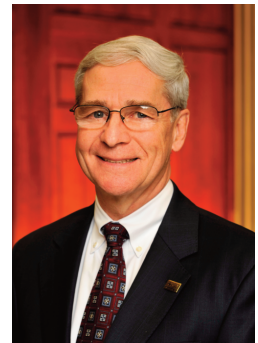




**Kenneth C. Klein**



**Wayne V. Zanetti**

## 2015 – 2<sup>nd</sup> Quarter

For the quarter ended June 30, 2015, the Company earned net income of \$1,283,000 or \$0.30 per share compared to \$1,277,000 or \$0.30 per share for the same quarter in 2014. The increase in quarterly net income was primarily due to a decrease in the provision for loan loss of \$100,000 partially offset by decreases in net interest income of \$65,000 and other non-interest income of \$28,000.

Year to date net income as of June 30, 2015 was \$2,459,000 or \$0.58 per share compared to \$2,589,000 or \$0.61 per share for the same period in 2014. The decrease in year to date net income was primarily due to an increase of \$346,000 in total non-interest expense, partially offset by a decrease in the provision for loan loss of \$200,000 and an increase in fee income of \$46,000.

The Federal Reserve continues to signal it will raise interest rates sometime in 2015 regardless of global economic stagnation and instability, particularly in Greece and China. Despite their warnings, interest rates remain stubbornly low and interest margins at most financial institutions continue to be pressured. The Company's net interest income has stayed remarkably consistent and the slight decrease in year to date net income is mainly due to pension costs caused by the low rate environment and occupancy expenses caused by harsh winter weather in the beginning of the year. Credit quality in the Company's loan portfolio continues to improve as reflected in a lack of provision for loan losses this year to date. Foreclosed real estate expenses are higher compared to the same period last year as strict regulations make that process lengthy, increasing costs and reducing collateral values in the interim.

Economic data suggests the economy in Sullivan County is improving, with unemployment at pre-recession levels. The approval of a casino in the Town of Thompson has sparked interest in real estate in the county, which should stabilize and eventually increase property values, a development that should benefit the Company and its customers. At Jeff Bank, we are preparing to take advantage of any opportunities provided by the economic development that is expected to result from the casino. With twelve physical locations, a wide network of ATM's, online, telephone and mobile banking, Jeff Bank is uniquely positioned to serve the banking needs of the communities in which we operate.

In June, we launched our re-designed, responsive website. A responsive website automatically adapts to the device it is accessed from. This feature is critical, as search engines give priority to responsive websites, making it easier for us to reach new customers. Our mobile banking app, with its "remote deposit anywhere" feature, continues to be well received and adopted by our customers.

Jeff Bank is the only local, community bank headquartered in Sullivan County. We have a strong capital base and a long track record of profitability over our more than 100 years in business. We are committed to the communities we serve and with the support of our customers, shareholders, directors and employees we look forward to continued success in the years to come.

A handwritten signature in orange ink, appearing to read "K.C. Klein".

**Kenneth C. Klein**  
Chairman of the Board

A handwritten signature in orange ink, appearing to read "Wayne V. Zanetti".

**Wayne V. Zanetti**  
President/Chief Executive Officer

**Jeffersonville Bancorp and Subsidiary**  
**Consolidated Balance Sheets**

(In thousands, except share and per share data)

	June 30, 2015	December 31, 2014
<b>Assets</b>		
Cash and cash equivalents	\$ 57,245	\$ 21,491
Securities available for sale, at fair value	100,195	104,801
Securities held to maturity, estimated fair value of \$15,154 at June 30, 2015 and \$7,489 at December 31, 2014	14,908	7,208
Loans, net of allowance for loan losses of \$4,003 at June 30, 2015 and \$4,353 at December 31, 2014	268,155	273,338
Accrued interest receivable	1,846	1,877
Bank-owned life insurance	17,204	16,996
Foreclosed real estate	1,843	1,680
Premises and equipment, net	6,070	6,160
Restricted investments	566	568
Other assets	5,915	6,100
Total Assets	<u>\$ 473,947</u>	<u>\$ 440,219</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
<b>Deposits:</b>		
Demand deposits (non-interest bearing)	\$ 100,656	\$ 89,321
NOW and super NOW accounts	68,522	52,628
Savings and insured money market deposits	126,706	120,406
Time deposits	113,117	114,136
Total Deposits	409,001	376,491
Other liabilities	7,590	7,593
Total Liabilities	<u>416,591</u>	<u>384,084</u>
<b>Stockholders' equity</b>		
Series A preferred stock, no par value; 2,000,000 shares authorized, none issued	—	—
Common stock, \$0.50 par value; 11,250,000 shares authorized, 4,767,786 shares issued with 4,234,505 outstanding	2,384	2,384
Paid-in capital	6,483	6,483
Treasury stock, at cost; 533,281 shares	(4,965)	(4,965)
Retained earnings	55,464	54,191
Accumulated other comprehensive loss	(2,010)	(1,958)
Total Stockholders' Equity	<u>57,356</u>	<u>56,135</u>
Total Liabilities and Stockholders' Equity	<u>\$ 473,947</u>	<u>\$ 440,219</u>

This does not represent complete financial statements. Complete financial statements may be found at [www.jeffbank.com](http://www.jeffbank.com)

**Jeffersonville Bancorp and Subsidiary**  
**Consolidated Statements of Income**  
(In thousands, except per share data)

<b>For the Three Months Ended June 30,</b>	<b>2015</b>	<b>2014</b>
<b>Interest and Dividend Income</b>		
Loan interest and fees	\$ 3,689	\$ 3,678
Securities:		
Taxable	259	338
Tax-exempt	554	556
Other interest and dividend income	25	20
Total Interest and Dividend Income	<u>4,527</u>	<u>4,592</u>
<b>Interest Expense on Deposits</b>		
	<u>247</u>	<u>278</u>
Net interest income	4,280	4,314
Provision for loan losses	—	100
Net Interest Income after Provision for Loan Losses	<u>4,280</u>	<u>4,214</u>
<b>Non-Interest Income</b>		
Service charges	333	336
Fee income	327	291
Earnings on bank-owned life insurance	104	108
Net gain on sales of securities	—	64
Other non-interest income	67	60
Total Non-Interest Income	<u>831</u>	<u>859</u>
<b>Non-Interest Expense</b>		
Salaries and employee benefits	2,170	2,151
Occupancy and equipment expenses	546	485
Foreclosed real estate expense, net	34	4
Other non-interest expenses	715	815
Total Non-Interest Expenses	<u>3,465</u>	<u>3,455</u>
Income before income tax expense	1,646	1,618
Income tax expense	363	341
Net Income	<u>\$ 1,283</u>	<u>\$ 1,277</u>
Basic earnings per common share	<u>\$ 0.30</u>	<u>\$ 0.30</u>
Average common shares outstanding	<u>4,235</u>	<u>4,235</u>
Cash dividends declared per share	<u>\$ 0.14</u>	<u>\$ 0.13</u>

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**Jeffersonville Bancorp and Subsidiary**  
**Consolidated Statements of Income**  
(In thousands, except per share data)

<b>For the Six Months Ended June 30,</b>	<b>2015</b>	<b>2014</b>
<b>Interest and Dividend Income</b>		
Loan interest and fees	\$ 7,424	\$ 7,381
Securities:		
Taxable	475	584
Tax-exempt	1,121	1,153
Other interest and dividend income	36	32
Total Interest and Dividend Income	<u>9,056</u>	<u>9,150</u>
<b>Interest Expense on Deposits</b>		
	<u>506</u>	<u>562</u>
Net interest income	8,550	8,588
Provision for loan losses	—	200
Net Interest Income after Provision for Loan Losses	<u>8,550</u>	<u>8,388</u>
<b>Non-Interest Income</b>		
Service charges	652	653
Fee income	603	557
Earnings on bank-owned life insurance	208	209
Net gain on sales of securities	21	64
Other non-interest income	120	93
Total Non-Interest Income	<u>1,604</u>	<u>1,576</u>
<b>Non-Interest Expense</b>		
Salaries and employee benefits	4,284	4,032
Occupancy and equipment expenses	1,012	954
Foreclosed real estate expense, net	104	27
Other non-interest expenses	1,621	1,662
Total Non-Interest Expenses	<u>7,021</u>	<u>6,675</u>
Income before income tax expense	3,133	3,289
Income tax expense	674	700
Net Income	<u>\$ 2,459</u>	<u>\$ 2,589</u>
Basic earnings per common share	<u>\$ 0.58</u>	<u>\$ 0.61</u>
Average common shares outstanding	<u>4,235</u>	<u>4,235</u>
Cash dividends declared per share	<u>\$ 0.28</u>	<u>\$ 0.26</u>

This does not represent complete financial statements. Complete financial statements may be found at [www.jeffbank.com](http://www.jeffbank.com)