5.81%
Cost of interest-bearing liabilities	2.48%	3.26%	3.16%	3.46%	3.23%	2.70%	2.57%
Cost of funds	2.10%	2.73%	2.66%	2.89%	2.69%	2.24%	2.15%
Interest rate spread(2)	2.95%	2.98%	3.02%	3.09%	3.07%	3.30%	3.24%
Net interest margin(2)	3.45%	3.57%	3.59%	3.73%	3.68%	3.82%	3.71%
Efficiency ratio(2)(3)	76.70%	70.62%	79.88%	68.66%	74.18%	69.72%	67.11%
Noninterest income to average assets	0.56%	0.73%	0.99%	0.98%	1.03%	1.21%	0.95%
Noninterest expense to average assets	2.95%	2.87%	3.28%	3.06%	3.30%	3.33%	2.96%
Interest-earning assets to average assets	95.07%	93.75%	93.92%	93.13%	92.89%	92.82%	92.86%
Loans to deposits	78.98%	90.19%	92.39%	94.09%	87.26%	83.52%	77.11%
Dividend payout ratio(1)	111.19%	67.02%	69.64%	72.39%	70.93%	50.25%	46.61%
Asset Quality Ratios							
Non-performing loans to total loans	0.84%	0.31%	0.38%	0.41%	0.85%	0.75%	0.46%
Non-performing assets to total assets	0.64%	0.22%	0.28%	0.35%	0.65%	0.57%	0.33%
Allowance for loan losses to total loans	1.05%	0.93%	0.99%	0.93%	0.94%	0.96%	1.00%
Allowance for loan losses to non-performing loans	124.91%	301.79%	262.22%	226.58%	110.54%	128.72%	215.48%
Capital Ratios							
Stockholders' equity to assets	8.16%	7.11%	9.62%	7.92%	7.96%	8.57%	8.64%
Tangible stockholders' equity to tangible assets(5)	6.87%	6.74%	9.27%	7.50%	7.52%	8.09%	8.15%
Tangible common equity to tangible assets(5)	5.23%	6.74%	7.29%	7.50%	7.52%	8.09%	8.15%
Average equity to average assets	9.09%	7.68%	7.72%	8.08%	8.32%	8.75%	8.63%
Holding Company:							
Total capital to risk-weighted assets	12.43%	10.14%	13.85%	10.54%	11.34%	12.36%	12.49%
Tier 1 capital to risk-weighted assets	11.31%	9.25%	13.01%	9.73%	10.40%	11.35%	11.23%
Tier 1 capital to average assets	7.55%	7.17%	10.88%	7.73%	8.07%	8.13%	7.68%
Bank:							
Total capital to risk-weighted assets	13.25%	10.12%	13.01%	9.95%	10.62%	11.44%	11.36%
Tier 1 capital to risk-weighted assets	12.12%	9.22%	12.06%	9.06%	9.68%	10.48%	10.38%
Tier 1 capital to average assets	8.06%	7.10%	9.21%	7.08%	7.14%	7.51%	7.08%
Number of offices	13	12	12	11	11	10	10

(1) Includes special cash dividends of $0.35 per share paid in 2007.

(2) Interest income utilized in the calculation is on a fully tax equivalent basis.

(3) The efficiency ratio is calculated by dividing noninterest expense (less intangible amortization) by net interest income (on a fully tax equivalent basis) and noninterest income. The efficiency ratio gives a measure of how effectively a financial institution is operating.

(4) Where applicable, ratios have been annualized.

(5) Tangible stockholders' equity, tangible common equity and tangible assets are non-GAAP financial measures calculated using GAAP-based amounts. We calculate tangible stockholders' equity and tangible common equity by excluding the balance of goodwill, intangible assets and, for purposes of calculating tangible common equity, preferred equity, from our calculation of shareholders' equity. We calculate tangible assets by excluding the balance of goodwill and intangible assets from our total assets. Management believes that this is consistent with the treatment by bank regulatory

agencies, which exclude goodwill and other intangible assets from the calculation of risk-based capital ratios. Accordingly, management believes that these non-GAAP financial measures provide information to investors that is useful in understanding the basis of our risk-based capital ratios. However, these non-GAAP financial measures are supplemental and are not a substitute for an analysis based on GAAP measures. Because not all companies use identical calculations, this presentation of tangible equity, tangible common equity and tangible assets may not be comparable to other similarly titled measures as determined

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and reported by other companies. A reconciliation of the non-GAAP ratios of tangible stockholders' equity to tangible assets and tangible common equity to tangible assets is set forth below.

	At September 30,		At December 31,				
	2009	**2008**	**2008**	**2007**	**2006**	**2005**	**2004**
Stockholders' equity	$ 37,495	$ 25,379	$ 36,123	$ 24,703	$ 23,917	$ 23,615	$ 23,616
Less: Intangible assets	6,371	1,422	1,422	1,422	1,422	1,429	1,460
Tangible stockholders' equity	$ 31,124	$ 23,957	$ 34,701	$ 23,281	$ 22,495	$ 22,186	$ 22,156
Common stockholders' equity	$ 30,069	$ 25,379	$ 28,711	$ 24,703	$ 23,917	$ 23,615	$ 23,616
Less: Intangible assets	6,371	1,422	1,422	1,422	1,422	1,429	1,460
Tangible common equity	$ 23,698	$ 23,957	$ 27,289	$ 23,281	$ 22,495	$ 22,186	$ 22,156
Total assets	$459,283	$356,908	$375,664	$311,720	$300,560	$275,517	$273,380
Less: Intangible assets	6,371	1,422	1,422	1,422	1,422	1,429	1,460
Tangible assets	$452,912	$355,486	$374,242	$310,298	$299,138	$274,088	$271,920
Tangible stockholders' equity to tangible assets	6.87%	6.74%	9.27%	7.50%	7.52%	8.09%	8.15%
Tangible common equity to tangible assets	5.23%	6.74%	7.29%	7.50%	7.52%	8.09%	8.15%

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RISK FACTORS

An investment in our common stock involves a high degree of risk. Before making an investment decision, you should carefully read and consider the risk factors described below as well as the other information included or incorporated by reference in this prospectus. Any of these risks, if they actually occur, could materially adversely affect our business, financial condition, and results of operations. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect us. In any such case, you could lose all or a portion of your original investment.

Risks Related to this Offering and Ownership of Our Common Stock

The price of our common stock may fluctuate significantly, which may make it difficult for investors to resell shares of common stock at time or prices they find attractive.

Our stock price may fluctuate significantly as a result of a variety of factors, many of which are beyond our control. These factors include, in addition to those described in the section titled "Caution About Forward Looking Statements" on page ii:

- actual or anticipated quarterly fluctuations in our operating results and financial condition;
- changes in financial estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to us or other financial institutions;
- speculation in the press or investment community generally or relating to our reputation or the financial services industry;
- strategic actions by us or our competitors, such as acquisitions, restructurings, dispositions or financings;
- fluctuations in the stock price and operating results of our competitors;
- future sales of our equity or equity-related securities;
- proposed or adopted regulatory changes or developments;
- anticipated or pending investigations, proceedings, or litigation that involve or affect us;
- domestic and international economic factors unrelated to our performance; and
- general market conditions and, in particular, developments related to market conditions for the financial services industry.

In addition, in recent years, the stock market in general has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies, including for reasons unrelated to their operating performance. These broad market fluctuations may adversely affect our stock price, notwithstanding our operating results. We expect that the market price of our common stock will continue to fluctuate and there can be no assurances about the levels of the market prices for our common stock.

You may not be able to sell your shares when you desire, at or above our offering price.

Publicly traded stocks have recently experienced substantial market price volatility. This is due, in part, to investors' shifting perceptions of the effect on various industry sectors of changes and potential changes in the economy. Volatility, therefore, may be unrelated to the current operating performance of particular companies whose shares are traded. The trading price of our common stock is determined by the marketplace. If you purchase shares of our common stock in the offering, the stock's trading price will continue to fluctuate due to many factors, including prevailing interest rates, other economic conditions, our operating performance and investor perceptions of the outlook of Emclaire and the banking industry in general. Therefore, we cannot assure you that if you choose to sell the shares of common stock that you purchased in the stock offering, you will be able to sell your shares at or above the per share purchase price.

A public trading market for our common stock may not develop or be maintained.

Our common stock is currently quoted on the OTC Bulletin Board. Trading activity on the OTC Bulletin Board may lack the depth, liquidity, and orderliness necessary to maintain a liquid market. Although we have received approval to list our common stock for quotation on the NASDAQ Capital Market under the symbol "EMCF," an established and liquid trading market may not develop, it may not continue if it does develop, and, after completion of this offering, our common stock may not trade at or above the public offering price. Accordingly, investors should consider the potential lack of liquidity and the long-term nature of an investment in our common stock prior to investing. Investors may not be able to sell their shares at or above the public offering price.

We currently have limitations on dividends on the common stock and repurchasing shares of our common stock.

Until the earlier of December 23, 2011, and the date on which the U.S. Treasury no longer holds any shares of our Series A Preferred Stock, our ability to declare or pay dividends in excess of $0.32 per share or distributions on, or purchase, redeem or otherwise acquire for consideration, shares of common stock is subject to restrictions. Our ability to declare or pay dividends or distributions on, or repurchase, redeem or otherwise acquire for consideration, shares of common stock is subject to restrictions in the event that we fail to declare and pay full dividends (or declare and set aside a sum sufficient for payment thereof) on the Series A Preferred Stock. In addition, our ability to pay dividends is dependent on the performance of the Bank, and by the capital requirements of our subsidiaries.

We may issue additional equity securities, or engage in other transactions which dilute our book value or affect the priority of the common stock, which may adversely affect the market price of our common stock.

Our board of directors may determine from time to time that we need to raise additional capital by issuing additional shares of our common stock or other securities. Except as described under "Underwriting," we are not restricted from issuing additional shares of common stock, including securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future offerings, or the prices at which such offerings may be affected. Such offerings could be dilutive to common stockholders. New investors also may have rights, preferences and privileges that are senior to, and that adversely affect, our then current common shareholders.

Additionally, if we raise additional capital by making additional offerings of debt or preferred equity securities, upon liquidation, holders of our debt securities and shares of preferred stock, and lenders with respect to other borrowings, will receive distributions of our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common stock, or both. Holders of our common stock are not entitled to preemptive rights or other protections against dilution.

You may not be able to profit from the sale or a merger of Emclaire because of provisions in our charter documents and other laws and regulations.

Our articles of incorporation and bylaws contain provisions that may make it difficult for someone to acquire control of the Company. These provisions may discourage takeover attempts and prevent you from receiving a premium over the market price of your shares as part of a takeover. See

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"Description of Emclaire Capital Stock Anti-Takeover Effects of Certain Provisions of Our Charter Documents and Law" beginning on page 21.

Risks Related to Our Business

The current economic environment poses significant challenges for us and could adversely affect our financial condition and results of operations.

We are operating in a challenging and uncertain economic environment. Financial institutions continue to be affected by sharp declines in the real estate market and constrained financial markets. Dramatic declines in the housing market over the past year, with falling home prices and increasing foreclosures and unemployment, have resulted in significant write-downs of asset values by financial institutions. Continued declines in real estate values, home sales volumes, and financial stress on borrowers as a result of the uncertain economic environment could have an adverse effect on our borrowers or their customers, which could adversely affect our financial condition and results of operations. A worsening of these conditions would likely exacerbate the adverse effects on us and others in the financial institutions industry. For example, further deterioration in local economic conditions in our market could drive losses beyond that which is provided for in our allowance for loan losses. We may also face the following risks in connection with these events:

- Economic conditions that negatively affect housing prices and the job market have resulted, and may continue to result, in a deterioration in credit quality of our loan portfolios, and such deterioration in credit quality has had, and could continue to have, a negative impact on our business;

- Market developments may affect consumer confidence levels and may cause adverse changes in payment patterns, causing increases in delinquencies and default rates on loans and other credit facilities;

- The methodologies we use to establish our allowance for loan losses may no longer be reliable because they rely on complex judgments, including forecasts of economic conditions, which may no longer be capable of accurate estimation;

- Continued turmoil in the market, and loss of confidence in the banking system, could require the Bank to pay higher interest rates to obtain deposits to meet the needs of its depositors and borrowers, resulting in reduced margin and net interest income; and

- Compliance with increased regulation of the banking industry may increase our costs, limit our ability to pursue business opportunities, and divert management efforts.

As these conditions or similar ones continue to exist or worsen, we could experience continuing or increased adverse effects on our financial condition.

Deterioration of economic conditions in our geographic market area could hurt our business.

We are located in western Pennsylvania and our loans are concentrated in Butler, Clarion, Crawford, Jefferson and Venango Counties, Pennsylvania. Although we have diversified our loan portfolio into other Pennsylvania counties, and to a very limited extent, into other states, the vast majority of our loans remain concentrated in the three primary counties. As a result of this geographic concentration, our financial results depend largely upon economic and real estate market conditions in these areas. Deterioration in economic or real estate market conditions in our primary market areas could have a material adverse impact on the quality of our loan portfolio, the demand for our products and services, and our financial condition and results of operations. Non-performing loans increased from $1.0 million or 0.27% of total assets at December 31, 2008, to $2.5 million or 0.55% of total assets at September 30, 2009.

Our financial condition and results of operations would be adversely affected if our allowance for loan losses is not sufficient to absorb actual losses or if we are required to increase our allowance for loan losses.

We have established an allowance for loan losses that we believe is adequate to offset probable losses on our existing loans. However, experience in the banking industry indicates that a portion of our loans will become delinquent, that some of our loans may only be partially repaid or may never be repaid and we may experience other losses for reasons beyond our control. Despite our underwriting criteria and historical experience, we may be particularly susceptible to losses due to: (1) the geographic concentration of our loans; (2) the concentration of higher risk loans, such as commercial real estate and commercial business loans; and (3) our lack of experience with the loans acquired in the Titusville branch acquisition. As a result, we may not be able to maintain our current levels of non-performing assets and charge-offs. Although we believe that our allowance for loan losses is maintained at a level adequate to absorb any inherent losses in our loan portfolio, these estimates of loan losses are necessarily subjective and their accuracy depends on the outcome of future events. If we need to make significant and unanticipated increases in our loss allowance in the future, our results of operations and financial condition would be materially adversely affected at that time.

Economic conditions and increased uncertainty in the financial markets could adversely affect our ability to accurately assess the allowance for credit losses. Our ability to assess the creditworthiness of our customers or to estimate the values of our assets and collateral for loans will be reduced if the models and approaches we use become less predictive of future behaviors, valuations, assumptions or estimates. We estimate losses inherent in our loan portfolio, the adequacy of our allowance for loan losses and the values of certain assets by using estimates based on difficult, subjective, and complex judgments, including estimates as to the effects of economic conditions and how these economic conditions might affect the ability of our borrowers to repay their loans or the value of assets.

Further declines in the value of certain investment securities could require write-downs, which would reduce our earnings.

At September 30, 2009, our investment portfolio included $3.4 million of securities in other financial institutions held by us. After our third quarter evaluation of our investment portfolio, we determined that other-than-temporary impairments existed on three financial institution equity securities. The impairment of these securities were considered to be other-than-temporary due to continued concerns related to the financial condition and near-term prospects of the three financial institutions, economic conditions of the financial services industry and deteriorating market values. These securities were written down to their fair market values as of September 30, 2009, and resulted in impairment losses of $898,000 that we recognized for the three and nine month period ended September 30, 2009. A number of factors or combinations of factors could cause us to conclude in one or more future reporting periods that an unrealized loss that exists with respect to one or more of these securities or other financial institution securities will constitute an impairment that is other-than temporary. These factors include, but are not limited to, failure to make scheduled interest or dividend payments, an increase in the severity of the unrealized loss on a particular security, an increase in the continuous duration of the unrealized loss without an improvement in value or changes in market conditions and/or industry or issuer specific factors that would render us unable to forecast a full recovery in value. Additional other-than-temporary impairment write-downs could reduce our earnings.

We hold certain intangible assets that could be classified as impaired in the future. If these assets are considered to be either partially or fully impaired in the future, our earnings and the book values of these assets would decrease.

We are required to test our goodwill and core deposit intangible assets for impairment on a periodic basis. The impairment testing process considers a variety of factors, including the current market price of our common shares, the estimated net present value of our assets and liabilities and

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information concerning the terminal valuation of similarly situated insured depository institutions. It is possible that future impairment testing could result in a partial or full impairment of the value of our goodwill or core deposit intangible assets, or both. If an impairment determination is made in a future reporting period, our earnings and the book value of these intangible assets will be reduced by the amount of the impairment.

Liquidity risk could impair our ability to fund operations and jeopardize our financial condition.

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, and other sources, could have a substantial negative effect on our liquidity. Our access to funding sources in amounts adequate to finance our activities on terms that are acceptable to us could be impaired by factors that affect us specifically or the financial services industry or economy in general. Factors that could negatively impact our access to liquidity sources include a decrease in the level of our business activity as a result of a downturn in the markets in which our loans are concentrated, adverse regulatory action against us, or our inability to attract and retain deposits. Our ability to borrow could be impaired by factors that are not specific to us, such a disruption in the financial markets or negative views and expectations about the prospects for the financial services industry in light of recent turmoil faced by banking organizations and the unstable credit markets.

Our continued growth depends on our ability to meet minimum regulatory capital levels. Growth and shareholder returns may be adversely affected if sources of capital are not available to help us meet them.

As we grow, we will have to maintain our regulatory capital levels at or above the required minimum levels. If earnings do not meet our current estimates, if we incur unanticipated losses or expenses, or if we grow faster than expected, we may need to obtain additional capital sooner than expected, through borrowing, additional issuances of debt or equity securities, or otherwise. If we do not have continued access to sufficient capital, we may be required to reduce our level of assets or reduce our rate of growth in order to maintain regulatory compliance. Under those circumstances net income and the rate of growth of net income may be adversely affected. Additional issuances of equity securities could have a dilutive effect on existing shareholders.

There can be no assurance that recent legislation and regulatory actions taken by the federal government will help stabilize the financial system in the United States.

Several pieces of federal legislation have been enacted, and the U.S. Treasury, the Federal Reserve, the FDIC, and other federal agencies have enacted numerous programs, policies and regulations to address the current liquidity and credit crises. These measures include the Emergency Economic Stimulus Act of 2008, or EESA, the American Reinvestment and Recovery Act of 2009, or ARRA, and the numerous programs, including the CPP and the expanded deposit insurance coverage that were enacted thereunder. In addition, the Secretary of the U.S. Treasury has proposed fundamental changes to the regulation of financial institutions, markets and products.

We cannot predict the actual effects of EESA, the ARRA, the proposed regulatory reform measures and various governmental, regulatory, monetary and fiscal initiatives which have been and may be enacted on the financial markets, on us and the Bank. The terms and costs of these activities, or the failure of these actions to help stabilize the financial markets, asset prices, market liquidity and a continuation or worsening of current financial market and economic conditions could materially and adversely affect our business, financial condition, results of operations, and the trading prices of our securities.

We expect to face increased regulation of our industry, including as a result of EESA, the ARRA and related initiatives by the federal government. Compliance with such regulations may increase our costs and limit our ability to pursue business opportunities.

We are subject to additional uncertainties, and potential additional regulatory or compliance burdens, as a result of our participation in the CPP.

We accepted an investment of $7.5 million from the U.S. Treasury under the CPP. The Stock Purchase Agreement we (and all other participating institutions) entered into with the U.S. Treasury, provides that the U.S. Treasury may unilaterally amend the agreement to the extent required to comply with any changes after the execution in applicable federal statutes. As a result of this provision, the U.S. Treasury and Congress may impose additional requirements or restrictions on us and the Bank in respect of reporting, compliance, corporate governance, executive or employee compensation, dividend payments, stock repurchases, lending or other business practices, capital requirements or other matters. We may be required to expend additional resources in order to comply with these requirements. Such additional requirements could impair our ability to compete with institutions that are not subject to the restrictions because they did not accept an investment from the U.S. Treasury. To the extent that additional restrictions or limitations on employee compensation are imposed, such as those contained in ARRA and the regulations issued in June 2009, we may be less competitive in attracting and retaining successful incentive compensation based lenders and customer relations personnel, or senior executive officers.

Additionally, the ability of Congress to utilize the amendment provisions to effect political or public relations goals could result in our being subjected to additional burdens as a result of public perceptions of issues relating to the largest banks, and which are not applicable to community oriented institutions such as us. We may be disadvantaged as a result of these uncertainties.

As a result of the issuance of the Series A Preferred Stock to the U.S. Treasury, we are required to comply with certain restrictions on executive and employee compensation included in the EESA, as amended. Certain of these provisions could limit the amount and the tax deductibility of compensation we pay to our executive officers, and could have an adverse affect on our ability to compete for and retain employees and senior executive officers.

We may fail to realize the increase to earnings we estimate from the acquisition of the Titusville branch office.

On August 28, 2009, the Bank completed the acquisition of the full-service branch office of National City Bank, a national banking association and wholly-owned subsidiary of The PNC Financial Services Group, Inc., located in Titusville, Pennsylvania. This transaction was completed pursuant to the Purchase and Assumption Agreement entered into on April 6, 2009. The success of the Titusville branch acquisition will depend, in part, on our ability to realize an increase to our earnings from adding a new market area to the business of the Bank. While we believe that an increase to earnings is achievable, it is possible that such increase could turn out to be more difficult to achieve than we anticipated. Our estimates depend on our ability to integrate the business of the Titusville branch into our current operations in a manner that allows for increased revenue to be realized. Our ability to realize increases in revenue will depend, in part, on our ability to retain customers and employees, and to capitalize on existing relationships for the provision of additional products and services. If our estimates turn out to be incorrect or we are not able to successfully integrate the Titusville branch, the anticipated increased earnings may not be realized fully or at all, or may take longer to realize than expected.

Higher FDIC deposit insurance premiums and assessments could adversely affect our financial condition.

FDIC insurance premiums have increased substantially in 2009 already, and we expect to pay significantly higher FDIC premiums in the future. A large number of bank failure