



Kenneth C. Klein



Wayne V. Zanetti

2013 - 1st Quarter

For the quarter ended March 31, 2013, the Company earned net income of \$905,000 or \$0.21 per share compared to \$1,065,000 or \$0.25 per share for the same quarter in 2012. The decrease in quarterly net income was primarily due to decreases in total interest and dividend income of \$695,000 and total non-interest income of \$135,000 partially offset by decreases in the provision for loan losses of \$400,000 and total interest expense of \$211,000. The decline in total non-interest income includes a non-recurring life insurance benefit of \$93,000 and gain on sale of securities of \$33,000, which were recorded in the first quarter of 2012.

The Federal Reserve Bank's continued policy of asset purchases coupled with a near zero interest rate target has put downward pressure on interest rates for both loans and investments. While deposit and borrowing interest expenses also continue to fall, their already low levels cannot keep up with the decline in asset rates. Over the past four years, following the financial crisis and resultant economic downturn, we provisioned heavily for loan losses. As the economy stabilizes, we are beginning to see improvement in asset quality. As a result, we were able to reduce loan loss charges to partially compensate for the decline in net interest income. This is a trend seen widely in the banking industry and we expect it to continue to our benefit in the coming year.

In March, we held our fifth annual bank-wide meeting, where the Bank's 100th anniversary was the central theme. Employees in each branch and functional area of the Bank created banners to commemorate this impressive milestone. The banners were judged by the Bank's senior management for originality, creativity and incorporation of the anniversary theme. The winning design has been produced for display at various parades and events in our local communities. The meeting was well attended by the Board of Directors, who expressed their appreciation for the hard work and dedication shown by the employees. Years of Service Awards, in the form of shares of Jeff Bank stock, were presented to 14 employees with years of service ranging from 5 to 25 years. We believe stock awards reinforce the employee's commitment to the Bank's profitability while recognizing their past contributions and loyalty.

In 1962, there were 11 community banks in Sullivan County. Today, Jeff Bank is the only community bank headquartered and operating solely in Sullivan County. We are proud to be an independent, local bank and a trusted Sullivan County tradition since 1913. With the support of our customers, shareholders, directors and employees, we look forward to continuing the personalized, local banking service that has been the hallmark of Jeff Bank for the past 100 years.

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

Kenneth C. Klein
Chairman of the Board

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

Wayne V. Zanetti
President / Chief Executive Officer

Jeffersonville Bancorp and Subsidiary**Consolidated Balance Sheets**

(In thousands, except share and per share data)

	March 31, 2013	December 31, 2012
	(Unaudited)	(Unaudited)
ASSETS		
Cash and cash equivalents	\$ 40,145	\$ 21,859
Securities available for sale, at fair value	106,356	105,121
Securities held to maturity, estimated fair value of \$4,654 at March 31, 2013 and \$4,891 at December 31, 2012	4,308	4,528
Loans, net of allowance for loan losses of \$5,135 at March 31, 2013 and \$5,035 at December 31, 2012	268,020	264,228
Accrued interest receivable	2,278	2,058
Bank-owned life insurance	16,239	16,128
Foreclosed real estate	1,636	1,339
Premises and equipment, net	4,904	5,072
Restricted investments	934	2,159
Other assets	6,647	6,596
Total Assets	<u>\$ 451,467</u>	<u>\$ 429,088</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits:		
Demand deposits (non-interest bearing)	78,045	\$ 76,285
NOW and super NOW accounts	54,212	41,291
Savings and insured money market deposits	113,704	103,709
Time deposits	140,354	137,488
Total Deposits	386,315	358,773
Federal Home Loan Bank borrowings	5,000	10,000
Other liabilities	8,728	9,124
Total Liabilities	<u>400,043</u>	<u>377,897</u>
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	47,376	47,022
Accumulated other comprehensive income	146	267
Total Stockholders' Equity	<u>51,424</u>	<u>51,191</u>
Total Liabilities and Stockholders' Equity	<u>\$ 451,467</u>	<u>\$ 429,088</u>

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 Three Months Ended March 31,	2013	2012
	(Unaudited)	(Unaudited)
INTEREST AND DIVIDEND INCOME		
Loan interest and fees	\$ 3,755	\$ 4,280
Securities:		
Taxable	227	335
Tax-exempt	571	641
Interest bearing deposits	<u>16</u>	<u>8</u>
Total Interest and Dividend Income	4,569	5,264
INTEREST EXPENSE		
Deposits	332	488
Federal Home Loan Bank borrowings	<u>95</u>	<u>150</u>
Total Interest Expense	<u>427</u>	<u>638</u>
Net interest income	4,142	4,626
Provision for loan losses	<u>200</u>	<u>600</u>
Net Interest Income after Provision for Loan Losses	<u>3,942</u>	<u>4,026</u>
NON-INTEREST INCOME		
Service charges	334	345
Fee income	244	243
Earnings on bank-owned life insurance	111	107
Life insurance benefit	—	93
Net gain on sales of securities	—	33
Other non-interest income	<u>26</u>	<u>29</u>
Total Non-Interest Income	<u>715</u>	<u>850</u>
NON-INTEREST EXPENSES		
Salaries and employee benefits	2,001	1,995
Occupancy and equipment expenses	512	496
Foreclosed real estate expense, net	146	140
Other non-interest expenses	<u>956</u>	<u>1,036</u>
Total Non-Interest Expenses	<u>3,615</u>	<u>3,667</u>
Income before income tax expense	1,042	1,209
Income tax expense	<u>137</u>	<u>144</u>
Net Income	<u>\$ 905</u>	<u>\$ 1,065</u>
Basic earnings per common share	<u>\$ 0.21</u>	<u>\$ 0.25</u>
Average common shares outstanding	<u>4,235</u>	<u>4,235</u>
Cash dividends declared per share	<u>\$ 0.13</u>	<u>\$ 0.13</u>

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