

CODORUS VALLEY BANCORP INC  
Form 10-Q  
November 07, 2014  
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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
**For the quarterly period ended September 30, 2014**

**or**

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission file number: 0-15536**

**CODORUS VALLEY BANCORP, INC.**

(Exact name of registrant as specified in its charter)

**Pennsylvania**

(State or other jurisdiction of  
incorporation or organization)

**23-2428543**

(I.R.S. Employer  
Identification No.)

**105 Leader Heights Road, P.O. Box 2887, York, Pennsylvania 17405**

(Address of principal executive offices) (Zip code)

**717-747-1519**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name, former address and former fiscal year,  
if changed since the last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. On October 31, 2014, 5,804,749 shares of common stock, par value \$2.50, were outstanding, which includes the effect of the 5 percent common stock dividend declared October 14, 2014.

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Codorus Valley Bancorp, Inc.

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Consolidated Balance Sheets  
Unaudited

<i>(dollars in thousands, except share and per share data)</i>	September 30, 2014	December 31, 2013
<b>Assets</b>		
Interest bearing deposits with banks	\$ 21,433	\$ 1,947
Cash and due from banks	12,798	13,115
Total cash and cash equivalents	34,231	15,062
Securities, available-for-sale	228,803	228,741
Restricted investment in bank stocks, at cost	4,710	4,742
Loans held for sale	641	514
Loans (net of deferred fees of \$2,144 - 2014 and \$1,963 - 2013)	892,004	859,384
Less-allowance for loan losses	(10,713)	(9,975)
Net loans	881,291	849,409
Premises and equipment, net	15,173	14,599
Other assets	38,791	37,574
Total assets	\$ 1,203,640	\$ 1,150,641
<b>Liabilities</b>		
Deposits		
Noninterest bearing	\$ 117,954	\$ 107,921
Interest bearing	841,141	817,382
Total deposits	959,095	925,303
Short-term borrowings	41,377	40,363
Long-term debt	80,429	70,493
Other liabilities	6,883	6,833
Total liabilities	1,087,784	1,042,992
<b>Shareholders equity</b>		
Preferred stock, par value \$2.50 per share; \$1,000 liquidation preference, 1,000,000 shares authorized; Series B shares issued and outstanding:		
12,000 at September 30, 2014 and 25,000 at December 31, 2013	12,000	25,000
Common stock, par value \$2.50 per share; 15,000,000 shares authorized; shares issued and outstanding: 5,804,749 at September 30, 2014 and 4,800,318 at December 31, 2013		
Additional paid-in capital	62,423	45,399
Retained earnings	24,424	23,077
Accumulated other comprehensive income	2,496	2,172
Total shareholders equity	115,856	107,649
Total liabilities and shareholders equity	\$ 1,203,640	\$ 1,150,641
See accompanying notes.		

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Codorus Valley Bancorp, Inc.  
Consolidated Statements of Income  
Unaudited

<i>(dollars in thousands, except per share data)</i>	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
<b>Interest income</b>				
Loans, including fees	\$ 11,272	\$ 10,415	\$ 33,157	\$ 30,692
Investment securities:				
Taxable	867	788	2,564	2,054
Tax-exempt	467	590	1,513	1,830
Dividends	48	9	171	18
Other	16	17	42	59
Total interest income	12,670	11,819	37,447	34,653
<b>Interest expense</b>				
Deposits	1,682	1,889	5,094	5,849
Federal funds purchased and other short-term borrowings	43	34	116	91
Long-term debt	299	201	881	565
Total interest expense	2,024	2,124	6,091	6,505
Net interest income	10,646	9,695	31,356	28,148
<b>Provision for loan losses</b>	250	150	1,100	970
Net interest income after provision for loan losses	10,396	9,545	30,256	27,178
<b>Noninterest income</b>				
Trust and investment services fees	592	510	1,644	1,447
Income from mutual fund, annuity and insurance sales	178	74	503	496
Service charges on deposit accounts	783	688	2,221	1,992
Income from bank owned life insurance	184	192	532	543
Other income	155	157	458	503
Net gain on sales of loans held for sale	124	233	306	874
Gain on sales of securities	146	0	146	44
Total noninterest income	2,162	1,854	5,810	5,899
<b>Noninterest expense</b>				
Personnel	4,436	4,191	13,040	12,486
Occupancy of premises, net	505	496	1,586	1,519
Furniture and equipment	552	522	1,646	1,493
Postage, stationery and supplies	199	131	521	438
Professional and legal	380	187	819	489
Marketing	340	341	1,060	741
FDIC insurance	149	154	511	463
Debit card processing	199	204	592	577
Charitable donations	66	32	835	518
Telephone	141	130	432	396
External data processing	186	178	621	513
Foreclosed real estate including (gains) losses on sales	60	277	307	414
Other	789	889	1,666	2,095
Total noninterest expense	8,002	7,732	23,636	22,142
Income before income taxes	4,556	3,667	12,430	10,935
<b>Provision for income taxes</b>	1,377	990	3,441	2,951
Net income	3,179	2,677	8,989	7,984
Preferred stock dividends	30	62	144	187
Net income available to common shareholders	\$ 3,149	\$ 2,615	\$ 8,845	\$ 7,797
Net income per common share, basic	\$ 0.54	\$ 0.52	\$ 1.60	\$ 1.57
Net income per common share, diluted	\$ 0.54	\$ 0.51	\$ 1.57	\$ 1.54

See accompanying notes.



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Codorus Valley Bancorp, Inc.  
Consolidated Statements of Comprehensive Income  
Unaudited

<i>(dollars in thousands)</i>	<b>Three months ended September 30,</b>	
	<b>2014</b>	<b>2013</b>
<b>Net income</b>	\$ 3,179	\$ 2,677
<b>Other comprehensive income (loss):</b>		
Securities available for sale:		
Net unrealized holding (losses) gains arising during the period (net of tax (benefit) expense of (\$420) and \$89, respectively)	(816)	173
Reclassification adjustment for gains included in net income (net of tax expense of \$50 and \$0, respectively) (a) (b)	(96)	0
Net unrealized (losses) gains	(912)	173
<b>Comprehensive income</b>	<b>\$ 2,267</b>	<b>\$ 2,850</b>

<i>(dollars in thousands)</i>	<b>Nine months ended September 30,</b>	
	<b>2014</b>	<b>2013</b>
<b>Net income</b>	\$ 8,989	\$ 7,984
<b>Other comprehensive income (loss):</b>		
Securities available for sale:		
Net unrealized holding gains (losses) arising during the period (net of tax expense (benefit) of \$217 and (\$1,410), respectively)	420	(2,738)
Reclassification adjustment for gains included in net income (net of tax expense of \$50 and \$15, respectively) (a) (b)	(96)	(29)