

Blue River Bancshares, Inc. announces Dividend and Second Quarter Earnings (Unaudited)

August 4, 2010

Blue River Bancshares, Inc. (OTC BB: BRBI.OB) today announced that a quarterly dividend of \$.01 per share was declared by the Board of Directors, payable September 1, 2010, to the shareholders of record as of the close of business on August 15, 2010.

In addition, Blue River reported consolidated net income of \$30,000 for the quarter ended June 30, 2010 and a net loss to common shareholders of \$52,000. This net loss compares to a consolidated net loss to common shareholders of \$109,000 for the same period of 2009. Fully diluted (loss) per share was (\$.02) for the quarter ended June 30, 2010 and (\$.04) for the same period in 2009. Weighted average outstanding shares (fully diluted) were 2,999,149, for both quarters ended June 30, 2010 and June 30, 2009.

The net loss to common shareholders of \$52,000 for the quarter ended June 30, 2010 was primarily the result of continued high provision for loan losses. The increased provision was the result of the Company's prudent decision to strengthen the 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.

Net interest income before loan loss provision for the three months ended June 30, 2010 was \$1,648,000 as compared to \$1,728,000 for the same period of 2009. During the current quarter SCB Bank had approximately \$112,000 of increase in its cost of funds resulting from the early call (by SCB Bank) of CD's which had been issued at higher interest rates. This refinancing of approximately \$12,000,000 of CD's will save the Bank approximately \$240,000 per year, for approximately two years.

The loan loss provision was \$377,000 for the three months ended June 30, 2010 versus \$357,000 for the quarter ended June 30, 2009. As reflected in the table which follows, during the second quarter 2010, the Bank's non-performing assets, which include other real estate, owned properties, increased by approximately \$5.9 million from first quarter 2010 levels.

	Quarter Ended <u>6/30/2010</u>	Quarter Ended <u>3/31/2010</u>	Quarter Ended <u>12/31/2009</u>	Quarter Ended <u>6/30/2009</u>
Non-Performing Assets				
Non-performing loans 90+ days (excludes TDR's)	\$ 6,812,422	\$ 2,744,577	\$ 1,003,926	\$ 2,231,901
Non-accrual loans	7,530,617	5,940,162	7,284,341	6,821,948
less specific reserves for non-accrual loans	(711,642)	(928,690)	(681,978)	(251,854)
Troubled Debt Restructured	2,744,665	2,838,220	3,051,560	362,983
less specific reserves for TDR's	(146,926)	(147,320)	(102,543)	-
Other real estate	1,778,514	1,677,014	1,436,857	1,414,045
Other repossessed assets	8,400	11,400	11,400	14,400
	<u>\$ 18,016,050</u>	<u>\$ 12,135,363</u>	<u>\$ 12,003,563</u>	<u>\$ 10,593,423</u>

For the quarter ended June 30, 2010, non-interest income was \$468,000 as compared to \$65,000 for the quarter ended June 30, 2009. This quarter was positively impacted by an increase of our secondary market mortgage fees of \$209,000 resulting from the Bank's acquisition of a mortgage division, W.R. Clouse and Associates ("Clouse and Associates") during the fourth quarter of 2009. Furthermore, there was \$144,000 in gains on sales of available for sale securities versus \$0 gains on sales of available for sale securities for the quarter ended June 30, 2009. The gains on sales of available for sale securities was offset by \$27,000 in net losses on sales and write downs of ORE versus \$44,000 in net losses and write downs on ORE for the quarter ended June 30, 2009. During the quarter ended June 30, 2010, the Company did not recognize any OTTI (other than temporary impairment) on investments compared to an OTTI charge of \$40,000 during the quarter ended June 30, 2009.

Non-interest expense increased by \$234,000 from the second quarter of 2009 to the second quarter of 2010. This increase was primarily the result of increases in salaries and benefits and loan costs associated with the addition of Clouse and Associates. Additionally there were increases of \$66,000 of professional fees and ORE expense, most of which are related to legal expense for credit issues.

For the six months ended June 30, 2010, Blue River reported a \$28,000 net loss or (\$.01) per share, before preferred stock dividends, and discount accretion of \$164,000. This compares to \$41,000 of net income or \$.01 per share, before preferred stock dividends and discount accretion of \$114,000, during the first half of 2009.

Russell Breeden, III, Chairman, CEO and President of Blue River made the following comments. "There are two credits which account for the majority or \$3,800,000 of the increase in non-performing loans from last quarter. One is an approximately \$2,100,000 participation in Kentucky which is not and has not been a credit issue, but is rather an administrative issue due to another participant bank, which has a legal lending limit concern. We believe this loan will be back on full accrual, at a higher interest rate, within the next two weeks. The second credit, which has an approximate \$1,700,000 balance, is partially secured by collateral and a reserve covers the collateral shortfall. The final outcome will be the result of a sale of collateral and the Bank is maintaining an appropriate reserve to cover the expected shortfall from the sale."

Mr. Breeden also indicated, "The larger components of the core non performing loans are a mixture of SBA guaranteed loans, where we and the SBA are going through a liquidation process; HELOC's which are also working through the liquidation process and have significant reserves already established; and a few commercial loans, where the cash flow is reduced and payments are sporadic. The last group we attempt to work with to provide a viable repayment structure to meet their current cash flow and we monitor the collateral in order to minimize any potential loss."

In addition, Mr. Breeden stated, “We have added personnel to contact and aggressively pursue payment of our HELOC’s, when these loans exceed the grace period per the terms of the loan. Frequently, we obtain immediate payment and other times we are able to develop meaningful dialogue which leads us to a solution for the borrower. It seems the primary driver for a potential loan repayment issue is the continued employment of the borrowers. Home values seem to become an issue only when a sale of the property becomes necessary. We do not seem to have an issue with borrowers walking away from their homes, simply because of declining home values.”

Finally Mr. Breeden indicated, “The capital ratios and liquidity at the Bank are very strong. Tier I Capital is 8.18% and Risk Based Capital is 11.30% (we estimate that these ratios will be 40 and 50 basis points higher respectively, as we are able to fully utilize our tax loss carryforward within a few years). SCB Bank liquidity exceeds 20%, which means we have the ability to repay 20% of all of our liabilities immediately, just by using existing cash and credit facilities. Also, as you will note our normalized net income before credit costs and other expenses remains very high and our mortgage origination business is booming with the current level of mortgage refinancing. We are very excited about our long term prospect as a premier community bank, primarily serving Shelby County. The demise of one local institution and the renaming of another offers us a real opportunity to increase our already high market share and we are determined to take advantage of this opportunity.”

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 and originates mortgages under the name W.R. Clouse and Associates.

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
(UNAUDITED)*

QUARTERS ENDED JUNE 30

	<i>2010</i>	<i>2009</i>
<i>GROSS LOANS</i>	\$176,937,000	\$176,348,000
<i>TOTAL ASSETS</i>	\$261,382,000	\$253,523,000
<i>DEPOSITS</i>	\$215,827,000	\$202,923,000
<i>SHAREHOLDERS' EQUITY</i>	\$ 11,514,000	\$ 11,140,000
<i>BOOK VALUE PER SHARE</i>	\$3.84	\$3.71
<i>NET INTEREST INCOME</i>	\$ 1,648,000	\$ 1,728,000
<i>PROVISION FOR LOAN LOSS</i>	\$ 377,000	\$ 357,000
<i>NON INTEREST INCOME</i>	\$ 468,000	\$ 65,000
<i>NON INTEREST EXPENSE</i>	\$ 1,729,000	\$ 1,495,000
<i>INCOME TAX (BENEFIT)</i>	\$ (20,000)	\$ (32,000)
<i>NET INCOME (LOSS)</i>	\$ 30,000	\$ (27,000)
<i>NET (LOSS) TO COMMON SHAREHOLDERS</i>	\$ (52,000)	\$ (109,000)
<i>BASIC & DILUTIVE (LOSS) PER SHARE</i>	\$ (.02)	\$ (.04)

