

CODORUS VALLEY BANCORP INC
Form 10-Q
August 08, 2014
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

or

o 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 x No o

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 August 1, 2014, 5,493,061 shares of common stock, par value \$2.50, were outstanding.

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Consolidated Balance Sheets
Unaudited

<i>(dollars in thousands, except share and per share data)</i>	June 30, 2014	December 31, 2013
Assets		
Interest bearing deposits with banks	\$ 20,857	\$ 1,947
Cash and due from banks	15,218	13,115
Total cash and cash equivalents	36,075	15,062
Securities, available-for-sale	226,586	228,741
Restricted investment in bank stocks, at cost	4,710	4,742
Loans held for sale	875	514
Loans (net of deferred fees of \$2,203 - 2014 and \$1,963 - 2013)	887,908	859,384
Less-allowance for loan losses	(10,460)	(9,975)
Net loans	877,448	849,409
Premises and equipment, net	15,303	14,599
Other assets	39,641	37,574
Total assets	\$ 1,200,638	\$ 1,150,641
Liabilities		
Deposits		
Noninterest bearing	\$ 113,207	\$ 107,921
Interest bearing	855,292	817,382
Total deposits	968,499	925,303
Short-term borrowings	29,971	40,363
Long-term debt	80,451	70,493
Other liabilities	8,036	6,833
Total liabilities	1,086,957	1,042,992
Shareholders equity		
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 June 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: 5,489,784 at June 30, 2014 and 4,800,318 at December 31, 2013	13,724	12,001
Additional paid-in capital	57,009	45,399
Retained earnings	27,540	23,077
Accumulated other comprehensive income	3,408	2,172
Total shareholders equity	113,681	107,649
Total liabilities and shareholders equity	\$ 1,200,638	\$ 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 June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Interest income				
Loans, including fees	\$ 10,885	\$ 10,209	\$ 21,885	\$ 20,277
Investment securities:				
Taxable	858	621	1,697	1,266
Tax-exempt	505	612	1,046	1,240
Dividends	93	3	123	9
Other	23	28	26	42
Total interest income	12,364	11,473	24,777	22,834
Interest expense				
Deposits	1,741	1,951	3,412	3,960
Federal funds purchased and other short-term borrowings	37	29	73	57
Long-term debt	297	192	582	364
Total interest expense	2,075	2,172	4,067	4,381
Net interest income	10,289	9,301	20,710	18,453
Provision for loan losses	300	560	850	820
Net interest income after provision for loan losses	9,989	8,741	19,860	17,633
Noninterest income				
Trust and investment services fees	525	464	1,052	937
Income from mutual fund, annuity and insurance sales	192	173	325	422
Service charges on deposit accounts	760	670	1,438	1,304
Income from bank owned life insurance	175	185	348	351
Other income	164	180	303	346
Net gain on sales of loans held for sale	102	322	182	641
Gain on sales of securities	0	44	0	44
Total noninterest income	1,918	2,038	3,648	4,045
Noninterest expense				
Personnel	4,288	4,115	8,604	8,295
Occupancy of premises, net	515	512	1,081	1,023
Furniture and equipment	551	476	1,094	970
Postage, stationery and supplies	163	157	322	307
Professional and legal	256	165	439	302
Marketing	413	254	720	400
FDIC insurance	173	138	362	309
Debit card processing	193	195	393	373
Charitable donations	32	11	769	486
Telephone	145	132	291	266
External data processing	233	167	435	335
Foreclosed real estate including (gains) losses on sales	167	74	247	137
Other	857	761	877	1,207
Total noninterest expense	7,986	7,157	15,634	14,410
Income before income taxes	3,921	3,622	7,874	7,268
Provision for income taxes	1,114	977	2,064	1,961
Net income	2,807	2,645	5,810	5,307
Preferred stock dividends	52	62	114	125
Net income available to common shareholders	\$ 2,755	\$ 2,583	\$ 5,696	\$ 5,182
Net income per common share, basic	\$ 0.50	\$ 0.55	\$ 1.11	\$ 1.10
Net income per common share, diluted	\$ 0.49	\$ 0.54	\$ 1.08	\$ 1.08

See accompanying notes.

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

<i>(dollars in thousands)</i>	Three months ended June 30,	
	2014	2013
Net income	\$ 2,807	\$ 2,645
Other comprehensive income (loss):		
Securities available for sale:		
Net unrealized holding gains (losses) arising during the period (net of tax expense (benefit) of \$439 and (\$1,283), respectively)	851	(2,489)
Reclassification adjustment for gains included in net income (net of tax expense of \$0 and \$15, respectively) (a) (b)	0	(29)
Net unrealized gains (losses)	851	(2,518)
Comprehensive income	\$ 3,658	\$ 127

<i>(dollars in thousands)</i>	Six months ended June 30,	
	2014	2013
Net income	\$ 5,810	\$ 5,307
Other comprehensive income (loss):		
Securities available for sale:		
Net unrealized holding gains (losses) arising during the period (net of tax expense (benefit) of \$637 and (\$1,500), respectively)	1,236	(2,911)
Reclassification adjustment for gains included in net income (net of tax expense of \$0 and \$15, respectively) (a) (b)	0	(29)