

# PRESS RELEASE

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**FOR IMMEDIATE RELEASE**

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## **SUFFOLK BANCORP ANNOUNCES 16.2 PERCENT INCREASE IN EARNINGS PER SHARE**

*Riverhead, New York, April 9, 2002* — Suffolk Bancorp (NASDAQ - SUBK) today released the results of its operations during the first quarter of 2002. Net income for the quarter was \$5,061,000, up 14.9 percent from \$4,403,000 posted during the same period last year. Earnings per share for the quarter were \$0.43 compared to \$0.37, up 16.2 percent. A detailed financial summary follows the text of this release.

President and CEO Thomas S. Kohlmann remarked, "At Suffolk, we have been fortunate to be able to overcome recent economic uncertainties, and to improve earnings over the same period last year. Our most important task has been to respond to lessening loan demand while deposits increased substantially, likely as a result of a 'flight to quality' after events late last year and a stock market that has been hesitant to advance. Eleven rate reductions by the Federal Reserve last year have made the management of our net interest margin even more challenging than usual."

He went on to comment, "We have always maintained a disciplined approach to our balance sheet at Suffolk. During the past two years, we have taken a calculated position in collateralized mortgage obligations which has been a major contributing factor to our ability to maintain our margin while also maintaining high credit-quality. Investment securities totaled \$268,216,000 at March 31st, up 62.8 percent from the same time last year, while total loans have actually declined by 0.4 percent. These investments are the ideal vehicle to carry us through to that time when loan demand again increases."

Mr. Kohlmann concluded, "By any measure, we achieved strong performance again this quarter. Return on average equity improved to 20.95 percent from 20.12 last year. Return on average assets was 1.73 percent, versus 1.68 percent a year ago. Average assets grew by 11.7 percent, while non-interest expense grew by only 7.4 percent, improving our efficiency ratio to 49.46 percent, much better than industry averages which run to the high 50's. These numbers are the result of ongoing refinements to how we run the business."

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 28 offices in Suffolk County, New York.

This press release includes statements which look to the future. These may include remarks about Suffolk Bancorp, the banking industry, and the economy in general. Factors affecting Suffolk Bancorp include particularly, but are not limited to: changes in interest rates; increases or decreases in retail and commercial economic activity in Suffolk's market area; variations in the ability and propensity of consumers and businesses to borrow, repay, or deposit money, or to use other banking and financial services; and changes in government regulations. These remarks are based on current plans and expectations. They are subject, however, to a variety of uncertainties that could cause future results to vary materially from Suffolk's historical performance, or from current expectations. The financial summary follows.

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STATISTICAL SUMMARY

(unaudited, restated to give effect to 100% stock dividend on 1/2/02, in thousands of dollars except for share and per share data)

	<u>1st Qtr. 2002</u>	<u>1st Qtr. 2001</u>	<u>Change</u>
<b>EARNINGS</b>			
Net Income	\$ 5,061	\$ 4,403	14.9%
Net Interest Income	14,995	13,350	12.3%
Earnings Per Share	0.43	0.37	16.2%
Cash Dividends Per Share	0.15	0.14	7.1%
<b>AVERAGE BALANCES</b>			
Average Assets	1,172,357	1,049,875	11.7%
Average Net Loans	781,643	770,283	1.5%
Average Investment Securities	258,998	168,008	54.2%
Average Deposits	1,050,030	886,988	18.4%
Average Equity	96,615	87,527	10.4%
<b>RATIOS</b>			
Return on Average Equity	20.95%	20.12%	4.1%
Return on Average Assets	1.73%	1.68%	3.0%
Average Equity/Assets	8.24%	8.34%	(1.2%)
Net Interest Margin (FTE)	5.63%	5.68%	(0.9%)
Efficiency Ratio	49.46%	51.07%	(0.3%)
Tier 1 Leverage Ratio Mar. 31	8.26%	8.34%	(1.0%)
Tier 1 Risk-based Capital Ratio Mar. 31	10.98%	9.95%	10.4%
Total Risk-based Capital Ratio Mar. 31	11.99%	10.86%	10.4%
<b>ASSET QUALITY</b>			
	<b>during period:</b>		
Net Charge-offs	\$ 291	\$ 93	212.9%
Net Charge-offs/Average Net Loans(annual)	0.15%	0.05%	200.0%
	<b>at end of period:</b>		
Non-accrual & Restructured Loans	\$ 2,319	2,686	(13.7%)
Foreclosed Real Estate ("OREO")	0	0	0.0%
Total Non-performing Assets	2,319	2,686	(13.7%)
Allowance/Non-performing Assets	380.94%	300.11%	26.9%
Allowance/Loans, Net of Discount	1.11%	1.01%	9.9%
Net Loans/Deposits	75.12%	87.35%	(14.0%)
<b>EQUITY</b>			
Shares Outstanding	11,723,500	11,851,858	(1.1%)
Common Equity	\$ 97,384	\$ 90,715	7.4%
Book Value Per Common Share	8.31	7.65	8.6%
Tangible Common Equity	96,570	89,629	7.7%
Tangible Book Value Per Common Share	8.24	7.56	9.0%
<b>LOAN DISTRIBUTION at end of period:</b>			
Commercial, Financial & Agricultural Loans	144,518	151,871	(4.8%)
Commercial Real Estate Mortgages	169,395	158,622	6.8%
Real Estate -- Construction Loans	34,960	34,103	2.5%
Residential Mortgages (1st and 2nd Liens)	88,872	90,169	(1.4%)
Home Equity Loans	33,966	22,994	47.7%
Consumer Loans	319,912	335,454	(4.6%)
Other Loans	965	2,456	(60.7%)
Total Loans (Net of Unearned Discounts)	\$ 792,588	\$ 795,669	(0.4%)

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**CONSOLIDATED STATEMENTS OF CONDITION**

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

	March 31,		Change
	2002	2001	
<b>ASSETS</b>			
Cash & Due From Banks	\$ 38,638	\$ 59,541	(35.1%)
Federal Funds Sold	22,600	-	100.0%
Investment Securities:			
Available for Sale, at Fair Value	254,657	148,282	71.7%
Obligations of States & Political Subdivisions	11,709	12,992	(9.9%)
Corporate Bonds & Other Securities	1,850	3,468	(46.7%)
Total Investment Securities	268,216	164,742	62.8%
Total Loans	792,588	795,669	(0.4%)
Allowance for Possible Loan Losses	8,834	8,061	9.6%
Net Loans	783,754	787,608	(0.5%)
Premises & Equipment, Net	15,732	13,407	17.3%
Accrued Interest Receivable, Net	5,712	5,870	(2.7%)
Excess of Cost Over Fair Value of Net Assets Acquired	814	1,086	(25.0%)
Other Assets	22,431	22,912	(2.1%)
<b>TOTAL ASSETS</b>	<b>\$ 1,157,897</b>	<b>\$ 1,055,166</b>	<b>9.7%</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>			
Demand Deposits	\$ 263,822	241,592	9.2%
Savings, N.O.W.'s & Money Market Deposits	487,478	374,752	30.1%
Time Certificates of \$100,000 or more	30,756	26,513	16.0%
Other Time Deposits	261,242	258,769	1.0%
Total Deposits	1,043,298	901,626	15.7%
Federal Home Loan Bank Borrowings/Fed Funds Purchased	-	44,900	(100.0%)
Dividend Payable on Common Stock	1,766	1,664	6.1%
Accrued Interest Payable	1,640	2,559	(35.9%)
Other Liabilities	13,809	13,702	0.8%
<b>TOTAL LIABILITIES</b>	<b>1,060,513</b>	<b>964,451</b>	<b>10.0%</b>
<b>STOCKHOLDERS' EQUITY</b>			
Common Stock (par value \$2.50; 15,000,000 shares authorized; 11,723,500 and 11,851,858 shares outstanding at March 31, 2002 and 2001, respectively)	33,826	19,033	77.7%
Surplus	19,165	18,501	3.6%
Treasury Stock at Par (1,806,718 and 1,687,091 shares, respectively)	(4,517)	(4,218)	7.1%
Undivided Profits	49,183	55,470	(11.3%)
	97,657	88,786	10.0%
Accumulated Other Comprehensive (Loss) Income, Net of Tax	(273)	1,929	(114.2%)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>97,384</b>	<b>90,715</b>	<b>7.4%</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$ 1,157,897</b>	<b>\$ 1,055,166</b>	<b>9.7%</b>

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

	For the 3 Months Ended		
	<u>March 31, 2002</u>	<u>March 31, 2001</u>	<u>Change</u>
<b>INTEREST INCOME</b>			
Federal Funds Sold	\$ 131	\$ 12	991.7%
United States Treasury Securities	139	398	(65.1%)
Obligations of States & Political Subdivisions	141	157	(10.2%)
Mortgage-Backed Securities	2,756	1,445	90.7%
U.S. Government Agency Obligations	654	545	20.0%
Corporate Bonds & Other Securities	15	72	(79.2%)
Loans	15,624	17,264	(9.5%)
Total Interest Income	19,460	19,893	(2.2%)
<b>INTEREST EXPENSE</b>			
Savings, N.O.W.'s & Money Market Deposits	1,613	2,121	(24.0%)
Time Certificates of \$100,000 or more	255	345	(26.1%)
Other Time Deposits	2,597	3,632	(28.5%)
Federal Funds Purchased	-	70	(100.0%)
Interest on Other Borrowings	-	375	(100.0%)
Total Interest Expense	4,465	6,543	(31.8%)
Net-interest Income	14,995	13,350	12.3%
Provision for Possible Loan Losses	300	405	(25.9%)
Net-interest Income After Provision	14,695	12,945	13.5%
<b>OTHER INCOME</b>			
Service Charges on Deposit Accounts	1,329	1,281	3.7%
Other Service Charges, Commissions & Fees	322	311	3.5%
Fiduciary Fees	285	240	18.8%
Other Operating Income	284	193	47.2%
Net Gain on Sale of Securities	-	148	(100.0%)
Total Other Income	2,220	2,173	2.2%
<b>OTHER EXPENSE</b>			
Salaries & Employee Benefits	5,045	4,654	8.4%
Net Occupancy Expense	675	719	(6.1%)
Equipment Expense	596	562	6.0%
Other Real Estate Expense	-	10	(100.0%)
Other Operating Expense	2,198	1,983	10.8%
Total Other Expense	8,514	7,928	7.4%
Income Before Provision for Income Taxes	8,401	7,190	16.8%
Provision for Income Taxes	3,340	2,787	19.8%
<b>NET INCOME</b>	<u>\$ 5,061</u>	<u>\$ 4,403</u>	14.9%
<b>Average:</b> Common Shares Outstanding	11,767,980	11,900,940	(1.1%)
Dilutive Stock Options	40,656	29,816	36.4%
<b>Average Total</b>	11,808,636	11,930,756	(1.0%)
<b>EARNINGS PER COMMON SHARE</b> Basic	\$ 0.43	\$ 0.37	16.2%
Diluted	\$ 0.43	\$ 0.37	16.2%