

PRESS RELEASE

Juniata Valley Financial Corp. Announces Increase in Quarterly Earnings Over Previous Year and Declares Dividend

Mifflintown, PA –July 30, 2012-- Marcie A. Barber, President and Chief Executive Officer of Juniata Valley Financial Corp. (OTC BB: JUVF), announced that net income and earnings per share for the quarter ended June 30, 2012 were \$1,215,000 and \$0.29, respectively, increases of 11.4% and 11.5%, respectively, compared to the same quarter in 2011. As compared to the immediate preceding quarter, net income in 2012 increased by 190.7%.

Juniata Valley's second quarter 2012 earnings and key performance ratios, including return on average assets (ROA), return on average equity (ROE) and earnings per share (EPS), in comparison to the immediate preceding quarter and the same quarter one year earlier, are shown in the table below.

	Quarter Ended				
	June 30, 2012		March 31, 2012		June 30, 2011
	Results		Results	% Change	Results % Change
Net Income	\$ 1,215,000		\$ 418,000	190.7%	\$ 1,091,000 11.4%
ROA	1.06%		0.37%	186.5%	0.99% 7.1%
ROE	9.87%		3.36%	193.8%	8.68% 13.7%
EPS (basic and fully diluted)	\$ 0.29		\$ 0.10	190.0%	\$ 0.26 11.5%

The increase in net income in the second quarter of 2012 versus the second quarter of 2011 primarily resulted from increased non-interest income, which was driven by revenues generated from the origination of residential mortgage loans sold in the secondary market, and a reduction in non-interest expense. The increase in net income in the second quarter of 2012 versus the immediately preceding quarter resulted primarily from specific loan loss provisions relating to two loan relationships recorded in the first quarter of 2012; no such provisions were recorded in the second quarter of 2012.

Total assets increased by 3.4%, to \$462.6 million, from December 31, 2011 to June 30, 2012, with this asset growth funded by deposit increases of 4.1%. During the same timeframe, loan balances declined by 3.2%. The net interest margin on a fully tax-equivalent basis was 3.68% in the second quarter of 2012 versus 3.93% and 3.84% in the second quarter of 2011 and the first quarter of 2012, respectively. Non-interest income in the second quarter of 2012 increased by 14.6% and 19.3%, respectively, when compared to the immediate preceding quarter and the same quarter one year ago. In addition to the increase in secondary market loan origination fees, fees for trust services and a gain from life insurance proceeds increased in the second quarter of 2012 as compared to both the immediate preceding quarter and the same quarter one year ago. Non-interest expense decreased in the second quarter of 2012 by 0.8% and 2.4%, respectively, when compared to the immediate preceding quarter and to the same quarter one year ago.

Net income and earnings per share for the six months ended June 30, 2012 were \$1,633,000 and \$0.39, respectively. These earnings measures compared to \$2,330,000 and \$0.55, respectively, for the same six month period of 2011.

The year-to-date earnings for 2012 were negatively impacted by a provision for loan losses of \$1,108,000 in the first quarter of 2012, due to specific provisioning for two impaired loan relationships. Ms. Barber commented, "While the provision for loan losses in the first quarter was

notably higher than in the past, it is important to note that no further significant credit quality issues have arisen in the most recent quarter.” She further stated, “We are pleased with the success we have attained by providing a higher level of fee-generating services for our customers, while at the same time, achieving efficiencies translating to non-interest expense reductions. We remain optimistic about prospects for the remainder of the year and beyond, as we remain focused on a sound business plan.”

On July 17, 2012, Juniata Valley Financial Corp.’s Board of Directors declared a cash dividend of \$0.22 per share for the third quarter of 2012, payable on September 3 to shareholders of record on August 15.

Management considers subsequent events occurring after the balance sheet date for matters which may require adjustment to, or disclosure in, the consolidated financial statements. The review period for subsequent events extends up to and including the filing date of a public company’s consolidated financial statements when filed with the Securities and Exchange Commission (“SEC”). Accordingly, the financial information in this announcement is subject to change.

The Juniata Valley Bank, the principal subsidiary of Juniata Valley Financial Corp., is headquartered in Mifflintown, Pennsylvania, with twelve community offices located in Juniata, Mifflin, Perry and Huntingdon Counties. In addition, Juniata Valley owns 39.16% of Liverpool Community Bank, which it carries under the equity method of accounting. More information regarding Juniata Valley Financial Corp. and The Juniata Valley Bank can be found online at www.JVBonline.com. Juniata Valley Financial Corp. trades over the counter under the symbol JUVF.OB.

*This press release may contain “forward looking” information as defined by the Private Securities Litigation Reform Act of 1995. When words such as “believes”, “expects”, “anticipates” or similar expressions are used in this release, Juniata Valley is making forward-looking statements. Such information is based on Juniata Valley’s current expectations, estimates and projections about future events and financial trends affecting the financial condition of its business. These statements are not historical facts or guarantees of future performance, events or results. Such statements involve potential risks and uncertainties and, accordingly, actual results may differ materially from this “forward looking” information. Many factors could affect future financial results including, without limitation, changes in interest rates and their impact on the level of deposits, loan demand and value of loan collateral, increased competition from other financial institutions, market value deterioration in the financial services sector, FDIC deposit insurance premiums, governmental monetary policy, legislation and changes in banking regulations, risks associated with the effect of opening a new branch, the ability to control costs and expenses, and general economic conditions. Juniata Valley undertakes no obligation to publicly update or revise forward looking information, whether as a result of new or updated information, future events, or otherwise.

For a more complete discussion of certain risks and uncertainties affecting Juniata Valley, please see the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Forward-Looking Statements” set forth in the Juniata Valley’s filings with the Securities and Exchange Commission.

Juniata Valley Financial Corp. and Subsidiary
Consolidated Statements of Financial Condition
(in thousands, except share data)

	(1) June 30, 2012	(2) December 31, 2011
<u>ASSETS</u>		
Cash and due from banks	\$ 10,387	\$ 12,074
Interest bearing deposits with banks	14,215	2,100
Cash and cash equivalents	24,602	14,174
Interest bearing time deposits with banks	1,096	1,096
Securities available for sale	125,223	111,281
Restricted investment in Federal Home Loan Bank (FHLB) stock	1,534	1,700
Investment in unconsolidated subsidiary	3,888	3,796
 Total loans	 280,442	 289,681
Less: Allowance for loan losses	(3,933)	(2,931)
Total loans, net of allowance for loan losses	276,509	286,750
Premises and equipment, net	6,542	6,710
Other real estate owned	516	427
Bank owned life insurance and annuities	14,155	14,069
Equity investment in low income housing project	1,317	393
Core deposit intangible	187	209
Goodwill	2,046	2,046
Accrued interest receivable and other assets	4,982	4,782
Total assets	\$ 462,597	\$ 447,433
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities:		
Deposits:		
Non-interest bearing	\$ 65,055	\$ 64,751
Interest bearing	337,423	321,914
Total deposits	402,478	386,665
Securities sold under agreements to repurchase	3,075	3,500
Other interest bearing liabilities	1,271	1,244
Accrued interest payable and other liabilities	5,939	6,304
Total liabilities	412,763	397,713
Stockholders' Equity:		
Preferred stock, no par value:		
Authorized - 500,000 shares, none issued	-	-
Common stock, par value \$1.00 per share:		
Authorized - 20,000,000 shares		
Issued - 4,745,826 shares		
Outstanding -		
4,237,711 shares at June 30, 2012;		
4,228,218 shares at December 31, 2011	4,746	4,746
Surplus	18,334	18,363
Retained earnings	38,671	38,900
Accumulated other comprehensive loss	(2,068)	(2,256)
Cost of common stock in Treasury:		
508,115 shares at June 30, 2012;		
517,608 shares at December 31, 2011	(9,849)	(10,033)
Total stockholders' equity	49,834	49,720
Total liabilities and stockholders' equity	\$ 462,597	\$ 447,433

(1) Unaudited

(2) Unaudited but derived from audited financial statements; does not include related disclosures.

Juniata Valley Financial Corp. and Subsidiary

Consolidated Statements of Income

(Unaudited, in thousands, except share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Interest income:				
Loans, including fees	\$ 4,074	\$ 4,484	\$ 8,269	\$ 9,076
Taxable securities	337	313	667	566
Tax-exempt securities	186	234	364	467
Federal funds sold	-	2	-	4
Other interest income	8	7	16	15
Total interest income	4,605	5,040	9,316	10,128
Interest expense:				
Deposits	918	1,191	1,883	2,366
Securities sold under agreements to repurchase	-	-	1	1
Other interest bearing liabilities	6	7	12	14
Total interest expense	924	1,198	1,896	2,381
Net interest income	3,681	3,842	7,420	7,747
Provision for loan losses	69	116	1,177	204
Net interest income after provision for loan losses	3,612	3,726	6,243	7,543
Non-interest income:				
Trust fees	114	94	220	207
Customer service fees	321	349	634	661
Debit card fee income	205	206	409	399
Earnings on bank-owned life insurance and annuities	105	124	211	243
Commissions from sales of non-deposit products	73	65	160	168
Income from unconsolidated subsidiary	61	66	118	131
Gain on sale or call of securities	2	1	2	6
Gain from life insurance proceeds	53	-	53	-
Other non-interest income	261	97	430	196
Total non-interest income	1,195	1,002	2,237	2,011
Non-interest expense:				
Employee compensation expense	1,289	1,337	2,567	2,592
Employee benefits	478	423	1,013	824
Occupancy	229	252	458	495
Equipment	126	146	259	301
Data processing expense	354	337	710	659
Director compensation	60	70	119	147
Professional fees	93	91	181	230
Taxes, other than income	113	124	231	251
FDIC Insurance premiums	81	85	160	218
Loss (gain) on sales of other real estate owned	(3)	1	(1)	(14)
Amortization of intangibles	11	11	22	22
Other non-interest expense	389	423	746	738
Total non-interest expense	3,220	3,300	6,465	6,463
Income before income taxes	1,587	1,428	2,015	3,091
Provision for income taxes	372	337	382	761
Net income	\$ 1,215	\$ 1,091	\$ 1,633	\$ 2,330
Earnings per share				
Basic	\$0.29	\$0.26	\$0.39	\$0.55
Diluted	\$0.29	\$0.26	\$0.39	\$0.55
Cash dividends declared per share	\$0.22	\$0.21	\$0.44	\$0.42
Weighted average basic shares outstanding	4,231,690	4,237,886	4,229,954	4,246,884
Weighted average diluted shares outstanding	4,234,321	4,240,781	4,232,842	4,249,900

Juniata Valley Financial Corp. and Subsidiary

Consolidated Statements of Income

(Unaudited, in thousands, except share data)

	Three Months Ended	
	June 30,	March 31,
	2012	2012
Interest income:		
Loans, including fees	\$ 4,074	\$ 4,195
Taxable securities	337	330
Tax-exempt securities	186	178
Other interest income	8	8
Total interest income	4,605	4,711
Interest expense:		
Deposits	918	965
Securities sold under agreements to repurchase	-	1
Other interest bearing liabilities	6	6
Total interest expense	924	972
Net interest income	3,681	3,739
Provision for loan losses	69	1,108
Net interest income after provision for loan losses	3,612	2,631
Non-interest income:		
Trust fees	114	106
Customer service fees	321	313
Debit card fee income	205	204
Earnings on bank-owned life insurance and annuities	105	106
Commissions from sales of non-deposit products	73	87
Income from unconsolidated subsidiary	61	57
Gain on sale or call of securities	2	-
Gain from life insurance proceeds	53	-
Other non-interest income	261	169
Total non-interest income	1,195	1,042
Non-interest expense:		
Employee compensation expense	1,289	1,278
Employee benefits	478	535
Occupancy	229	229
Equipment	126	133
Data processing expense	354	356
Director compensation	60	59
Professional fees	93	88
Taxes, other than income	113	118
FDIC Insurance premiums	81	79
Loss (gain) on sales of other real estate owned	(3)	2
Amortization of intangibles	11	11
Other non-interest expense	389	357
Total non-interest expense	3,220	3,245
Income before income taxes	1,587	428
Provision for income taxes	372	10
Net income	\$ 1,215	\$ 418
Earnings per share		
Basic	\$0.29	\$0.10
Diluted	\$0.29	\$0.10
Cash dividends declared per share	\$0.22	\$0.22
Weighted average basic shares outstanding	4,231,690	4,228,218
Weighted average diluted shares outstanding	4,234,321	4,231,276