

## Blue River Bancshares, Inc. Announces Earnings for 2009

April 2, 2010

Blue River Bancshares, Inc. (OTC BB: BRBI.OB) today reported a consolidated net loss of \$2,429,000 for the year ended December 31, 2009 and a net loss to common shareholders of \$2,700,000. This net loss compares to a consolidated net loss to common shareholders of \$113,000 for the same period of 2008. Fully diluted loss per share was \$.90 for the year ended December 31, 2009, compared to \$0.04 for the year ended December 31, 2008. Weighted average outstanding shares (fully diluted) for 2009 were 2,991,313 as compared to 3,221,294 for 2008.

The net loss to common shareholders of \$2,700,000 for the year ended December 31, 2009 was primarily the result of \$4,151,000 of provision to the allowance for loan losses, \$714,000 of other than temporary impairment, (“OTTI”) charges on investments and \$427,000 of write downs on other real estate (“ORE”) and other repossessed assets.

Consolidated net loss for the three month period ended December 31, 2009 was \$2,197,000 or \$0.73 loss per share, as compared to net income from continuing operations for the same three month period ended December 31, 2008, of \$19,000 or \$0.01 per share. The weighted average outstanding shares were 2,999,149 for the three month period ended December 31, 2009 and 3,064,071 during the same three month period in 2008. During the fourth quarter of 2009, there was a \$2,872,000 provision to the allowance for loan loss. This is compared to a \$399,000 provision to the allowance for loan loss from continuing operations for the same period of 2008. During the fourth quarter 2009, there was a \$654,000 OTTI charge on investments and a \$358,000 write down of ORE and other repossessed assets. Our net non-performing assets at SCB Bank, which includes other real estate owned properties, decreased by approximately \$3,026,000 from third quarter 2009 levels. Please see the table below:

	<b>Quarter Ended</b> <b><u>12/31/2009</u></b>	<b>Quarter Ended</b> <b><u>9/30/2009</u></b>	<b>Quarter Ended</b> <b><u>6/30/2009</u></b>	<b>Quarter Ended</b> <b><u>12/31/2008</u></b>
Non-Performing Assets				
Non-performing loans 90+ days	\$ 1,104,307	\$ 3,912,675	\$ 2,231,901	\$ 1,198,706
Non-accrual loans	7,279,733	7,124,816	6,515,510	2,586,481
less specific reserves for non-accrual loans	(681,978)	(267,997)	(251,854)	-
Troubled Debt Restructured	3,051,560	2,766,485	362,983	360,166
less specific reserves for TDR's	(102,543)	(23,512)	-	-
Other real estate	1,436,857	1,598,748	1,414,045	1,077,943
Other repossessed assets	11,400	14,400	14,400	32,000
	<b><u>\$ 12,099,336</u></b>	<b><u>\$ 15,125,615</u></b>	<b><u>\$ 10,286,985</u></b>	<b><u>\$ 5,255,296</u></b>

Net interest income before loan loss provision for the year ended December 31, 2009 was \$6,643,000 as compared to \$6,625,000 from continuing operations for the same period in 2008.

Non-interest income for the year ended December 31, 2009 was (\$460,000) as compared to non-interest income of \$293,000 from continuing operations for the same period in 2008. The change is primarily the result of a \$714,000 OTTI charge on investments, a \$427,000 write down of ORE and other repossessed assets and a \$20,000 loss on the sale of available for sale securities. As an offset to these charges, our secondary market mortgage fees increased by \$153,000 as a result of the addition of a mortgage origination division during the fourth quarter of 2009.

The provision for loan losses for the year ended December 31, 2009, was \$4,151,000 versus \$1,272,000 for the year ended December 31, 2008. The increased provision for loan losses resulted from the Company's prudent decision to strengthen its allowance for loan losses due to the increased number of impaired loans charged off or charged down and to strengthen additional reserves for specific loans.

Non-interest expense increased to \$6,124,000 for the year ended December 31, 2009 from \$5,300,000 for the same period of 2008. The increase in 2009 can be primarily attributed to increased FDIC insurance premiums of \$378,000 as well as expenses related to the collection of loans and expenses related to the addition of our mortgage origination division.

Russell Breeden III, Chairman, CEO and President of Blue River commented, "At the end of the 3<sup>rd</sup> quarter we reported an increase in non-performing loans, from the 2<sup>nd</sup> quarter. By the end of the year we were pleased to have non-performing assets about \$3.1 million less than the 3<sup>rd</sup> quarter total. This decrease was the result of a combination of improved borrower financial performance, improved internal collection efforts and the charging off of certain loan balances. The Board of Directors and bank management continue to work aggressively to identify and work with potential problem loans and proactively address potential losses. Management believes our exposure to future loan loss is primarily concentrated in our HELOC portfolio and a total of nine commercial real estate or commercial/industrial loan relationships. Whenever it is prudent, SCB Bank continues to work with borrowers to develop alternative repayment plans, which meet the borrower's financial capability."

Mr. Breeden also stated, "During the 4<sup>th</sup> quarter SCB Bank reported a \$654,000 increase in OTTI for the investment portfolio, due to a projected decrease in the expected cash flows from our private label collateralized mortgage obligations (CMO). Even with the OTTI, the private label CMO portfolio, with approximately \$40,382,000 of securities, has performed well and adds value to the bank. Future OTTI will continue to be primarily influenced by estimates of future home price appreciation/depreciation, the estimated rate of principal prepayments and actual delinquencies inside our specific loan pools."

"Management continues to believe we have the capital and liquidity to resolve credit issues and pursue opportunities in our market. SCB Bank's capital ratios provide reasonable cushion above regulatory standards and the pretax, pre-provision income provides ongoing protection to the capital of the bank. Management remains confident that these operating results will create long term shareholder value."

Blue River Bancshares, Inc. is the holding company for SCB Bank which does business in the Shelbyville, Indiana market under the name of Shelby County Bank, a division of SCB Bank.

Certain matters in this news release constitute forward-looking statements. Forward-looking statements can be identified by the fact that they include words like "believe," "expect," "anticipate," "estimate," and "intend," or future or conditional verbs such as "will," "would," "should," "could," or "may". These forward-looking statements relate to, among other things, expectations of the business environment in which Blue River operates, projections of future performance, perceived opportunities in the market and potential future credit experience.

These forward-looking statements are based upon the current beliefs and expectations of Blue River's management and are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are outside of Blue River's control. Blue River's actual results, performance, or achievements may differ materially from those suggested, expressed, or implied by forward-looking statements due to a wide range of factors, including, but not limited to, the general business environment, interest rates, the economy, competitive conditions between banks and non-bank financial services providers, regulatory changes, other factors that may be subject to circumstances beyond Blue River's control.

Blue River undertakes no obligation to revise these statements following the date of this press release.

*CONSOLIDATED FINANCIAL HIGHLIGHTS*

*YEARS ENDED DECEMBER 31*

	<u>2009</u>	<u>2008</u>
<i>GROSS LOANS</i>	\$176,655,000	\$176,307,000
<i>TOTAL ASSETS</i>	\$266,864,000	\$254,566,000
<i>DEPOSITS</i>	\$215,079,000	\$200,409,000
<i>COMMON SHAREHOLDERS' EQUITY</i>	\$10,525,000	\$ 10,537,000
<i>BOOK VALUE PER COMMON SHARE</i>	\$3.51	\$3.51
<i>NET INTEREST INCOME</i>	\$ 6,643,000	\$ 6,625,000
<i>PROVISION FOR LOAN LOSSES</i>	\$ 4,151,000	\$ 1,272,000
<i>NON INTEREST INCOME</i>	\$ (460,000)	\$ 293,000
<i>NON INTEREST EXPENSE</i>	\$ 6,124,000	\$ 5,300,000
<i>INCOME TAX EXPENSE (BENEFIT)</i>	\$ (1,663,000)	\$ 138,000
<i>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</i>	\$ (2,429,000)	\$ 208,000
<i>NET (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX OF \$0 AND (\$1,813,000)</i>	\$ -	\$ (321,000)
<i>NET (LOSS) TO COMMON SHAREHOLDERS</i>	\$ (2,700,000)	\$ (113,000)
<i>BASIC &amp; DILUTIVE EARNINGS (LOSS) PER SHARE CONTINUING OPERATIONS</i>	\$ (.90)	\$ .06
<i>BASIC &amp; DILUTIVE (LOSS) PER SHARE DISCONTINUED OPERATIONS</i>	\$ -	\$ (.10)
<i>BASIC &amp; DILUTIVE (LOSS) PER SHARE</i>	\$ (.90)	\$ (.04)