Blue Valley Ban Corp.

July 17, 2015

Dear Stockholder:

For the quarter ending June 30, 2015, Blue Valley Ban Corp. recognized a consolidated loss of $120,000 compared to net income of $109,000 in the comparable prior year quarter. For the six months ended June 30, 2015, consolidated earnings improved to $489,000, compared to net income of $175,000 for the prior year-to-date period. Loss per common share for the quarter and year-to-date periods ending June 30, 2015 was $(0.17) and $(0.14), respectively, compared to $(0.08) and $(0.13), respectively, for the prior year quarter and year-to-date periods ending June 30, 2014. 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.

Numerous key aspects of the operating results and financial condition for Blue Valley Ban Corp. have reflected positive trends and results as of and during the second quarter of 2015. Gross loans held for investment increased by nearly $20 million or 4.7% during the quarter. Net interest income increased by approximately 1.0% and non-interest income from loans held for sale, service fees and our wealth management departments increased during the quarter ended June 30, 2015, compared to the prior year quarter. Non-interest expense declined by approximately 14.3% during the quarter ended June 30, 2015, compared to the prior year quarter. However, our net income for the quarter ending June 30, 2015 was adversely impacted by the recognition of a $1.25 million provision to the allowance for loan loss.

Similarly, key aspects of the 2015 year-to-date operating results and financial condition for Blue Valley Ban Corp. have reflected positive trends and results. During the first six months of 2015, gross loans held for investment increased by nearly $19 million or 4.4%, and during that period, our non-interest income increased by approximately 11.0% and non-interest expense declined by approximately 10.5% compared to the prior year-to-date period.

We recorded a $1.25 million provision to the allowance for loan losses during the quarter ending June 30, 2015 compared to $100,000 during the prior year quarter ending June 30, 2014 to maintain a prudently conservative financial position for the Company. The 2015 second quarter provision was precipitated by loan growth as well as recognition of degrading credit quality of two loans which we had previously adversely classified.

Expenses on foreclosed assets, included in non-interest expense, were reduced by $937,000, or 86.4%, during the quarter ending June 30, 2015 compared to the prior year quarter, and by $1.4 million, or 83.0%, during the current year-to-date period, reflecting the impact of prior years' disposition of foreclosed properties held for sale. We remain resolute in our diligence to continue progress on reducing the balance of these assets.

Bank of Blue Valley ("the Bank") improved its total risk-based capital to $78.9 million, resulting in a total risk based capital ratio of 14.30% for the Bank as of June 30, 2015. The Bank has approximately $23.7 million of capital in excess of the regulatory requirement for a well-capitalized institution.

Our financial condition at June 30, 2015 included an increase in total loans, including mortgage loans held for sale, of $19.7 million to $443.1 million, compared to $423.4 million at December 31, 2014. Deposits declined by $19.1 million to $449.6 million, compared to $468.8 million at December 31, 2014, as some of our higher cost deposits were redeemed upon maturity, improving our net interest margin.

We remain focused on our strategic goals for 2015 and 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 $4.63 million in the second quarter of 2015 from $4.59 million, compared to the same period in the prior year. The increase is primarily due to a reduction in the average balance and rate paid on interest-bearing deposits, a reduction in the average balance of long-term debt, and an increase in the average balance of loans, partially offset by a decline in the average rate earned on loans, during the second quarter of 2015 compared to the prior year quarter. The decline in the average rate earned on loans during the quarter ended June 30, 2015 compared to the prior year quarter was primarily a result of changes in market interest rates and competitive factors.

We recorded a $1.25 million provision to the allowance for loan losses during the quarter ending June 30, 2015 compared to $100,000 during the prior year quarter ending June 30, 2014 to maintain a prudently conservative financial position for the Company. The 2015 provision was precipitated by loan growth as well as recognition of degrading credit quality of loans which we had previously adversely classified.

Non-interest income declined $78,000, or 4.9%, to $1.53 million for the quarter ended June 30, 2015, compared to the same period in 2014 due to a decrease in other income, partially offset by increases in loans held for sale fee income and service fees 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 decrease in other income was primarily due to gains on the sale of foreclosed assets held for sale recognized in the prior year.

Non-interest expense declined $855,000, or 14.3%, for the quarter ended June 30, 2015 compared to the same period in the prior year. The decline in non-interest expense was principally attributed to a decrease in foreclosed assets expense of $937,000 or 86.4% during the quarter ended June 30, 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 $812,000 and in other real estate owned expense of $125,000 during the second quarter of 2015, compared to the prior year quarter.

Total assets, loans held for investment and deposits at June 30, 2015 were $619.9 million, $441.5 million and $449.6 million, respectively, compared to $638.4 million, $422.8 million and $468.8 million at December 31, 2014, respectively. As of June 30, 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

June 30, 2015 and December 31, 2014

(*In thousands, except share data*)

ASSETS	June 30, 2015	December 31, 2014
	(Unaudited)	
Cash and due from banks	$ 24,069	$ 26,575
Interest-bearing deposits in other financial institutions	12,680	42,442
Cash and cash equivalents	36,749	69,017
Available-for-sale securities	85,417	91,372
Mortgage loans held for sale, fair value	1,637	588
Loans, net of allowance for loan losses of $7,898 and $6,386 in 2015 and 2014, respectively	433,613	416,407
Premises and equipment, net	17,282	16,226
Foreclosed assets held for sale, net	16,732	16,758
Interest receivable	1,518	1,603
Deferred income taxes	13,408	13,445
Prepaid expenses and other assets	8,004	7,539
FHLBank stock, Federal Reserve Bank stock, and other securities	5,490	5,490
Total assets	$ 619,850	$ 638,445

Blue Valley Ban Corp.

Condensed Consolidated Balance Sheets

June 30, 2015 and December 31, 2014

(*In thousands, except share data*)

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 2015 *(Unaudited)*	December 31, 2014
LIABILITIES		
Deposits		
Demand	$ 129,681	$ 120,974
Savings, NOW and money market	236,952	248,166
Time	82,971	99,619
Total deposits	449,604	468,759
Other interest-bearing liabilities	31,348	30,780
Long-term debt	72,070	71,528
Interest payable and other liabilities	9,222	8,918
Total liabilities	562,244	579,985
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 – 4,661,497 shares; 2014 – 4,649,001 shares	4,661	4,649
Additional paid-in capital	45,392	45,328
Retained earnings (accumulated deficit)	8,296	9,030
Accumulated other comprehensive income, net of income tax credit of $310 in 2015 and $380 in 2014	(765)	(569)
Total stockholders' equity	57,606	58,460
Total liabilities and stockholders' equity	$ 619,850	$ 638,445

Blue Valley Ban Corp.

Condensed Consolidated Statements of Operations

Three and Six Months Ended June 30, 2015 and 2014

(*In thousands, except share data*)

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
INTEREST INCOME				
Interest and fees on loans	$ 5,041	$ 5,149	$ 9,930	$ 10,274
Federal funds sold and other short-term investments	10	26	41	39
Available-for-sale securities	474	488	960	1,022
Dividends on FHLBank and Federal Reserve Stock	100	90	122	117
Total interest income	5,625	5,753	11,053	11,452
INTEREST EXPENSE				
Interest-bearing demand deposits	62	68	122	138
Savings and money market deposit accounts	81	76	160	146
Other time deposits	192	323	426	659
Federal funds purchased and other interest-bearing liabilities	6	6	11	12
Long-term debt, net	650	692	1,297	1,341
Total interest expense	991	1,165	2,016	2,296
NET INTEREST INCOME	4,634	4,588	9,037	9,156
PROVISION FOR LOAN LOSSES	1,250	100	1,250	400
NET INTEREST INCOME (LOSS) AFTER PROVISION FOR LOAN LOSSES	3,384	4,488	7,787	8,756
NON-INTEREST INCOME				
Loans held for sale fee income	261	230	524	339
Service fees	951	881	1,875	1,687
Realized gains on available-for-sale securities	(5)	–	(5)	16
Other income	322	496	734	775
Total non-interest income	1,529	1,607	3,128	2,817
NON-INTEREST EXPENSE				
Salaries and employee benefits	2,817	2,655	5,588	5,249
Net occupancy expense	669	652	1,331	1,319
Foreclosed assets expense	148	1,085	291	1,714
Other operating expense	1,497	1,594	2,988	3,116
Total non-interest expense	5,131	5,986	10,198	11,398
INCOME (LOSS) BEFORE INCOME TAXES	(218)	109	717	175
PROVISION (BENEFIT) FOR INCOME TAXES	(98)	–	228	–
NET INCOME (LOSS)	(120)	109	489	175
DIVIDENDS AND ACCRETION ON PREFERRED STOCK	648	489	1,137	761
NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS	$ (768)	$ (380)	$ (648)	$ (586)
BASIC EARNINGS (LOSS) PER SHARE	$(0.17)	$(0.08)	$(0.14)	$(0.13)
DILUTED EARNINGS (LOSS) PER SHARE	$(0.17)	$(0.08)	$(0.14)	$(0.13)