

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For Quarter Ended March 31, 2000

Commission file number 0-13580

**SUFFOLK BANCORP**

(exact name of registrant as specified in its charter)

New York State  
(State or other jurisdiction of incorporation or organization)

11-2708279  
(I.R.S. Employer Identification No.)

6 West Second Street, Riverhead, New York  
(Address of Principal Executive Offices)

11901  
(Zip Code)

(Registrant's telephone number, including area code) (631) 727-5667

NOT APPLICABLE

(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 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 . No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

6,035,580 SHARES OF COMMON STOCK OUTSTANDING AS OF MARCH 31, 2000

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## **SUFFOLK BANCORP AND SUBSIDIARIES**

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**SUFFOLK BANCORP AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CONDITION**  
*(unaudited, in thousands of dollars, except share and per share data)*

|  | March 31, 2000      | December 31, 1999 |
|--|---------------------|-------------------|
| <b>ASSETS</b>  |                     |                   |
| Cash & Due From Banks  | \$ 65,563           | \$ 53,452         |
| Federal Funds Sold   | -                   | -                 |
| Investment Securities:   |                     |                   |
| Available for Sale, at Fair Value  | 138,114             | 132,484           |
| Held to Maturity:  |                     |                   |
| U.S. Government Agency Obligations   | 1,503               | 1,583             |
| Obligations of States & Political Subdivisions   | 31,782              | 27,835            |
| Corporate Bonds & Other Securities   | 3,468               | 3,468             |
| Total Investment Securities  | 174,867             | 165,370           |
| Total Loans  | 739,389             | 727,525           |
| Less: Allowance for Possible Loan Losses   | 7,382               | 7,270             |
| Net Loans  | 732,007             | 720,255           |
| Premises & Equipment, Net  | 13,955              | 14,345            |
| Other Real Estate Owned, Net   | 175                 | 203               |
| Accrued Interest Receivable, Net   | 6,192               | 5,871             |
| Excess of Cost Over Fair Value of Net Assets Acquired  | 1,448               | 1,538             |
| Other Assets   | 19,555              | 19,765            |
| <b>TOTAL ASSETS</b>  | <b>1,013,762</b>    | <b>980,799</b>    |
| <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>  |                     |                   |
| Demand Deposits  | 242,943             | 242,397           |
| Savings, N.O.W.'s & Money Market Deposits  | 385,821             | 369,921           |
| Time Certificates of \$100,000 or more   | 29,622              | 23,458            |
| Other Time Deposits  | 234,196             | 241,527           |
| Total Deposits   | 892,582             | 877,303           |
| Federal Home Loan Bank Borrowings  | 29,300              | 13,500            |
| Dividend Payable on Common Stock   | 1,676               | 1,273             |
| Accrued Interest Payable   | 2,061               | 2,463             |
| Other Liabilities  | 9,337               | 8,926             |
| <b>TOTAL LIABILITIES</b>   | <b>934,956</b>      | <b>903,465</b>    |
| <b>STOCKHOLDERS' EQUITY</b>  |                     |                   |
| Common Stock (par value \$2.50; 15,000,000 shares authorized;<br>6,035,580 and 6,055,580 shares issued at March 31, 2000<br>& December 31, 1999, respectively) | 19,026              | 19,026            |
| Surplus  | 18,456              | 18,456            |
| Treasury Stock at Par (1,574,840 shares and 1,554,840 shares, respectively)  | (3,937)             | (3,887)           |
| Undivided Profits  | 47,327              | 45,576            |
|  | 80,872              | 79,171            |
| Accumulated Other Comprehensive Income, Net of Tax   | (2,066)             | (1,837)           |
| <b>TOTAL STOCKHOLDERS' EQUITY</b>  | <b>78,806</b>       | <b>77,334</b>     |
| <b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>  | <b>\$ 1,013,762</b> | <b>\$ 980,799</b> |

See accompanying notes to consolidated financial statements.

**SUFFOLK BANCORP AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

*(unaudited, in thousands of dollars, except share and per share data)*

|  | For the Three Months Ended |                |
|--|----------------------------|----------------|
|  | March 31, 2000             | March 31, 1999 |
| <b>INTEREST INCOME</b>                                       |                            |                |
| Federal Funds Sold   | \$ 124                     | \$ 98          |
| United States Treasury Securities                            | 419                        | 1,014          |
| Obligations of States & Political Subdivisions (tax exempt)  | 313                        | 153            |
| U.S. Government Agency Obligations                           | 1,671                      | 952            |
| Corporate Bonds & Other Securities                           | 56                         | 74             |
| Loans  | 15,764                     | 14,071         |
| Total Interest Income  | 18,347                     | 16,362         |
| <b>INTEREST EXPENSE</b>                                      |                            |                |
| Savings, N.O.W.'s & Money Market Deposits                    | 2,200                      | 1,756          |
| Time Certificates of \$100,000 or more                       | 352                        | 306            |
| Other Time Deposits  | 3,018                      | 2,962          |
| Federal Funds Purchased                                      | 245                        | 167            |
| Interest on Other Borrowings                                 | 75                         | 10             |
| Total Interest Expense                                       | 5,890                      | 5,201          |
| Net-interest Income  | 12,457                     | 11,161         |
| Provision for Possible Loan Losses                           | 300                        | 270            |
| Net-interest Income After Provision for Possible Loan Losses | 12,157                     | 10,891         |
| <b>OTHER INCOME</b>  |                            |                |
| Service Charges on Deposit Accounts                          | 1,182                      | 959            |
| Other Service Charges, Commissions & Fees                    | 282                        | 201            |
| Fiduciary Fees   | 233                        | 167            |
| Other Operating Income                                       | 232                        | 138            |
| Total Other Income   | 1,929                      | 1,465          |
| <b>OTHER EXPENSE</b>   |                            |                |
| Salaries & Employee Benefits                                 | 4,491                      | 4,275          |
| Net Occupancy Expense  | 626                        | 614            |
| Equipment Expense  | 637                        | 564            |
| Other Real Estate Expense                                    | 3                          | 1              |
| Other Operating Expense                                      | 2,208                      | 1,998          |
| Total Other Expense  | 7,965                      | 7,452          |
| Income Before Provision for Income Taxes                     | 6,121                      | 4,904          |
| Provision for Income Taxes                                   | 2,492                      | 1,881          |
| <b>NET INCOME</b>  | \$ 3,629                   | \$ 3,023       |
| <b>Average:</b> Common Shares Outstanding                    | 6,049,206                  | 6,076,842      |
| Dilutive Stock Options                                       | 7,154                      | 9,143          |
| <b>Average Total Common Shares and Dilutive Options</b>      | 6,056,360                  | 6,085,985      |
| <b>EARNINGS PER COMMON SHARE</b>                             | Basic \$ 0.60              | \$ 0.50        |
|  | Diluted \$ 0.60            | \$ 0.50        |

See accompanying notes to consolidated financial statements.

**SUFFOLK BANCORP AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(unaudited, in thousands of dollars, except share and per share data)*

|  | For the Three Months Ended |                |
|--|----------------------------|----------------|
|  | March 31, 2000             | March 31, 1999 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |                            |                |
| <b>NET INCOME</b>  | \$ 3,629                   | \$ 3,023       |
| <b>ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH</b>             |                            |                |
| Provision for Possible Loan Losses                                 | 300                        | 270            |
| Depreciation & Amortization  | 494                        | 500            |
| Amortization of Excess Cost Over Fair Value of Net Assets Acquired | 90                         | 90             |
| Accretion of Discounts   | (53)                       | (518)          |
| Amortization of Premiums   | 205                        | 159            |
| (Increase) Decrease in Accrued Interest Receivable                 | (321)                      | 30             |
| Decrease (Increase) in Other Assets                                | 237                        | (1,469)        |
| Decrease in Accrued Interest Payable                               | (402)                      | (900)          |
| Increase in Other Liabilities                                      | 814                        | 1,075          |
| <b>Net Cash Provided by Operating Activities</b>                   | 4,993                      | 2,260          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                        |                            |                |
| Principal Payments on Investment Securities                        | 131                        | 258            |
| Maturities of Investment Securities; Available for Sale            | 742                        | 1,342          |
| Purchases of Investment Securities; Available for Sale             | (4,685)                    | (128)          |
| Maturities of Investment Securities; Held to Maturity              | -                          | 52,000         |
| Purchases of Investment Securities; Held to Maturity               | (6,215)                    | (29,819)       |
| Loan Disbursements & Repayments, Net                               | (12,018)                   | (29,700)       |
| Purchases of Premises & Equipment, Net                             | (104)                      | (388)          |
| <b>Net Cash Used in Investing Activities</b>                       | (22,149)                   | (6,435)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                        |                            |                |
| Net Increase in Deposit Accounts                                   | 15,279                     | 452            |
| Net Proceeds from Other Borrowings                                 | 15,800                     | -              |
| Dividends Paid to Shareholders                                     | (1,273)                    | (1,097)        |
| Treasury Shares Acquired   | (539)                      | (287)          |
| <b>Net Cash Provided by (Used in) Financing Activities</b>         | 29,267                     | (932)          |
| <b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>      | 12,111                     | (5,107)        |
| <b>Cash &amp; Cash Equivalents Beginning of Period</b>             | 53,452                     | 76,098         |
| <b>Cash &amp; Cash Equivalents End of Period</b>                   | \$ 65,563                  | \$ 70,991      |

See accompanying notes to consolidated financial statements.

# SUFFOLK BANCORP AND SUBSIDIARIES

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

### (1) General

In the opinion of management, the accompanying unaudited consolidated financial statements of Suffolk Bancorp (Suffolk) and its consolidated subsidiaries have been prepared to reflect all adjustments (consisting solely of normally recurring accruals) necessary for a fair presentation of the financial condition and results of operations for the periods presented. Certain information and footnotes normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Notwithstanding, management believes that the disclosures are adequate to prevent the information from misleading the reader, particularly when the accompanying consolidated financial statements are read in conjunction with the audited consolidated financial statements and notes thereto included in the Registrant's annual report and on Form 10-K, for the year ended December 31, 1999.

The results of operations for the three months ended March 31, 2000 are not necessarily indicative of the results of operations to be expected for the remainder of the year.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

for the Three-Month Periods ended March 31, 2000 and 1999

#### Net Income

Net income was \$3,629,000 for the quarter, ahead 20.0 percent from \$3,023,000 posted during the same period last year. Earnings per share for the quarter were \$0.60 versus \$0.50, a gain of 20.0 percent.

#### Interest Income

Interest income was \$18,347,000 for the first quarter of 2000, up 12.1 percent from \$16,362,000 posted for the same quarter in 1999. Average loans during the first quarter of 2000 totaled \$718,721,000, compared to \$635,845,000 for the same period of 1999. During the first quarter of 2000, the yield was 8.28 percent (taxable-equivalent) on average earning assets of \$894,044,000 up from 8.13 percent on average earning assets of \$810,318,000 during the first quarter of 1999.

#### Interest Expense

Interest expense for the first quarter of 2000 was \$5,890,000, up 13.2 percent from \$5,201,000 for the same period of 1999. Average deposits for the first quarter 2000 were \$872,557,000 up from \$809,396,000 for the comparable period in 1999.

#### Net Interest Income

Net interest income is the largest component of Suffolk's earnings. Net interest income for the first quarter of 2000 was \$12,457,000, up from \$11,161,000 during the same period of 1999. The net interest margin for the quarter, on a fully taxable-equivalent basis, was 5.65 percent compared to 5.56 percent for the same period of 1999.

The following table details the components of Suffolk's net interest income:

| Quarter ended March 31,  | 2000                |                  |                 | 1999               |                  |                 |
|--|---------------------|------------------|-----------------|--------------------|------------------|-----------------|
|  | Average<br>Balance  | Interest         | Average<br>Rate | Average<br>Balance | Interest         | Average<br>Rate |
| <b>INTEREST-EARNING ASSETS</b>   |                     |                  |                 |                    |                  |                 |
| U.S. treasury securities   | \$ 30,995           | \$ 427           | 5.52 %          | \$ 78,877          | \$ 1,034         | 5.24 %          |
| Obligations of states and political subdivisions   | 30,133              | 476              | 6.31            | 15,266             | 233              | 6.11            |
| U.S. govt. agency obligations  | 101,740             | 1,671            | 6.57            | 61,982             | 952              | 6.14            |
| Corporate bonds and other securities   | 3,468               | 56               | 6.46            | 3,254              | 74               | 9.13            |
| Federal funds sold and securities purchased<br>under agreements to resell                  | 8,987               | 124              | 5.51            | 8,094              | 98               | 4.84            |
| Loans, including non-accrual loans   |                     |                  |                 |                    |                  |                 |
| Commercial, financial agricultural loans   | 128,829             | 3,016            | 9.37            | 122,068            | 2,562            | 8.39            |
| Commercial real estate mortgages   | 156,398             | 3,439            | 8.80            | 128,009            | 2,972            | 9.29            |
| Real estate construction loans   | 22,575              | 521              | 9.23            | 13,379             | 284              | 8.50            |
| Residential mortgages (1st and 2nd liens)  | 81,972              | 1,895            | 9.25            | 72,386             | 1,751            | 9.68            |
| Home equity loans  | 20,144              | 518              | 10.28           | 21,485             | 485              | 9.02            |
| Consumer loans   | 306,129             | 6,375            | 8.32            | 283,933            | 6,017            | 8.48            |
| Other loans (overdrafts)   | 2,674               | -                | -               | 1,585              | -                | -               |
| <b>Total interest-earning assets</b>   | <b>\$ 894,044</b>   | <b>\$ 18,518</b> | <b>8.28 %</b>   | <b>\$ 810,318</b>  | <b>\$ 16,462</b> | <b>8.13 %</b>   |
| Cash and due from banks  | \$ 60,527           |                  |                 | \$ 58,593          |                  |                 |
| Other non-interest-earning assets  | 45,733              |                  |                 | 45,992             |                  |                 |
| <b>Total assets</b>  | <b>\$ 1,000,304</b> |                  |                 | <b>\$ 914,903</b>  |                  |                 |
| <b>INTEREST-BEARING LIABILITIES</b>  |                     |                  |                 |                    |                  |                 |
| Savings, N.O.W.'s and money market deposits  | \$ 372,750          | \$ 2,200         | 2.36 %          | \$ 332,218         | \$ 1,756         | 2.11 %          |
| Time deposits  | 261,457             | 3,370            | 5.16            | 257,467            | 3,268            | 5.08            |
| <b>Total savings and time deposits</b>   | <b>634,207</b>      | <b>5,570</b>     | <b>3.51</b>     | <b>589,685</b>     | <b>5,024</b>     | <b>3.41</b>     |
| Federal funds purchased and securities<br>sold under agreement to repurchase               | 5,043               | 75               | 5.94            | 14,189             | 167              | 4.76            |
| Other borrowings   | 16,497              | 245              | 5.94            | 1,645              | 10               | 2.50            |
| <b>Total interest-bearing liabilities</b>  | <b>\$ 655,747</b>   | <b>\$ 5,890</b>  | <b>3.59 %</b>   | <b>\$ 605,519</b>  | <b>\$ 5,201</b>  | <b>3.44 %</b>   |
| Rate spread  |                     |                  | 4.69 %          |                    |                  | 4.69 %          |
| Non-interest-bearing deposits  | \$ 238,350          |                  |                 | \$ 219,711         |                  |                 |
| Other non-interest-bearing liabilities   | 29,899              |                  |                 | 18,691             |                  |                 |
| <b>Total liabilities</b>   | <b>\$ 923,996</b>   |                  |                 | <b>\$ 843,921</b>  |                  |                 |
| Stockholders' equity   | 76,308              |                  |                 | 70,982             |                  |                 |
| <b>Total liabilities and stockholders' equity</b>  | <b>\$ 1,000,304</b> |                  |                 | <b>\$ 914,903</b>  |                  |                 |
| Net-interest income (taxable-equivalent basis)<br>and effective interest rate differential |                     | \$ 12,628        | 5.65 %          | \$ 11,261          |                  | 5.56 %          |
| Less: taxable-equivalent basis adjustment  |                     | (171)            |                 | (100)              |                  |                 |
| <b>Net-interest income</b>   |                     | <b>\$ 12,457</b> |                 | <b>\$ 11,161</b>   |                  |                 |

The following table allocates changes from year to year in net interest income to rate and volume on a taxable equivalent basis (dollars in thousands)

|  | <b>In 2000 over 1999</b> |                 |                 |
|--|--------------------------|-----------------|-----------------|
|  | <b>Changes Due to</b>    |                 |                 |
|  | Volume                   | Rate            | Net Change      |
| <b>INTEREST-EARNING ASSETS</b>   |                          |                 |                 |
| U.S. Treasury securities   | \$ (657)                 | \$ 50           | (607)           |
| Obligations of states and political subdivisions                             | 235                      | 8               | 243             |
| U.S. govt. agency obligations  | 649                      | 70              | 719             |
| Corporate bonds and other securities   | 5                        | (23)            | (18)            |
| Federal fund sold and securities purchased<br>under agreement to resell      | 11                       | 15              | 26              |
| Loans, including non-accrual loans   |                          |                 |                 |
| Commercial, financial agricultural loans                                     | 147                      | 307             | 454             |
| Commercial real estate mortgages   | 631                      | (164)           | 467             |
| Real estate construction loans   | 210                      | 27              | 237             |
| Residential mortgages (1st and 2nd liens)                                    | 224                      | (80)            | 144             |
| Home equity loans  | (32)                     | 65              | 33              |
| Consumer loans   | 465                      | (107)           | 358             |
| Other loans (overdrafts)   | 0                        | 0               | -               |
| <b>Total interest-earning assets</b>   | <b>\$ 1,888</b>          | <b>\$ 168</b>   | <b>\$ 2,056</b> |
| <b>INTEREST-BEARING LIABILITIES</b>  |                          |                 |                 |
| Savings, N.O.W.'s and money market deposits                                  | \$ 228                   | \$ 216          | \$ 444          |
| Time deposits  | 51                       | 51              | 102             |
| Federal funds purchased and securities<br>sold under agreement to repurchase | (128)                    | 36              | (92)            |
| Other borrowings   | 155                      | 80              | 235             |
| <b>Total interest-bearing liabilities</b>                                    | <b>\$ 306</b>            | <b>\$ 383</b>   | <b>\$ 689</b>   |
| <b>Net change in net-interest income<br/>(taxable-equivalent basis)</b>      | <b>\$ 1,582</b>          | <b>\$ (215)</b> | <b>\$ 1,367</b> |

### Other Income

Other income increased to \$1,929,000 for the three months compared to \$1,465,000 the previous year. Service charges on deposits were up 23.3 percent. Service charges other than for deposits, commissions, and fees increased by 40.3 percent. Trust revenue was up 39.5 percent. Other operating income was up 68.1 percent.

### Other Expense

Other expense for the first quarter of 2000 was \$7,965,000, up 6.9 percent from \$7,452,000 for the comparable period in 1999.

## Capital Resources

Stockholders' equity totaled \$78,806,000 on March 31, 2000, an increase of 1.9 percent from \$77,334,000 on December 31, 1999. The ratio of equity to assets was 7.8 percent at March 31, 2000 and 7.9 percent at December 31, 1999. The following table details amounts and ratios of Suffolk's regulatory capital: (in thousands of dollars except ratios)

|  | Actual    |        | For capital adequacy |       | To be well capitalized under prompt corrective action provisions |        |
|--|-----------|--------|----------------------|-------|--|--------|
|  | Amount    | Ratio  | Amount               | Ratio | Amount   | Ratio  |
| As of March 31, 2000                     |           |        |                      |       |  |        |
| Total capital (to risk-weighted assets)  | \$ 86,636 | 10.66% | \$ 65,022            | 8.00% | \$ 81,277  | 10.00% |
| Tier 1 capital (to risk-weighted assets) | 79,254    | 9.75%  | 32,511               | 4.00% | 48,766   | 6.00%  |
| Tier 1 capital (to average assets)       | 79,254    | 7.92%  | 32,511               | 4.00% | 40,639   | 5.00%  |
| As of December 31, 1999                  |           |        |                      |       |  |        |
| Total capital (to risk-weighted assets)  | \$ 88,615 | 11.05% | \$ 61,905            | 8.00% | \$ 77,381  | 10.00% |
| Tier 1 capital (to risk-weighted assets) | 81,345    | 10.15% | 30,952               | 4.00% | 46,429   | 6.00%  |
| Tier 1 capital (to average assets)       | 81,345    | 8.74%  | 30,952               | 4.00% | 47,010   | 5.00%  |

## Credit Risk

Suffolk makes loans based on the best evaluation possible of the creditworthiness of the borrower. Even with careful underwriting, some loans may not be repaid as originally agreed. To provide for this possibility, Suffolk maintains an allowance for possible loan losses, based on an analysis of the performance of the loans in its portfolio. The analysis includes subjective factors based on management's judgment as well as quantitative evaluation. Prudent, conservative estimates should produce an allowance that will provide for a range of losses. According to generally accepted accounting principles ("GAAP") a financial institution should record its best estimate. Appropriate factors contributing to the estimate may include changes in the composition of the institution's assets, or potential economic slowdowns or downturns. Also important is the geographical or political environment in which the institution operates. Suffolk's management considers all of these factors when determining the provision for possible loan losses.

The following table presents information about the allowance for possible loan losses: (in thousand of dollars except ratios)

|   | For the last 12 months | For the three months ended |              |               |              |
|---|------------------------|----------------------------|--------------|---------------|--------------|
|   |                        | Mar. 31 2000               | Dec. 31 1999 | Sept. 30 1999 | June 30 1999 |
| Allowance for possible loan losses                  |                        |                            |              |               |              |
| Beginning balance                                   | 7,086                  | 7,270                      | 7,106        | 7,173         | 7,086        |
| Total charge-offs                                   | 976                    | 214                        | 172          | 395           | 195          |
| Total recoveries                                    | 172                    | 26                         | 36           | 53            | 57           |
| Provision for possible loan losses                  | 1,100                  | 300                        | 300          | 275           | 225          |
| Ending balance                                      | 7,382                  | 7,382                      | 7,270        | 7,106         | 7,173        |
| Coverage ratios                                     |                        |                            |              |               |              |
| Loans, net of discounts: average                    | 697,032                | 718,721                    | 702,838      | 689,600       | 676,969      |
| at end of period                                    | 716,934                | 739,389                    | 727,525      | 701,763       | 699,060      |
| Non-performing assets                               | 1,659                  | 1,646                      | 1,407        | 1,485         | 2,099        |
| Non-performing assets/total loans (net of discount) | 0.23%                  | 0.22%                      | 0.19%        | 0.21%         | 0.30%        |
| Net charge-offs/average net loans (annualized)      | 0.12%                  | 0.10%                      | 0.08%        | 0.20%         | 0.08%        |
| Allowance/non-accrual, restructured, & OREO         | 430.07%                | 448.48%                    | 451.55%      | 478.52%       | 341.73%      |
| Allowance for loan losses/net loans                 | 1.01%                  | 1.00%                      | 1.00%        | 1.01%         | 1.03%        |

## Market Risk

Suffolk originates and invests in interest-earning assets and solicits interest-bearing deposit accounts. Suffolk's operations are subject to market risk resulting from fluctuations in interest rates to the extent that there is a difference between the amounts of interest-earning assets and interest-bearing liabilities that are prepaid, withdrawn, mature, or reprice in any given period of time. Suffolk's earnings or the net value of its portfolio (the present value of expected cash flows from liabilities) will change when interest rates change. The principal objective of Suffolk's asset/liability management program is to maximize net interest income while keeping risks acceptable. These risks include both the effect of changes in interest rates, and risks to liquidity. The program also provides guidance to management in funding Suffolk's investment in loans and securities. Suffolk's exposure to interest-rate risk has not changed substantially since December 31, 1999.

## PART II

### Item 6. Exhibits and Reports on Form 8-K.

None

## SIGNATURES

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.

SUFFOLK BANCORP

Date: May 15, 2000

/s/ Thomas S. Kohlmann.  
Thomas S. Kohlmann  
President & Chief Executive Officer

Date: May 15, 2000

/s/ J. Gordon Huszagh  
J. Gordon Huszagh  
Executive Vice President &  
Chief Financial Officer