



## ANNUAL USE OF CAPITAL SURVEY - 2009

### NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Codorus Valley Bancorp, Inc., PeoplesBank, A Codorus Valley Company

Person to be contacted regarding this report:	Jann A. Weaver	RSSD: (For Bank Holding Companies)	1142475
UST Sequence Number:	358	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	16,500,000	FDIC Certificate Number: (For Depository Institutions)	13879
CPP Funds Repaid to Date:	0	City:	Glen Rock
Date Funded (first funding):	Jan 9, 2009	State:	Pennsylvania
Date Repaid <sup>1</sup> :	N/A		

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

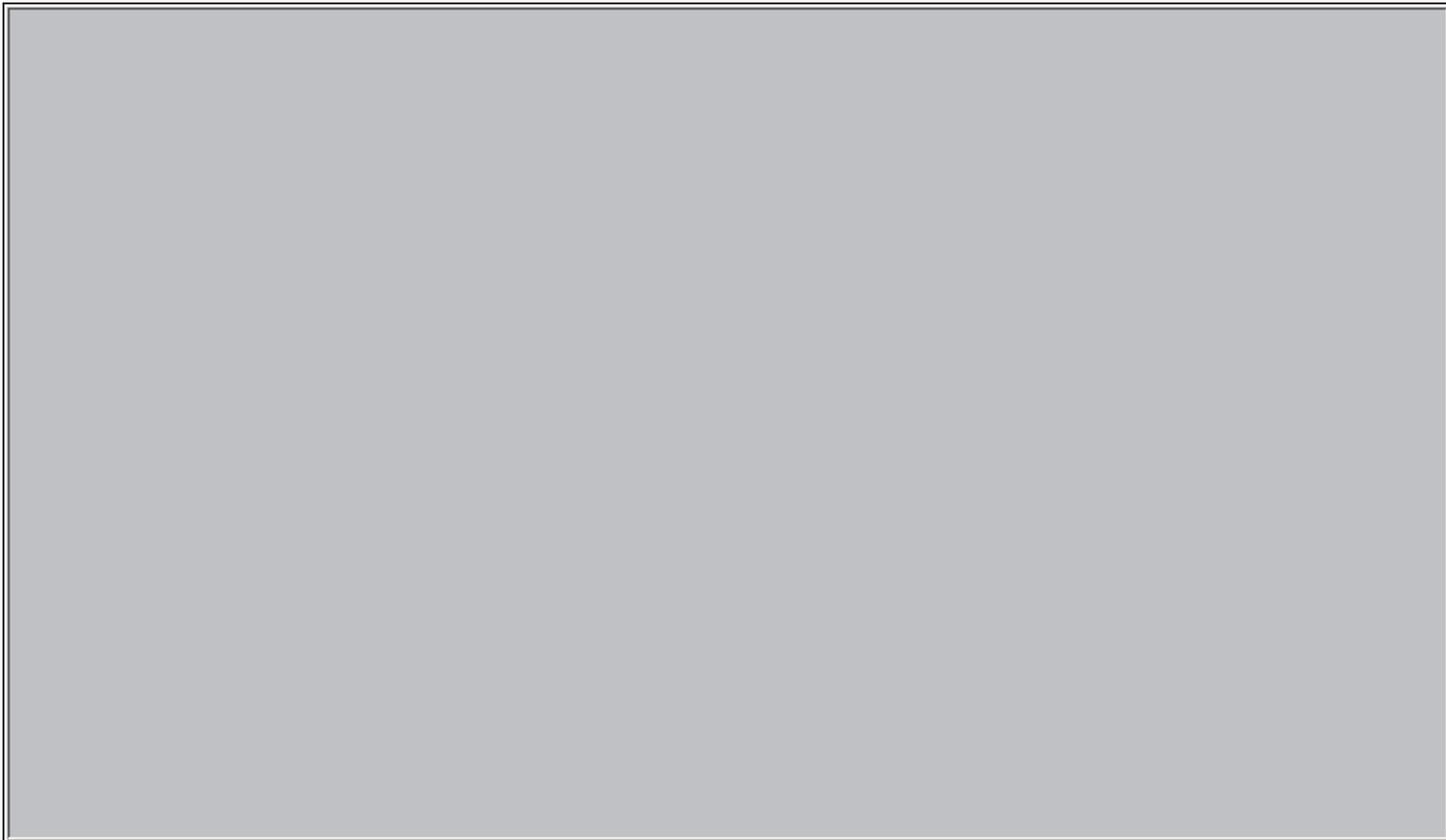
<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	As a result of CPP capital the Company was able to increase lending to creditworthy borrowers. As evidenced in Schedule RC of PeoplesBank's Call Report, total loans increased \$73 million or 13% from 12/31/08 to 12/31/09.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The increase in loan volume during 2009 was principally commercial mortgage loans as evidenced in Schedule RC-C of PeoplesBank's Call Report.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

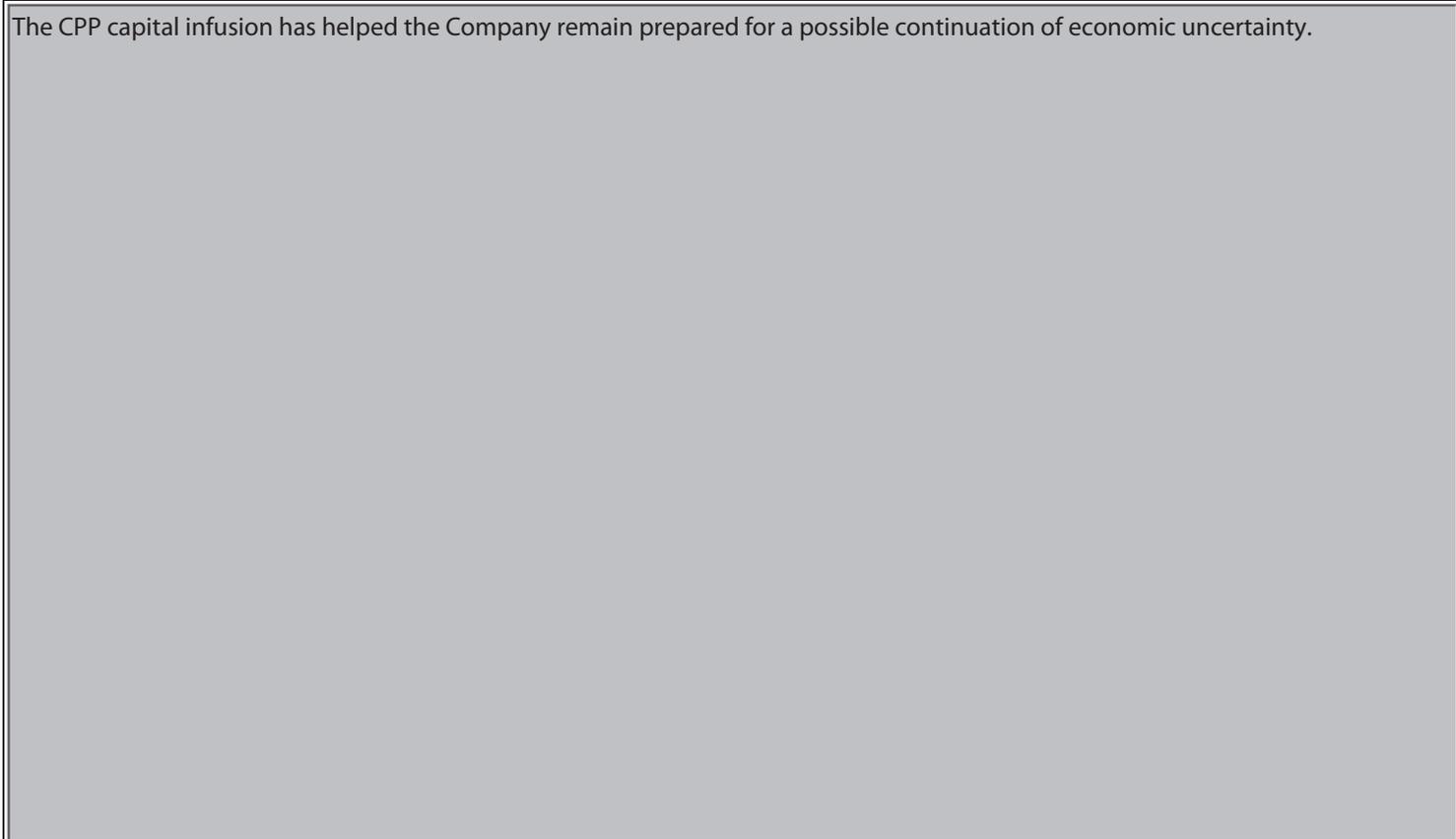
During 2009, capital was scarce and costly for financial institutions because of investor risk aversion resulting from the economic recession and losses experienced by the industry. The cost effective capital infusion of CPP funds helped the Company avoid a reduction or curtailment in lending to creditworthy borrowers, who in some cases were disenfranchised by larger banking institutions.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?



Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

The CPP capital infusion has helped the Company remain prepared for a possible continuation of economic uncertainty.



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