

PRESS RELEASE

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SUFFOLK BANCORP ANNOUNCES 15.0 PERCENT INCREASE IN EARNINGS PER SHARE

Riverhead, New York, January 15, 2003 — Suffolk Bancorp (NASDAQ - SUBK) today released the results of its operations during the fourth quarter of 2002. Net income for the quarter was \$5,337,000, up 13.7 percent from \$4,693,000 posted during the same period last year. Net income for the year to date was \$21,269,000, up 13.8 percent from \$18,685,000 posted during the same period last year. Earnings per share for the quarter were \$0.46 compared to \$0.40, up 15.0 percent. Earnings per share for the year to date were \$1.82 compared to \$1.58, up 15.2 percent. A detailed financial summary follows the text of this release.

President and CEO Thomas S. Kohlmann remarked, "By any measure, 2002 was a good year for Suffolk Bancorp. Return on average equity was 20.41 percent for the fourth quarter compared to 19.58 percent last year. Return on average assets was 1.67 percent, versus 1.65 percent a year ago. The net interest margin continued to narrow slightly, to 5.40 percent from 5.45 percent, although net interest income increased by 11.8 percent. Average assets grew by 12.6 percent. Our efficiency ratio was 50.75 percent compared to 51.24 percent for the same quarter last year. Each of these is better than recent industry averages."

He continued, "We believe there will be some pressure, however, on our net interest margin during the year to come. Interest rates are at historic lows, and even given our modest cost of funds, they limit our ability to price loans to maintain our historic margins. The rise of "zero-zero" financing programs among the captive finance divisions of major automobile manufacturers have reduced volume significantly. Moreover, chargeoffs in this portion of the portfolio have increased as the economy has stagnated. Because of these factors, even with growth in the commercial sector, growth in the total portfolio is essentially flat."

Mr. Kohlmann concluded, "We remain guardedly optimistic about our prospects in 2003, although we do not anticipate the same growth in earnings we have seen over the past several years. As we have noted before, we have shifted substantial assets into our investment portfolio, up 82.4 percent for the quarter on average from year to year. This portfolio is structured carefully, with laddered investments in high-quality collateralized mortgage obligations. These increase yield, and hedge against further changes in interest rates. During uncertain economic times, we will continue to manage the company intelligently, with the long term in view. We will not stretch for yield by easing our credit standards. We believe this will leave Suffolk in the best possible position to take advantage of improvements in the economy."

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 27 offices in Suffolk County, New York.

Safe Harbor Statement pursuant to the Private Securities Litigation Reform Act of 1995

This press release may include statements which look to the future. These can include remarks about Suffolk Bancorp, the banking industry, and the economy in general. 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. 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. The financial summary follows.

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)*

| | 4th Q 2002 | 4th Q 2001 | Change | YTD 2002 | YTD 2001 | Change |
|--|-------------------|-------------------|---------------|-----------------|-----------------|---------------|
| EARNINGS | | | | | | |
| Net Income | \$ 5,337 | \$ 4,693 | 13.7% | \$ 21,269 | \$ 18,685 | 13.8% |
| Net Interest Income | 15,971 | 14,286 | 11.8% | 62,340 | 55,223 | 12.9% |
| Earnings Per Share | 0.46 | 0.40 | 15.0% | 1.82 | 1.58 | 15.2% |
| Cash Dividends Per Share | 0.17 | 0.14 | 21.4% | 0.68 | 0.56 | 21.4% |
| AVERAGE BALANCES | | | | | | |
| Average Assets | 1,280,908 | 1,137,935 | 12.6% | 1,238,471 | 1,081,042 | 14.6% |
| Average Net Loans | 769,877 | 775,634 | (0.7%) | 781,521 | 776,936 | 0.6% |
| Average Investment Securities | 366,091 | 200,673 | 82.4% | 311,583 | 168,704 | 84.7% |
| Average Deposits | 1,159,437 | 1,024,793 | 13.1% | 1,113,851 | 954,704 | 16.7% |
| Average Equity | 104,620 | 95,850 | 9.1% | 100,724 | 90,935 | 10.8% |
| RATIOS | | | | | | |
| Return on Average Equity | 20.41% | 19.58% | 4.2% | 21.12% | 20.55% | 2.8% |
| Return on Average Assets | 1.67% | 1.65% | 1.2% | 1.72% | 1.73% | (0.6%) |
| Average Equity/Assets | 8.17% | 8.42% | (3.0%) | 8.13% | 8.41% | (3.3%) |
| Net Interest Margin (FTE) | 5.40% | 5.45% | (0.9%) | 5.45% | 5.62% | (3.0%) |
| Efficiency Ratio | 50.75% | 51.24% | (0.9%) | 49.36% | 49.88% | (1.0%) |
| Tier 1 Leverage Ratio Dec. 31 | 7.77% | 8.34% | (6.8%) | | | |
| Tier 1 Risk-based Capital Ratio Dec. 31 | 12.28% | 10.71% | 14.7% | | | |
| Total Risk-based Capital Ratio Dec. 31 | 11.29% | 11.71% | (3.6%) | | | |
| ASSET QUALITY | | | | | | |
| during period: | | | | | | |
| Net Charge-offs | \$ 741 | \$ 254 | 191.7% | \$ 1,510 | \$ 468 | 222.6% |
| Net Charge-offs/Average Net Loans(annual) | 0.38% | 0.13% | 192.3% | 0.19% | 0.06% | 216.7% |
| at end of period: | | | | | | |
| Non-accrual & Restructured Loans | \$ 1,758 | 1,968 | (10.7%) | | | |
| Foreclosed Real Estate ("OREO") | 0 | 0 | 0.0% | | | |
| Total Non-performing Assets | 1,758 | 1,968 | (10.7%) | | | |
| Allowance/Non-performing Assets | 494.60% | 448.42% | 10.3% | | | |
| Allowance/Loans, Net of Discount | 1.10% | 1.11% | 0.9% | | | |
| Net Loans/Deposits | 68.25% | 74.86% | (8.8%) | | | |
| EQUITY | | | | | | |
| Shares Outstanding | 11,489,481 | 11,770,596 | (2.4%) | | | |
| Common Equity | \$ 108,792 | \$ 96,837 | 12.3% | | | |
| Book Value Per Common Share | 9.47 | 8.23 | 15.1% | | | |
| Tangible Common Equity | 107,978 | 96,023 | 12.5% | | | |
| Tangible Book Value Per Common Share | 9.40 | 8.16 | 15.2% | | | |
| LOAN DISTRIBUTION | | | | | | |
| at end of period: | | | | | | |
| Commercial, Financial & Agricultural Loans | 150,130 | 133,076 | 12.8% | | | |
| Commercial Real Estate Mortgages | 183,501 | 173,092 | 6.0% | | | |
| Real Estate -- Construction Loans | 36,558 | 27,365 | 33.6% | | | |
| Residential Mortgages (1st and 2nd Liens) | 94,864 | 95,424 | (0.6%) | | | |
| Home Equity Loans | 44,349 | 31,699 | 39.9% | | | |
| Consumer Loans | 277,633 | 334,849 | (17.1%) | | | |
| Other Loans | 1,522 | 605 | 151.6% | | | |
| Total Loans (Net of Unearned Discounts) | \$ 788,557 | \$ 796,110 | (0.9%) | | | |

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

| | December 31, | | Change |
|---|----------------------------|----------------------------|---------------|
| | 2002 | 2001 | |
| ASSETS | | | |
| Cash & Due From Banks | \$ 48,000 | \$ 60,926 | (21.2%) |
| Federal Funds Sold | 17,500 | 17,600 | (0.6%) |
| Investment Securities: | | | |
| Available for Sale, at Fair Value | 359,903 | 241,061 | 49.3% |
| Obligations of States & Political Subdivisions | 14,884 | 11,709 | 27.1% |
| Federal Reserve Bank Stock | 638 | 638 | 0.0% |
| Federal Home Loan Bank Stock | 1,361 | 1,112 | 22.4% |
| Corporate Bonds & Other Securities | 100 | 100 | 0.0% |
| Total Investment Securities | <u>376,886</u> | <u>254,620</u> | 48.0% |
| Total Loans | 788,557 | 796,110 | (0.9%) |
| Allowance for Possible Loan Losses | 8,695 | 8,825 | (1.5%) |
| Net Loans | <u>779,862</u> | <u>787,285</u> | (0.9%) |
| Premises & Equipment, Net | 20,437 | 13,801 | 48.1% |
| Accrued Interest Receivable, Net | 5,946 | 5,557 | 7.0% |
| Excess of Cost Over Fair Value of Net Assets Acquired | 814 | 814 | 0.0% |
| Other Assets | <u>23,272</u> | <u>24,344</u> | (4.4%) |
| TOTAL ASSETS | <u><u>\$ 1,272,717</u></u> | <u><u>\$ 1,164,947</u></u> | 9.3% |
| LIABILITIES & STOCKHOLDERS' EQUITY | | | |
| Demand Deposits | \$ 314,714 | \$ 294,190 | 7.0% |
| Savings, N.O.W.'s & Money Market Deposits | 557,967 | 453,922 | 22.9% |
| Time Certificates of \$100,000 or more | 23,495 | 30,038 | (21.8%) |
| Other Time Deposits | <u>246,406</u> | <u>273,562</u> | (9.9%) |
| Total Deposits | 1,142,582 | 1,051,712 | 8.6% |
| Dividend Payable on Common Stock | 1,956 | 1,648 | 18.7% |
| Accrued Interest Payable | 1,335 | 2,513 | (46.9%) |
| Other Liabilities | <u>18,052</u> | <u>12,237</u> | 47.5% |
| TOTAL LIABILITIES | <u>1,163,925</u> | <u>1,068,110</u> | 9.0% |
| STOCKHOLDERS' EQUITY | | | |
| Common Stock (par value \$2.50; 15,000,000 shares authorized; 11,489,481 and 11,770,596 shares outstanding at December 31, 2002 and 2001, respectively) | 33,838 | 33,826 | 0.0% |
| Surplus | 19,230 | 19,165 | 0.3% |
| Treasury Stock at Par (2,045,737 and 1,759,622 shares, respectively) | (5,114) | (4,399) | 16.3% |
| Undivided Profits | <u>52,453</u> | <u>47,149</u> | 11.2% |
| | 100,407 | 95,741 | 4.9% |
| Accumulated Other Comprehensive Income, Net of Tax | 8,385 | 1,096 | 665.1% |
| TOTAL STOCKHOLDERS' EQUITY | <u>108,792</u> | <u>96,837</u> | 12.3% |
| TOTAL LIABILITIES & STOCKHOLDERS' EQUITY | <u><u>\$ 1,272,717</u></u> | <u><u>\$ 1,164,947</u></u> | 9.3% |



CONSOLIDATED STATEMENTS OF INCOME

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

| | For the 3 Months Ended | | | For the Year to Date | | |
|--|------------------------|-------------------|---------------|----------------------|-------------------|---------------|
| | 12/31/02 | 12/31/01 | Change | 2002 | 2001 | Change |
| INTEREST INCOME | | | | | | |
| Federal Funds Sold | \$ 199 | \$ 420 | (52.6%) | \$ 707 | \$ 1,261 | (43.9%) |
| United States Treasury Securities | 105 | 141 | (25.5%) | 472 | 1,091 | (56.7%) |
| Obligations of States & Political Subdivisions | 142 | 114 | 24.6% | 567 | 530 | 7.0% |
| Mortgage-Backed Securities | 3,156 | 1,928 | 63.7% | 12,143 | 6,245 | 94.4% |
| U.S. Government Agency Obligations | 822 | 652 | 26.1% | 2,895 | 2,245 | 29.0% |
| Corporate Bonds & Other Securities | 16 | 19 | (15.8%) | 84 | 183 | (54.1%) |
| Loans | 14,976 | 16,429 | (8.8%) | 61,560 | 68,009 | (9.5%) |
| Total Interest Income | 19,416 | 19,703 | (1.5%) | 78,428 | 79,564 | (1.4%) |
| INTEREST EXPENSE | | | | | | |
| Savings, N.O.W.'s & Money Market Deposits | 1,443 | 1,914 | (24.6%) | 6,645 | 8,492 | (21.7%) |
| Time Certificates of \$100,000 or more | 198 | 329 | (39.8%) | 846 | 1,418 | (40.3%) |
| Other Time Deposits | 1,804 | 3,174 | (43.2%) | 8,596 | 13,785 | (37.6%) |
| Federal Funds Purchased | - | - | 0.0% | 1 | 98 | (99.0%) |
| Interest on Other Borrowings | - | - | 0.0% | - | 548 | (100.0%) |
| Total Interest Expense | 3,445 | 5,417 | (36.4%) | 16,088 | 24,341 | (33.9%) |
| Net-interest Income | 15,971 | 14,286 | 11.8% | 62,340 | 55,223 | 12.9% |
| Provision for Possible Loan Losses | 360 | 329 | 9.4% | 1,380 | 1,544 | (10.6%) |
| Net-interest Income After Provision | 15,611 | 13,957 | 11.9% | 60,960 | 53,679 | 13.6% |
| OTHER INCOME | | | | | | |
| Service Charges on Deposit Accounts | 1,446 | 1,363 | 6.1% | 5,691 | 5,278 | 7.8% |
| Other Service Charges, Commissions & Fees | 537 | 435 | 23.4% | 2,081 | 1,632 | 27.5% |
| Fiduciary Fees | 281 | 387 | (27.4%) | 1,141 | 1,115 | 2.3% |
| Other Operating Income | 467 | 376 | 24.2% | 1,160 | 1,127 | 2.9% |
| Net Gain on Sale of Securities | - | - | 0.0% | - | 395 | (100.0%) |
| Total Other Income | 2,731 | 2,561 | 6.6% | 10,073 | 9,547 | 5.5% |
| OTHER EXPENSE | | | | | | |
| Salaries & Employee Benefits | 5,450 | 5,066 | 7.6% | 20,788 | 18,424 | 12.8% |
| Net Occupancy Expense | 710 | 707 | 0.4% | 2,789 | 2,850 | (2.1%) |
| Equipment Expense | 717 | 590 | 21.5% | 2,617 | 2,320 | 12.8% |
| Other Real Estate Expense | - | - | 0.0% | - | 10 | (100.0%) |
| Other Operating Expense | 2,615 | 2,269 | 15.2% | 9,550 | 8,703 | 9.7% |
| Total Other Expense | 9,492 | 8,632 | 10.0% | 35,744 | 32,307 | 10.6% |
| Income Before Provision for Income Taxes | 8,850 | 7,886 | 12.2% | 35,289 | 30,919 | 14.1% |
| Provision for Income Taxes | 3,513 | 3,193 | 10.0% | 14,020 | 12,235 | 14.6% |
| NET INCOME | \$ 5,337 | \$ 4,693 | 13.7% | \$ 21,269 | \$ 18,684 | 13.8% |
| Average: Common Shares Outstanding | 11,519,318 | 11,770,640 | (2.1%) | 11,657,984 | 11,822,452 | (1.4%) |
| Dilutive Stock Options | 43,682 | 19,406 | 125.1% | 42,457 | 16,750 | 153.5% |
| Average Total | 11,563,000 | 11,790,046 | (1.9%) | 11,700,441 | 11,839,202 | (1.2%) |
| EARNINGS PER COMMON SHARE Basic | \$ 0.46 | \$ 0.40 | 15.0% | \$ 1.82 | \$ 1.58 | 15.2% |
| Diluted | \$ 0.46 | \$ 0.40 | 15.0% | \$ 1.82 | \$ 1.58 | 15.2% |