To Our Shareholders

I am pleased to report annual earnings of $1,277,000 or $1.59 per share representing an ROA of .87% and an ROE of 8.35%.

Total Assets exceeded $151,000,000. Outstanding Loans increased in excess of $6,000,000 for the year requiring some Available-for-sale securities to be sold and additional Federal Home Loan Bank advances for funding these new loans.

Total Deposits were $106,825,000, reflecting a slight increase over 2013. We recognize the importance of deposits as they relate to funding our additional loan growth and are constantly improving our deposit products.

Total Shareholder's equity of $15,755,000 reflects a book value of $19.62. We have seen our Shareholder's equity increase annually as a result of our earnings performance coupled with our prudent cash dividend payout ratio.

We continue to strive for improved Asset Quality, which for us means improved Loan Quality. Non Performing Loans (loans past due 90+ days) finish the year at $421,000 or .34% of our Total Loan Portfolio. This ratio continues to show improvement over the previous six years. In 2009, this ratio was 2.94%. Other Real Estate Owned (OREO), which represents properties obtained by foreclosure or deed in lieu, was $82,000 representing two properties. In 2010, Other Real Estate Owned was $714,000. Gross Charge-Offs for the year was $27,653 with Recoveries of $33,383. This is the first time in 11 years that Recoveries have exceeded Charge-Offs. Our Allowance for Loan Losses represents 2.04% of our Total Loans.

As predicted by our 2014 Asset Liability Model, we did experience narrowing in our Net Interest Margin (3.64% vs 3.77%) providing a Net Interest Income of $5,064,000 compared to prior year of $5,108,000. Total Non Interest Expense of $3,445,000 compares very nicely to all of our prior years. In fact, in 2004, Non Interest Expense for our Bank was $3,452,000. Our Bank has done an excellent job controlling our Non Interest Expenses.

Our stock price closed the year at $16.25 per share (book value $19.62). Your Board of Directors declared a regular quarterly dividend of $.08 per share payable December 15, 2014 to shareholders. Annual Cash Dividend per share was $.36 for 2014.

In summary for 2014: Improved Earnings, Good Net Interest Margin, Good Cost Control, Good Asset Quality Ratios.

Thank you for your investment in Home City Financial Corporation.

Sincerely,

J. William Stapleton
President & CEO

Internet Banking is Available at our Website: www.homecityfederal.com

Home City
FINANCIAL CORPORATION

Directors

Glenn W. Collier
John D. Conroy, *Chairman*
James M. Foreman
Matthew C. Mullen
J. William Stapleton

Officers

Patti S. Ark
Peter E. Duffey
Cheryl L. Hesson
Cynthia J. Hofbauer
* **Don E. Lynam**
Debra S. Moore
* **J. William Stapleton**
Eleta A. Taylor
* **Donna M. Williams**

* *Executive Officer*

Shareholders' Information

Stock Listing: OTC Markets Symbol – HCFL
CUSIP # 43706C209

Shareholder Inquiries:

J. William Stapleton
President, CEO
jwstapleton@homecityfederal.com

Donna M. Williams
Executive VP of Operations, CFO
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2454 North Limestone Street
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(937) 390-0470

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6201 15th Avenue
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Locations

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ATM available

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Springfield, Ohio 45502
(937) 322-5844

EQUAL HOUSING LENDER
MEMBER FDIC

Home City

SERVING our area since 1925
"There's no place like home."

2014 FOURTH QUARTER REPORT

December 31, 2014

www.homecityfederal.com

Home City Financial Corporation
Consolidated Statement of Condition

	Twelve months ended December 31, 2014	2013	2012	2011	2010
			(Unaudited)		
			(Dollars in thousands)		
ASSETS					
Cash and due from banks	$ 569	$ 726	$ 712	$ 641	$ 449
Interest-bearing demand deposits	8,511	2,958	3,578	4,990	22,863
Federal funds sold	-	-	-	33	16
Cash and cash equivalents	9,080	3,684	4,290	5,664	23,328
Available-for-sale securities	8,845	12,243	6,024	10,243	133
Loans	124,294	117,955	122,254	117,400	111,655
Allowance for loan losses	(2,536)	(2,091)	(2,000)	(1,503)	(1,503)
Loans, net	121,758	115,864	120,254	115,897	110,152
Premises and equipment	2,472	2,548	2,611	2,666	2,752
Federal Home Loan Bank stock	2,734	2,734	2,734	2,734	2,734
Interest receivable	396	419	454	474	460
Cash surrender value of life insurance	4,643	4,510	4,373	4,231	4,086
Deferred taxes	1,453	1,235	1,065	869	870
Prepaid FDIC Insurance	0	0	200	305	429
Other	171	344	854	738	915
Total assets	$ 151,552	$ 143,581	$ 142,859	$ 143,821	$ 145,859
LIABILITIES					
Deposits					
Demand	$ 7,533	$ 6,750	$ 7,155	$ 9,560	$ 5,890
Savings, NOW and money market	40,978	40,618	38,926	35,059	29,754
Time	58,314	58,203	63,301	68,579	72,000
Total deposits	106,825	105,571	109,382	113,198	107,644
Federal Home Loan Bank advances	25,764	20,218	16,777	15,202	23,899
Interest payable and other liabilities	3,208	2,981	2,706	2,316	1,996
Total liabilities	135,797	128,770	128,865	130,716	133,539
SHAREHOLDERS' EQUITY					
Preferred shares, no par value, authorized 1,000,000 shares; none issued	0	0	0	0	0
Common shares, no par value, authorized 5,000,000 shares; issued 950,659 shares	0	0	0	0	0
Additional paid-in capital	6,045	6,016	5,924	5,878	5,845
Retained earnings	11,791	10,804	9,951	9,127	8,459
Accumulated other comprehensive gain (loss)	(35)	3	109	90	6
Treasury shares, at cost, 147,733 shares	(2,046)	(2,012)	(1,990)	(1,990)	(1,990)
Total shareholders' equity	15,755	14,811	13,994	13,105	12,320
Total liabilities and shareholders' equity	$ 151,552	$ 143,581	$ 142,859	$ 143,821	$ 145,859

Columns may not add due to rounding

Home City Financial Corporation
Consolidated Statement of Income

	Twelve months ended December 31, 2014	2013	2012	2011	2010
			(Unaudited)		
			(Dollars in thousands except per share data)		
Interest and dividend income					
Loans	$ 5,917	$ 6,082	$ 6,459	$ 6,533	$ 6,889
Securities	168	142	134	104	13
Federal funds sold	0	0	1	1	1
Dividends on Federal Home Loan Bank stock	109	114	121	116	120
Deposits with financial institutions	12	9	7	27	87
Total interest and dividend income	6,206	6,347	6,722	6,781	7,110
Interest expense					
Deposits	896	1,036	1,456	1,789	2,118
Borrowings	246	203	221	340	988
Total interest expense	1,142	1,239	1,677	2,129	3,106
Net interest income	5,064	5,108	5,045	4,652	4,004
Provision for loan losses	440	430	550	725	545
Net interest income after provision for loan losses	4,624	4,678	4,495	3,927	3,459
Noninterest income					
Service charges on deposits	58	64	67	93	79
Life insurance	186	186	188	191	190
Gain on sale of repossessed assets	52	21	68	211	11
Gain on sale of loans in secondary market	76	207	12	42	127
Gain (Loss) on sale of investments	293	28	0	95	0
Other	61	116	73	88	129
Total noninterest income	726	622	408	720	536
Noninterest expense					
Salaries and employee benefits	1,848	1,820	1,876	1,780	1,655
Net occupancy expense	280	281	257	245	229
Equipment expense	115	114	123	183	153
Data processing fees	411	418	286	254	251
Professional fees	249	265	221	238	268
Franchise taxes	118	157	165	146	120
FDIC insurance	92	100	113	135	179
Other real estate owned expenses	18	243	56	135	130
Other	314	298	271	264	276
Total noninterest expense	3,445	3,696	3,368	3,380	3,261
Income before income tax	1,905	1,604	1,535	1,267	734
Provision for income taxes	628	494	518	406	183
Net income	$ 1,277	$ 1,110	$ 1,017	$ 861	$ 551
Per Share data					
Basic earnings per share	$ 1.59	$ 1.38	$ 1.26	$ 1.07	$ 0.69
Diluted earnings per share	$ 1.53	$ 1.35	$ 1.26	$ 1.07	$ 0.69
Cash dividend per share	$ 0.36	$ 0.32	$ 0.24	$ 0.24	$ 0.24
Market value per share	$ 16.25	$ 16.00	$ 10.20	$ 8.25	$ 9.00
Book value per share	$ 19.62	$ 18.40	$ 17.40	$ 16.29	$ 15.31
Weighted-average shares outstanding-basic	804,442	804,922	804,179	803,921	803,567
Asset quality ratios					
Non-performing loans to total loans	0.34%	0.59%	0.73%	1.07%	2.34%
Allowance for loan losses to total loans	2.04%	1.77%	1.64%	1.28%	1.35%
Net charge-offs to average loans	0.00%	0.29%	0.04%	0.65%	0.83%
Profitability ratios					
Return on assets (ROA)	0.87%	0.78%	0.72%	0.61%	0.38%
Return on equity (ROE)	8.35%	7.73%	7.59%	6.79%	4.52%
Net interest margin	3.64%	3.77%	3.77%	3.52%	3.13%