SUSSEX BANCORP
Form 10QSB
May 11, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2001

or

[_] 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 0-29030

SUSSEX BANCORP
(Exact name of registrant as specified in its charter)

New Jersey	22-3475473
(State of other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)
399 Route 23, Franklin, New Jersey	07416
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number, including area code) (973) 827-2914

(Former name, former address and former fiscal year, if changed since 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 and 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___

As of April 24, 2001 there were 1,623,454 shares of common stock, no par value, outstanding.

SUSSEX BANCORP
FORM 10-QSB

INDEX

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

SUSSEX BANCORP
CONSOLIDATED BALANCE SHEETS
(in Thousands, Except Share Data)
(Unaudited)

ASSETS	March 31, 2001	Dece
Cash and Due from Banks	$4,840	
Federal Funds Sold	19,025	
Interest Bearing Deposits	1,096	
Total Cash and Cash Equivalents	24,961	
Time Deposits in Other Banks	1,100	
Securities available for sale, at estimated fair value	41,182	
Securities held to maturity, estimated fair value of $5,800,000 in 2001 and $6,393,000 in 2000	5,740	
Total Securities	46,922	

Loans Held for Sale	297
Loans (Net of Unearned Income)	102,786
Less: Allowance for Possible Loan Losses	1,036
Net Loans	101,750
Premises and Equipment, Net	4,721
Federal Home Loan Bank Stock	693
Intangible Assets, Primarily Core Deposit Premiums	514
Accrued Interest Receivable	997
Other Assets	1,592
Total Assets	$183,547
LIABILITIES AND STOCKHOLDERS' EQUITY	
Liabilities:	
Deposits:	
Demand	$25,101
Savings	69,173
Time	49,368
Time of $100,000 and over	17,340
Total Deposits	160,982
Federal Home Loan Bank Advances	10,000
Other Liabilities	779
Total Liabilities	171,761
Stockholders' Equity:	
Common Stock, No Par Value Authorized 5,000,000 Shares, Issued 1,643,925 in 2001 and 1,511,567 in 2000.	7,585
Retained Earnings	4,237
Treasury Stock, 13,116 Shares in 2000 and 1999	(122)
Accumulated other comprehensive income, net of income tax	86
Total Stockholders' Equity	11,786
Total Liabilities and Stockholders' Equity	$183,547

See Notes to Consolidated Financial Statements

SUSSEX BANCORP
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands Except Share Data)
(Unaudited)

Three Months Ended
March 31,

	2001	2000
INTEREST INCOME		
Interest and Fees on Loans	$2,074	$1,731
Interest on Time Deposits	13	33
Interest on Securities:		
Taxable	575	571
Exempt from Federal Income Tax	67	87
Interest on Federal Funds Sold	216	57
Total Interest Income	2,945	2,479
INTEREST EXPENSE		
Interest on Deposits:	1360	1056
Interest Expense on Federal Funds Purchased	0	67
Interest Expense on FHLB Advances	124	0
Total Interest Expense	1,484	1,123
Net Interest Income	1,461	1,356
Provision for Possible Loan Losses	63	48
Net Interest Income After Provision for Loan Losses	1,398	1,308
NON-INTEREST INCOME		
Service charges on Deposit Accounts	122	110
Other Income	127	80
Total Non-Interest Income	249	190
NON-INTEREST EXPENSE		
Salaries and Employee Benefits	739	672
Occupancy Expense, Net	135	108
Furniture and Equipment Expense	125	132
Data Processing Expense	27	22
Stationary and Supplies	26	27
Advertising and Promotion	43	44
Audit and Exams	31	25
Amortization of Intangibles	21	21
Other Expenses	208	189
Total Non-Interest Expense	1,355	1,240
Income Before Provision for Income Taxes	292	258
Provision for Income Taxes	82	58
Net Income	$210	$200
Net Income Per Common Share-Basic	$0.13	$0.13
Net Income Per Common Share-Diluted	$0.13	$0.13
Weighted Average Shares Outstanding-Basic	1,617,571	1,493,776
Weighted Average Shares Outstanding-Diluted	1,635,683	1,504,330

See Notes to Consolidated Financial Statements

SUSSEX BANCORP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)
(Unaudited)

	Three Months Ended March 31, 2001	Three Months Ended March 31, 2000
Net Income	$210	$200
Other Comprehensive Income, Net of Tax		
Unrealized Gain (Loss) on Available for Sale Securities	266	(68)
Comprehensive Income	$476	$132

See Notes to Consolidated Financial Statements

SUSSEX BANCORP
CONSOLIDATED STATEMENT OF CHANGES IN
STOCKHOLDERS' EQUITY
(In Thousands)
(Unaudited)

	Common Stock	Retained Earnings	Treasury Stock	U Ga Avai
Balance December 31, 2000	$ 6,385	$ 4,027	($ 122)	
Net Income for the Period		210		
Sale of Common Stock	1,160			
Shares Issued Through Dividend Reinvestment Plan	40			
Change in Unrealized Gain on Securities, Available for Sale				
Balance March 31, 2001	$ 7,585	$ 4,237	($ 122)	

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See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS
OF CASH FLOWS
(Unaudited)

	Three
	2001
Cash Flows from Operating Activities:	
Net Income	$210
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization of Premises and Equipment	112
Amortization of Intangible Assets	21
Premium Amortization of Securities, net	16
Provision for Possible Loan Losses	63
(Amortization) of Loan Origination and Commitment Fees, net	(17)
(Increase) in Loans Held for Sale	0
Deferred Federal Income Tax (Increase)	(1)
Decrease (Increase) in Accrued Interest Receivable	(16)
(Increase) in Cash Value of Life Insurance Policy	(13)
Decrease (Increase) in Other Assets	21
Increase in Accrued Interest and Other Liabilities	121
Net Cash Provided by Operating Activities	$517
Cash Flow from Investing Activities:	
Securities Available for Sale:	
Proceeds from Maturities and Paydowns	1,188
Proceeds from Sales/Calls Prior to Maturity	5,745
Purchases	(14,494)
Securities Held to Maturity:	
Proceeds from Maturities	1,215
Purchases	(532)
Purchases of Time Deposits on Other Banks	(1,000)
Net Increase in Loans Outstanding	(1,602)
Capital Expenditures	(317)
Net Cash (Used In) Provided by Investing Activities	($9,797)
Cash Flows from Financing Activities:	
Net Increase (Decrease) in Total Deposits	20,121
Net Increase in Federal Funds Purchased	0
Exercise of Stock Options	16

Purchase of Stock	1,144
Payment of Dividends Net of Reinvestment	40
Net Cash Provided by Financing Activities	$21,321
Net Increase in Cash and Cash Equivalents	$12,041
Cash and Cash Equivalents, Beginning of Period	12,920
Cash and Cash Equivalents, End of Period	$24,961

See Notes to Consolidated Financial Statements

SUSSEX BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

Sussex Bancorp ("the Company"), a one-bank holding company, was incorporated in January, 1996 to serve as the holding company for the Sussex County State Bank ("the Bank"). The Bank is the only active subsidiary of the Company at March 31, 2001. The Bank operates eight banking offices all located in Sussex County. The Company is subject to the supervision and regulation of the Board of Governors of the Federal Reserve System (the "FRB"). The Bank's deposits are insured by the Bank Insurance Fund ("BIF") of the Federal Deposit Insurance Corporation ("FDIC") up to applicable limits. The operations of the Company and the Bank are subject to the supervision and regulation of the FRB, FDIC and the New Jersey Department of Banking and Insurance (the "Department").

The consolidated financial statements included herein have been prepared without audit in accordance with the rules and regulations of the Securities and Exchange Commission and reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results for interim periods. All adjustments made were of a normal recurring nature. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto that are included in the Company's Annual Report on Form 10-KSB for the fiscal period ended December 31, 2000.

2. Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and due from banks and federal funds sold. Generally, federal funds are sold for a one day period.

3. Securities

The amortized cost and approximate market value of securities are summarized as follows (in thousands):

	March 31, 2001 Amortized Cost	Market Value	December 31, Amortized Cost
Available For Sale			
US Treasury securities	$ 2,267	$ 2,299	$ 4,043
US Government Mortgage Backed	34,286	34,393	25,116
Corporate Bonds	3,636	3,679	3,477
Equity Securities	850	811	850
Total	$41,039	$41,182	$33,486
Held to maturity			
Obligations of State and Political subdivisions	$ 5,740	$ 5,800	$ 6,431
Total	$ 5,740	$ 5,800	$ 6,431
Total Securities	$46,779	$46,982	$39,917

4. Net Income Per Common Share

Basic net income per share of common stock is calculated by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted net income per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding during the period plus the potential dilutive effect of outstanding stock options. On June 21, 2000 the Company declared a 5% stock dividend, therefore share information for 2000 has been restated.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Three Months ended March 31, 2001 and March 31, 2000.

OVERVIEW

The Company realized net income of $210 thousand for the first quarter of 2001, an increase of $10 thousand over the $200 thousand reported for the same period in 2000. Basic and diluted earnings per share remained constant at $0.13 from March 31, 2000 to March 31, 2001.

RESULTS OF OPERATIONS

Interest Income. Total interest income increased $466 thousand, or 18.8%, to $2.9 million for the quarter ended March 31, 2001 from $2.5 million for the same period in 2000. This increase was primarily attributable to an increase in interest and fees on loans of $343 thousand and an increase of $159 thousand in interest earned on federal funds sold. Offsetting these increases was a decrease in interest earned on securities of $35 thousand from the first quarter of 2000 to the first quarter of 2001. This net increase in interest income is attributable to a $22.2 million increase in average interest earning assets, primarily in the loan portfolio. The yield on average interest-earning assets on a fully taxable equivalent basis increased 22 basis points from 7.16% for the first quarter of 2000 to 7.38% for the first quarter of 2001, reflecting both market changes in interest rates and the first results of the Company's emphasis on originating commercial and industrial loans, which generally have higher yields than other assets.

Interest Expense. The Company's interest expense for the first quarter of 2001 increased $361 thousand, or 32.1% to $1.5 million from $1.1 million as the average balance of interest bearing liabilities increased $21.3 million, or 18.1%, from the same period last year. The largest component of the increase was in time deposits, which increased $15.9 million, or 35.3% in the first quarter of 2001 compared to the same period in 2000. This increase was primarily due to the promotion of higher yielding time deposits during the first quarter of 2001. The Company's average borrowed funds increased $5.5 million from first quarter 2000 compared to the first quarter of 2001, as the Company entered into three ten year Federal Home Loan Bank advances totaling $10 million in December 2000 compared to overnight borrowed funds of $4.5 million in the first quarter of 2000. Money market and savings deposits combined showed a decrease of $919 thousand, or 1.7%, in their average balance during the first quarter of 2001 from first quarter of 2000, while NOW deposits increased $856 thousand over the same period. The Company's average cost of funds increased 46 basis points to 4.34% for the first quarter of 2001 from 3.88% for the first quarter in 2000. This increase in the average cost of funds was mainly the result of competing for higher interest rates paid on time deposits.

The following table presents, on a tax equivalent basis, a summary of the Company's interest-earning assets and their average yields, and interest-bearing liabilities and their average costs and shareholders' equity for the three months ended March 31, 2001 and 2000. The average balance of loans includes non-accrual loans, and associated yields include loan fees, which are considered adjustment to yields.

Comparative Average
Balance Sheets
Three Months Ended March 31,

	2001			
	Average Balance	Interest Income/ Expense	Average Rates Earned/ Paid	Aver Bala
	(Dollars in Thousand			
Assets				
Interest Earning Assets:				

Taxable Loans (net of unearned income)	$102,668	$2,074	8.19%	$86
Tax Exempt Securities	6,605	85	5.22%	8
Taxable Investment Securities	36,246	551	6.17%	37
Other (1)	17,299	253	5.93%	7
Total Earning Assets	$162,818	$2,963	7.38%	$140
Non-Interest Earning Assets	$13,064			$9
Allowance for Possible Loan Losses	($1,005)			($
Total Assets	$174,877			$149
Liabilities and Shareholders' Equity				
Interest Bearing Liabilities:				
NOW Deposits	$15,203	$55	1.47%	$14
Savings Deposits	45,763	391	3.47%	46
Money Market Deposits	6,825	60	3.57%	7
Time Deposits	60,997	854	5.68%	45
Borrowed Funds	10,000	124	4.96%	4
Total Interest Bearing Liabilities	$138,788	$1,484	4.28%	$117
Non-Interest Bearing Liabilities:				
Demand Deposits	$24,111			$22
Other Liabilities	767			
Total Non-Interest Bearing Liabilities	$24,878			$22
Shareholders' Equity	$11,211			$9
Total Liabilities and Shareholders' Equity	$174,877			$149
Net Interest Differential		$1,479		
Net Interest Margin			3.04%	
Net Yield on Interest-Earning Assets			3.68%	

(1) Includes FHLB stock, federal funds sold, interest-bearing deposits, and time deposits

Net-Interest Income. The net effect of the changes in interest income and interest expense for the first quarter of 2001 was an increase in net interest income of $105 thousand, or 7.8%, compared to the first quarter of 2000. The net interest margin, on a fully taxable equivalent basis, decreased 24 basis points and the net yield on interest earning assets decreased 30 basis points from the same period last year. This decrease was largely attributable to the increase in the average balance of higher yielding time deposits. The average rate paid on time deposits increased 73 basis points from 4.95% during the first three months of 2000 to 5.68% for the same period in 2001.

Provision for Loan Losses. For the three months ended March 31, 2001, the provision for possible loan losses was $63 thousand compared to the $48 thousand provision for the same period last year. The increase in the provision for loan losses over the three-month period reflects management's judgement concerning the risks inherent in the Company's existing loan portfolio and the size of the allowance necessary to absorb the risks, as well as in the average balance of the portfolio over both periods. Management reviews the adequacy of its allowance on an ongoing basis and will provide for additional provision in future periods, as management may deem necessary.

Non-Interest Income. For the first quarter of 2001, total non-interest income increased $59 thousand, or 31.1%, from the same period in 2000. Service charges on deposit accounts increased $12 thousand in the first quarter of 2001 compared to the three months ended March 31, 2000. Other income increased $47 thousand, or 58.8%, in the first quarter of 2001 from the same period last year. This increase was the result of an increase of $34 thousand in fees generated by the non-deposit investment products offered by our third party provider, IBFS, and commission income from Sussex Bancorp Mortgage Company, our mortgage banking subsidiary in the first quarter of 2001 over the first quarter of 2000.

Non-Interest Expense. For the quarter ended March 31, 2001, non-interest expense increased $115 thousand from the same period last year. Branch expansion, combined with continued growth in our existing locations, contributed to the increase in non-interest expense. Salaries and employee benefits increased $67 thousand, or 10.0%, as salaries increased $45 thousand and employee benefits increased $22 thousand, with an $18 thousand increase in medical claim expenses. Occupancy expenses increased $27 thousand, or 25.0%, largely due to the addition of our eighth location in February of 2000. Furniture and equipment expense decreased $7 thousand as a result of a decrease in depreciation expense, while other expenses increased by $19 thousand from first quarter 2000 to first quarter 2001.

Income Taxes. Income taxes expense increased $24 thousand to $82 thousand for the three months ended March 31, 2001 as compared to $58 thousand for the same period in 2000. The increase in income taxes resulted from a lower percentage of tax-exempt income in 2001.

FINANCIAL CONDITION

March 31, 2001 as compared to December 31, 2000

Total assets increased to $183.5 million at March 31, 2001, a $21.9 million increase from total assets of $161.6 million at December 31, 2000. Increases in total assets included increases of $12.0 million in cash and cash equivalents, $7.3 million in total securities, $1.6 million in total loans and $1.0 million in time deposits in other banks. These increases in assets were funded by an increase in total deposits of $20.1 million from $140.9 million at year-end 2000 to $161.0 million on March 31, 2001.

Total loans at March 31, 2001 increased $1.6 million to $102.7 million from year-end 2000. The components of the increase in total loans were an increase of $1.8 million in commercial and industrial loans, a $1.1 million increase in construction loans, a $136 thousand increase in non-residential real estate loans and a $17 thousand increase in consumer loans. These increases were offset by a decrease of $1.1 million in residential real estate loans and a $284 thousand decrease in other loans. During 2001, the Company intends to continue to emphasize the origination of commercial, industrial, and construction loans to increase the yield in its loan portfolio and reduce its dependence on loans secured by 1-4 family properties.

The following schedule presents the components of loans for each period presented:

	March 31 2001		December 31 2000	
	Amount	Percent	Amount	Percent
	(Dollars in Thousands)			
Commercial and industrial	$ 6,746	6.57%	$ 4,968	4.92%
Real Estate-Non Residential	27,665	26.94%	27,529	27.23%
Residential Properties (1-4 Family)	54,009	52.59%	55,138	54.54%
Construction	10,046	9.78%	8,960	8.86%
Consumer	2,797	2.72%	2,780	2.75%
Other Loans	1,434	1.40%	1,718	1.70%
Total Loans	$102,697	100.00%	$101,093	100.00%

Federal funds sold increased by $11 million to $19 million at March 31, 2001 from $8 million on December 31, 2000. Due to the promotion of time deposits during the first quarter of 2001, time deposits increased $14 million. As deposits increased faster than investment opportunities, the excess funds were invested in short-term federal funds. These funds will be used to fund future loan demand, with excess liquidity used to purchase investment securities.

Time deposits in other banks increased $1 million from $100 thousand at year-end 2000 to $1.1 million on March 31, 2001.

Total securities increased $7.3 million, or 18.4%, from $39.6 million at year-end 2000 to $46.9 million on March 31, 2001. Securities, available for sale, at market value, increased $8 million, or 24.1%, from $33.2 million on December 31, 2000 to $41.2 million on March 31, 2001. The Company purchased $14.5 million in new securities in the first three months of 2001 and $6.9 million in available for sale securities matured, were called and were repaid. There were $444 thousand in recorded unrealized gains in the available for sale portfolio during the first three months of 2001. Held to maturity securities decreased to $5.7 million on March 31, 2001 from $6.4 million at year-end 2000. There were $532 thousand in held to maturity purchases and $1.2 million in maturing securities in the held to maturity portfolio during the first three months of 2001.

Total year to date average deposits increased $14.5 million, or 10.5% during the first quarter of 2001 from the twelve-month average of $138.4 million at December 31, 2000 to $152.9 million for the three months ended March 31, 2001. Average time deposits increased by $13.3 million, NOW deposits increased by $942 thousand and demand deposits increased by $96 thousand. These increases were offset by decreases in money market deposits of $196 thousand and savings deposits of $90 thousand. As discussed earlier, the increase in time deposits was due to an aggressive promotion of higher yielding time deposits and the Company's decision to compete for the deposits on the basis of rate. Management continues to monitor the shift in deposits through its Asset/Liability Committee.

The following schedule presents the components of deposits, for each period presented.

	Three Months Ended March 31, 2001	Twelve Months Ended December 31, 2000

	Average Balance	Percent of Total	Average Balance	Percent of Tota
Deposits:				
NOW Deposits	$ 15,203	9.94%	$ 14,261	10.30%
Savings Deposits	45,763	29.93%	45,853	33.13%
Money Market Deposits	6,825	4.46%	6,629	4.79%
Time Deposits	60,997	39.90%	47,656	34.43%
Demand Deposits	24,111	15.77%	24,015	17.35%
Total Deposits	$152,899	100.00%	$138,414	100.00%

ASSET QUALITY

At March 31, 2001, non-performing loans decreased $50 thousand to $502 thousand, as compared to $552 thousand at December 31, 2000. Management continues to monitor the Company's asset quality.

The following table provides information regarding risk elements in the loan portfolio:

	March 31 2001	December 31 2000
Non-accrual loans	$502	$552
Non-accrual loans to total loans	0.49%	0.55%
Non-performing loans to total assets	0.27%	0.34%
Allowance for possible loan losses as a percentage of non-performing loans	206.37%	176.27%
Allowance for possible loan losses to total loans	1.01%	0.96%

ALLOWANCE FOR POSSIBLE LOAN LOSSES

The allowance for possible loan losses is maintained at a level considered adequate to provide for potential loan losses. The level of the allowance is based on management's evaluation of potential losses in the portfolio, after consideration of risk characteristics of the loans and prevailing and anticipated economic conditions. The allowance is increased by provisions charged to expense and reduced by charge-offs, net of recoveries. Although management strives to maintain an allowance it deems adequate, future economic changes, deterioration of borrowers' credit worthiness, and the impact of examinations by regulatory agencies all could cause changes to the Company's allowance for possible loan losses.

At March 31, 2001, the allowance for possible loan losses was $1.0 million, up 6.5% from the $973 thousand at year-end 2000. There were no charge offs or recoveries reported in the first quarter of 2001. The allowance for possible loan losses as a percentage of total loans was 1.01% at March 31, 2001 compared to .96% on December 31, 2000.

LIQUIDITY MANAGEMENT

At March 31, 2001, the amount of liquid assets remained at a level management deemed adequate to ensure that contractual liabilities, depositors' withdrawal requirements, and other operational and customer credit needs could be satisfied.

At March 31, 2001, liquid investments totaled $25 million, and all mature within 30 days.

It is management's intent to fund future loan demand primarily with deposit growth. In addition, the Bank is a member of the Federal Home Loan Bank of New York and as of March 31, 2001, had the ability to borrow $24.2 million against its one to four family mortgages as collateral for long term advances. The Bank also has available an overnight line of credit in the amount of $7.8 million. In December of 2000 the Company entered into three long term FHLB advances totaling $10 million. The three borrowings, which have an average interest rate of 4.96%, mature on December 21, 2010, but are callable beginning in December 2001, 2002 and 2003, respectively. These borrowings were used to restructure maturing short-term debt of $4 million and make available funds to purchase higher yielding investments.

CAPITAL RESOURCES

Total stockholders' equity increased $1.7 million to $11.8 million at March 31, 2001 from the $10.1 million at year-end 2000. The increase was due to the sale of common stock of $1.2 million, net income of $210 thousand and shares issued through the dividend reinvestment plan of $40 thousand and an increase in the net unrealized gain on securities available for sale of $266 thousand. On January 17, 2001 the Company sold 9.9% of its outstanding stock to Lakeland Bancorp, a New Jersey based bank holding company, at a price of $8.50 per share. Lakeland purchased 139,906 shares for approximately $1.1 million.

At March 31, 2000, each of the Company and the Bank exceeded each of the regulatory capital requirements applicable to it. The table below presents the capital ratios at March 31, 2001 for both the Company and the Bank as well as the minimum regulatory requirements.

	Amount	Ratio	Amount	Minimum Ratio
The Company				
Leverage Capital	$11,163	6.40%	$6,977	4%
Tier 1 - Risk Based	11,163	10.63%	4,202	4%
Total Risk-Based	12,199	11.61%	8,404	8%
The Bank				
Leverage Capital	10,233	5.87%	6,975	4%
Tier 1 Risk-Based	10,233	9.75%	4,200	4%
Total Risk-Based	11,269	10.73%	8,400	8%

NEW ACCOUNTING PRONOUNCEMENTS

The adoption of SFAS No. 138 on January 1, 2001, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133" did not have a material impact on the financial condition or results of operations of the Company.

Part II Other Information

Item 1. Legal Proceedings

The Company and the Bank are periodically involved in various legal proceedings as a normal incident to their businesses. In the opinion of management, no material loss is expected from any such pending lawsuit.

Item 2. Changes in Securities

Not applicable

Item 3. Defaults Upon Served Securities

Not applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable

Item 5. Other Information

Not applicable.

Item 6. Exhibits and Report on form 8-K

(a). Exhibits

Number	Description
27	Financial Data Schedule

(b). Reports on Form 8-K

On January 26, 2001 the Company filed a Form 8K
to report results for the year ending December 31, 2000.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SUSSEX BANCORP

Date:

By: /s/ Candace A. Leatham
CANDACE A. LEATHAM
Senior Vice President and

Chief Financial Officer