



CONSOLIDATED STATEMENTS OF CONDITION

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

	9/30/01	9/30/00
ASSETS		
Cash & Due From Banks	\$ 47,239	\$ 64,158
Federal Funds Sold	86,500	2,100
Investment Securities:		
Available for Sale, at Fair Value	168,210	140,208
Obligations of States & Political Subdivisions	8,353	17,692
Corporate Bonds & Other Securities	1,850	3,468
Total Investment Securities	178,413	161,368
Total Loans	789,692	758,894
Allowance for Possible Loan Losses	8,750	7,676
Net Loans	780,942	751,218
Premises & Equipment, Net	13,201	13,786
Other Real Estate Owned, Net	-	175
Accrued Interest Receivable, Net	5,511	5,936
Excess of Cost Over Fair Value of Net Assets Acquired	905	1,267
Other Assets	22,144	20,713
TOTAL ASSETS	\$ 1,134,855	\$ 1,020,721
LIABILITIES & STOCKHOLDERS' EQUITY		
Demand Deposits	\$ 277,533	\$ 265,283
Savings, N.O.W.'s & Money Market Deposits	418,708	384,709
Time Certificates of \$100,000 or more	36,224	21,706
Other Time Deposits	280,691	249,601
Total Deposits	1,013,156	921,299
Dividend Payable on Common Stock	1,649	1,381
Accrued Interest Payable	2,765	2,916
Other Liabilities	20,388	10,363
TOTAL LIABILITIES	1,037,958	935,959
STOCKHOLDERS' EQUITY		
Common Stock (par value \$2.50; 15,000,000 shares authorized; 5,886,298 and 5,995,064 shares outstanding at September 30, 2001 and 2000, respectively)	19,112	19,026
Surplus	19,165	18,456
Treasury Stock at Par (1,758,622 and 1,615,356 shares, respectively)	(4,396)	(4,038)
Undivided Profits	58,857	51,912
	92,738	85,356
Accumulated Other Comprehensive Income, Net of Tax	4,159	(594)
TOTAL STOCKHOLDERS' EQUITY	96,897	84,762
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 1,134,855	\$ 1,020,721

CONSOLIDATED STATEMENTS OF INCOME

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

	For the 3 Months Ended		For the 9 Months Ended	
	9/30/01	9/30/00	9/30/01	9/30/00
INTEREST INCOME				
Federal Funds Sold	\$ 663	\$ 134	\$ 841	\$ 282
United States Treasury Securities	224	441	950	1,291
Obligations of States & Political Subdivisions (tax exempt)	95	174	416	811
Mortgage-Backed Securities	1,436	1,233	4,317	3,594
U.S. Government Agency Obligations	603	574	1,593	1,672
Corporate Bonds & Other Securities	36	72	164	199
Loans	16,938	16,757	51,580	48,900
Total Interest Income	19,995	19,385	59,861	56,749
INTEREST EXPENSE				
Savings, N.O.W.'s & Money Market Deposits	2,311	2,283	6,578	6,692
Time Certificates of \$100,000 or more	364	377	1,089	1,044
Other Time Deposits	3,310	3,353	10,611	9,505
Federal Funds Purchased	-	20	98	211
Interest on Other Borrowings	-	11	548	651
Total Interest Expense	5,985	6,044	18,924	18,103
Net-interest Income	14,010	13,341	40,937	38,646
Provision for Possible Loan Losses	405	300	1,215	900
Net-interest Income After Provision for Possible Loan	13,605	13,041	39,722	37,746
OTHER INCOME				
Service Charges on Deposit Accounts	1,292	1,179	3,915	3,531
Other Service Charges, Commissions & Fees	505	435	1,197	1,087
Fiduciary Fees	250	199	728	622
Other Operating Income	310	161	751	504
Net Gain on Sale of Securities	-	-	395	-
Total Other Income	2,357	1,974	6,986	5,744
OTHER EXPENSE				
Salaries & Employee Benefits	4,384	4,325	13,358	13,142
Net Occupancy Expense	713	686	2,143	1,932
Equipment Expense	582	571	1,730	1,822
Other Real Estate Expense	-	1	10	7
Other Operating Expense	2,389	2,316	6,434	6,582
Total Other Expense	8,068	7,899	23,675	23,485
Income Before Provision for Income Taxes	7,894	7,116	23,033	20,005
Provision for Income Taxes	3,134	2,856	9,042	8,041
NET INCOME	\$ 4,760	4,260	\$ 13,991	11,964
Average: Common Shares Outstanding	5,899,810	5,995,064	5,919,957	6,018,174
Dilutive Stock Options	9,317	8,221	7,874	7,458
Average Total Common Shares and Dilutive Options	5,909,127	6,003,285	5,927,831	6,025,632
EARNINGS PER COMMON SHARE: Basic	\$ 0.81	0.71	\$ 2.36	1.99
Diluted	\$ 0.81	0.71	\$ 2.36	1.99

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FINANCIAL SUMMARY OF THE LAST 12 MONTHS

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

	Last 12 Months	QUARTERS ENDED			
		9/30/01	6/30/01	3/31/01	12/31/00
EARNINGS					
Net Income	18,259	4,760	4,828	4,403	4,268
Net Interest Income	54,796	14,010	13,577	13,350	13,859
Earnings Per Share	3.08	0.81	0.82	0.74	0.71
Cash Dividends Per Share	1.07	0.28	0.28	0.28	0.23
AVERAGE BALANCES					
Assets	1,055,606	1,088,619	1,051,893	1,049,875	1,032,037
Net Loans	770,661	777,266	784,498	770,283	750,598
Investment Securities	158,851	150,414	156,201	168,009	160,778
Deposits	921,328	973,892	923,586	886,988	900,844
Equity	87,906	91,418	88,849	87,527	83,828
Shares Outstanding	5,939,488	5,899,810	5,910,147	5,950,470	5,997,525
Book Value Per Common Share	15.51	16.46	15.48	15.31	14.78
RATIOS					
Return on Average Equity	20.76%	20.83%	21.74%	20.12%	20.37%
Return on Average Assets	1.73%	1.75%	1.84%	1.68%	1.65%
Average Equity/Assets	8.33%	8.40%	8.45%	8.34%	8.12%
Total Risk-based Capital Ratio	11.17%	11.90%	10.87%	10.86%	11.05%
Net Interest Margin (Tax Equivalent)	5.74%	5.60%	5.65%	5.68%	6.04%
Efficiency Ratio	50.50%	49.29%	47.89%	51.07%	53.73%
ASSET QUALITY					
Net Charge-offs	441	101	20	93	227
Net Charge-offs to Average Net Loans	0.06%	0.05%	0.01%	0.05%	0.12%
Allowance/Non-accrual, Restructured, and Other Real Estate Owned	324.21%	382.10%	327.62%	300.11%	287.00%
Allowance for Loan Losses/Net Loans	1.04%	1.11%	1.06%	1.01%	1.00%

FINANCIAL SUMMARY OF THE LAST 5 YEARS

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

	December 31, 2000	1999	1998	1997	1996
EARNINGS					
Net Income	16,232	13,129	11,903	11,302	10,647
Net Interest Income	52,505	46,787	44,410	43,159	41,157
Earnings Per Share	2.70	2.16	1.95	1.79	1.60
Cash Dividends Per Share	0.92	0.84	0.72	0.69	0.62
BALANCES AT DECEMBER 31st					
Assets	1,049,580	980,799	909,432	864,913	804,379
Net Loans	768,248	720,255	640,565	604,864	578,883
Investment Securities	165,971	165,370	151,201	146,926	135,353
Deposits	942,436	877,303	826,564	777,595	711,018
Equity	88,053	77,334	71,846	65,140	72,750
Shares Outstanding	5,959,964	6,055,580	6,080,856	6,095,356	6,592,890
Book Value Per Common Share	14.77	12.77	11.81	10.69	11.04
RATIOS					
Return on Average Equity	20.42%	17.91%	17.66%	16.96%	15.12%
Return on Average Assets	1.60%	1.41%	1.37%	1.37%	1.35%
Average Capital Ratio	7.86%	7.87%	7.77%	8.05%	8.96%
Net Interest Margin (Tax Equivalent)	5.84%	5.66%	5.77%	5.84%	5.84%
Net Charge-offs to Average Net Loans	0.10%	0.11%	0.08%	0.11%	0.17%
Efficiency Ratio	53.06%	57.49%	59.36%	59.65%	59.80%

DEAR SHAREHOLDER:

Before I make my usual remarks about our financial performance, I would like to take a moment to reflect and comment on the events of September 11, 2001. My thoughts and those of my fellow employees, are with those in New York City, Washington, D.C., Pennsylvania and elsewhere as they rebuild their lives. While Suffolk's operations were not directly affected by these events other than in minor ways, the long term effects on our volume of business, interest rates, net interest margin, and asset quality cannot be foreseen accurately at this time.

Run-rates for a number of key ratios during the third quarter were comparable to those in recent quarters, and place Suffolk Bancorp solidly in the top quartile of its industry. Despite repeated declines in interest rates, our net interest margin contracted by only 5 basis points from quarter to quarter, to 5.60 percent from 5.65 percent, and 5.68 percent during the first quarter. Return on average equity was 20.83 percent for the quarter, compared to 21.17 percent a year ago. Return on average assets actually increased to 1.75 percent from 1.70 percent for the comparable quarter during 2000.

The low cost of core funding, including a substantial proportion of demand deposits to total deposits, well-matched assets and liabilities, non-interest income that has grown at 1.73 times the rate of growth in assets, and non-interest expense which has grown at only 0.19 the rate of growth in assets, appear to have limited the effect of volatile financial markets on Suffolk's net income during the past quarter. Asset quality remains good. The company maintains strong fundamentals across the board.

We appreciate the steady support of our shareholders as in these unusual times.

Sincerely,



Thomas S. Kohlmann
President & Chief Executive Officer



THIRD QUARTERLY REPORT TO THE SHAREHOLDERS

September 30, 2001