

To Our Shareholders, Customers, and Friends:

It is my pleasure to present to you River Valley Bancorp's twelfth Annual Report to Shareholders covering the year ending December 31, 2007.

Significant challenges to the banking environment were the headlines for the better part of 2007. Investment and money center banks were disclosing billion dollar losses on a regular and predictable basis. The driving forces were blamed on a collapse in the sub-prime mortgage markets, a general slow-down in the residential mortgage market, and a reactionary credit market. The headlines' focus was on the results rather than the cause.

The truth of the matter is that a number of institutions placed greed ahead of reason. Risk was ignored in favor of return. Wisdom was displaced for a "sheep mentality." While these are generalities, so to is the summation that banking in general was in trouble in 2007.

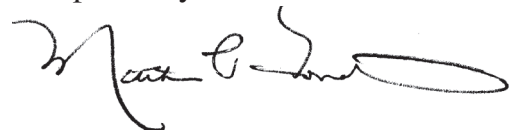
For 2007, your Corporation reported positive earnings results and significant loan growth, consistent with the Corporation's goal of "enhancing shareholder value". Your Corporation was an exception to the expected, and yet, the market tainted and painted all institutions with the same brush. As a result, the Corporation's stock price in 2007 generally reflected perceptions rather than performance. Actual performance was overshadowed by the sensationalism of the headline makers.

River Valley Bancorp's main headline for 2007 read of a 13.6% increase in net income over 2006. This in turn reflected a higher return on equity, higher return on average assets, and a higher dividend to shareholders. Those headlines were augmented with "expensing" approximately \$300,000 more than in 2006 for the provision for loan losses while total delinquency was only modestly higher and well below peer performance results. As well, outstanding loan balances increased by approximately \$17.0 million, or 7.0%, from that reported a year earlier. Assets breached a new high of just over \$350 million. All of which headlined a banner year.... a quite different "lead" than those of many other institutions across the nation!

Your Corporation's 2007 results were truly extraordinary in a year of anything other than ordinary. Please take the time to review the enclosed information and see why our service promise of "Expect a Difference" has special meaning this particular year.

For your participation and continued support, we are extremely grateful.

Respectfully Submitted,



Matthew P. Forrester
President, CEO

River
Valley
Financial



Bank

www.rvfbank.com

Consolidated Balance Sheet

As of Year Ended December 31, 2007

Assets

Total cash and cash equivalents	\$ 5,130,834
Interest-bearing time deposits	3,006,323
Total investment securities	58,998,632
Loans, net of allowances for loan losses	258,628,331
Mortgage loans held for sale	311,600
Premises and equipment	7,631,363
Other real estate, held for sale	184,400
Federal Home Loan Bank Stock	4,750,000
Interest receivables	2,395,555
Cash value of life insurance	7,551,667
Other assets	1,472,530
Assets	\$350,061,235

Liabilities

Total deposits	\$219,681,696
Borrowings	102,217,000
Other liabilities	2,485,625
Liabilities	\$324,384,321

Equity

Common Stock, no par value	\$ 9,160,048
Retained earnings	16,236,463
Accumulated other comprehensive loss	280,403
Equity	\$ 25,676,914
Liabilities and Equity	\$350,061,235

Other Data

Interest rate spread	2.50%
Net yield on interest earning assets	2.56%
Average yield on all interest-earning assets	6.40%
Return on assets	0.64%
(net income divided by average total assets)	
Return on equity	8.92%
(net income divided by average total equity)	
Equity to assets ratio	7.21%
(average total equity divided by average total assets)	
Dividend payout ratio	60.45%
(dividends per common share divided by net income per common share)	
Number of full service banking offices	7

Consolidated Statement of Income

As of Year Ended December 31, 2007

Interest Income

Loans	\$17,347,235
Investment securities	2,646,912
Interest earning deposits and other	564,207
Total Interest Income	20,558,354

Interest Expense

Deposits	7,652,699
Borrowings	4,681,520
Total Interest Expense	12,334,219

Net Interest Income

	8,224,135
Provision for loan losses	562,000
Net Income after Provision for Loan Losses	7,662,135

Other Income

Service fees and other charges	2,138,467
Net realized loss on sale of securities	(21,580)
Net gain on sale of loans	103,660
Increase in cash value of life insurance	329,725
Trust operations income	194,431
Interchange fee income	136,248
Other income	111,416
	2,992,367

Other Expenses

Salaries and employee benefits	4,197,710
Net occupancy and equipment expense	1,183,875
Data processing fees	177,922
Advertising expense	332,286
Mortgage servicing rights	294,747
Office supplies	123,590
Professional fees	399,685
Other expenses	965,435
Total Other Expenses	7,675,250
Income before income tax	2,979,252
Income tax expense	770,717
Net Income	\$ 2,208,535

Basic earnings per share

Diluted earnings per share

Weighted Average Shares

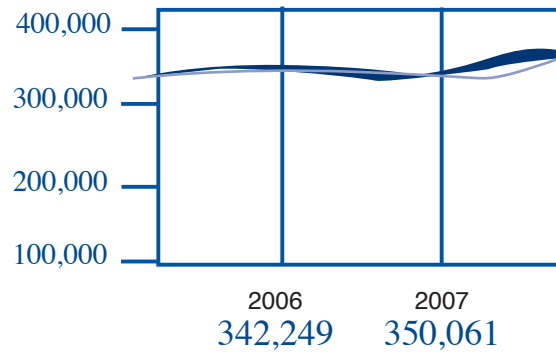
Outstanding - Basic

Weighted Average Shares

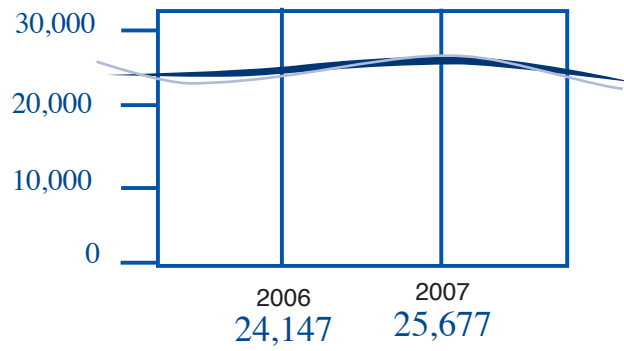
Outstanding - Diluted

Dollars Expressed In Thousands

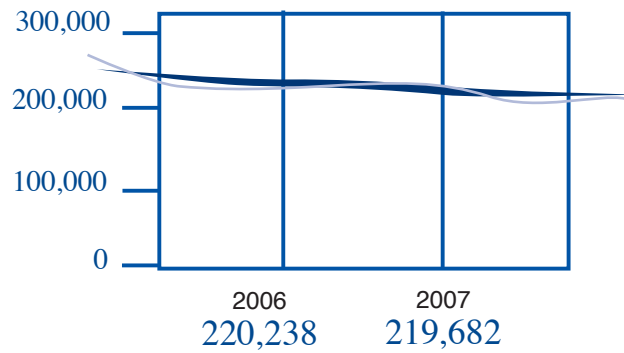
Assets



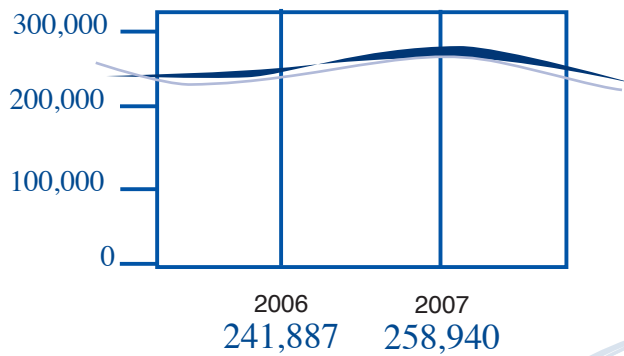
Stockholders' Equity



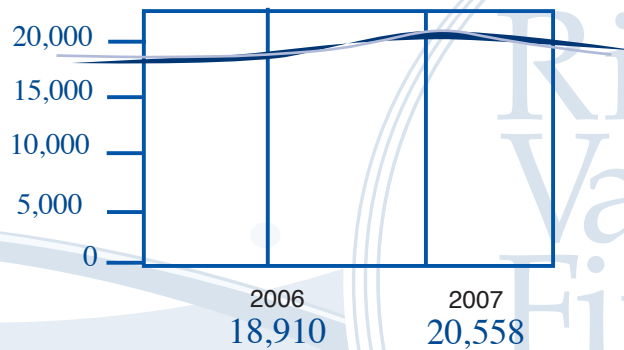
Deposits



Loans



Interest Income



The commitment of River Valley Financial Bank goes far beyond providing you great service. It extends into each area we serve by taking an active role in local community events.



General Information for Shareholders

Transfer Agent and Registrar:

Registrar and Transfer Company

10 Commerce Drive
Cranford, NJ 07016-3572
Tel: 1-800-368-5948
www.rtco.com

Corporate Counsel:

Lonnie D. Collins, Attorney
307 Jefferson Street
Madison, Indiana 47250
Tel: (812)265-3616 Fax: (812)273-3143

Shareholder and General Inquiries:

River Valley Bancorp

Attn: Matthew P. Forrester
430 Clifty Drive, P.O. Box 1590
Madison, Indiana 47250
Tel: (812)273-4949 Fax: (812)273-4944

Special Counsel:

Barnes & Thornburg
11 S. Meridian Street
Indianapolis, Indiana 46204
Tel: (317)236-1313 Fax: (317)231-7433

Annual and Other Reports:

Additional copies of this Annual Report to Shareholders and copies of the most recent Form 10 K may be obtained without charge by contacting the Corporation.

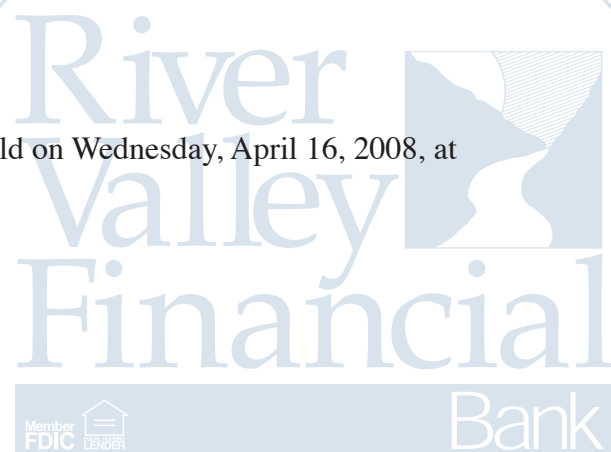
Offices of River Valley Financial Bank:

Hilltop:	430 Clifty Drive
Downtown:	233 East Main Street
Drive thru:	401 East Main Street
Wal-Mart:	567 Ivy Tech Drive
Sellersburg:	8005 Hwy 311
Hanover:	10 Medical Plaza
Charlestown:	1025 Hwy 62
Floyds Knobs	3660 Paoli Pike COMING SOON!
Carrollton, KY:	1501 Highland Ave.

Internet and E-MAIL Address: rvfbank.com

Annual Meeting:

The Annual Meeting of Shareholders of River Valley Bancorp will be held on Wednesday, April 16, 2008, at 3:00 PM, at 430 Clifty Drive, Madison, IN 47250.



www.rvfbank.com

Directors of the Company and the Bank

Frederick W. Koehler
Chairman

Matthew P. Forrester
Director & President

Lonnie D. Collins
Board Secretary

Robert W. Anger
Director

Michael J. Hensley
Director

L. Sue Livers
Director

Charles J. McKay
Director

Executive Officers of River Valley Financial Bank

Matthew P. Forrester
President, CEO

Barbara J. Eades
*Vice President of Retail
Banking*

Loy M. Skirvin
*Vice President of
Human Resources*

Anthony D. Brandon
Executive Vice President

Vickie Grimes
Vice President of Finance

Mark A. Goley
Vice President of Lending

Deanna J. Liter
*Vice President of Data
Services*

William H. Hensler
*Vice President of
Wealth Management*

Gregory T. Siegrist
*Vice President
Business Development*

John Muessel
*Vice President
Trust Officer*

Officers and Managers of River Valley Financial Bank

Loan Officers

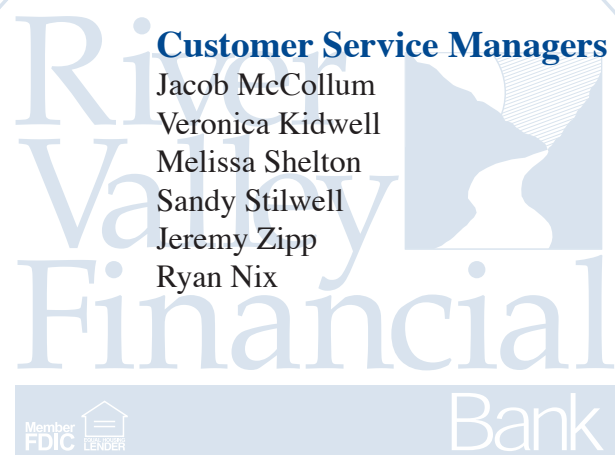
Sherri Furnish
Kim Morgan
Rick T. Nelson—AVP
Robert J. Schoenstein—AVP
Trish Lapsey
Andrew Ward

Other Managers

Crystal Barnes—Compliance Manager
Rebecca Cole—Collection Officer
Laura Denning—Loan Processing Manager
Roger Ellis—Credit Analyst
Debbie Finnegan—Internal Auditor
Mary Ellen McClelland—Administrative Assistant
Luann Nay—Loan Administrator
Teresa Smith—Data Processing Manager
Linda Stark—Trust Administration
Mary Ellen Wehner—Commercial Loan Operations Manager
Kathy Rundall—Business Development

Customer Service Managers

Jacob McCollum
Veronica Kidwell
Melissa Shelton
Sandy Stilwell
Jeremy Zipp
Ryan Nix



Hometown Commitment, Community Pride



Madison Downtown Offices:

233 East Main Street

401 East Main Street

Madison, IN

Madison Hilltop Offices

430 Clifty Drive

Wal-Mart Supercenter

Madison, IN

Sellersburg Office

8005 Highway 311

Sellersburg, IN

Hanover Office

10 Medical Plaza Drive

Hanover, IN

Charlestown Office

1025 State Road 62

Charlestown, IN

Carrollton, KY Office

1501 Highland Ave.

Carrollton, KY

COMING SOON!

Floyds Knobs Office

3660 Paoli Pike

Floyds Knobs, IN

 **River Valley
Bancorp**
and Subsidiary

FDIC

www.rvfbank.com