

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Codorus Valley Bancorp, Inc.		2 Issuer's employer identification number (EIN) 23-2428543	
3 Name of contact for additional information Larry D. Pickett	4 Telephone No. of contact 717-747-1502	5 Email address of contact lpickett@peoplesbanknet.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 105 Leader Heights Road		7 City, town, or post office, state, and ZIP code of contact York, PA 17403	
8 Date of action December 11, 2018		9 Classification and description 5% stock dividend paid to shareholders of record as of close of business October 23, 2018	
10 CUSIP number 192025104	11 Serial number(s)	12 Ticker symbol CVLY	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On October 9, 2018, the Board of Directors of Codorus Valley Bancorp, Inc. declared a 5% common stock dividend, payable on December 11, 2018, to common shareholders of record at the close of business on October 23, 2018.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **The number of shares owned should be increased by 5% and the cost basis for each share should be decreased by 5%. Fractional shares are only issued on shares that were purchased through the Dividend Reinvestment and Stock Purchase Plan. Cash in lieu of fractional shares was paid to shareholders at \$31.33 per share and reported on a Form 1099-B in 2018.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **see number 15 above**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ 1016(a)(4)

18 Can any resulting loss be recognized? ▶ No

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is 2018.
See number 15 above.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ *Larry D. Pickett* Date ▶ 12-12-18
Print your name ▶ Larry D. Pickett Title ▶ Treasurer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	