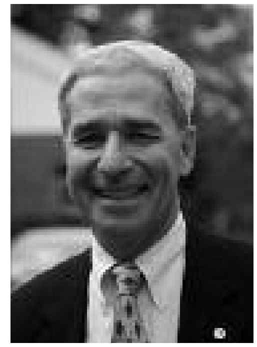
Jeffersonville Bancorp

Kenneth C. Klein



Wayne V. Zanetti

2013 - 4th Quarter

For the quarter ended December 31, 2013, the Company earned net income of $1,057,000 or $0.25 per share compared to $1,076,000 or $0.25 per share for the same quarter in 2012. The decrease in quarterly net income was primarily due to an increase in the provision for loan losses of $155,000, a decrease in other non-interest income of $63,000, and a decrease in total interest and dividend income of $149,000, partially offset by a decrease in total interest expense of $175,000 and non-interest expense of $137,000.

For the year ended December 31, 2013, the Company earned net income of $4,620,000 or $1.09 per share compared to $4,361,000 or $1.03 per share for the same period in 2012. The increase in net income was primarily due to a decrease in the provision for loan losses of $1,195,000, a decrease in total interest expense of $749,000, and a decrease in total other non-interest expense of $463,000, partially offset by a decrease in total interest and dividend income of $1,685,000, a decrease in non-interest income of $213,000 and an increase in income tax expense of $250,000.

The Company's financial results for 2013 were slightly ahead of our projected amount and represented an increase of nearly 6% over last year's net income. The road to those results was not completely as we expected, but was very similar to many other financial institutions. On the income side, the Federal Reserve Bank's major role in holding down interest rates put more pressure on returns for both loans and investments, which dropped our projected interest income more than we anticipated. On the expense side, those same policies reduced deposit costs, partially offsetting the drop in income. At the same time, improvements in the economy helped many of our borrowers improve their financial prospects, and the resulting improvement in our asset quality allowed us to significantly decrease our provisions for loan losses.

The economic volatility that began with the financial crisis in 2008 has already extended several years past the initial projections of most economic pundits. In the fourth quarter of this year, the Federal Reserve Bank began scaling back its purchases of government bonds, causing interest rates beyond five years to jump considerably. The stock market rallied in response, reaching new all time highs in the DOW Industrial Average. Shortly after the year ended, troubles in emerging markets caused the stock market to drop dramatically. Interest rates also dropped as investors chose the safety of United States treasury bonds over other assets. The only constant in economic conditions the past five years has been volatility and change.

At Jeff Bank, we are proud of our ability to adapt to volatility and change while maintaining the conservative approach to doing business that allowed us to celebrate our 100th anniversary this year. As we did last year, in the year ahead we plan to continue on our path of increasing productivity, reducing unnecessary expenses and pursuing controlled growth. This strategy has resulted in Jeff Bank being the only independent, community bank headquartered in Sullivan County. We appreciate the support of our customers, shareholders, directors and employees. We look forward to maintaining the high standards of personalized customer service and community involvement that has made Jeff Bank a trusted, Sullivan County tradition since 1913.

Kenneth C. Klein
Chairman of the Board

Wayne V. Zanetti
President / Chief Executive Officer

Jeffersonville Bancorp and Subsidiary
Consolidated Balance Sheets
(In thousands, except share and per share data)

As of December 31,	**2013**	**2012**
	(Unaudited)	**(Unaudited)**
ASSETS		
Cash and cash equivalents	$ 19,895	$ 21,859
Securities available for sale, at fair value	108,957	105,121
Securities held to maturity, estimated fair value of $3,780 at December 31, 2013 and $4,891 at December 31, 2012	3,612	4,528
Loans, net of allowance for loan losses of $4,671 at December 31, 2013 and $5,035 at December 31, 2012	269,131	264,228
Accrued interest receivable	1,911	2,058
Bank-owned life insurance	16,581	16,128
Foreclosed real estate	1,098	1,339
Premises and equipment, net	4,557	5,072
Restricted investments	674	2,159
Other assets	6,161	6,596
Total Assets	$ 432,577	$ 429,088
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits:		
Demand deposits (non-interest bearing)	$ 84,305	$ 76,285
NOW and super NOW accounts	53,229	41,291
Savings and insured money market deposits	111,732	103,709
Time deposits	123,375	137,488
Total Deposits	372,641	358,773
Federal Home Loan Bank borrowings	—	10,000
Other liabilities	6,905	9,124
Total Liabilities	379,546	377,897
Stockholders' equity		
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	49,440	47,022
Accumulated other comprehensive income	(311)	267
Total Stockholders' Equity	53,031	51,191
Total Liabilities and Stockholders' Equity	$ 432,577	$ 429,088

This does not represent complete financial statements. Complete financial statements may be found at www.jeffbank.com

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

For the Years Ended December 31,	2013 (Unaudited)	2012 (Unaudited)
INTEREST AND DIVIDEND INCOME		
Loan interest and fees	$ 15,175	$ 16,425
Securities:		
Taxable	944	1,224
Tax-exempt	2,347	2,522
Other interest and dividend income	69	49
Total Interest and Dividend Income	18,535	20,220
INTEREST EXPENSE		
Deposits	1,269	1,714
Federal Home Loan Bank borrowings	179	483
Total Interest Expense	1,448	2,197
Net interest income	17,087	18,023
Provision for loan losses	700	1,895
Net Interest Income after Provision for Loan Losses	16,387	16,128
NON-INTEREST INCOME		
Service charges	1,331	1,391
Fee income	1,062	1,023
Earnings on bank-owned life insurance	453	436
Life insurance benefit	—	93
Net gain on sales of securities	23	63
Other non-interest income	166	242
Total Non-Interest Income	3,035	3,248
NON-INTEREST EXPENSES		
Salaries and employee benefits	8,234	7,995
Occupancy and equipment expenses	1,944	1,999
Foreclosed real estate expense, net	152	698
Other non-interest expenses	3,415	3,516
Total Non-Interest Expenses	13,745	14,208
Income before income tax expense	5,677	5,168
Income tax expense	1,057	807
Net Income	$ 4,620	$ 4,361
Basic earnings per common share	$ 1.09	$ 1.03
Average common shares outstanding	4,235	4,235
Cash dividends declared per share	$ 0.52	$ 0.52

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