

PRESS RELEASE

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Contact: Douglas Ian Shaw
Corporate Secretary
(631) 727-5667



6 West Second Street
Riverhead, NY 11901
(631) 727-5667 (Voice) - (631) 727-3214 (FAX)
invest@suffolkbancorp.com

SUFFOLK BANCORP ANNOUNCES 20.6 PERCENT INCREASE IN EARNINGS PER SHARE

Riverhead, New York, July 16, 2001 — Suffolk Bancorp (NASDAQ - SUBK) today released the results of its operations during the second quarter and first six months of 2001. Net income for the quarter was \$4,828,000, up 18.5% from \$ 4,075,000 posted during the same period last year. Earnings per share for the quarter were \$0.82 compared to \$0.68, up 20.6 percent. Net income for the six months was \$9,231,000, up 19.8% from \$ 7,704,000 posted during the same period last year. Earnings per share for the six months were \$1.56 compared to \$1.28, up 21.9 percent. A detailed financial summary follows the text of this release.

President and CEO Thomas S. Kohlmann commented, "The second quarter provides further evidence that Suffolk Bancorp has been able to balance its book of assets and liabilities effectively. Despite an environment in which interest rates have moved substantially, our net interest margin remained essentially steady at 5.65 percent, compared to 5.68 percent during the first quarter. Key performance ratios reflect that stability. Return on average equity was 21.74 percent for the quarter. Return on average assets was 1.84 percent. During the quarter, our liquidity actually improved, in part because of seasonal inflows of deposits, but also in comparison to the same time last year. These all keep us in the company of the high-performing banking houses, whether measured by assets or geographic region."

Mr. Kohlmann went on to say, "As I repeatedly emphasize, our results are owed to several basic factors. First is the relatively low cost of core funding, bolstered by an unusually high proportion of demand deposits to total deposits, 28.6 percent at June 30th. Following has been the ongoing reorganization of our portfolio of earning assets, both to improve yields, and mitigate the risk of changing interest rates, now evidenced. Growth in non-interest expense is well below the rate of growth in assets as it has for some quarters now, increasing operating efficiency. Additionally, non-interest income has improved from year to year, reflecting increased activity across a number of lines of business."

Kohlmann added, "Asset quality remains one of Suffolk's strengths. Net chargeoffs amounted to just 1 basis point (0.01%) (annualized) during the quarter, and only 3 basis points (0.03%) (annualized) for the year to date. The allowance for possible loan losses is 3.28 times non-performing assets."

Suffolk Bancorp is a one-bank holding company engaged in the commercial banking business through the Suffolk County National Bank, a full service commercial bank headquartered in Riverhead, New York. "SCNB" is Suffolk Bancorp's wholly owned subsidiary. Organized in 1890, the Suffolk County National Bank has 26 offices in Suffolk County, New York. The financial summary follows.



STATISTICAL SUMMARY

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

	<u>2nd qtr 2001</u>	<u>2nd qtr 2000</u>	<u>Change</u>	<u>6 Mos. 2001</u>	<u>6 Mos. 2000</u>	<u>Change</u>
EARNINGS						
Net Income	\$ 4,828	\$ 4,075	18.5%	\$ 9,231	\$ 7,704	19.8%
Net Interest Income	13,577	12,848	5.7%	26,927	25,305	6.4%
Earnings Per Share	0.82	0.68	20.6%	1.56	1.28	21.9%
Cash Dividends Per Share	0.28	0.23	21.7%	0.56	0.46	21.7%
AVERAGE BALANCES						
Average Assets	1,051,893	1,011,068	4.0%	1,050,906	1,005,747	4.5%
Average Net Loans	784,498	734,945	6.7%	777,430	726,833	7.0%
Average Investment Securities	156,201	172,667	(9.5%)	161,752	169,502	(4.6%)
Average Deposits	923,586	876,703	5.3%	909,326	874,637	4.0%
Average Equity	88,849	77,314	14.9%	88,192	76,811	14.8%
RATIOS						
Return on Average Equity	21.74%	21.08%	3.1%	20.93%	20.06%	4.3%
Return on Average Assets	1.84%	1.61%	14.3%	1.76%	1.53%	15.0%
Average Equity/Assets	8.45%	7.65%	10.5%	8.39%	7.64%	9.8%
Net Interest Margin (FTE)	5.65%	5.74%	(1.6%)	5.71%	5.69%	0.4%
Efficiency Ratio	47.89%	51.88%	(7.7%)	49.46%	53.61%	(7.7%)
Tier 1 Leverage Ratio June 30	8.51%	8.16%	4.3%			
Tier 1 Risk-based Capital Ratio June 30	9.93%	9.83%	1.0%			
Total Risk-based Capital Ratio June 30	10.87%	10.75%	1.1%			
ASSET QUALITY						
	during period:					
Net Charge-offs	\$ 20	\$ 155	(87.1%)	113	343	(67.1%)
Net Charge-offs/Average Net Loans(annual)	0.01%	0.08%	(87.5%)	0.03%	0.09%	(66.7%)
	at end of period:					
Non-accrual & Restructured Loans	\$ 2,578	\$ 2,098	22.9%			
Foreclosed Real Estate ("OREO")	0	175	(100.0%)			
Total Non-performing Assets	2,578	2,273	13.4%			
Allowance/Non-performing Assets	327.62%	331.15%	(1.1%)			
Allowance/Loans, Net of Discount	1.06%	1.00%	6.0%			
Net Loans/Deposits	81.61%	80.71%	1.1%			
EQUITY						
Shares Outstanding	5,905,814	5,995,064	(1.5%)			
Common Equity	\$ 91,443	\$ 80,712	13.3%			
Book Value Per Common Share	15.48	13.46	15.0%			
Tangible Common Equity	90,448	79,355	14.0%			
Tangible Book Value Per Common Share	15.32	13.24	15.7%			
LOAN DISTRIBUTION at end of period						
Commercial, Financial & Agricultural loans	151,948	139,810	8.7%			
Commercial Real Estate Mortgages	168,264	153,749	9.4%			
Real Estate -- Construction Loans	27,071	30,759	(12.0%)			
Residential Mortgages (1st and 2nd liens)	91,226	87,500	4.3%			
Home Equity Loans	24,299	20,115	20.8%			
Consumer Loans	332,784	316,696	5.1%			
Other Loans	1,382	2,103	(34.3%)			
Total Loans (Net of Unearned Discounts)	796,974	750,732	6.2%			



CONSOLIDATED STATEMENTS OF CONDITION

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

	June 30,		Change
	2001	2000	
ASSETS			
Cash & Due From Banks	\$ 52,280	\$ 84,361	(38.0%)
Federal Funds Sold	44,300	2,000	2,115.0%
Investment Securities:			
Available for Sale, at Fair Value	135,438	138,520	(2.2%)
U.S. Government Agency Obligations	-	1,291	(100.0%)
Obligations of States & Political Subdivisions	5,927	13,759	(56.9%)
Corporate Bonds & Other Securities	3,468	3,468	0.0%
Total Investment Securities	144,833	157,038	(7.8%)
Total Loans	796,974	750,732	6.2%
Allowance for Possible Loan Losses	8,446	7,527	12.2%
Net Loans	788,528	743,205	6.1%
Premises & Equipment, Net	13,366	13,949	(4.2%)
Other Real Estate Owned, Net	-	175	(100.0%)
Accrued Interest Receivable, Net	5,621	6,058	(7.2%)
Excess of Cost Over Fair Value of Net Assets Acquired	995	1,357	(26.7%)
Other Assets	23,602	21,216	11.2%
TOTAL ASSETS	<u>\$ 1,073,525</u>	<u>1,029,359</u>	4.3%
LIABILITIES & STOCKHOLDERS' EQUITY			
Demand Deposits	\$ 276,831	265,442	4.3%
Savings, N.O.W.'s & Money Market Deposits	392,935	383,842	2.4%
Time Certificates of \$100,000 or more	26,284	31,406	(16.3%)
Other Time Deposits	270,197	240,131	12.5%
Total Deposits	966,247	920,821	4.9%
Federal Home Loan Bank Borrowings/Fed Funds Purchased	-	15,200	(100.0%)
Dividend Payable on Common Stock	1,654	1,381	19.8%
Accrued Interest Payable	2,609	2,327	12.1%
Other Liabilities	11,572	8,918	29.8%
TOTAL LIABILITIES	<u>982,082</u>	<u>948,647</u>	3.5%
STOCKHOLDERS' EQUITY			
Common Stock (par value \$2.50; 15,000,000 shares authorized; 5,905,814 and 5,995,064 shares issued and outstanding at June 30, 2001 and 2000, respectively)	19,112	19,026	0.5%
Surplus	19,165	18,456	3.8%
Treasury Stock at Par (1,739,106 and 1,615,356 shares, respectively)	(4,348)	(4,038)	7.7%
Undivided Profits	56,594	49,031	15.4%
	90,523	82,475	9.8%
Accumulated Other Comprehensive Income, Net of Tax	920	(1,763)	(152.2%)
TOTAL STOCKHOLDERS' EQUITY	<u>91,443</u>	<u>80,712</u>	13.3%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>\$ 1,073,525</u>	<u>1,029,359</u>	4.3%

PRESS RELEASE

July 16, 2001

Page 4 of 4

**CONSOLIDATED STATEMENTS OF INCOME***(unaudited, in thousands of dollars except for share and per share data)*

	For the 3 Months Ended			For the Year to Date		
	<u>6/30/01</u>	<u>6/30/00</u>	<u>Change</u>	<u>2001</u>	<u>2000</u>	<u>Change</u>
INTEREST INCOME						
Federal Funds Sold	\$ 166	\$ 24	591.7%	\$ 178	\$ 148	20.3%
United States Treasury Securities	328	431	(23.9%)	726	850	(14.6%)
Obligations of States & Political Subdivisions	164	324	(49.4%)	321	637	(49.6%)
Mortgage-Backed Securities	1,436	1,232	16.6%	2,881	2,361	22.0%
U.S. Government Agency Obligations	445	556	(20.0%)	990	1,098	(9.8%)
Corporate Bonds & Other Securities	56	71	(21.1%)	128	127	0.8%
Loans	17,378	16,379	6.1%	34,642	32,143	7.8%
Total Interest Income	<u>19,973</u>	<u>19,017</u>	5.0%	<u>39,866</u>	<u>37,364</u>	6.7%
INTEREST EXPENSE						
Savings, N.O.W.'s & Money Market Deposits	2,146	2,209	(2.9%)	4,267	4,409	(3.2%)
Time Certificates of \$100,000 or more	380	315	20.6%	725	667	8.7%
Other Time Deposits	3,669	3,134	17.1%	7,301	6,152	18.7%
Federal Funds Purchased	28	116	(75.9%)	98	191	(48.7%)
Interest on Other Borrowings	173	395	(56.2%)	548	640	(14.4%)
Total Interest Expense	<u>6,396</u>	<u>6,169</u>	3.7%	<u>12,939</u>	<u>12,059</u>	7.3%
Net-interest Income	13,577	12,848	5.7%	26,927	25,305	6.4%
Provision for Possible Loan Losses	405	300	35.0%	810	600	35.0%
Net-interest Income After Provision	<u>13,172</u>	<u>12,548</u>	5.0%	<u>26,117</u>	<u>24,705</u>	5.7%
OTHER INCOME						
Service Charges on Deposit Accounts	1,342	1,170	14.7%	2,623	2,352	11.5%
Other Service Charges, Commissions & Fees	381	370	3.0%	692	652	6.1%
Fiduciary Fees	238	190	25.3%	478	423	13.0%
Other Operating Income	248	111	123.4%	441	343	28.6%
Net Gain on Sale of Securities	247	-	100.0%	395	-	100.0%
Total Other Income	<u>2,456</u>	<u>1,841</u>	33.4%	<u>4,629</u>	<u>3,770</u>	22.8%
OTHER EXPENSE						
Salaries & Employee Benefits	4,320	4,326	(0.1%)	8,974	8,817	1.8%
Net Occupancy Expense	711	620	14.7%	1,430	1,246	14.8%
Equipment Expense	586	614	(4.6%)	1,148	1,251	(8.2%)
Other Real Estate Expense	-	3	(100.0%)	10	6	66.7%
Other Operating Expense	2,062	2,058	0.2%	4,045	4,266	(5.2%)
Total Other Expense	<u>7,679</u>	<u>7,621</u>	0.8%	<u>15,607</u>	<u>15,586</u>	0.1%
Income Before Provision for Income Taxes	7,949	6,768	17.4%	15,139	12,889	17.5%
Provision for Income Taxes	3,121	2,693	15.9%	5,908	5,185	13.9%
NET INCOME	<u>\$ 4,828</u>	<u>\$ 4,075</u>	18.5%	<u>\$ 9,231</u>	<u>\$ 7,704</u>	19.8%
Average:						
Common Shares Outstanding	5,910,147	6,010,506	(1.7%)	5,930,197	6,029,856	(1.7%)
Dilutive Stock Options	8,461	6,924	22.2%	6,951	7,042	(1.3%)
Average Total	<u>5,918,608</u>	<u>6,017,430</u>	(1.6%)	<u>5,937,148</u>	<u>6,036,898</u>	(1.7%)
EARNINGS PER COMMON SHARE						
Basic	\$ 0.82	\$ 0.68	20.6%	\$ 1.56	\$ 1.28	21.9%
Diluted	\$ 0.82	\$ 0.68	20.6%	\$ 1.55	\$ 1.28	21.1%