Financial Highlights (Unaudited)

Balance Sheet Highlights	June 30, 2015	December 31, 2014
Assets	$ 408,044,671	$ 415,126,846
Deposits	324,242,220	322,446,189
Net loans	272,680,641	275,261,629
Equity	47,912,896	47,661,302

(Ratios are annualized) Earnings Highlights	Six Months Ended June 30, 2015	2014
Net income	$ 1,612,410	$ 1,589,950
Return on average assets	0.79%	0.80%
Return on average equity	6.73%	7.07%

Dear Shareholders:

Allegheny Valley Bancorp, Inc., (OTCQX: AVLY)(the "Company") the parent company of Allegheny Valley Bank of Pittsburgh (the "Bank") reported net income for the six months ended June 30, 2015 of $1,612,410 or $1.60 per share compared with the six months ended June 30, 2014 net income of $1,589,950 or $1.61 per share.

Net income for the quarter ended June 30, 2015 of $854,000 or $.85 per share compared with second quarter 2014 net income of $905,000 or $.91 per share. The decrease in current period net income is primarily the result of a $331,000 decrease in fee income associated with residential mortgage sales, lease fees, and security gains, offset by a $61,000 increase in net interest income, a $199,000 decrease in noninterest expense, and a $20,000 decrease in income tax expense.

To help better understand these financial results, Allegheny Valley Bancorp's pre-tax income for the quarter ended June 30, 2015 increased slightly from that recognized for the quarter ended June 30, 2014 excluding investment gains. While noninterest income has declined from last year, an increase in net interest income and decrease in noninterest expenses have resulted in improved core earnings. The improved net interest income is a result of higher FHLB dividends, and an overall reduction in interest expense due to the low interest rate environment. The decline in noninterest expense came primarily from a decline in compensation expenses.

The Bank continues to be well capitalized based upon all regulatory requirements, and the Bank has solid credit quality with delinquencies below our national peer group. Annualized return on average assets (ROAA) of .79% and annualized return on average equity (ROAE) of 6.73% were reported for first six months of 2015. Total assets of Allegheny Valley Bancorp, Inc. were $408 million as of June 30, 2015.

We believe the Bank enjoys a bright future, driven by continued strong performance in the coming years. Our commitment to conservative banking practices while proactively adjusting our delivery systems to service the next generation of customer, allows us to retain the spirit, thinking, and behaviors of our legacy as a true community bank. This is our core strategy. We thank you for your ongoing support.

Sincerely,

Andrew W. Hasley
President and Chief Executive Officer

Vision Statement

"Allegheny Valley Bank will aspire to set the standard for performance for community banks in our market area by being a recognized model of excellence to customers, competitors, shareholders, and the community."

Mission Statement

We Are: Problem Solvers
We Ensure: A Great Customer Experience
We Deliver: The Product that is Right for You

Allegheny Valley Bancorp, Inc.
5137 Butler Street
Pittsburgh, PA 15201



2nd Quarter Report
June 30, 2015

Allegheny Valley Bancorp, Inc.

Consolidated Balance Sheets (Unaudited)

Allegheny Valley Bancorp, Inc.

	June 30, 2015	December 31, 2014
Assets		
Cash and due from banks	$ 1,656,810	$ 2,250,741
Interest-bearing deposits with other banks	6,570,964	9,161,189
Investment securities available for sale	101,858,177	103,375,676
Loans (net of deferred loan fees of $396,481 and $364,411)	276,262,220	278,808,816
Less: allowance for loan losses	(3,581,579)	(3,547,187)
Net loans	272,680,641	275,261,629
FHLB stock	3,431,400	3,455,600
Premises and equipment	3,129,138	3,333,723
Goodwill and intangible assets	8,143,684	8,143,684
Bank owned life insurance	6,279,250	6,194,486
Other assets	4,294,607	3,950,118
Total assets	$ 408,044,671	$ 415,126,846
Liabilities		
Deposits	$ 324,242,220	$ 322,446,189
Borrowed funds	33,120,385	42,117,601
Accrued interest payable	669,318	708,730
Accrued expenses and other liabilities	2,099,852	2,193,024
Total liabilities	360,131,775	367,465,544
Stockholders' Equity		
Common stock, par $1; authorized 5,000,000 shares, issued 1,170,000 shares	1,170,000	1,170,000
Surplus	2,680,646	2,827,970
Retained earnings	50,367,759	49,898,036
Accumulated other comprehensive income, net of applicable income taxes of $647,406 and $916,763	1,256,726	1,779,598
	55,475,131	55,675,604
Treasury stock, at cost (160,156 and 169,732 shares)	(7,562,235)	(8,014,302)
Total stockholders' equity	47,912,896	47,661,302
Total liabilities and stockholders' equity	$ 408,044,671	$ 415,126,846

Consolidated Statements of Income (Unaudited)

Allegheny Valley Bancorp, Inc.

	Six Months Ended June 30, 2015	2014
Interest Income		
Loans receivable	$ 6,022,559	$ 6,140,126
Securities:		
Taxable	955,509	972,370
Exempt from federal income tax	418,723	374,523
Federal Home Loan Bank stock	142,773	30,839
Deposits with banks and federal funds sold	4,686	6,065
Total interest income	7,544,250	7,523,923
Interest Expense		
Interest-bearing demand deposits	636,433	846,336
Borrowed funds	173,857	133,700
Total interest expense	810,290	980,036
Net Interest Income	6,733,960	6,543,887
Provision for loan losses	175,000	199,998
Net Interest Income After Provision for Loan Losses	6,558,960	6,343,889
Noninterest Income		
Service fees	1,029,308	1,519,605
Other income	163,579	149,502
Total noninterest income	1,192,887	1,669,107
Noninterest Expense		
Compensation and employee benefits	2,852,395	3,088,717
Premises and equipment, net	799,762	780,096
Other	2,041,818	2,090,747
Total noninterest expense	5,693,975	5,959,560
Income before income taxes	2,057,872	2,053,436
Income taxes	445,462	463,486
Net Income	$ 1,612,410	$ 1,589,950
Earnings per share	$ 1.60	$ 1.61
Dividends per share	$ 1.14	$ 1.14
Weighted average shares outstanding	1,006,779	989,729
Actual shares outstanding	1,009,844	992,203

Community Offices

Lawrenceville Office & Corporate Headquarters
5137 Butler Street, Pittsburgh, PA 15201
(412) 781-0318

Blawnox Office
201 Freeport Road, Pittsburgh, PA 15238
(412) 828-6030

Green Tree Office
Four Parkway Center #100
875 Greentree Road, Pittsburgh, PA 15220
(412) 928-8530

McKnight Road Office
7703 McKnight Road, Pittsburgh, PA 15237
(412) 847-7640

Penn Center East Office
3474 William Penn Highway, Pittsburgh, PA 15235
(412) 856-4022

Pittsburgh Office *(downtown)*
Lawyers Building
428 Forbes Avenue, Pittsburgh, PA 15219
(412) 338-9036

Shaler Office
900 Mt. Royal Boulevard, Pittsburgh, PA 15223
(412) 486-4245

Shaler Drive-Thru
1100 Mt. Royal Boulevard, Pittsburgh, PA 15223
(412) 487-9348

Mt. Troy Office
2000 Mt. Troy Road, Pittsburgh, PA 15212
(412) 322-6107

Member FDIC

Board of Directors

Andrew W. Hasley, CPA, MBA[1,2]
President and Chief Executive Officer

Gregory J. Saxon[1,2]
Chairman

Susan M. DeLuca[1]
Senior Vice President, Corporate Secretary

Paul A. Iurlano, Esq.[1,2]

Marilyn B. Justice[1,]

John M. Lally, CPA, MBA, CVA[1,2]

Ronald J. Mock, CPA[1,2]

R. Craig Thomasmeyer, CPA[1,2]

1 Director of Allegheny Valley Bancorp, Inc.
2 Director of Allegheny Valley Bank of Pittsburgh

Officers

Andrew W. Hasley, CPA, MBA*
President and Chief Executive Officer

Jason W. Ross, CPA*
Executive Vice President, Chief Financial Officer, Chief Operating Officer and Treasurer

Susan M. DeLuca*
Senior Vice President, Corporate Secretary

Stacy N. Krempasky, CPA*
Vice President, Director of Finance and Assistant Treasurer

Christian M. Chelli, MBA
Senior Vice President, Chief Credit Officer

Jeffrey A. Martin
Senior Vice President, Chief Lending Officer

Daniel Koller, Jr.
Senior Vice President, Senior Investment Officer

George Arendas
Vice President, Managing Director of Retail Delivery, CRA Officer

Cheryl A. Belsterling
Vice President, Senior Commercial Relationship Manager

Michael L. Collura, CCBSP
Vice President, Information Technology Manager

F. Thomas Gongloff
Vice President, Business Banking Manager

Margaret E. Grzandziel
Vice President, Loan Administration

Joshua A. Olen
Vice President, Commercial Relationship Manager

Mary Lou Ries
Vice President, Security Officer

JoAnn M. Rudolph
Vice President, Senior Commercial Relationship Manager

Robert S. Salko
Vice President, Credit Manager

John E. Boy Jr.
Assistant Vice President, Regional Manager

Deborah L. Evans
Assistant Vice President, Deposit Relationship Officer

David Hale, MBA
Assistant Vice President, Credit Analyst II

Lori Jockel
Assistant Vice President, Mortgage Operations Manager

Brian Kurpiel
Assistant Vice President, Collections Manager

Theresa Morrissey
Assistant Vice President, Commercial Portfolio Manager

Marsha M. Posset
Assistant Vice President, Director of Marketing

Sylvia Saunders
Assistant Vice President, Regional Manager

Matthew Schor
Assistant Vice President, Cash Management Systems and Support

Linda A. Seyko
Assistant Vice President, Deposit Operations Manager

Melissa L. Tierney
Assistant Vice President, Manager of Decision Support

Christine E. White
Assistant Vice President, Credit Analyst III

Karen J. Wolosik
Assistant Vice President, Controller

** Also an officer of Allegheny Valley Bancorp, Inc.*