



**CODORUS
VALLEY**

BANCORP, INC.

2021 ANNUAL REVIEW



Craig L. Kauffman
President and
Chief Executive Officer

Cynthia Dotzel
Chair

J. Rodney Messick
Vice Chair

Executive Leadership

As part of the Company's long-term succession plan, I was appointed as President and Chief Executive Officer of Codorus Valley on October 1, 2021.

Larry J. Miller retired as Executive Chair from the Codorus Valley Board of Directors ("the Board") on December 31, 2021. I would like to recognize Larry for his 50 years of service to PeoplesBank and Codorus Valley. He has been instrumental in growing a small town bank into a regional community bank that impacts clients in six counties, and serves our community in so many ways. Thank you, Larry, for all you have done for this Company and for your support of me during this transition.

In December, the Board appointed PeoplesBank Director, Keith M. Cenekofsky, CPA, as Director of the Company, effective January 1, 2022. Mr. Cenekofsky succeeded Larry J. Miller on the Board. Mr. Cenekofsky spent 36 years in public accounting, most recently with BDO USA LLP, Parente Beard LLP and BeardMiller. During that time, he served as Partner in Charge for many public financial institutions' audits. Mr. Cenekofsky was previously appointed to the Board of PeoplesBank in September 2021. In addition, the Board appointed Cynthia A. Dotzel, CPA and J. Rodney Messick to new positions on the Board, effective January 1, 2022. Ms. Dotzel now serves as Board Chair and Mr. Messick serves as Board Vice Chair.

After seven years of dedicated service to the Board, Harry R. Swift, Esq. ("Ron") retired from the Board in May 2021. I thank Ron for his service to the Company.

Dear Shareholders,

The last year has been a time of reflection, transition, execution, and growth for Codorus Valley Bancorp, Inc. ("Codorus Valley" or "the Company"). Like many businesses, Codorus Valley and its subsidiary, PeoplesBank, traversed lobby closures, temporary staffing shortages, and hybrid work schedules as we navigated the second year of a global pandemic. In addition, the ongoing pandemic brought with it inflation and a tight labor market, both of which have affected our Company, the local economy, and our clients. Throughout our Company's 157-year history, we have weathered many challenges and despite these challenges, we have remained committed to meeting the needs of our clients, serving our community and delivering long-term value to shareholders.

Financial Performance

Similar to nearly every other industry that encountered unprecedented challenges over the last two years, Codorus Valley has been transitioning from recovery to growth mode. For us, this is evidenced in 2021 as we saw increases in net income, total assets, total deposits, return on equity and return on assets. Complete details of our financial performance will appear in our year-end audited financials, which we expect to present to shareholders in March in the Company's Annual Report on Form 10-K.

Strategic Focus

In late 2020, the Board set an aggressive, multi-year strategic plan focused on improving financial performance and growing the Company. The plan focuses on becoming the bank of choice for small and medium-size businesses, growing non-interest income, improving operational efficiencies, enhancing delivery channels, and deepening client relationships.

To date, we have been making positive headway towards our plan, as the Company's major initiatives have gained momentum. Our Executive Leadership Team has led the prudent execution of these strategies over the last year, and the implementation of many of these strategies are already showing a positive impact on the Company's financial performance, with others well underway.

Related to our strategy to become the bank of choice for small and medium-size businesses:

- We have identified specific opportunity segments to target our growth, which will be a focus in 2022.
- Our recent investment in a new commercial loan origination and Customer Relationship Management (CRM) system is creating efficiencies and improving client experience.

- We used this CRM system to process the second round of Paycheck Protection Program (“PPP”) loans. To date, the Bank has processed PPP loans totaling approximately \$250 million.
- PeoplesBank was awarded SBA Preferred Lender Status in 2021, which allows for faster servicing of loan requests.
- This past year we also migrated small business clients to a new online banking platform, and plans are well underway to migrate all business clients to this platform.

Growing non-interest income is another strategic priority. Specifically, saleable mortgages continue to be a focus. The Company added several new mortgage products in 2021 to ensure continued growth in the midst of a slowing mortgage market. These include several new jumbo mortgage options and a Zero Down Second Loan to assist first time homebuyers. In 2022, we plan to leverage our new online mortgage application process to capture new mortgage clients and realize greater efficiencies in the mortgage process.

The PeoplesBank Wealth Management Division continues to show strong growth with revenues increasing 17 percent in 2021. Lancaster County is a new growth market for the Wealth Management Division where assets under management grew by \$23 million in 2021. Our excellent work in the Division led to recognition as a top performer by Pohl Consulting for the second consecutive year.

Several channel optimization strategies were executed in 2021. In an effort to realize greater efficiencies, PeoplesBank closed its Dover Financial Center, Bel Air Business Banking Center, and two limited service facilities located in retirement communities. In the first half of 2022, the Young Manor Business Banking Center and the Gardenville Financial Center will also close. Clients impacted by these closures will be served at other PeoplesBank locations and through digital channels.

Regarding market opportunities, we opened a new limited services facility at Quarryville Presbyterian Retirement Community during the second quarter of 2021 to serve the senior living community and the southern area of Lancaster County. PeoplesBank also refreshed the West York Financial Center and transformed it into the first Connections Center in York County. Our new Hunt Valley Connections Center opened in early February 2022 to replace our existing Hunt Valley location and serves as a new hub for business and wealth clients in the Maryland market.

We continue to develop enhancements to our online banking offerings and promote digital banking. Client adoption of these online options continues to increase. In 2022, we plan to upgrade our Customer Data Platform and enhance our marketing automation processes. These enhancements will allow PeoplesBank to personalize the client experience, gain new clients through better digital engagement, and deepen relationships with our clients.

Improving cost of funds was another important strategy the Company successfully executed in 2021. This was evidenced by a 12.4 percent increase in interest bearing demand accounts, a 23.8 percent increase in money markets and savings accounts, and a 22.5 percent decrease in certificates of deposit.

Momentum Checking and Savings, a new consumer rewards checking and savings product with a round-up feature, successfully launched to attract core deposits. Additionally, client acquisition in the small business and commercial segments has improved core funding.

Through our strategic development efforts, Company assets grew by 11.8 percent through growth in core commercial loans, auto refinance loans, and bank investment opportunities.

Our People

In a tightening labor market, attracting and retaining top talent remains a priority. Several highly qualified commercial and wealth relationship officers joined our team in key growth markets. To retain top talent, the Company deployed a long-term remote work strategy mid-year to provide more flexibility to associates. Additionally, the Company has fostered conversations and education around Diversity, Equity and Inclusion and formed an advisory team to help guide future focus areas.

Our dedicated associates are working hard to carry out our mission and serve as trusted financial mentors. Our goal is to earn the right to become every client’s primary financial institution. We are pleased to see progress towards this goal through an increase in the average number of services per household and the growing proportion of primarily engaged households.

Corporate Governance

In December, the Board approved and adopted the Amended and Restated By-laws of the Company. The Board has adopted a majority vote standard for uncontested director elections. This enhancement, along with several others as outlined in the associated Current Report on Form 8-K, is designed to ensure that the Company is promoting industry-leading corporate governance practices.

Closing

The future for Codorus Valley Bancorp, Inc. remains bright as we continue to execute on our strategic priorities, build more momentum and bring value to our shareholders. I invite you to review highlights of our past year on the following pages and read the insights of three of our executives as we go boldly into 2022.

Thank you for your support, confidence and continued long-term investment in Codorus Valley Bancorp, Inc.

Best regards,



Craig L. Kauffman
President and Chief Executive Officer
Codorus Valley Bancorp, Inc.



2021 Highlights



We formed a new Diversity, Equity & Inclusion Advisory Team to provide insight and awareness on developing an inclusive workplace where associates' unique talents, skills, and perspectives are valued and leveraged.



The PeoplesBank Executive Leadership Team is leading the way forward in driving financial performance, growing and deepening client relationships, expanding markets, and developing client-centric digital experience enhancements.



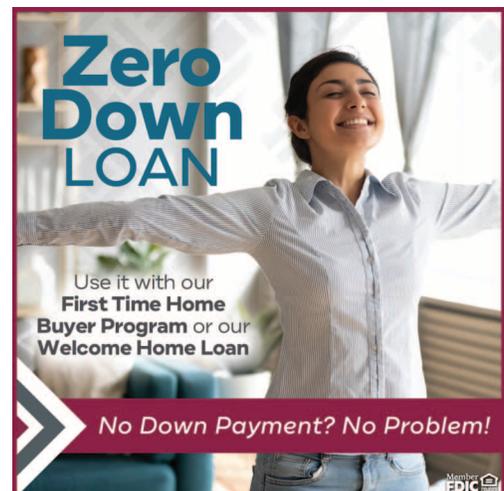
PeoplesBank was Voted Simply the Best Bank and Mortgage Lender by *York Daily Record* readers and Best Mortgage Lender by the *Hanover Evening Sun* readers in 2021.



The PeoplesBank Vision Board Experience for both consumer and business clients deployed across all markets in September. More than 1,150 vision boards have been completed since the launch.



The first annual 2021 Community Impact Report released in February 2022. This comprehensive report highlights hundreds of ways PeoplesBank impacts the communities it serves. Download the report at peoplesbanknet.com/community-impact.



The Zero Down Loan was launched in 2021 to complement other first time homebuyer mortgage offerings.

2021 Highlights



Craig L. Kauffman was appointed President and Chief Executive Officer of Codorus Valley Bancorp, Inc. on October 1, 2021.



Larry J. Miller retired after an impressive 50-year career with PeoplesBank and as Executive Chair of Codorus Valley Bancorp, Inc. on December 31, 2021.



Oxbrow Farms is one of five winners of PeoplesBank's Redeem Your Dreams contest. The \$1,000 will be used to help start a pick-your-own blueberry orchard. Helping clients achieve their dreams and live confidently is a core element of PeoplesBank's mission and brand positioning.



Jacqui Cummings, business owner of Executive Suites at Notre Maison, represents one of many small business owners who rely on PeoplesBank to help grow their business.



The West York Connections Center debuted as the first Connections Center concept in the York market in August 2021. This location refresh included digital enhancements, new client conversation spaces and an expanded team to accommodate the closure of the Dover Financial Center in September 2021.



A signature spot to meet with clients at PeoplesBank Connections Centers in Lancaster City, West York and Hunt Valley.



PeoplesBank received SBA Preferred Lender status in 2021 to better serve its business clients.

Leading the Way by Creating Client & Shareholder Value

Q&A with three members of the PeoplesBank Executive Leadership Team



Amy Doll
*Chief Lending and
Commercial Banking Officer*



Chad Clabaugh
Chief Consumer Banking Officer



Scott Campagna
Chief Information Officer

Q: How does PeoplesBank offer more value to small and medium-sized businesses?

A: PeoplesBank is uniquely positioned to serve the small- to medium-size business market. This was evident in our approach to processing PPP loans for many small businesses who were not able to be served by their primary financial institution.

A recent survey of our business clients revealed that we are their bank of choice due to our personalized approach to banking. This has become less prevalent in the small banking business world. We have a reputation of being nimble and hyper-responsive in how we interact and find creative ways to create opportunities for our clients. Our current Net Promoter Score of 70 speaks to our best in class approach to serving our business clients.

In 2021, we became one of only a few community banks in our region to obtain the SBA Preferred Lender status, achieving the highest lending status available within the Small Business Administration. This status allows us to provide faster service and loan approvals to small businesses within our community.

We are currently focused on growing our business client base by serving the needs of specific industries and increasing the number of business clients who consider us their primary financial institution. New small business products with streamlined underwriting are planned for rollout out in 2022.

Q: How is PeoplesBank offering value through financial mentorship?

A: Serving as a trusted financial mentor is a key distinction of PeoplesBank's brand. We have worked to develop tangible ways to help our clients achieve their dreams and live confidently. We believe in it so much that we have trademarked it – Take Your Dreams to the Bank®.

In 2020, we developed and launched the PeoplesBank Vision Board Experience at our new Lancaster City Connections Center. The experience for consumers and business owners was phenomenal. Clients were able to choose images that spoke to them about their future aspirations. In a matter of minutes, we were able to identify their hopes, dreams and needs, help prioritize their top three goals and establish a plan to help them achieve these goals. In my 41 years in banking, I have never seen the depth of conversations happen so quickly between a banker and a client.

The experience has been so positive, that in 2021 we launched the experience at every Financial Center. We completed more than 1,150 vision board conversations in just a few months. This has resulted in opportunities to deepen relationships with clients as evidenced by an increase in services per household. Leveraging technology, we look to enhance the vision board experience even more in the future by providing financial mentor content and opportunities based on their uniquely identified priorities.

Q: How does PeoplesBank's investment in technology impact value?

A: The pandemic definitely accelerated the world's reliance on technology. PeoplesBank's strategic investment in technology over the last several years paid dividends during the pandemic—from a new online banking platform, online account opening offering and infrastructure upgrades to a new commercial loan origination and CRM system.

In 2021, we saw a record-breaking number of clients using online banking and mobile deposit instead of visiting our Financial Centers. To further enrich the client experience, we added an online mortgage application in 2021, resulting in a more efficient application process for clients. We are now able to easily offer mortgage approvals within one business day.

Several additional investments in technology are slated for the near future to further enhance value to our clients and increase shareholder value by continuously improving productivity.

With our focus on growing business clients, we will soon be offering the ability to apply online for a small business loan with streamlined underwriting. In addition, we are planning to move all business clients to a more robust and client-friendly online banking platform that is already being used by personal and small business clients.

Boards of Directors

Codorus Valley Bancorp, Inc.
and PeoplesBank

Cynthia A. Dotzel, CPA

Chair
Codorus Valley Bancorp, Inc.
Practicing CPA
Dotzel & Company, Inc.

J. Rodney Messick

Vice Chair
Codorus Valley Bancorp, Inc.
Chief Executive Officer
HomeSale Realty Services Group, Inc.

Craig L. Kauffman

President and
Chief Executive Officer
Codorus Valley Bancorp, Inc.
President and Chief Executive Officer
PeoplesBank

Sarah M. Brown

President and Chief Executive Officer
Keller-Brown Insurance Services

Brian D. Brunner

Division President
Account and Item Processing Sales
Fiserv, Inc.

Keith M. Cenekofsky, CPA

Retired Partner
BDO USA, LLP

John W. Giambalvo, Esq.

President and Chief Executive Officer
Jack Giambalvo Motor Company

Jeffrey R. Hines, P.E.

Retired President and
Chief Executive Officer
The York Water Company

Kent K. Matsumoto, Esq.*

North America Operations Counsel
Viatris Inc.

**Member of the PeoplesBank Board Only*

Corporate Headquarters

Codorus Valley Bancorp, Inc.
Codorus Valley Corporate Center
105 Leaders Heights Road
York, Pennsylvania 17403-5137
717-747-1519

For location information and hours,
visit www.peoplesbanknet.com.

All Financial Centers have a 24-Hour
ATM on-site for client convenience and
are members of the MoneyPass® Network.

Directors Emeritus

PeoplesBank

M. Carol Druck
MacGregor S. Jones
Barry A. Keller
Rodney L. Krebs
Dallas L. Smith

Corporate Officers

Codorus Valley Bancorp, Inc.

Craig L. Kauffman

President and
Chief Executive Officer

Diane E. Baker, CPA

Vice President, Assistant Secretary
and Assistant Treasurer

Larry D. Pickett, CPA

Treasurer

Timothy J. Nieman, Esq.

General Counsel and Secretary

PeoplesWealth Advisors

A Subsidiary of PeoplesBank

Stephen M. Altland

President and Chief Executive Officer

Diane E. Baker, CPA

Vice President and Secretary

Larry D. Pickett, CPA

Treasurer and Assistant Secretary

Timothy J. Nieman, Esq.

General Counsel

Victoria A. Schofield

Vice President

Contact Information

To contact any Financial Center,
the Client Care Center, or any
bank associate, please call us at
717-846-1970 or 1-888-846-1970.
Information regarding our
products, services, and locations
may be found at our website at
www.peoplesbanknet.com.

Executive Leadership Team

PeoplesBank

Craig L. Kauffman

President and
Chief Executive Officer

Diane E. Baker, CPA

Executive Vice President,
Chief Risk Officer

Timothy J. Nieman, Esq.

General Counsel and Secretary

Larry D. Pickett, CPA

Executive Vice President,
Chief Financial Officer

Stephen M. Altland

Senior Vice President,
Wealth Management

Scott R. Campagna

Senior Vice President,
Chief Information Officer

Chad Clabaugh

Senior Vice President,
Chief Consumer Banking Officer

Matthew A. Clemens, SPHR, PCC

Senior Vice President,
Chief Administrative Officer

Amy L. Doll

Senior Vice President,
Chief Lending and
Commercial Banking Officer

E. Dennis Ginder

Senior Vice President,
Chief Credit Officer

Kristen M. Heisey, CFMP

Senior Vice President,
Director of Marketing and
Client Experience



Our Mission

To be community builders with an unwavering commitment to:

- Helping our clients achieve their dreams and live confidently
- Cultivating a work environment where our associates can thrive and make a difference
 - Delivering value and prosperity for our shareholders



Incorporated in 1986, Codorus Valley Bancorp, Inc. is a bank holding company that provides a full range of financial services through its principal subsidiary, PeoplesBank, A Codorus Valley Company. As a publicly-held corporation, common stock issued by Codorus Valley Bancorp, Inc. is traded on the NASDAQ Global Market under the symbol CVLY.

PeoplesBank, with origins dating back to 1864, is the largest independent community bank headquartered and managed in York County, Pennsylvania. Focused on acquiring and nurturing financial relationships with small and mid-sized businesses and consumers, PeoplesBank provides business, personal, and mortgage banking services as well as wealth management services throughout its network of financial centers located in York, Lancaster, and Cumberland Counties in Pennsylvania and in Baltimore and Harford Counties and Baltimore City in Maryland.

Codus Valley Bancorp, Inc. | Codorus Valley Corporate Center | 105 Leaders Heights Road | York, PA 17403-5137 | 717.747.1519

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