

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment.

18 Can any resulting loss be recognized? ▶ See attachment.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment.

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 ▶ *Adriano M Duarte* Date ▶ 8/15/19
Print your name ▶ Adriano M DUARTE Title ▶ EVP / CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	PAUL W MAULFAIR	<i>Paul Maulfair</i>	8/15/19		P00744929
	Firm's name ▶ BAKER TILLY VIRCHOW KRAUSE, LLP			Firm's EIN ▶	39-0859910
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Community Bank of Bergen County, NJ
EIN: 22-1236856
Attachment to Form 8937

PART II: ORGANIZATIONAL ACTION

CONSULT YOUR TAX ADVISOR

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Merger (as defined below) on the tax basis of Sussex Bancorp stock received in the Merger in exchange for Community Bank of Bergen County, NJ stock. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. Sussex Bancorp does not provide tax advice to its stockholders. You are urged to consult your own tax advisor regarding the particular consequences of the Merger to you, including the applicability and effect of all U.S. federal, state and local and foreign tax laws. You also are urged to read the Proxy Statement/Prospectus of Sussex Bancorp and Community Bank of Bergen County, NJ, dated October 27, 2017, noting especially the discussion on pages 112-113 under "Material United States Federal Income Tax Consequences." You may access the Proxy Statement/Prospectus at www.sec.gov.

Line 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 January 4, 2018 (the effective date), Sussex Bancorp completed its acquisition of Community Bank of Bergen County, NJ (the "Merger"). As part of the Merger, Community Bank of Bergen County, NJ was merged into Sussex Bank, a wholly owned subsidiary of Sussex Bancorp, with Sussex Bank as the surviving bank and Sussex Bancorp as the surviving corporation.

Pursuant to the terms of the Agreement and Plan of Merger by and among Sussex Bancorp and Community Bank of Bergen County, NJ dated April 10, 2017 (the "Merger Agreement"), upon completion of the Merger, each share of Community Bank of Bergen County, NJ common stock outstanding at the effective time of the Merger was converted into 0.97 shares of Sussex Bancorp's common stock.

Under the Merger Agreement, fractional shares of Sussex Bancorp common stock were not issued. Instead, Community Bank of Bergen County, NJ shareholders received an amount in cash in lieu of any fractional shares they would have otherwise received in the Merger

Line 15 - Describe the quantitative effect of the organization 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:

Community Bank of Bergen County, NJ shareholders received Sussex Bancorp common stock in exchange for their Community Bank of Bergen County, NJ shares, which had an effect on each U.S. holder's tax basis. Generally, a U.S. holder's aggregate tax basis in the Sussex Bancorp common stock received by such U.S. holder in the Merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below in "Cash in Lieu of Fractional Shares of Sussex Bancorp Common Stock" will equal such U.S. holder's aggregate tax basis in the Community Bank of Bergen County, NJ common stock surrendered in the Merger, increased by the amount of taxable gain, if any, recognized by such U.S. holder in the Merger (other than with respect to cash received in lieu of fractional shares of Sussex Bancorp common stock). The holding period for the shares of Sussex Bancorp's

common stock received in the Merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below in "Cash in Lieu of Fractional Shares of Sussex Bancorp's Common Stock" generally will include the holding period for the shares of Community Bank of Bergen County, NJ common stock exchanged.

Cash in Lieu of Fractional Shares of Sussex Bancorp Common Stock

A U.S. holder of Community Bank of Bergen County, NJ common stock who received cash instead of fractional shares of Sussex Bancorp common stock will be treated as having received the fractional shares pursuant to the Merger and then as having exchanged the fractional shares for cash in redemption by Sussex Bancorp. In general, this deemed redemption will be treated as a sale or exchange and a U.S. holder will recognize gain or loss equal to the difference between (i) the amount of cash received by such U.S. holder and (ii) the portion of the basis of the shares of Community Bank of Bergen County, NJ common stock allocable to such fractional interest.

Line 16 - Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of the securities and the valuation dates:

The calculations are based upon the exchange ratio agreed to in the Merger Agreement, as described in Part II, Line 14.

Based on the transaction qualifying as a reorganization under section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), if a U.S. holder exchanges shares of Community Bank of Bergen County, NJ stock solely for shares of Sussex Bancorp common stock (and cash in lieu of a fractional share) pursuant to the Merger, no gain or loss for U.S. federal income tax purposes in respect of the receipt of shares of Sussex Bancorp common stock is recognized, except with respect to the cash received for the fractional Sussex Bancorp share. In such case, the aggregate tax basis of the shares of Sussex Bancorp common stock received (including any fractional shares deemed received and exchanged for cash) will be equal to the adjusted tax basis in the shares of Community Bank of Bergen County, NJ stock surrendered in the Merger. In the case of different blocks of Community Bank of Bergen County, NJ stock acquired at different times or at different prices, the Sussex Bancorp common stock received will be allocated pro rata to each block of Community Bank of Bergen County, NJ stock, and the tax basis and holding period of each block of Sussex Bancorp common stock received will be determined on a block-by-block tax basis depending on the tax basis and holding period of the blocks of Community Bank of Bergen County, NJ stock exchanged for such block of Sussex Bancorp common stock.

Line 17 - List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:

The Merger is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Code. In general, the federal income tax consequences to the former Community Bank of Bergen County, NJ stockholders are determined under Sections 354, 356, 358 and 1221. Community Bank of Bergen County, NJ stockholders will generally recognize gain (but not loss), pursuant to Section 356 of the Code, in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the amount of cash and fair market value of the Sussex Bancorp common stock received pursuant to the Merger over the Community Bank of Bergen County, NJ stockholder's adjusted basis in its shares of Community Bank of Bergen County, NJ common stock surrendered, as determined pursuant to Sections 1001 and 1011 of the Code) and (2) the amount of cash received pursuant to the Merger (excluding any cash received in lieu of a fractional share of Sussex Bancorp common stock).

Line 18 - Can any resulting loss be recognized?

The Merger is intended to qualify for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code. Therefore, for U.S. federal income tax purposes, as a result of the Merger, a U.S. holder of shares of Community Bank of Bergen County, NJ common stock generally would only recognize gain (but not loss) in an amount not to exceed the cash received as part of the

Merger consideration. However, no cash was exchanged except in the case of fractional shares. For cash received in lieu of fractional shares of Sussex Bancorp common stock, a U.S. holder generally will recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional share interest.

Line 19 - Provide any other information to implement the adjustment such as the reportable tax year:

The merger occurred on January 4, 2018. Therefore any gain or loss recognized with respect to the Merger should be reported by Community Bank of Bergen County, NJ shareholders in the tax year that includes January 4, 2018 (e.g. a calendar-year shareholder would report the transaction on his or her federal income tax return filed for the 2018 calendar year).

Community Bank of Bergen County, NJ shareholders are urged to consult their own tax advisors with respect to their individual tax consequences of the Merger. The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of avoiding penalties under the Internal Revenue Code of 1986, as amended.