

CODORUS VALLEY BANCORP INC
Form 10-K
March 30, 2009
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2008

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)

Registrant's telephone number, including area code: **(717) 747-1519**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, \$2.50 par value

Name of each exchange on which registered
NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act.
o Yes x No

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. x Yes o No

Indicate by check mark if the disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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 o
Non-accelerated filer o

Accelerated filer o
Smaller Reporting Company x

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

The aggregate market value of Codorus Valley Bancorp, Inc.'s voting stock held by non-affiliates was approximately \$51,257,082 as of June 30, 2008.

As of March 20, 2009, Codorus Valley Bancorp, Inc. had 4,028,354 shares of common stock outstanding, par value \$2.50 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference to the registrant's Proxy Statement for the Annual Meeting of Shareholders to be held May 19, 2009

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PART I

Item 1: Business

Codorus Valley Bancorp, Inc. (Codorus Valley or the Corporation) is a Pennsylvania business corporation, incorporated on October 7, 1986. On March 2, 1987, Codorus Valley became a bank holding company, under the Bank Holding Company Act of 1956. PeoplesBank, A Codorus Valley Company (PeoplesBank) is its wholly owned bank subsidiary. SYC Realty Co., Inc. is its wholly owned nonbank subsidiary. Codorus Valley's business consists primarily of managing PeoplesBank, and its principal source of income is dividends received from PeoplesBank. On December 31, 2008, Codorus Valley had total consolidated assets of \$703 million, total deposits and other liabilities of \$651 million, and total shareholders' equity of \$52 million.

Bank subsidiary

PeoplesBank, organized in 1934, is a Pennsylvania chartered bank. It is not a member of the Federal Reserve System. PeoplesBank offers a full range of business and consumer banking services through seventeen financial centers located throughout York County, Pennsylvania and in Hunt Valley and Bel Air, Maryland. It also offers investment, insurance, trust and real estate settlement services. The Federal Deposit Insurance Corporation insures the deposits of PeoplesBank to the maximum extent provided by law. On December 31, 2008, PeoplesBank had total loans of \$575 million and total deposits of \$599 million. PeoplesBank's market share of deposits for York County, PA was approximately 9.3 percent as of June 30, 2008, the latest available date.

PeoplesBank is not dependent on deposits or exposed to a loan concentration to a single customer, or a small group of customers. Therefore, the loss of a single customer, or a small customer group, would not have a material adverse effect on the financial condition of PeoplesBank. At year-end 2008, the largest indebtedness of a single PeoplesBank client was \$7,220,000, or 1.3 percent of the total loan portfolio, which was within the regulatory lending limit.

Most of the Corporation's business is with customers in York County, Pennsylvania and northern Maryland. Although this limited market area may pose a concentration risk geographically, we believe that the diverse local economy and our detailed knowledge of the customer base minimizes this risk. At year-end 2008 and 2007, the Corporation had two industry concentrations that exceeded 10 percent of the total loan portfolio: real estate construction and land development which was 17.5 and 18.8 percent of the portfolio, respectively; and commercial real estate leasing was 14.9 and 11.5 percent of the portfolio, respectively. Loans to borrowers within these industries are usually collateralized by real estate.

Codorus Valley Financial Advisors, Inc. is a wholly owned subsidiary of PeoplesBank that sells non-deposit investment products. This subsidiary began operations in January 2000 and, prior to a name change in December 2005, operated under the name SYC Insurance Services, Inc.

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SYC Settlement Services, Inc. is a wholly owned subsidiary of PeoplesBank that provides real estate settlement services. SYC Settlement began operations in January 1999.

Historically, Codorus Valley Financial Advisors, Inc. and SYC Settlement Services, Inc. have not had a material impact on consolidated operating results.

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Nonbank subsidiaries

In June 2006, Codorus Valley formed CVB Statutory Trust No. 2, a wholly-owned special purpose subsidiary whose sole purpose was to facilitate a pooled trust preferred debt issuance of \$7,217,000. In November 2004, Codorus Valley formed CVB Statutory Trust No. 1 to facilitate a pooled trust preferred debt issuance of \$3,093,000.

On June 20, 1991, SYC Realty was incorporated as a wholly owned subsidiary of Codorus Valley. Codorus Valley created this nonbank subsidiary primarily for the purpose of disposing of selected properties obtained by PeoplesBank in satisfaction of debts previously contracted. SYC Realty commenced business operations in October 1995. To date, the financial impact of this subsidiary's operations on Codorus Valley and PeoplesBank has not been material.

Employees

At year-end 2008, PeoplesBank employed 177 full-time employees and 35 part-time employees, which equated to 200 full-time equivalents. Employees are not covered by a collective bargaining agreement and management considers its relations with employees to be satisfactory.

Segment Reporting

Management has determined that it operates in only one segment, community banking. The Corporation's non-banking activities are insignificant to the consolidated financial statements.

Competition

The banking industry in PeoplesBank's service area, principally York County, Pennsylvania, and northern Maryland, specifically, Baltimore, Harford and Carroll counties, is extremely competitive. PeoplesBank competes through service, price and by leveraging its hometown image. It competes with commercial banks and other financial service providers such as thrifts, credit unions, consumer finance companies, investment firms and mortgage companies. Some financial service providers operating in PeoplesBank's service area operate on a national and regional scale and possess resources that are greater than PeoplesBank's.

Supervision and regulation

Codorus Valley is registered as a bank holding company, and is subject to regulation by the Board of Governors of the Federal Reserve System (Federal Reserve), under the Bank Holding Company Act of 1956, as amended. The Bank Holding Company Act requires bank holding companies to file periodic reports with, and is subject to examination by, the Federal Reserve. The Federal Reserve has issued regulations under the Bank Holding Company Act that require a bank holding company to serve as a source of financial and managerial strength to its subsidiary banks. As a result, the Federal Reserve may require Codorus Valley to use its resources to provide adequate capital funds to PeoplesBank during periods of financial stress or adversity.

The Bank Holding Company Act prohibits Codorus Valley from acquiring direct or indirect control of more than 5 percent of the outstanding voting stock of any bank, or substantially all of the assets of any bank, or merging with another bank holding company, without the prior approval of the Federal Reserve. The Pennsylvania Department of Banking must also approve certain similar transactions. Pennsylvania law permits Pennsylvania bank holding companies to control an unlimited number of banks.

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The Bank Holding Company Act restricts Codorus Valley to activities that the Federal Reserve has found to be closely related to banking, and which are expected to produce benefits for the public that will outweigh any potentially adverse effects. Therefore, the Bank Holding Company Act prohibits Codorus Valley from engaging in most nonbanking businesses, or acquiring ownership or control of more than 5 percent of the outstanding voting stock of any company engaged in a nonbanking business, unless the Federal Reserve has determined that the nonbanking business is closely related to banking. Under the Bank Holding Company Act, the Federal Reserve may require a bank holding company to end a nonbanking business if it constitutes a serious risk to the financial soundness and stability of any bank subsidiary of the bank holding company.

The Corporation's recent participation in the U.S. Department of the Treasury's Capital Purchase Program, previously disclosed in filings with the SEC and also summarized under the Shareholders' Equity and Capital Adequacy section of this report, requires regulatory approval to increase quarterly cash dividends on common stock and repurchase common stock, and places restrictions on incentive compensation to senior executives.

The operations of PeoplesBank are subject to federal and state statutes applicable to banks chartered under the banking laws of the Commonwealth of Pennsylvania and whose deposits the Federal Deposit Insurance Corporation (FDIC) insures.

The FDIC is the primary federal regulator of PeoplesBank. It regularly examines banks in such areas as loss allowances, loans, investments, management practices and other aspects of operations. These examinations are designed for the protection of PeoplesBank's depositors rather than Codorus Valley's shareholders. PeoplesBank must furnish annual and quarterly reports to the FDIC. Effective January 1, 2007, the Federal Deposit Insurance Corporation (FDIC) created a new risk framework of four risk categories and established assessment rates to coincide with each category. Assessment rates for Risk Category I institutions, which includes PeoplesBank, ranged from 5 to 7 basis points. The FDIC also approved a one-time assessment credit for banks in existence on December 31, 1996, that paid a deposit insurance assessment prior to that date. The one-time credit offset the FDIC's assessment cost for 2007 and partially offset assessment costs for the first quarter of 2008. Effective January 1, 2009, the FDIC will once again increase deposit insurance assessments industry-wide to strengthen its reserve in anticipation of a higher rate of bank failures over the next few years. The assessment for the first quarter of 2009 will increase 7 basis points (annual rate) resulting in a risk-based premium for Risk Category I institutions ranging from 10 to 14 basis points on assessable deposits. Recently, the FDIC announced an increase in assessment rates for the second quarter of 2009, which are expected to range from 12 to 16 basis points for Risk Category I institutions. Additionally, the FDIC adopted an interim rule setting a special assessment of 20 basis points for June 30, 2009, to be collected by September 30, 2009.

Federal and state banking laws and regulations govern such things as: the scope of a bank's business; permissible investments; the reserves against deposits a bank must maintain; the types and terms of loans a bank may make and the collateral it may take; the activities of a bank with respect to mergers and consolidations; the establishment of branches; and the sale of nondeposit investment products by the bank and its insurance subsidiary. The Pennsylvania Insurance Department, the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers (NASD) control and supervise the licensing and activities of employees engaged in the sale of nondeposit investment products.

Pennsylvania business and banking laws restrict dividend payments if such payment would render the Corporation insolvent or result in negative net worth, and the Corporation and PeoplesBank are subject to regulatory capital requirements. More information about dividend restrictions and capital requirements can be found in Note 11-Regulatory Matters, to the 2008 financial statements.

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The Federal Reserve Act imposes restrictions on a subsidiary bank of a bank holding company, such as PeoplesBank. The restrictions affect extensions of credit to the bank holding company and its subsidiaries, investments in the stock or other securities of the bank holding company and its subsidiaries, and taking such stock or securities as collateral for loans. The Federal Reserve Act and Federal Reserve regulations also place limitations and reporting requirements on extensions of credit by a bank to the principal shareholders of its parent holding company, among others, and to related interests of such principal shareholders. In addition, such legislation and regulation may affect the terms upon which any person becoming a principal shareholder of a holding company may obtain credit from banks with which the subsidiary bank maintains a correspondent relationship.

PeoplesBank and the banking industry, in general, are affected by the monetary and fiscal policies of government agencies, including the Federal Reserve. Through open market securities transactions and changes in its federal funds and discount rates and reserve requirements, the Federal Reserve exerts considerable influence over the cost and availability of funds for lending and investment.

A brief discussion of selected federal agency requirements that affect Codorus Valley and/or PeoplesBank follows.

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Sarbanes-Oxley Act of 2002 The Sarbanes-Oxley Act (SOA) was signed into law in July 2002 and applies to all companies, both U.S. and non-U.S., that file periodic reports under the Securities Exchange Act of 1934. The stated goals of the SOA are to increase corporate responsibility, to provide for enhanced penalties for accounting and auditing improprieties at publicly traded companies and to protect investors by improving the accuracy and reliability of corporate disclosures pursuant to the securities laws. The SOA is the most far-reaching U.S. securities legislation enacted in some time. The SEC is responsible for establishing rules to implement various provisions of the SOA. The SOA includes specific disclosure requirements and new corporate governance rules, requires the SEC and securities exchanges to adopt extensive additional disclosure, corporate governance and other related rules and mandates further studies of certain issues by the SEC. The SOA represents significant regulation of the accounting profession, corporate governance practices, such as the relationship between a board of directors and management and between a board of directors and its committees.

Section 404 of the SOA became effective for the year ended December 31, 2004, for companies whose public float (the product of outstanding shares times the share price on a specified date) was above \$75 million. For smaller companies (non-accelerated and smaller reporting company filers), including Codorus Valley, the effective date, after several postponements, was the fiscal year ending on or after December 15, 2007. Section 404 requires publicly held companies to document, test and certify that their internal control systems over financial reporting are effective. Effective December 31, 2009, non-accelerated and smaller reporting company filers are required to obtain an auditor's report on their internal control over financial reporting. Management does not expect ongoing compliance costs associated with Section 404 to be material.

USA Patriot Act of 2001 In October of 2001, the USA Patriot Act of 2001 was enacted to strengthen U.S. law enforcement's and the intelligence communities' abilities to work cohesively to combat terrorism on a variety of fronts. The Patriot Act contains sweeping anti-money laundering and financial transparency laws and imposes various regulations on financial institutions, including standards for verifying client identification at account opening, and rules to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering.

Emergency Economic Stabilization Act (EESA) In October of 2008, the EESA, also known as the Troubled Asset Relief Act (TARP), was enacted. Under TARP, the U.S. Department of the Treasury (Treasury) initiated a Capital Purchase Program (CPP), which allows for qualifying financial institutions

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to issue preferred stock to the Treasury, subject to certain limitations and terms. The EESA was developed to attract broad participation by strong financial institutions to stabilize the financial system and increase lending to benefit the national economy and U.S. citizens. As previously reported, on January 9, 2009, the Corporation sold 16,500 shares of nonvoting perpetual preferred stock and a common stock warrant to the Treasury and received \$16.5 million in capital funds. More information about this capital transaction is provided within the Shareholders Equity and Capital Adequacy section of this report.

Periodically, various types of federal and state legislation are proposed that could result in additional regulation of, and restrictions on, the business of Codorus Valley and PeoplesBank. It cannot be predicted whether such legislation will be adopted or, if adopted, how such legislation would affect the business of Codorus Valley and its subsidiaries. As a consequence of the extensive regulation of commercial banking activities in the United States of America, Codorus Valley and PeoplesBank's business is particularly susceptible to being affected by federal legislation and regulations that may increase the cost of doing business. Except as specifically described within this Supervision and Regulation section, management believes that the effect of the provisions of the aforementioned legislation on the liquidity, capital resources, and results of operations of Codorus Valley will not be material. Other than the aforementioned increases in FDIC deposit-insurance premiums, management is not aware of any other current specific recommendations by regulatory authorities or proposed legislation, which, if they were implemented, would have a material adverse effect upon the liquidity, capital resources or results of operations. However, the general cost of compliance with numerous and multiple federal and state laws and regulations does have, and in the future may have, a negative impact on Codorus Valley's results of operations.

Other information

This Annual Report on Form 10-K is filed with the Securities and Exchange Commission (SEC). Copies of this document and other SEC filings by Codorus Valley Bancorp, Inc. may be obtained electronically at PeoplesBank's website at www.peoplesbanknet.com (select About Us, then select Investor Relations, then select SEC filings), or the SEC's website at www.sec.gov/edgarhp.htm. Copies can also be obtained without charge by writing to: Treasurer, Codorus Valley Bancorp, Inc., P.O. Box 2887, York, PA 17405-2887.

Item 1A: Risk Factors

Not applicable to smaller reporting companies.

Item 1B: Unresolved Staff Comments

Not applicable.

Item 2: Properties

Codorus Valley Bancorp, Inc. owns the Codorus Valley Corporate Center (Corporate Center), subject to a \$1.7 million lien held by its wholly owned subsidiary, PeoplesBank. The Corporate Center is located at 105 Leader Heights Road, York Township, York, PA. This facility serves as the corporate headquarters and is approximately 40,000 square feet, a portion of which is leased to third-parties. The Corporate Center is adjacent to PeoplesBank's Data Operations Center and the Leader Heights banking office.

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PeoplesBank operates 17 branch banking offices. Of this total, 7 are owned by PeoplesBank without liens and located in York County, PA, and 10 are leased by PeoplesBank and are located in York County, PA, and in Baltimore and Harford Counties in Maryland.

We believe that the above properties owned and leased by the Corporation and its subsidiary are adequate for present levels of operation.

Item 3: Legal proceedings

There are no legal proceedings pending against Codorus Valley Bancorp, Inc. or any of its subsidiaries which are expected to have a material impact upon the financial position and/or operating results of the Corporation. Management is not aware of any proceedings known or contemplated by governmental authorities.

Item 4: Submission of matters to a vote of security holders

No matters were submitted to a vote of security holders during the fourth quarter of 2008.

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The shares of Codorus Valley Bancorp, Inc. are traded on the NASDAQ Global Market under the symbol CVLY. Codorus Valley had approximately 925 registered shareholders of record as of March 2, 2009. The following table sets forth high and low sales prices and dividends paid per share for Codorus Valley as reported by NASDAQ during the periods indicated. The sales prices and cash dividends per share listed are adjusted for stock dividends.

Quarter	2008			2007		
	High	Low	Dividends per share	High	Low	Dividends per share
First	\$ 16.90	\$ 14.60	\$ 0.133	\$ 18.57	\$ 17.26	\$ 0.122
Second	17.40	13.62	0.133	19.00	16.50	0.123
Third	14.25	5.40	0.120	18.56	15.71	0.129
Fourth	11.86	7.75	0.120	18.10	14.29	0.181

Codorus Valley has a long history of paying quarterly cash dividends on its common stock. Codorus Valley presently expects to pay future cash dividends; however, the payment of such dividends will depend primarily upon the earnings of its subsidiary, PeoplesBank. Management anticipates that substantially all of the funds available for the payment of cash dividends by Codorus Valley will be derived from dividends paid to it by PeoplesBank. The payment of cash dividends is also subject to restrictions on dividends and capital requirements as reported in Note 11-Regulatory Matters. The Corporation's recent participation in the U.S. Department of the Treasury's Capital Purchase Program (CPP),

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previously disclosed in filings with the SEC and also summarized under the Shareholders' Equity and Capital Adequacy section of this report, requires regulatory approval to increase quarterly cash dividends on common stock above the current \$.12 cents per share level. Beginning in 2009, the Corporation will pay cash dividends of 5 percent per annum on outstanding preferred stock that it sold to the U.S. Treasury under its CPP.

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Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information about options outstanding and securities available for future issuance under the Corporation's 1996 Stock Incentive Plan, 1998 Independent Directors Stock Option Plan, 2000 Stock Incentive Plan, 2001 Employee Stock Bonus Plan, 2007 Long Term Incentive Plan and 2007 Employee Stock Purchase Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	196,331	\$ 12.00	359,628(1)
Equity compensation plans not approved by security holders			14,373(2)
Total	196,331	\$ 12.00	374,001

(1) Includes 168,802 shares available for issuance under the 2007 Employee Stock Purchase Plan.

(2) Shares available for issuance under the 2001 Employee Stock Bonus Plan. The plan provides for issuance of shares of common stock to employees as performance-based compensation.

Purchases of equity securities by the issuer and affiliated purchasers

In December 2007, the Board of Directors reaffirmed the Share Repurchase Program (Program), which was authorized in 1995, and as periodically amended, to permit the purchase of up to a maximum of 4.9 percent of the outstanding shares of the Corporation's common stock at a price per share no greater than 200 percent of the latest quarterly published book value. For years ended December 31, 2008 and 2007, the Corporation had not acquired any of its common stock under the current program. The Corporation's recent participation in the U.S. Department of the Treasury's Capital Purchase Program, previously disclosed in filings with the SEC and also summarized under the Shareholders' Equity and Capital Adequacy section of this report, requires regulatory approval to repurchase the Corporation's common stock.

The Corporation has repurchased its common stock on the open market to satisfy the employee purchases under the Employee Stock Purchase Program. No common shares were repurchased during the fourth quarter of 2008.

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Item 6: Selected financial data

	2008	2007	2006	2005	2004
Summary of operations (in thousands)					
Interest income	\$ 36,732	\$ 39,169	\$ 33,319	\$ 25,572	\$ 20,469
Interest expense	15,809	18,489	15,077	9,149	6,545
Net interest income	20,923	20,680	18,242	16,423	13,924
Provision for (recovery of) loan losses	1,870	(554)	650	775	420
Noninterest income	6,665	5,688	5,465	5,003	4,626
Noninterest expense	20,044	18,368	15,890	14,482	12,769

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Income before income taxes	5,674	8,554	7,167	6,169	5,361
Provision for income taxes	1,209	2,180	1,845	1,552	1,353
Net income	\$ 4,465	\$ 6,374	\$ 5,322	\$ 4,617	\$ 4,008

Per common share

(adjusted for stock dividends)

Net income, basic	\$ 1.13	\$ 1.64	\$ 1.38	\$ 1.21	\$ 1.05
Net income, diluted	\$ 1.12	\$ 1.61	\$ 1.35	\$ 1.18	\$ 1.03
Cash dividends paid	\$ 0.51	\$ 0.56	\$ 0.44	\$ 0.41	\$ 0.39
Stock dividends distributed	5%	5%	10% *	5%	5%
Book value	\$ 12.99	\$ 12.33	\$ 11.08	\$ 10.08	\$ 9.42
Cash dividend payout ratio	45.1%	33.8%	32.0%	33.6%	36.3%
Weighted average shares outstanding	3,965,996	3,881,501	3,846,877	3,831,399	3,807,562
Weighted average diluted shares outstanding	3,990,956	3,965,980	3,937,050	3,907,787	3,886,640

* includes a special 5% stock dividend

Profitability ratios

Return on average shareholders' equity (ROE)	8.9%	13.9%	13.0%	12.3%	11.5%
Return on average assets (ROA)	0.71%	1.11%	1.05%	1.06%	1.03%
Net interest margin	3.68%	3.97%	3.97%	4.16%	4.01%
Efficiency ratio	70.6%	67.4%	65.1%	66.1%	67.6%

Capital ratios

Tier 1 risk-based capital	10.0%	12.1%	12.0%	10.6%	11.8%
Total risk-based capital	10.8%	12.9%	12.7%	11.3%	12.3%
Average shareholders' equity to average assets	7.9%	8.0%	8.1%	8.6%	9.0%

Summary of financial condition at year-end (in thousands)

Investment securities	\$ 77,287	\$ 84,369	\$ 80,926	\$ 69,664	\$ 74,140
Loans	580,451	447,497	407,260	369,631	300,260
Assets	702,766	594,607	548,212	476,052	407,671
Deposits	598,129	511,968	456,645	385,154	329,537
Borrowings	47,779	30,660	45,339	49,493	39,493
Equity	52,181	48,415	42,786	38,729	35,982

Other data

Number of bank offices	17	14	14	14	12
Number of employees (full-time equivalents)	200	179	168	163	146
Wealth Management assets, market value (in thousands)	\$ 261,153	\$ 320,655	\$ 259,453	\$ 213,735	\$ 180,314

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Item 7: Management's discussion and analysis of financial condition and results of operations

Management's discussion and anal