

PRESS RELEASE

FOR IMMEDIATE RELEASE

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SUFFOLK BANCORP ANNOUNCES THIRD QUARTER EARNINGS

Riverhead, New York, October 15, 2004 — Suffolk Bancorp (NASDAQ - SUBK) today released the results of its operations during the third quarter of 2004. Net income for the quarter was \$5,207,000, off 3.0 percent from \$5,367,000 posted during the same period last year. Earnings-per-share for the quarter were \$0.48, down from \$0.49 in the comparable period of 2003. Net income for the year to date was \$15,104,000, a decline of 4.6 percent from \$15,837,000 posted during the same period last year. Earnings-per-share for the year to date were \$1.39 compared to \$1.43, down 2.8 percent. A detailed financial summary follows the text of this release.

President and Chief Executive Officer, Thomas S. Kohlmann, remarked, "There are two key points to understanding Suffolk's performance during the past quarter in comparison to the previous year. The first is the continued compression of margin as a result of historically low interest rates, reflected in our net interest margin which declined by 12 basis points from the same quarter last year. As an asset-sensitive bank, where our loans and investments reprice upward faster than our funding, we are heartened by cumulative increases of 75 basis points in the Federal Funds rate, and we look forward to its contribution to our margin. The second point is a substantial decline in balances of indirect automobile loans year to year, a development we had anticipated and planned for during the past several years as the captive finance companies of major automobile manufacturers have used loan incentive programs to generate sales. All other categories of loans as a group, including commercial, commercial real estate, construction, and home equity loans grew by 10.3 percent from the prior year, and demonstrate Suffolk's capacity to offset indirect loan runoff in the short and intermediate term, and to expand the portfolio in the long run. Variances from the prior period in various measures of asset-quality continue to stem primarily from a single credit now in workout, and which was disclosed in a previous earnings release."

He went on to say, "Our funding mix continues to improve with demand balances, and less expensive non-maturity time deposits increasing by 4.6 and 3.9 percent respectively, while more expensive time certificates of \$100,000 or more and other time deposits have declined by 17.3 and 12.9 percent, leaving deposit balances approximately the same. The main factor influencing non-interest income in comparison to the same period of 2003 is a securities gain in the third quarter of 2003 when interest rates warranted, not repeated in this quarter as Suffolk sells securities primarily to reposition the portfolio for better long-term performance, and not for short-term gain. Non-interest expense was again managed tightly, resulting in a 30 basis point reduction from the prior year."

Mr. Kohlmann concluded, "Our balance sheet is actually better diversified than it has been in the past, with a variety of sources of revenue, and modestly priced funding. We look forward to taking advantage of this base to build our relationships with both commercial customers and retail consumers in branch offices throughout Suffolk County, New York."

Suffolk Bancorp is a one-bank holding company engaged in the commercial banking business through 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, Suffolk County National Bank is the second largest independent bank headquartered on Long Island, with 26 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.



STATISTICAL SUMMARY

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

| | <u>3rd Q 2004</u> | <u>3rd Q 2003</u> | <u>Change</u> | <u>9 Mos. 2004</u> | <u>9 Mos. 2003</u> | <u>Change</u> |
|--------------------------------------------|-------------------|-------------------|---------------|--------------------|--------------------|---------------|
| EARNINGS | | | | | | |
| Net Income | \$ 5,207 | \$ 5,367 | (3.0%) | \$ 15,104 | \$ 15,837 | (4.6%) |
| Net Interest Income | 15,241 | 14,955 | 1.9% | 45,267 | 45,863 | (1.3%) |
| Earnings-Per-Share - Basic | 0.48 | 0.49 | (2.0%) | 1.39 | 1.43 | (2.8%) |
| Cash Dividends-Per-Share | 0.19 | 0.19 | 0.0% | 0.57 | 0.57 | 0.0% |
| AVERAGE BALANCES | | | | | | |
| Average Assets | 1,365,842 | 1,313,868 | 4.0% | 1,357,225 | 1,292,057 | 5.0% |
| Average Net Loans | 814,143 | 809,452 | 0.6% | 821,515 | 800,381 | 2.6% |
| Average Investment Securities | 414,060 | 357,346 | 15.9% | 394,216 | 364,317 | 8.2% |
| Average Deposits | 1,243,779 | 1,202,352 | 3.4% | 1,219,578 | 1,169,463 | 4.3% |
| Average Equity | 99,750 | 94,180 | 5.9% | 99,280 | 97,650 | 1.7% |
| RATIOS | | | | | | |
| Return on Average Equity | 20.88% | 22.79% | (8.4%) | 20.28% | 21.62% | (6.2%) |
| Return on Average Assets | 1.52% | 1.63% | (6.7%) | 1.48% | 1.63% | (9.2%) |
| Average Equity/Assets | 7.30% | 7.17% | 1.8% | 7.31% | 7.56% | (3.3%) |
| Net Interest Margin (FTE) | 4.85% | 4.97% | (2.4%) | 4.89% | 5.17% | (5.4%) |
| Efficiency Ratio | 50.35% | 49.82% | 1.1% | 50.46% | 50.27% | 0.4% |
| Tier 1 Leverage Ratio Sept. 30 | 7.35% | 6.95% | 5.8% | | | |
| Tier 1 Risk-based Capital Ratio Sept. 30 | 10.72% | 9.76% | 9.8% | | | |
| Total Risk-based Capital Ratio Sept. 30 | 11.58% | 10.68% | 8.4% | | | |
| ASSET QUALITY | | | | | | |
| during period: | | | | | | |
| Net (Recoveries) Charge-offs | \$ 2,097 | \$ 325 | 545.2% | \$ 2,319 | \$ 856 | 170.9% |
| Net Charge-offs/Average Net Loans (annual) | 1.03% | 0.16% | 543.8% | 0.38% | 0.14% | 171.4% |
| at end of period: | | | | | | |
| Non-accrual & Restructured Loans | \$ 1,888 | \$ 1,038 | 81.9% | | | |
| Foreclosed Real Estate ("OREO") | 0 | 0 | 0.0% | | | |
| Total Non-performing Assets | 1,888 | 1,038 | 81.9% | | | |
| Allowance/Non-performing Assets | 422.67% | 824.57% | (48.7%) | | | |
| Allowance/Loans, Net of Discount | 0.98% | 1.03% | (4.9%) | | | |
| Net Loans/Deposits | 65.16% | 66.45% | (1.9%) | | | |
| EQUITY | | | | | | |
| Shares Outstanding | 10,851,337 | 10,943,652 | (0.8%) | | | |
| Common Equity | \$ 104,287 | \$ 99,283 | 5.0% | | | |
| Book Value Per Common Share | 9.61 | 9.07 | 6.0% | | | |
| Tangible Common Equity | 103,473 | 98,469 | 5.1% | | | |
| Tangible Book Value Per Common Share | 9.54 | 9.00 | 6.0% | | | |
| LOAN DISTRIBUTION | | | | | | |
| at end of period: | | | | | | |
| Commercial, Financial & Agricultural Loans | 155,624 | 155,929 | (0.2%) | | | |
| Commercial Real Estate Mortgages | 252,799 | 214,370 | 17.9% | | | |
| Real Estate - Construction Loans | 46,164 | 35,227 | 31.0% | | | |
| Residential Mortgages (1st and 2nd Liens) | 115,211 | 116,889 | (1.4%) | | | |
| Home Equity Loans | 70,968 | 58,446 | 21.4% | | | |
| Consumer Loans | 175,231 | 246,066 | (28.8%) | | | |
| Other Loans | 597 | 680 | (12.2%) | | | |
| Total Loans (Net of Unearned Discounts) | \$ 816,594 | \$ 827,607 | (1.3%) | | | |



CONSOLIDATED STATEMENTS OF CONDITION

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

| | September 30, | | Change |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|---------|
| | 2004 | 2003 | |
| ASSETS | | | |
| Cash & Due From Banks | \$ 46,567 | \$ 75,718 | (38.5%) |
| Federal Funds Sold | 23,500 | 31,800 | (26.1%) |
| Investment Securities: | | | |
| Available for Sale, at Fair Value | 421,897 | 363,733 | 16.0% |
| Obligations of States & Political Subdivisions | 11,275 | 9,911 | 13.8% |
| Federal Reserve Bank Stock | 638 | 638 | 0.0% |
| Federal Home Loan Bank Stock | 1,823 | 1,535 | 18.8% |
| Corporate Bonds & Other Securities | 100 | 100 | 0.0% |
| Total Investment Securities | <u>435,733</u> | <u>375,917</u> | 15.9% |
| Total Loans | 816,594 | 827,607 | (1.3%) |
| Allowance for Loan Losses | 7,980 | 8,559 | (6.8%) |
| Net Loans | <u>808,614</u> | <u>819,048</u> | (1.3%) |
| Premises & Equipment, Net | 22,781 | 22,499 | 1.3% |
| Accrued Interest Receivable, Net | 5,912 | 5,095 | 16.0% |
| Excess of Cost Over Fair Value of Net Assets Acquired | 814 | 814 | 0.0% |
| Other Assets | 20,283 | 22,123 | (8.3%) |
| TOTAL ASSETS | <u><u>\$ 1,364,204</u></u> | <u><u>\$ 1,353,014</u></u> | 0.8% |
| LIABILITIES & STOCKHOLDERS' EQUITY | | | |
| Demand Deposits | \$ 404,285 | \$ 386,594 | 4.6% |
| Saving, N.O.W. & Money Market Deposits | 624,807 | 601,299 | 3.9% |
| Time Certificates of \$100,000 or More | 19,144 | 23,156 | (17.3%) |
| Other Time Deposits | 192,799 | 221,467 | (12.9%) |
| Total Deposits | <u>1,241,035</u> | <u>1,232,516</u> | 0.7% |
| Dividend Payable on Common Stock | 2,063 | 2,079 | (0.8%) |
| Accrued Interest Payable | 718 | 865 | (17.0%) |
| Other Liabilities | 16,101 | 18,271 | (11.9%) |
| TOTAL LIABILITIES | <u><u>1,259,917</u></u> | <u><u>1,253,731</u></u> | 0.5% |
| STOCKHOLDERS' EQUITY | | | |
| Common Stock (par value \$2.50; 15,000,000 shares authorized; 10,851,337 and 10,943,652 shares outstanding at September 30, 2004 and 2003, respectively) | 33,884 | 33,858 | 0.1% |
| Surplus | 19,440 | 19,300 | 0.7% |
| Treasury Stock at Par (2,702,399 and 2,599,766 shares, respectively) | (6,756) | (6,499) | 4.0% |
| Retained Earnings | 54,741 | 45,559 | 20.2% |
| | <u>101,309</u> | <u>92,218</u> | 9.9% |
| Accumulated Other Comprehensive Income, Net of Tax | 2,978 | 7,065 | (57.8%) |
| TOTAL STOCKHOLDERS' EQUITY | <u>104,287</u> | <u>99,283</u> | 5.0% |
| TOTAL LIABILITIES & STOCKHOLDERS' EQUITY | <u><u>\$ 1,364,204</u></u> | <u><u>\$ 1,353,014</u></u> | 0.8% |



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 | | |
|------------------------------------------------|------------------------|-------------------|---------------|----------------------|-------------------|---------------|
| | 9/30/04 | 9/30/03 | Change | 2004 | 2003 | Change |
| INTEREST INCOME | | | | | | |
| Federal Funds Sold | \$ 136 | \$ 109 | 24.8% | \$ 223 | \$ 191 | 16.8% |
| United States Treasury Securities | 104 | 104 | 0.0% | 312 | 312 | 0.0% |
| Obligations of States & Political Subdivisions | 256 | 148 | 73.0% | 647 | 401 | 61.3% |
| Mortgage-Backed Securities | 2,694 | 2,223 | 21.2% | 7,680 | 8,059 | (4.7%) |
| U.S. Government Agency Obligations | 1,095 | 963 | 13.7% | 3,139 | 2,614 | 20.1% |
| Corporate Bonds & Other Securities | 21 | 14 | 50.0% | 59 | 85 | (30.6%) |
| Loans | 12,778 | 13,619 | (6.2%) | 38,750 | 42,034 | (7.8%) |
| Total Interest Income | 17,084 | 17,180 | (0.6%) | 50,810 | 53,696 | (5.4%) |
| INTEREST EXPENSE | | | | | | |
| Saving, N.O.W. & Money Market Deposits | 724 | 777 | (6.8%) | 2,034 | 3,003 | (32.3%) |
| Time Certificates of \$100,000 or more | 88 | 115 | (23.5%) | 270 | 376 | (28.2%) |
| Other Time Deposits | 1,031 | 1,332 | (22.6%) | 3,199 | 4,409 | (27.4%) |
| Federal Funds Purchased | - | - | 0.0% | - | 12 | (100.0%) |
| Interest on Other Borrowings | - | 1 | (100.0%) | 40 | 33 | 21.2% |
| Total Interest Expense | 1,843 | 2,225 | (17.2%) | 5,543 | 7,833 | (29.2%) |
| Net-interest Income | 15,241 | 14,955 | 1.9% | 45,267 | 45,863 | (1.3%) |
| Provision for Loan Losses | 225 | 180 | 25.0% | 1,748 | 720 | 142.8% |
| Net-interest Income After Provision | 15,016 | 14,775 | 1.6% | 43,519 | 45,143 | (3.6%) |
| OTHER INCOME | | | | | | |
| Service Charges on Deposit Accounts | 1,412 | 1,380 | 2.3% | 4,239 | 4,280 | (1.0%) |
| Other Service Charges, Commissions & Fees | 698 | 739 | (5.5%) | 1,916 | 1,858 | 3.1% |
| Fiduciary Fees | 303 | 312 | (2.9%) | 924 | 875 | 5.6% |
| Net Securities Gains | - | 464 | (100.0%) | 1,219 | 464 | 162.7% |
| Other Operating Income | 201 | 246 | (18.3%) | 542 | 929 | (41.7%) |
| Total Other Income | 2,614 | 3,141 | (16.8%) | 8,840 | 8,406 | 5.2% |
| OTHER EXPENSE | | | | | | |
| Salaries & Employee Benefits | 5,358 | 5,544 | (3.4%) | 16,206 | 16,330 | (0.8%) |
| Net Occupancy Expense | 669 | 668 | 0.1% | 2,351 | 2,220 | 5.9% |
| Equipment Expense | 537 | 480 | 11.9% | 1,617 | 1,675 | (3.5%) |
| Other Operating Expense | 2,426 | 2,324 | 4.4% | 7,126 | 7,058 | 1.0% |
| Total Other Expense | 8,990 | 9,016 | (0.3%) | 27,300 | 27,283 | 0.1% |
| Income Before Provision for Income Taxes | 8,640 | 8,900 | (2.9%) | 25,059 | 26,266 | (4.6%) |
| Provision for Income Taxes | 3,433 | 3,533 | (2.8%) | 9,955 | 10,429 | (4.5%) |
| NET INCOME | \$ 5,207 | \$ 5,367 | (3.0%) | \$ 15,104 | \$ 15,837 | (4.6%) |
| Average: Common Shares Outstanding | 10,867,334 | 10,967,478 | (0.9%) | 10,894,156 | 11,105,303 | (1.9%) |
| Dilutive Stock Options | 30,892 | 39,567 | (21.9%) | 33,539 | 38,327 | (12.5%) |
| Average Total | 10,898,226 | 11,007,045 | (1.0%) | 10,927,695 | 11,143,630 | (1.9%) |
| EARNINGS PER COMMON SHARE Basic | \$ 0.48 | \$ 0.49 | (2.0%) | \$ 1.39 | \$ 1.43 | (2.8%) |
| Diluted | \$ 0.48 | \$ 0.49 | (2.0%) | \$ 1.38 | \$ 1.42 | (2.8%) |