To Our Shareholders

Although third quarter earnings were very good, they were less than the most previous quarter of June 30, 2015. The major difference was a write-down (an expense to Other Real Estate Owned) to the Appraised Market Value of an Other Real Estate Owned property. This property write-down also increased our Total Non Interest Expense for the quarter. Our Allowance for Loan Loss was deemed satisfactory, but we still chose to provision $30,000 for the third quarter, which also had an impact on our earnings.

Net Interest Income was very similar to the most recent quarter and improved over September 30, 2014 reflecting our increased loan demand. Year-to-date Net Interest Income continues to exceed prior year primarily the result of increasing loans outstanding by $9,000,000 to $129,677,000. The increase in our loans outstanding was funded primarily by the sale of Available for Sale Securities in our Investment Portfolio at a minimal loss. We also funded a portion of those loans through Federal Home Loan Bank Advances opting for extended maturities in an effort to protect our current Net Interest Margin of 3.61%.

Asset Quality and Profitability Ratios continue to be very favorable when compared to Ohio Banks and Banks across our country. Our Book Value per Share and our Basic Earnings Per Share continues to increase on our total shares outstanding of 802,466.

In summary, I am very pleased with our earnings trend by quarter and of course, our year-to-date earnings exceeded $1,000,000.

We continue to stay focused on our Community (market that we serve), Shareholder Values (ownership) and Staff. Each group has different agendas, but the ultimate goal of all is a Safe, Sound, and Well Managed Bank. We continue to look for ways to increase your book value per share.

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*
Daniel A. Haemmerle
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
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Donna M. Williams
Executive VP of Operations, CFO
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2454 North Limestone Street
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6201 15th Avenue
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Locations

Home City

EQUAL HOUSING LENDER

MEMBER FDIC

2454 North Limestone Street
Springfield, Ohio 45503
(937) 390-0470
ATM available

63 West Main Street
Springfield, Ohio 45502
(937) 322-5844

Home City

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

2015 THIRD QUARTER REPORT

September 30, 2015



www.homecityfederal.com

Home City Financial Corporation
Consolidated Statement of Condition

(Unaudited)
(Dollars in thousands)

	September 30, 2015	June 30, 2015	December 31, 2014	September 30, 2014
ASSETS				
Cash and due from banks	$ 618	$ 763	$ 569	$ 635
Interest-bearing demand deposits	4,575	3,916	8,511	5,388
Federal funds sold	-	-	-	-
Cash and cash equivalents	5,193	4,679	9,080	6,023
Available-for-sale securities	6,037	8,228	8,845	11,549
Loans	129,677	127,298	124,294	120,348
Allowance for loan losses	(2,535)	(2,563)	(2,536)	(2,469)
Loans, net	127,142	124,735	121,758	117,879
Premises and equipment	2,246	2,435	2,472	2,495
Federal Home Loan Bank stock	2,734	2,734	2,734	2,734
Interest receivable	412	400	396	426
Cash surrender value of life insurance	4,743	4,709	4,643	4,609
Deferred taxes	1,118	1,118	1,453	1,406
Other	299	199	171	300
Total assets	$ 149,924	$ 149,237	$ 151,552	$ 147,421
LIABILITIES				
Deposits				
Demand	7,795	7,433	7,533	7,202
Savings, NOW and money market	40,637	40,656	40,978	40,322
Time	59,906	59,230	58,314	62,277
Total deposits	108,338	107,319	106,825	109,801
Federal Home Loan Bank advances	21,991	22,483	25,764	19,214
Interest payable and other liabilities	3,092	3,197	3,208	2,973
Total liabilities	133,421	132,999	135,797	131,988
SHAREHOLDERS' EQUITY				
Preferred shares, no par value, authorized 1,000,000 shares; none issued	0	0	0	0
Common shares, no par value, authorized 5,000,000 shares; issued 955,659 shares	0	0	0	0
Additional paid-in capital	6,107	6,101	6,045	6,039
Retained earnings	12,536	12,301	11,791	11,515
Accumulated other comprehensive gain (loss)	(1)	(25)	(35)	(75)
Treasury shares, at cost, 153,193 shares	(2,139)	(2,139)	(2,046)	(2,046)
Total shareholders' equity	16,503	16,238	15,755	15,433
Total liabilities and shareholders' equity	$ 149,924	$ 149,237	$ 151,552	$ 147,421

Columns may not add due to rounding

Home City Financial Corporation
Consolidated Statement of Income

(Unaudited)
(Dollars in thousands except per share data)

	Three months ended September 30, 2015	Three months ended June 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Interest and dividend income					
Loans	$ 1,537	$ 1,525	$ 1,494	$ 4,568	$ 4,419
Securities	26	34	43	94	122
Federal funds sold	0	0	0	0	0
Dividends on Federal Home Loan Bank stock	27	27	27	82	82
Deposits with financial institutions	2	3	4	7	10
Total interest and dividend income	1,592	1,589	1,568	4,751	4,633
Interest expense					
Deposits	219	215	234	640	690
Borrowings	76	78	62	237	176
Total interest expense	295	293	296	877	866
Net interest income	1,297	1,296	1,272	3,874	3,767
Provision for loan losses	30	0	160	30	380
Net interest income after provision for loan losses	1,267	1,296	1,112	3,844	3,387
Noninterest income					
Service charges on deposits	13	13	15	38	43
Life insurance	47	47	46	141	138
Gain/(Loss) on sale of other real estate owned	0	0	0	0	79
Gain on sale of loans in secondary market	54	76	25	175	45
Gain (Loss) on sale of investments	(3)	0	169	(3)	293
Other	26	22	18	80	30
Total noninterest income	137	158	273	431	628
Noninterest expense					
Salaries and employee benefits	488	507	476	1,529	1,391
Net occupancy expense	64	71	96	189	242
Equipment expense	23	21	34	66	82
Data processing fees	131	116	100	372	316
Professional fees	61	52	64	174	190
Franchise taxes	30	32	30	94	90
FDIC insurance	18	23	21	64	73
Other real estate owned expenses	74	0	2	75	11
Other	73	82	84	238	232
Total noninterest expense	962	904	907	2,801	2,627
Income before income tax	442	550	478	1,474	1,388
Provision for income taxes	143	181	153	472	451
Net income	$ 299	$ 369	$ 325	$ 1,002	$ 937
Per Share data					
Basic earnings per share	$ 0.37	$ 0.46	$ 0.40	$ 1.24	$ 1.16
Diluted earnings per share	$ 0.36	$ 0.45	$ 0.39	$ 1.21	$ 1.13
Cash dividend per share	$ 0.08	$ 0.08	$ 0.15	$ 0.32	$ 0.28
Market value per share	$ 17.77	$ 17.90	$ 16.30	$ 17.77	$ 16.30
Book value per share	$ 20.56	$ 20.23	$ 19.22	$ 20.56	$ 19.22
Weighted-average shares outstanding-basic	802,466	804,797	804,846	804,470	804,951
Asset quality ratios					
Non-performing loans to total loans	0.55%	0.56%	0.33%	0.55%	0.33%
Allowance for loan losses to total loans	1.95%	2.01%	2.05%	1.95%	2.05%
Net charge-offs to average loans	0.02%	-0.02%	0.00%	0.02%	0.00%
Profitability ratios					
Return on assets (ROA)	0.79%	0.98%	0.87%	0.89%	0.86%
Return on equity (ROE)	7.25%	9.21%	8.36%	8.31%	8.24%
Net interest margin	3.61%	3.62%	3.58%	3.61%	3.64%