

# HOME CITY FINANCIAL CORPORATION

First  
Quarter  
Report

March 31, 2009



SERVING our area since 1925  
“There’s no place like home”

[www.homecityfederal.com](http://www.homecityfederal.com)

**Home City Financial Corporation**  
Consolidated Statement of Condition

	March 31, 2009	Dec. 31, 2008	March 31, 2008
	(Unaudited)		
	(Dollars in thousands)		
<b>ASSETS</b>			
Cash and due from banks	\$ 2,153	\$ 2,882	\$ 1,991
Interest-bearing demand deposits	528	373	4,215
Federal funds sold	36	1	13,068
Cash and cash equivalents	<u>2,717</u>	<u>3,256</u>	<u>19,274</u>
Available-for-sale securities	3,453	7,755	675
Loans	120,929	118,373	116,229
Allowance for loan losses			
Beginning of period	(2,069)	(1,182)	(1,182)
Provision	(130)	(1,330)	(50)
Net charge-offs	129	443	155
End of period	<u>(2,070)</u>	<u>(2,069)</u>	<u>(1,077)</u>
Loans, net	<u>118,859</u>	<u>116,304</u>	<u>115,152</u>
Premises and equipment	2,982	3,016	3,196
Federal Home Loan Bank stock	2,734	2,734	2,661
Interest receivable	596	590	567
Cash surrender value of life insurance	3,831	3,795	3,454
Other	1,693	1,826	865
Total assets	<u>\$ 136,865</u>	<u>\$ 139,276</u>	<u>\$ 145,844</u>
<b>LIABILITIES</b>			
Deposits			
Demand	\$ 4,671	\$ 5,363	\$ 4,661
Savings, NOW and money market	23,597	23,701	24,864
Time	71,376	67,862	68,703
Total deposits	<u>99,644</u>	<u>96,926</u>	<u>98,228</u>
Federal Home Loan Bank advances	23,676	28,834	32,863
Interest payable and other liabilities	1,626	1,741	1,483
Total liabilities	<u>124,946</u>	<u>127,501</u>	<u>132,574</u>
<b>SHAREHOLDERS' EQUITY</b>			
Preferred shares, no par value, authorized 1,000,000 shares; none issued	0	0	0
Common shares, no par value; authorized 5,000,000 shares; issued 950,659 shares	0	0	0
Additional paid-in capital	5,851	5,846	5,824
Retained earnings	8,032	7,880	9,672
Accumulated other comprehensive gain (loss)	26	39	(236)
Treasury shares, at cost, 146,223 shares	(1,990)	(1,990)	(1,990)
Total shareholders' equity	<u>11,919</u>	<u>11,775</u>	<u>13,270</u>
Total liabilities and shareholders' equity	<u>\$ 136,865</u>	<u>\$ 139,276</u>	<u>\$ 145,844</u>

**Home City Financial Corporation**  
Consolidated Statement of Income

	Three months ended	
	March 31, 2009	March 31, 2008
	(Unaudited)	
	(Dollars in thousands except per share data)	
Interest and dividend income		
Loans	\$ 1,908	\$ 2,019
Securities	38	14
Federal funds sold	1	74
Dividends on Federal Home Loan Bank stock	33	34
Deposits with financial institutions	0	37
Total interest and dividend income	<u>1,980</u>	<u>2,178</u>
Interest expense		
Deposits	690	884
Borrowings	250	421
Total interest expense	<u>940</u>	<u>1,305</u>
Net interest income	1,040	873
Provision for loan losses	130	50
Net interest income after provision for loan losses	<u>910</u>	<u>823</u>
Noninterest income		
Service charges on deposits	17	14
Life insurance	46	39
Gain on sale of real estate owned	57	0
Other	33	24
Total noninterest income	<u>153</u>	<u>77</u>
Noninterest expense		
Salaries and employee benefits	421	423
Net occupancy expense	62	51
Equipment expense	35	43
Data processing fees	54	97
Professional fees	77	55
Franchise taxes	43	45
FDIC Insurance	45	3
Other	87	87
Total noninterest expense	<u>824</u>	<u>804</u>
Income before income tax	239	96
Provision for income taxes	39	32
Net income	<u>\$ 200</u>	<u>\$ 64</u>
Per share data		
Basic earnings per share	\$ .25	\$ .08
Diluted earnings per share	\$ .25	\$ .08
Cash dividend per share	\$ .06	\$ .12
Market value per share	\$ 4.75	\$ 10.77
Book value per share	\$ 14.82	\$ 16.50
Weighted-average shares outstanding - basic	804,095	801,556
Asset quality ratios		
Non-performing loans to total loans	1.51%	1.05%
Allowance for loan losses to total loans	1.71%	.93%
Net charge-offs to average loans	.11%	.13%

# To Our Shareholders

## **Good news for first quarter 2009!**

Home City's previously implemented strategies are starting to reflect:

- increased loans outstanding
- increased customer deposits
- increased Net Interest Margin
- improvement in Net Interest Income
- improvement in our Cost of Funds
- additional control of our Noninterest Expense

**All the items as mentioned contributed to a profitable first quarter. We now turn our focus to the second quarter.**

As Shareholders, return your proxies to be voted at the Annual Shareholders' Meeting scheduled for April 29, 2009.

Thank you for your investment in Home City Financial Corporation.

Sincerely,



J. William Stapleton  
President, CEO & COO

## Directors

Glenn W. Collier  
John D. Conroy, Chairman  
James M. Foreman  
Terry A. Hoppes  
J. William Stapleton

## Locations

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

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

## Officers

Patti S. Ark  
Peter E. Duffey  
Cynthia J. Gorby  
Wendy L. Hoewischer  
Thomas G. Jordan, Jr.  
\*Don E. Lynam  
\*Charles A. Mihal  
Debra S. Moore  
\*J. William Stapleton  
Donna M. Williams  
\*Executive Officer

## Shareholders' Information

Stock Listing: OTCBB Symbol – HCFL  
CUSIP # 43706C209

Shareholder Inquiries: J. William Stapleton  
President, CEO & COO or  
Charles A. Mihal  
Secretary & Treasurer  
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**Internet Banking is Available at our Website**  
**[www.homecityfederal.com](http://www.homecityfederal.com)**