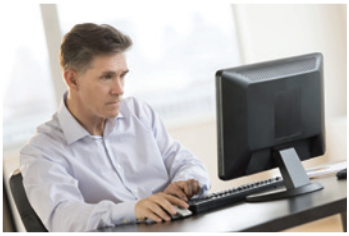





1st Quarter Report
March 31, 2016



Allegheny Valley Bancorp, Inc.

Consolidated Balance Sheets (Unaudited)

Allegheny Valley Bancorp, Inc.

	March 31, 2016	December 31, 2015
Assets		
Cash and due from banks	$ 1,986,344	$ 2,061,781
Interest-bearing deposits with other banks	6,323,243	7,083,417
Investment securities available for sale	107,478,779	98,303,978
Loans (net of deferred loan fees of $424,872 and $394,214)	289,836,322	286,410,979
Less: allowance for loan losses	(3,671,861)	(3,579,274)
Net loans	286,164,461	282,831,705
FHLB stock	4,617,200	3,969,500
Premises and equipment	3,022,561	3,115,292
Goodwill and intangible assets	8,143,684	8,143,684
Bank owned life insurance	6,313,283	6,270,426
Other assets	4,565,170	2,759,948
Total assets	$ 428,614,725	$ 414,539,731
Liabilities		
Deposits	$ 311,316,774	$ 315,345,531
Borrowed funds	64,051,300	48,658,500
Accrued interest payable	633,950	650,146
Accrued expenses and other liabilities	2,648,942	667,067
Total liabilities	378,650,966	365,321,244
Stockholders' Equity		
Common stock, par $1; authorized 5,000,000 shares, issued 1,170,000 shares	1,170,000	1,170,000
Surplus	2,615,653	2,706,502
Retained earnings	51,247,887	50,935,846
Accumulated other comprehensive income, net of applicable income taxes of $947,563 and $604,286	1,839,386	1,543,521
	56,872,926	56,355,869
Treasury stock, at cost (146,310 and 151,143 shares)	(6,909,167)	(7,137,382)
Total stockholders' equity	49,963,759	49,218,487
Total liabilities and stockholders' equity	$ 428,614,725	$ 414,539,731

Consolidated Statements of Income (Unaudited)

Allegheny Valley Bancorp, Inc.

	Three Months Ended March 31, 2016	2015
Interest Income		
Loans receivable	$ 3,089,513	$ 2,991,440
Securities:		
Taxable	478,882	495,754
Exempt from federal income tax	205,078	206,956
Federal Home Loan Bank stock	43,956	102,155
Deposits with banks and federal funds sold	4,643	2,165
Total interest income	3,822,072	3,798,470
Interest Expense		
Interest-bearing demand deposits	282,450	331,157
Borrowed funds	78,377	88,425
Total interest expense	360,827	419,582
Net Interest Income	3,461,245	3,378,888
Provision for loan losses	100,000	87,500
Net Interest Income After Provision for Loan Losses	3,361,245	3,291,388
Noninterest Income		
Service fees	664,890	472,915
Other income	69,893	88,047
Total noninterest income	734,783	560,962
Noninterest Expense		
Compensation and employee benefits	1,532,281	1,428,323
Premises and equipment, net	343,952	419,322
Other	1,076,685	1,051,649
Total noninterest expense	2,952,918	2,899,294
Income before income taxes	1,143,110	953,056
Income taxes	251,484	194,838
Net Income	$ 891,626	$ 758,218
Earnings per share	$ 0.88	$ 0.75
Dividends per share	$ 0.57	$ 0.57
Weighted average shares outstanding	1,022,584	1,004,316
Actual shares outstanding	1,023,690	1,005,440

Financial Highlights (Unaudited)

Balance Sheet Highlights	March 31, 2016	December 31, 2015
Assets	$ 428,614,725	$ 414,539,731
Deposits	311,316,774	315,345,531
Net loans	286,164,461	282,831,705
Equity	49,963,759	49,218,487

(Ratios are annualized) Earnings Highlights	Three Months Ended March 31, 2016	2015
Net income	$ 891,626	$ 758,218
Return on average assets	0.84%	0.75%
Return on average equity	7.15%	6.42%

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 quarter ended March 31, 2016 of $891,000 or $.88 per share compared with first quarter 2015 net income of $758,000 or $.75 per share. The increase in current period net income is primarily the result of an $82,000 increase in net interest income before provision for loan losses and a $174,000 increase in noninterest income offset by a $54,000 increase in noninterest expense.

The improved net interest income is a result of improved loan interest income, and an overall reduction in interest expense due to the continued low interest rate environment. The increase in noninterest income was due to higher gains on investment sales as a result of recent bank mergers. The increase in noninterest expense came primarily from additional compensation expenses as a result of higher staffing levels as compared to 2015.

The Bank continues to be well capitalized based upon all regulatory requirements, and the Bank has solid credit quality with delinquencies far below our national peer group. Annualized return on average assets (ROAA) of .84% and annualized return on average equity (ROAE) of 7.15% were reported for first three months of 2016. Total assets of Allegheny Valley Bancorp, Inc. were $428 million as of March 31, 2016.

We remain committed to a strategy of conservative banking practices in the best interests of our shareholders, while always retaining the spirit, thinking, and behaviors of our legacy as a true community bank. 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**

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

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

Member FDIC

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, Director of Investments

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

Cheryl A. Belsterling
Vice President, Senior Commercial Relationship Manager

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

F. Thomas Gongloff
Vice President, Business Banking Manager

Margaret E. Grzandziel
Vice President, Loan Administration

Mary Lou Ries
Vice President, Security Officer

Robert S. Salko
Vice President, Credit Manager

Greg A. Vallecorsa
Vice President, Commercial Relationship 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

Melissa M. Hohos
Assistant Vice President, Commercial Portfolio Manager

Lori Jockel
Assistant Vice President, Mortgage Operations Manager

Brian Kurpiel
Assistant Vice President, Collections Manager

Lora A. Leya
Assistant Vice President, Consumer Loan Underwriter

Theresa Morrissey
Manager of Corporate Training and Business Banking Coordinator

Marsha M. Posset
Assistant Vice President, Director of Marketing

Sylvia Saunders
Assistant Vice President, Regional Manager

Joan L. Schmitt
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.*



Allegheny Valley Bancorp, Inc.

5137 Butler Street
Pittsburgh, PA 15201