

CODORUS VALLEY BANCORP INC  
Form 10-Q  
May 09, 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 March 31, 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

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for such shorter period that the registrant was required to submit and post such files). Yes  No

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 May 1, 2014, 5,470,955 shares of common stock, par value \$2.50, were outstanding.

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Codorus Valley Bancorp, Inc.

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Codorus Valley Bancorp, Inc.  
Consolidated Balance Sheets  
Unaudited

<i>(dollars in thousands, except share and per share data)</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>Assets</b>		
Interest bearing deposits with banks	\$ 25,995	\$ 1,947
Cash and due from banks	16,096	13,115
Total cash and cash equivalents	42,091	15,062
Securities, available-for-sale	223,505	228,741
Restricted investment in bank stocks, at cost	4,510	4,742
Loans held for sale	1,326	514
Loans (net of deferred fees of \$2,038 - 2014 and \$1,963 - 2013)	871,932	859,384
Less-allowance for loan losses	(10,313)	(9,975)
Net loans	861,619	849,409
Premises and equipment, net	14,463	14,599
Other assets	37,654	37,574
<b>Total assets</b>	<b>\$ 1,185,168</b>	<b>\$ 1,150,641</b>
<b>Liabilities</b>		
Deposits		
Noninterest bearing	\$ 112,112	\$ 107,921
Interest bearing	836,826	817,382
Total deposits	948,938	925,303
Short-term borrowings	22,814	40,363
Long-term debt	80,472	70,493
Other liabilities	9,582	6,833
<b>Total liabilities</b>	<b>1,061,806</b>	<b>1,042,992</b>
<b>Shareholders equity</b>		
Preferred stock, par value \$2.50 per share; \$1,000 liquidation preference, 1,000,000 shares authorized; 25,000 Series B shares issued and outstanding - 2014 and 2013	25,000	25,000
Common stock, par value \$2.50 per share; 15,000,000 shares authorized; shares issued and outstanding: 5,470,955 at March 31, 2014 and 4,800,318 at December 31, 2013	13,677	12,001
Additional paid-in capital	56,687	45,399
Retained earnings	25,441	23,077
Accumulated other comprehensive income	2,557	2,172
<b>Total shareholders equity</b>	<b>123,362</b>	<b>107,649</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 1,185,168</b>	<b>\$ 1,150,641</b>
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>	<b>Three months ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>Interest income</b>		
Loans, including fees	\$ 11,000	\$ 10,068
Investment securities:		
Taxable	839	645
Tax-exempt	541	628
Dividends	30	6
Other	3	14
Total interest income	12,413	11,361
<b>Interest expense</b>		
Deposits	1,671	2,009
Federal funds purchased and other short-term borrowings	36	28
Long-term debt	285	172
Total interest expense	1,992	2,209
Net interest income	10,421	9,152
<b>Provision for loan losses</b>	550	260
Net interest income after provision for loan losses	9,871	8,892
<b>Noninterest income</b>		
Trust and investment services fees	527	473
Income from mutual fund, annuity and insurance sales	133	249
Service charges on deposit accounts	678	634
Income from bank owned life insurance	173	166
Other income	139	166
Net gain on sales of loans held for sale	80	319
Total noninterest income	1,730	2,007
<b>Noninterest expense</b>		
Personnel	4,316	4,180
Occupancy of premises, net	566	511
Furniture and equipment	543	494
Postage, stationery and supplies	159	150
Professional and legal	183	137
Marketing	307	146
FDIC insurance	189	171
Debit card processing	200	178
Charitable donations	737	475
Telephone	146	134
External data processing	202	168
Foreclosed real estate including (gains) losses on sales	80	63
Other	20	446
Total noninterest expense	7,648	7,253
Income before income taxes	3,953	3,646
<b>Provision for income taxes</b>	950	984
Net income	3,003	2,662
Preferred stock dividends	62	63
Net income available to common shareholders	\$ 2,941	\$ 2,599
Net income per common share, basic	\$ 0.61	\$ 0.55
Net income per common share, diluted	\$ 0.59	\$ 0.54
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</b>	
	<b>2014</b>	<b>March 31,</b>
	<b>2013</b>	
<b>Net income</b>	\$ 3,003	\$ 2,662
<b>Other comprehensive (loss) income:</b>		
Securities available for sale:		
Net unrealized holding gains (losses) arising during the period (net of tax expense (benefit) of \$198 and (\$217), respectively)	385	(422)
<b>Comprehensive income</b>	\$ 3,388	\$ 2,240
See accompanying notes.		

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Codorus Valley Bancorp, Inc.  
Consolidated Statements of Cash Flows  
Unaudited

<i>(dollars in thousands)</i>	Three months ended March 31,	
	2014	2013
<b>Cash flows from operating activities</b>		
Net income	\$ 3,003	\$ 2,662
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation/amortization	436	359
Net amortization of premiums on securities	240	380
Amortization of deferred loan origination fees and costs	(166)	(131)
Provision for loan losses	550	260
Deferred income tax benefit	(145)	0
Amortization of investment in real estate partnership	89	85
Increase in cash surrender of bank owned life insurance	(173)	(166)
Originations of loans held for sale	(4,626)	(19,172)
Proceeds from sales of loans held for sale	3,894	19,960
Net gain on sales of loans held for sale	(80)	(319)
Gain on disposal of premises and equipment	(4)	0
Net gain on sales of foreclosed real estate	0	(14)
Stock-based compensation	77	78
(Increase) decrease in interest receivable	(20)	58
Increase in other assets	(465)	(117)
Increase (decrease) in interest payable	19	(41)
Increase in other liabilities	2,733	239
Net cash provided by operating activities	5,362	4,121
<b>Cash flows from investing activities</b>		
Purchases of securities, available-for-sale	(3,108)	(838)
Maturities, repayments and calls of securities, available-for-sale	8,687	12,104
Redemption (purchase) of restricted investment in bank stock	232	(221)
Net increase in loans made to customers	(12,846)	(22,425)
Purchases of premises and equipment	(296)	(1,612)
Investment in bank owned life insurance	0	(5,300)
Proceeds from sales of foreclosed real estate	685	207
Net cash used in investing activities	(6,646)	(18,085)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in demand and savings deposits	21,397	(2,030)
Net increase (decrease) in time deposits	2,238	(6,095)
Net decrease in short-term borrowings	(17,549)	(113)
Proceeds from issuance of long-term debt	10,000	10,000
Repayment of long-term debt	(21)	(165)
Cash dividends paid to preferred shareholder	(62)	(63)
Cash dividends paid to common shareholders	(577)	(494)
Issuance of common stock	12,887	93
Net cash provided by financing activities	28,313	1,133
Net increase (decrease) in cash and cash equivalents	27,029	(12,831)
Cash and cash equivalents at beginning of year	15,062	49,757
Cash and cash equivalents at end of period	\$ 42,091	\$ 36,926

See accompanying notes.



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Codorus Valley Bancorp, Inc.  
Consolidated Statements of Changes in Shareholders' Equity  
Unaudited