



April 30, 2015

Dear Stockholder:

We are pleased to report to you that the operating results and financial condition for Blue Valley Ban Corp. have continued to improve during the first quarter of 2015. Our consolidated earnings for the quarter ending March 31, 2015 were \$609,000, compared to \$66,000 for the prior year quarter ending March 31, 2014. Earnings per common share for the quarter ending March 31, 2015 were \$0.03, compared to a loss per common share of \$(0.05) for the prior year quarter ending March 31, 2014. Increased non-interest income, a reduction in non-interest expense, and no provision for loan losses were key elements of our progress. A copy of Managements' Discussion and Analysis of Operating Results, as well as condensed financial statements of the Company for the period, is enclosed with this letter.

The improvement in our first quarter results was primarily due to an increase in fee income from our residential real estate mortgage business, growth in revenue from our wealth management services area, and increased service fees from our growing transaction account deposit base.

In addition, we recorded no provision to the allowance for loan losses during the quarter ending March 31, 2015 compared to \$300,000 during the prior year quarter ending March 31, 2014 to maintain a prudently conservative financial position for the Company. At March 31, 2015, we continued to maintain a conservative ratio of allowance for loan losses to total loans not held for sale of 1.53% which exceeded a recent peer ratio of 1.45%.

While the balance of our foreclosed assets was materially unchanged during the first quarter of 2015, the reduction of expenses on foreclosed assets during the current year period reflected the impact of prior year's disposition of properties. We remain resolute in our diligence to continue progress on reducing the balance of these assets.

The Bank improved its total risk-based capital to \$78.6 million, resulting in a total risk based capital ratio of 14.72% for the Bank as of March 31, 2015. The Bank has approximately \$25.2 million of capital in excess of the regulatory requirement for a well-capitalized institution.

Our financial condition at March 31, 2015 included increases in total loans, including mortgage loans held for sale, of \$1.9 million to \$425.3 million, compared to \$423.4 million at December 31, 2014, and an increase in non-time deposits of \$3.9 million. Time deposits declined as higher-rate time deposits matured and were not renewed. Total deposits at the end of the quarter were \$459.9 million, compared to \$468.8 million at December 31, 2014, respectively.

We remain focused on our strategic goals for 2015 and we thank you for your continued support of our Company.

Yours Very Truly,

A handwritten signature in black ink, appearing to read "Robert D. Regnier", is written over a horizontal line.

Robert D. Regnier
President

Managements' Discussion and Analysis of Quarterly Operating Results

Net interest income declined to \$4.4 million in the first quarter of 2015 from \$4.6 million compared to the same period in the prior year. The decline is primarily due to a reduction in the average rate earned on loans, partially offset by a decline in the average rate paid on and average balance of time deposits during the first quarter of 2015 compared to the prior year quarter. The decline in the average rate earned on loans during the quarter ended March 31, 2015 compared to the prior year quarter was primarily a result of changes in market interest rates and competitive factors. Our average balance of total loans held for investment was materially unchanged during the first quarter of 2015, compared to the same period in the prior year.

Credit quality and other factors used to determine the level of the Allowance for Loan Losses precipitated no provision for loan loss for the quarter ended March 31, 2015 compared to a \$300,000 provision for the same period in the prior year. Management continues to strive to improve the credit quality of the loan portfolio.

Non-interest income increased \$389,000, or 32.2%, to \$1.6 million for the quarter ended March 31, 2015, compared to the same period in 2014 due to increases in loans held for sale fee income, service fees and other income. The increase in mortgage held for sale fee income is attributable to fluctuations in market interest rates resulting in increased purchase and refinance activity. The increase in service fees was primarily the result of implementation of recommendations from a third party review of the Company's operational efficiency and revenue structure. The increase in other income was primarily due an increase in rental income resulting from new third party office tenant leases, compared to the same period in the prior year.

Non-interest expense declined \$345,000, or 6.4%, for the quarter ended March 31, 2015 compared to the same period in the prior year. The decrease in non-interest expense was principally attributed to a decrease in foreclosed assets expense \$486,000 or 77.3% during the quarter ended March 31, 2015 compared to the prior year period. The decrease in foreclosed assets expense was primarily due to decreases in our provision for foreclosed assets of \$162,000 and in other real estate owned expense of \$318,000 during the first quarter of 2015, compared to the prior year quarter.

Total assets, loans held for investment and deposits at March 31, 2015 were \$621.1 million, \$421.7 million and \$459.9 million, respectively, compared to \$638.4 million, \$422.8 million and \$468.8 million at December 31, 2014, respectively. As of March 31, 2015, the Company's subsidiary, Bank of Blue Valley, maintained capital levels in excess of regulatory requirements for a well-capitalized institution.

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Blue Valley Ban Corp.
Condensed Consolidated Balance Sheets
March 31, 2015 and December 31, 2014
(In thousands, except share data)

ASSETS	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<i>(Unaudited)</i>	
Cash and due from banks	\$ 24,169	\$ 26,575
Interest-bearing deposits in other financial institutions	<u>29,750</u>	<u>42,442</u>
Cash and cash equivalents	53,919	69,017
Available-for-sale securities	87,140	91,372
Mortgage loans held for sale, fair value	3,530	588
Loans, net of allowance for loan losses of \$6,433 and \$6,386 in 2015 and 2014, respectively	415,293	416,407
Premises and equipment, net	16,797	16,226
Foreclosed assets held for sale, net	16,766	16,758
Interest receivable	1,701	1,603
Deferred income taxes	12,784	13,445
Prepaid expenses and other assets	7,670	7,539
FHLBank stock, Federal Reserve Bank stock, and other securities	<u>5,489</u>	<u>5,490</u>
Total assets	\$ <u>621,089</u>	\$ <u>638,445</u>

Blue Valley Ban Corp.
Condensed Consolidated Balance Sheets
March 31, 2015 and December 31, 2014
(In thousands, except share data)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 2015	December 31, 2014
	<i>(Unaudited)</i>	
LIABILITIES		
Deposits		
Demand	\$ 120,865	\$ 120,974
Savings, NOW and money market	252,156	248,166
Time	<u>86,865</u>	<u>99,619</u>
Total deposits	459,886	468,759
Other interest-bearing liabilities	21,553	30,780
Long-term debt	71,799	71,528
Interest payable and other liabilities	<u>8,721</u>	<u>8,918</u>
Total liabilities	<u>561,959</u>	<u>579,985</u>
STOCKHOLDERS' EQUITY		
Capital stock		
Preferred stock, \$1 par value, \$1,000 liquidation preference; authorized 15,000,000 shares; issued and outstanding 2015 – 21,750 shares; 2014 – 21,750 shares	22	22
Common stock, par value \$1 per share; authorized 15,000,000 shares; issued and outstanding 2015 – 4,656,921 shares; 2014 – 4,649,001 shares	4,657	4,649
Additional paid-in capital	45,367	45,328
Retained earnings (accumulated deficit)	9,150	9,030
Accumulated other comprehensive income, net of income tax credit of \$44 in 2015 and \$380 in 2014	<u>(66)</u>	<u>(569)</u>
Total stockholders' equity	<u>59,130</u>	<u>58,460</u>
Total liabilities and stockholders' equity	<u>\$ 621,089</u>	<u>\$ 638,445</u>

Blue Valley Ban Corp.
Condensed Consolidated Statements of Operations
Three Months Ended March 31, 2015 and 2014
(In thousands, except share data)

	Three Months Ended March 31, 2015	2014
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
INTEREST INCOME		
Interest and fees on loans	\$ 4,889	\$ 5,125
Federal funds sold and other short-term investments	31	13
Available-for-sale securities	486	534
Dividends on FHLBank and Federal Reserve Stock	<u>22</u>	<u>27</u>
Total interest income	<u>5,428</u>	<u>5,699</u>
INTEREST EXPENSE		
Interest-bearing demand deposits	60	70
Savings and money market deposit accounts	79	70
Other time deposits	234	336
Federal funds purchased and other interest-bearing liabilities	5	6
Long-term debt, net	<u>647</u>	<u>649</u>
Total interest expense	<u>1,025</u>	<u>1,131</u>
NET INTEREST INCOME	4,403	4,568
PROVISION FOR LOAN LOSSES	<u>—</u>	<u>300</u>
NET INTEREST INCOME (LOSS) AFTER PROVISION FOR LOAN LOSSES	<u>4,403</u>	<u>4,268</u>
NON-INTEREST INCOME		
Loans held for sale fee income	263	109
Service fees	924	806
Realized gains on available-for-sale securities	—	16
Other income	<u>412</u>	<u>279</u>
Total non-interest income	<u>1,599</u>	<u>1,210</u>
NON-INTEREST EXPENSE		
Salaries and employee benefits	2,771	2,594
Net occupancy expense	662	667
Foreclosed assets expense	143	629
Other operating expense	<u>1,491</u>	<u>1,522</u>
Total non-interest expense	<u>5,067</u>	<u>5,412</u>
INCOME (LOSS) BEFORE INCOME TAXES	935	66
PROVISION (BENEFIT) FOR INCOME TAXES	<u>326</u>	<u>—</u>
NET INCOME (LOSS)	<u>609</u>	<u>66</u>
DIVIDENDS AND ACCRETION ON PREFERRED STOCK	<u>489</u>	<u>272</u>
NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS	<u>\$ 120</u>	<u>\$ (206)</u>
BASIC EARNINGS (LOSS) PER SHARE	<u>\$0.03</u>	<u>\$(0.05)</u>
DILUTED EARNINGS (LOSS) PER SHARE	<u>\$0.03</u>	<u>\$(0.05)</u>