Blue Valley Ban Corp.

May 4, 2018

Dear Stockholder:

I am pleased to report we started the year with a solid performance in the first quarter. Our consolidated earnings for the quarter ended March 31, 2018 were $1.5 million, an increase of $568,000, or 63.0%, compared to $902,000 in the prior year period. Earnings per common share for the quarter ended March 31, 2018 improved to $0.27, compared to $0.17 for the prior year quarter ended March 31, 2017. Numerous key aspects of the operating results and financial condition for the Company reflected positive trends and results for the quarter ended March 31, 2018. Copies of Managements' Discussion and Analysis of Operating Results, as well as condensed financial statements of the Company for the period, are enclosed with this letter.

The improvement in earnings for the quarter ended March 31, 2018 was primarily a result of an increase in earning assets and improved earning asset mix, coupled with reductions to our cost of funding. For the quarter ended March 31, 2018, net interest income increased by $526,000, or 9.90%, compared to the quarter ended March 31, 2017. The increase in net interest income was primarily due to an increase in the average balance of gross loans held for investment of $39.7 million, or 8.0%, during the quarter ended March 31, 2018 compared to the prior year period.

The Company recorded a $300,000 provision for loan loss for the quarter ended March 31, 2018, compared to no provision recorded during the prior year period. The Company's ratio of total reserves to non-accrual loans was approximately 551% as of March 31, 2018, which exceeds the most recent Uniform Bank Performance Report (UBPR) peer group ratio of 438%. At March 31, 2018, the Bank's ratio of nonperforming loans to total loans for the Company's subsidiary, Bank of Blue Valley, was 0.20%, which compares favorably with the most recent UBPR peer group ratio of 0.66%.

We reduced our balance of foreclosed assets held for sale by $1.0 million, or 46.0%, during the quarter ended March 31, 2018 primarily as a result of property sales. Foreclosed asset expense declined by $130,000, or 62.5% during the quarter ended March 31, 2018, compared to the quarter ended March 31, 2017.

Total deposits increased by $30.7 million or 5.4% during the quarter ended March 31, 2018, compared to the preceding quarter with increases in the balances of savings, NOW, money market deposits and time deposits.

Growing our base of deposits, building our balance sheet with quality assets and quality customer relationships remains a centerpiece of our strategic goals for 2018. We thank you for your continued support of our Company.

Yours Very Truly,

Robert D. Regnier
President

Managements' Discussion and Analysis of Quarterly Operating Results

Net interest income increased to $5.8 million in the first quarter of 2018, compared to $5.3 million during the same period in the prior year. The increase is primarily due to a shift in the composition of average earning assets to higher-yielding components, particularly loans, as well as an increase in the average balance of earning assets and a shift in the composition of average interest-bearing liabilities to lower-rate funding sources, compared to the prior year period. The quarterly average balance of our loan portfolio increased by approximately $39.7 million during the first quarter of 2018, compared to the prior year period. The shift in the composition of average interest-bearing liabilities to lower-rate funding sources during the quarter ended March 31, 2018, compared to the prior year period, was primarily a result of the elimination of all higher-cost brokered deposits and FHLBank term advances.

As a result of the volume and composition of loan growth and other factors used to determine the level of the allowance for loan losses (ALLL), the Company recorded a $300,000 provision for loan loss for the quarter ended March 31, 2018, compared to no provision recorded during the same period in the prior year. Management evaluates credit risk on an ongoing basis to determine an appropriate level for the ALLL. Net recoveries to the ALLL as well as the Company's persistently low ratio of nonperforming loans to total loans, net of the impact of loan growth during the period, were key factors for the determination of the level for the ALLL for the quarter ended March 31, 2018. The $300,000 provision increased the Company's ALLL to $5.9 million and the Company's ratio of ALLL to total loans to 1.09% as of March 31, 2018. The Company's ratio of total reserves to non-accrual loans was approximately 551% as of March 31, 2018, which exceeds the most recent Uniform Bank Performance Report (UBPR) peer group ratio of 438%. At March 31, 2018, the Bank's ratio of nonperforming loans to total loans for the Company's subsidiary, Bank of Blue Valley, was 0.20%, which compares favorably with the most recent UBPR peer group ratio of 0.66%.

Non-interest income increased by $8,000, or 0.7%, during the quarter ended March 31, 2018, compared to the prior year period. The increase in non-interest income was primarily due to a gain realized on the sale of a foreclosed asset of $62,000 and a net decrease in fee income of $51,000 compared to the prior year period.

The Company's non-interest expense declined by $343,000, or 6.8%, for the quarter ended March 31, 2018, compared to the same period in the prior year, primarily due to declines in foreclosed asset expenses of $130,000, professional fees of $65,000 and data processing fees of $59,000.

The Tax Cuts and Jobs Act (Tax Reform) enacted in December 2017, positively impacted consolidated earnings in the first quarter of 2018. The Tax Reform reduced the Company's effective tax rate to 27% in 2018 compared to 37% in 2017. The lower effective tax rate resulted in a tax savings of approximately $200,000 for the quarter ended March 31, 2018.

Total assets, loans held for investment and deposits at March 31, 2018 were $712.0 million, $538.4 million and $599.5 million, respectively, compared to $687.5 million, $534.8 million and $568.8 million, respectively at December 31, 2017. As of March 31, 2018, the Company's subsidiary, Bank of Blue Valley, maintained capital levels in excess of regulatory requirements for a well-capitalized institution.

(this page intentionally left blank)

Blue Valley Ban Corp.

Condensed Consolidated Balance Sheets

March 31, 2018 and December 31, 2017

(*In thousands, except share data*)

ASSETS

	March 31, 2018	December 31, 2017
	(Unaudited)	
Cash and due from banks	$ 13,622	$ 9,394
Interest-bearing deposits in other financial institutions	24,382	4,150
Cash and cash equivalents	38,004	13,544
Available-for-sale securities	100,955	103,130
Loans, net of allowance for loan losses of $5,857 and $5,535 in 2018 and 2017, respectively	532,569	529,265
Premises and equipment, net	12,122	12,322
Bank-owned real estate held for sale, net	5,915	5,915
Foreclosed assets held for sale, net	1,215	2,252
Interest receivable	1,851	1,888
Deferred income taxes	7,721	7,755
Prepaid expenses and other assets	7,681	7,531
FHLBank stock, Federal Reserve Bank stock, and other securities	3,946	3,888
Total assets	$ 711,979	$ 687,490

Blue Valley Ban Corp.

Condensed Consolidated Balance Sheets

March 31, 2018 and December 31, 2017

(*In thousands, except share data*)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 2018	December 31, 2017
	(Unaudited)	
LIABILITIES		
Deposits		
Demand	$ 151,565	$ 152,052
Savings, NOW and money market	333,497	315,553
Time	114,436	101,240
Total deposits	599,498	568,845
Other interest-bearing liabilities	31,683	37,202
Long-term debt	32,542	32,802
Interest payable and other liabilities	2,018	2,392
Total liabilities	665,741	641,241
STOCKHOLDERS' EQUITY		
Capital stock		
Preferred stock, $1 par value, convertible to common stock; pari passu with common stock upon liquidation; authorized 1,000,000 shares; issued and outstanding 2018 – 471,979 shares; 2017 – 471,979 shares	472	472
Common stock, par value $1 per share; authorized 15,000,000 shares; issued and outstanding 2018 – 5,663,823 shares; 2017 – 5,677,865 shares	5,664	5,678
Additional paid-in capital	32,122	32,108
Retained earnings	12,400	10,941
Accumulated other comprehensive income loss, net of income tax credit of $(1,594) in 2018 and $(1,091) in 2017	(4,420)	(2,950)
Total stockholders' equity	46,238	46,249
Total liabilities and stockholders' equity	$ 711,979	$ 687,490

Blue Valley Ban Corp.

Condensed Consolidated Statements of Income

Three Months Ended March 31, 2018 and 2017

(*In thousands, except share data*)

	Three Months Ended March 31, 2018	2017
	(Unaudited)	*(Unaudited)*
INTEREST INCOME		
Interest and fees on loans	$ 6,253	$ 5,577
Federal funds sold and other short-term investments	20	15
Available-for-sale securities	509	540
Dividends on FHLBank and Federal Reserve Bank Stock	5	14
Total interest income	6,787	6,146
INTEREST EXPENSE		
Interest-bearing demand deposits	65	59
Savings and money market deposit accounts	193	116
Other time deposits	285	203
Federal funds purchased and other interest-bearing liabilities	31	17
Long-term debt, net	374	438
Total interest expense	948	833
NET INTEREST INCOME	5,839	5,313
PROVISION FOR LOAN LOSSES	300	–
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,539	5,313
NON-INTEREST INCOME		
Service fees	788	867
Other income	371	284
Total non-interest income	1,159	1,151
NON-INTEREST EXPENSE		
Salaries and employee benefits	2,701	2,729
Net occupancy expense	683	648
Foreclosed assets expense	78	208
Other operating expense	1,228	1,448
Total non-interest expense	4,690	5,033
INCOME BEFORE INCOME TAXES	2,008	1,431
PROVISION FOR INCOME TAXES	538	529
NET INCOME	$ 1,470	$ 902
BASIC EARNINGS PER SHARE	$0.27	$0.17
DILUTED EARNINGS PER SHARE	$0.27	$0.17