

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For Quarter Ended September 30, 2005

Commission file number 0-13580

SUFFOLK BANCORP

(exact name of registrant as specified in its charter)

New York State
(State or other jurisdiction of incorporation or organization)

11-2708279
(I.R.S. Employer Identification No.)

4 West Second Street, Riverhead, New York
(Address of Principal Executive Offices)

11901
(Zip Code)

(Registrant's telephone number, including area code) (631) 727-5667

NOT APPLICABLE

(former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes . No .

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12-b2 of the Exchange Act. Yes . No .

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes . No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

10,406,721 SHARES OF COMMON STOCK OUTSTANDING AS OF November 1, 2005

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SUFFOLK BANCORP AND SUBSIDIARIES

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SUFFOLK BANCORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CONDITION
(in thousands of dollars except for share and per share data)

	September 30, 2005	December 31, 2004
	<i>unaudited</i>	
ASSETS		
Cash & Due From Banks	55,856	\$ 37,553
Federal Funds Sold	5,700	2,500
Investment Securities:		
Available for Sale, at Fair Value	404,695	427,678
Held to Maturity (Fair Value of \$14,451 and \$15,151, respectively)		
Obligations of States & Political Subdivisions	11,138	11,900
Federal Reserve Bank Stock	638	638
Federal Home Loan Bank Stock	1,930	1,823
Corporate Bonds & Other Securities	100	100
Total Investment Securities	418,501	442,139
Total Loans	883,321	825,430
Less: Allowance for Loan Losses	9,384	8,210
Net Loans	873,937	817,220
Premises & Equipment, Net	22,609	23,005
Accrued Interest Receivable, Net	6,274	5,804
Excess of Cost Over Fair Value of Net Assets Acquired	814	814
Other Assets	16,721	19,183
TOTAL ASSETS	\$ 1,400,412	\$ 1,348,218
LIABILITIES & STOCKHOLDERS' EQUITY		
Demand Deposits	\$ 439,470	\$ 385,736
Saving, N.O.W. & Money Market Deposits	560,371	601,336
Time Certificates of \$100,000 or more	18,889	22,737
Other Time Deposits	202,034	187,783
Total Deposits	1,220,764	1,197,592
Federal Home Loan Bank Borrowings	18,500	25,300
Repurchase Agreements	37,275	-
Dividend Payable on Common Stock	2,088	2,061
Accrued Interest Payable	1,276	721
Other Liabilities	19,809	16,332
TOTAL LIABILITIES	1,299,712	1,242,006
STOCKHOLDERS' EQUITY		
Common Stock (par value \$2.50; 15,000,000 shares authorized; 10,430,221 and 10,842,537 shares outstanding at September 30, 2005 and December 31, 2004, respectively)	33,884	33,884
Surplus	19,440	19,440
Treasury Stock at Par (3,123,515 and 2,711,199 shares, respectively)	(7,809)	(6,778)
Retained Earnings	55,727	58,195
	101,242	104,741
Accumulated Other Comprehensive Income, Net of Tax	(542)	1,471
TOTAL STOCKHOLDERS' EQUITY	100,700	106,212
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 1,400,412	\$ 1,348,218

See accompanying notes to consolidated financial statements.

SUFFOLK BANCORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands of dollars except for share and per share data)

	For the Three Months Ended	
	September 30, 2005	September 30, 2004
	<i>unaudited</i>	<i>unaudited</i>
INTEREST INCOME		
Federal Funds Sold	\$ 29	\$ 136
United States Treasury Securities	96	104
Obligations of States & Political Subdivisions (tax exempt)	625	256
Mortgage-Backed Securities	2,295	2,694
U.S. Government Agency Obligations	1,222	1,095
Corporate Bonds & Other Securities	39	21
Loans	15,042	12,778
Total Interest Income	19,348	17,084
INTEREST EXPENSE		
Saving, N.O.W. & Money Market Deposits	974	724
Time Certificates of \$100,000 or more	147	88
Other Time Deposits	1,310	1,031
Federal Funds Purchased	363	-
Interest on Other Borrowings	72	-
Total Interest Expense	2,866	1,843
Net-interest Income	16,482	15,241
Provision for Loan Losses	450	225
Net-interest Income After Provision for Loan Losses	16,032	15,016
OTHER INCOME		
Service Charges on Deposit Accounts	1,429	1,412
Other Service Charges, Commissions & Fees	657	698
Fiduciary Fees	297	303
Other Operating Income	145	201
Total Other Income	2,528	2,614
OTHER EXPENSE		
Salaries & Employee Benefits	5,516	5,358
Net Occupancy Expense	911	669
Equipment Expense	478	537
Other Operating Expense	2,273	2,426
Total Other Expense	9,178	8,990
Income Before Provision for Income Taxes	9,382	8,640
Provision for Income Taxes	3,537	3,433
NET INCOME	\$ 5,845	\$ 5,207
Average:		
Common Shares Outstanding	10,494,505	10,867,334
Dilutive Stock Options	28,388	30,892
Average Total Common Shares and Dilutive Options	10,522,893	10,898,226
EARNINGS PER COMMON SHARE		
Basic	\$ 0.56	\$ 0.48
Diluted	\$ 0.56	\$ 0.48

See accompanying notes to consolidated financial statements.

SUFFOLK BANCORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands of dollars except for share and per share data)

	For the Nine Months Ended	
	September 30, 2005	September 30, 2004
	<i>unaudited</i>	<i>unaudited</i>
INTEREST INCOME		
Federal Funds Sold	\$ 80	\$ 223
United States Treasury Securities	288	312
Obligations of States & Political Subdivisions (tax exempt)	1,529	647
Mortgage-Backed Securities	7,531	7,680
U.S. Government Agency Obligations	3,667	3,139
Corporate Bonds & Other Securities	114	59
Loans	42,600	38,750
Total Interest Income	<u>55,809</u>	<u>50,810</u>
INTEREST EXPENSE		
Saving, N.O.W. & Money Market Deposits	2,663	2,034
Time Certificates of \$100,000 or more	395	270
Other Time Deposits	3,487	3,199
Federal Funds Purchased	852	-
Interest on Other Borrowings	534	40
Total Interest Expense	<u>7,931</u>	<u>5,543</u>
Net-interest Income	47,878	45,267
Provision for Loan Losses	1,125	1,748
Net-interest Income After Provision	<u>46,753</u>	<u>43,519</u>
OTHER INCOME		
Service Charges on Deposit Accounts	4,199	4,239
Other Service Charges, Commissions & Fees	1,885	1,916
Fiduciary Fees	858	924
Net Security Gains	-	1,219
Other Operating Income	413	542
Total Other Income	<u>7,355</u>	<u>8,840</u>
OTHER EXPENSE		
Salaries & Employee Benefits	16,595	16,206
Net Occupancy Expense	2,779	2,351
Equipment Expense	1,577	1,617
Other Operating Expense	6,984	7,126
Total Other Expense	<u>27,935</u>	<u>27,300</u>
Income Before Provision for Income Taxes	26,173	25,059
Provision for Income Taxes	9,871	9,955
NET INCOME	<u>\$ 16,302</u>	<u>\$ 15,104</u>
Average:		
Common Shares Outstanding	10,624,175	10,894,156
Dilutive Stock Options	28,762	33,539
Average Total Common Shares and Dilutive Options	<u>10,652,937</u>	<u>10,927,695</u>
EARNINGS PER COMMON SHARE		
Basic	\$ 1.53	\$ 1.39
Diluted	\$ 1.53	\$ 1.38

See accompanying notes to consolidated financial statements.

SUFFOLK BANCORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of dollars)

	For the Nine Months Ended	
	September 30, 2005	September 30, 2004
	<i>unaudited</i>	<i>unaudited</i>
NET INCOME	\$ 16,302	\$ 15,104
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH		
CASH FLOWS FROM OPERATING ACTIVITIES		
Provision for Loan Losses	1,125	1,748
Depreciation & Amortization	1,601	1,569
Accretion of Discounts	(254)	(266)
Amortization of Premiums	2,787	3,525
Increase in Accrued Interest Receivable	(470)	(43)
Decrease in Other Assets	2,462	1,317
Increase (Decrease) in Accrued Interest Payable	555	(81)
Increase (Decrease) in Other Liabilities	4,833	(959)
Net Security Gains	-	(1,219)
Net Cash Provided by Operating Activities	28,941	20,695
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal Payments on Investment Securities Available for Sale	46,912	59,762
Proceeds from Sale of Investment Securities Available for Sale	-	43,604
Purchases of Investment Securities; Available for Sale	(29,874)	(153,754)
Maturities of Investment Securities; Held to Maturity	4,817	6,468
Purchases of Investment Securities; Held to Maturity	(4,161)	(5,661)
Loan Disbursements & Repayments, Net	(57,842)	20,148
Purchases of Premises & Equipment, Net	(1,205)	(1,569)
Net Cash Used in Investing Activities	(41,353)	(31,002)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Deposit Accounts	23,172	53,540
Dividends Paid to Shareholders	(6,213)	(6,223)
Treasury Shares Acquired	(13,519)	(3,296)
Net Proceeds from (Payments for) Other Borrowings	30,475	(20,000)
Net Cash Provided by Financing Activities	33,915	24,021
Net Increase in Cash & Cash Equivalents	21,503	13,714
Cash & Cash Equivalents Beginning of Period	40,053	56,353
Cash & Cash Equivalents End of Period	\$ 61,556	\$ 70,067

See accompanying notes to consolidated financial statements.

SUFFOLK BANCORP AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated financial statements of Suffolk Bancorp (Suffolk) and its consolidated subsidiaries have been prepared to reflect all adjustments (consisting solely of normally recurring accruals) necessary for a fair presentation of the financial condition and results of operations for the periods presented. Certain information and footnotes normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) have been condensed or omitted. Notwithstanding, management believes that the disclosures are adequate to prevent the information from misleading the reader, particularly when the accompanying consolidated financial statements are read in conjunction with the audited consolidated financial statements and notes thereto included in the Registrant’s Annual Report on Form 10-K, for the year ended December 31, 2004.

The results of operations for the three and nine months ended September 30, 2005 are not necessarily indicative of the results of operations to be expected for the remainder of the year.

(2) Stock-based Compensation

At September 30, 2005, Suffolk had one stock-based employee compensation plan. Suffolk accounts for that plan under the recognition and measurement principles of APB 25, “Accounting for Stock Issued to Employees,” and related interpretations. No stock-based employee compensation costs are reflected in net income, as all options granted under the plan had an exercise price equal to the market value of the underlying common stock on the date of grant.

The following table provides the disclosures required by Statement of Financial Accounting Standards No. 123 “Accounting for Stock Based Compensation” (“SFAS No. 123”) and illustrates the effect on net income and earnings per share if Suffolk had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation, and should be read in conjunction with “Capital Resources” on page 13 in Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Quarter Ended September 30,		2005	2004
Net income (in thousands)	As reported	\$ 5,845	\$ 5,207
	Stock-based compensation costs determined under fair value method for all awards	(17)	(9)
	<i>pro-forma</i>	5,828	5,198
Earnings per share (Basic)	As reported	0.56	0.48
	<i>pro forma</i>	0.55	0.48
Earnings per share (Diluted)	As reported	0.56	0.48
	<i>pro-forma</i>	0.55	0.48

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123(R), “Share-Based Payment” (SFAS 123(R)). This statement is a revision of SFAS NO.123, “Accounting for Stock-Based Compensation.” It supersedes APB Opinion No. 25, “Accounting for Stock Issued to Employees.” SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. The provisions of this statement are effective for periods beginning after December 31, 2005. The Company is currently evaluating the provisions of this revision to determine the impact on its consolidated financial statements. The recording of this expense is expected to decrease consolidated net income.

On March 29, 2005, the SEC released Staff Accounting Bulletin 107, “Share-Based Payments,” (“SAB 107”). The interpretations in SAB 107 express the views of the SEC staff regarding the application of SFAS No. 123(R). Among other things, SAB 107 provides interpretive guidance about the interaction of Statement 123(R) and certain SEC rules and regulations. It also provides the staff’s views regarding the valuation of share-based payments by public companies. Suffolk is evaluating the impact that the implementation of SAB 107 and SFAS 123(R) will have on options granted in the future.

(3) Recent Accounting Pronouncements

Suffolk adopted FASB Interpretation 45 (“FIN 45”), “Guarantor’s Accounting and Disclosure Requirements for Guarantees, including Indirect Guarantees of Indebtedness of Others,” on January 1, 2003. FIN 45 requires a guarantor entity, at the

inception of a guarantee covered by the measurement provisions of the interpretation, to record a liability for the fair value of the obligation undertaken in issuing the guarantee. Suffolk has financial and performance letters of credit. Financial letters of credit require Suffolk to make payment if the customer's financial condition deteriorates, as defined in the agreements. Performance letters of credit require Suffolk to make payments if the customer fails to perform certain non-financial contractual obligations. Suffolk previously did not record a liability when guaranteeing obligations unless it became probable that Suffolk would have to perform under the guarantee. FIN 45 applies prospectively to guarantees Suffolk issues or modifies subsequent to December 31, 2003. The maximum potential undiscounted amount of future payments of these letters of credit as of September 30, 2005 is \$5,703,000 and they expire as follows:

2005	1,379,000
2006	3,263,000
2007	988,000
Thereafter	73,000
	\$ 5,703,000

Amounts due under these letters of credit would be reduced by any proceeds that Suffolk would be able to obtain in liquidating the collateral for the loans, which varies depending on the customer. The valuation of the allowance for loan losses includes a provision of \$8,600 for loan losses based on the letters of credit outstanding on September 30, 2005.

In March 2004, the SEC released Staff Accounting Bulletin No. 105, "Application of Accounting Principles to Loan Commitments" ("SAB 105"). SAB 105 provides guidance about the measurement of loan commitments recognized at fair value under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." SAB 105 also requires companies to disclose their accounting policy for those loan commitments including methods and assumptions used to estimate fair value and associated hedging strategies. SAB 105 is effective for all loan commitments accounted for as derivatives that are entered into after March 31, 2004. The Company has adopted the provisions of SAB 105. This did not have a material effect on the Company's consolidated financial statements.

In October 2003, the AICPA issued SOP 03-3, "Accounting for Loans or Certain Debt Securities Acquired in a Transfer" ("SOP 03-3"). SOP 03-3 applies to a loan with the evidence of deterioration of credit quality since origination acquired by completion of a transfer for which it is probable at acquisition that the Company will be unable to collect all contractually required payments receivable. SOP 03-3 requires that the Company recognize the excess of all cash flows expected at acquisition over the investor's initial investment in the loan as interest income on a level-yield basis over the life of the loan as the accretable yield. The loan's contractual required payments receivable in excess of the amount of its cash flows excepted at acquisition (nonaccretable difference) should not be recognized as an adjustment to yield, a loss accrual, or a valuation allowance for credit risk. SOP 03-3 is effective for loans acquired in fiscal years beginning after December 31, 2004. Suffolk implemented SOP 03-3 on January 1, 2005. The adoption of SOP-03-3 did not materially impact its financial condition or results of operations.

In June 2005, the Financial Accounting Standards Board ("FASB") issued proposed FSP (FASB Financial Staff Position) EITF 03-1a, "Implementation Guidance for the Application of Paragraph 16 of EITF Issue No. 03-1." The final FSP will be retitled FSP FAS 115-1, "The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments," and will supercede EITF 03-1, "The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments," and EITF Topic D-44 "Recognition of Other-Than-Temporary Impairment upon the Planned Sale of a Security Whose Costs Exceeds Fair Value." The final FSP will replace guidance in paragraphs 10-18 of EITF Issue 03-1 and will codify the guidance set forth in EITF Topic D-44 and clarify that an investor should recognize an impairment loss no later than when the impairment is considered other than temporary, even if a decision to sell has not been made. FSP FAS 115-1 will be effective for other-than temporary impairment analysis conducted in periods beginning after September 15, 2005. FASB approved the proposed FSP subject to a vote on the final draft. Suffolk is currently evaluating the impact of FSP FAS 115-1 on its financial condition, results of operations and disclosures.

In May 2005, FASB issued Statement No. 154, "Accounting Changes and Error Corrections – a replacement of APB Opinion No. 20 and FASB Statement No. 3." This statement changes the requirements for the accounting for and reporting of a change in accounting principle. Opinion 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new principle. Statement No. 154 requires retrospective application to prior periods financial statements of changes in accounting principle, where practicable, and limits retrospective application of a change to direct effects of the change in accounting principle. Indirect effects of a change in accounting principle should be recognized in the period of accounting change. This statement is effective for accounting changes made in fiscal years after December 15, 2005. Suffolk is currently evaluating the impact of FAS No. 154 on its financial condition and results of operations.

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Three-Month Periods ended September 30, 2005 and 2004

Recent Developments

Interest rates have increased throughout the year. This led to an increase in net interest margin, which increased to 5.21 percent in the third quarter of 2005, from 4.85 percent, in the third quarter of 2004.

Return on average equity increased, to 23.66 percent for the third quarter in 2005, up from 20.88 percent during the third quarter of 2004, and earnings-per-share increased from \$0.48 in the third quarter of 2004 to \$0.56 in the third quarter of 2005.

Key to maintaining performance was close management of the balance sheet. Steps included:

- Redirecting flow of investment from the consumer portfolio, comprised primarily of indirect automobile paper to the commercial and commercial real estate portfolios, as well as residential mortgages.
- Pursuing ongoing program of capital management, which applies leverage to shareholders' investment by means of the selective repurchase of shares, while maintaining "well-capitalized" status with regulatory agencies.
- Continuing emphasis on both personal and commercial demand deposits, while allowing more expensive time deposits to decline. Demand deposits increased 8.7 percent quarter to quarter, while savings, N.O.W. and money market deposits declined by 10.3 percent.

Current Trends

- Consumer loans continue to come under increasing pressure with regard to term, rate, and volume in the face of the incentive programs of the major manufacturers.
- Commercial mortgages, commercial loans, as well as residential mortgages and home equity loans, have more than made up for that decline.

Net Income

Net income was \$5,845,000 for the quarter, up 12.3 percent from \$5,207,000 posted during the same period last year. Earnings per share for the quarter were \$0.56 versus \$0.48, an increase of 16.7 percent.

Interest Income

Interest income was \$19,348,000 for the third quarter of 2005, up 13.3 percent from \$17,084,000 posted for the same quarter in 2004. Average net loans during the third quarter of 2005 totaled \$858,713,000 compared to \$814,143,000 for the same period of 2004. During the third quarter of 2005, the yield was 6.09 percent (taxable-equivalent) on average earning assets of \$1,289,238,000 up from 5.43 percent on average earning assets of \$1,268,378,000 during the third quarter of 2004. Increases in interest income were attributable primarily to an increase in interest income on loans and obligations of states and political subdivisions.

Interest Expense

Interest expense for the third quarter of 2005 was \$2,866,000, up 55.5 percent from \$1,843,000 for the same period of 2004. During the third quarter of 2005, the cost of funds was 1.38 percent on average interest-bearing liabilities of \$829,747,000, up from 0.89 percent on average interest-bearing liabilities of \$830,940,000 during the third quarter of 2004. Interest expense increased primarily as a result of increases in market rates of interest, and increased interest on Federal funds purchased and other borrowings.

Each of the Bank's demand deposit accounts has a related non-interest-bearing sweep account. The sole purpose of the sweep accounts is to reduce the non-interest-bearing reserve balances that the Bank is required to maintain with the Federal Reserve

Bank, and thereby increase funds available for investment. Although the sweep accounts are classified as savings accounts for regulatory purposes, they are included in demand deposits in the accompanying consolidated statements of condition.

Net Interest Income

Net interest income, before the provision for loan losses, is the largest component of Suffolk's earnings. It was \$16,482,000 for the third quarter of 2005, up 8.1 percent from \$15,241,000 during the same period of 2004. The net interest margin for the quarter, on a fully taxable-equivalent basis, was 5.21 percent compared to 4.85 percent for the same period of 2004.

The following table details the components of Suffolk's net interest income on a taxable-equivalent basis: (in thousands of dollars)

September 30,	2005			2004		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
INTEREST-EARNING ASSETS						
U.S. Treasury securities	\$ 9,413	\$ 98	4.16 %	\$ 9,645	\$ 106	4.40 %
Collateralized mortgage obligations	224,433	2,257	4.02	260,477	2,669	4.10
Mortgage backed securities	2,234	38	6.80	6,350	26	1.64
Obligations of states and political subdivisions	62,976	919	5.84	25,233	378	5.99
U.S. govt. agency obligations	125,467	1,222	3.90	109,794	1,095	3.99
Corporate bonds and other securities	2,668	39	5.85	2,561	21	3.28
Federal funds sold and securities purchased under agreements to resell	3,334	29	3.48	40,175	135	1.34
Loans, including non-accrual loans						
Commercial, financial & agricultural loans	172,679	3,019	6.99	166,138	2,213	5.33
Commercial real estate mortgages	293,420	5,093	6.94	243,133	4,136	6.80
Real estate construction loans	54,004	1,473	10.91	38,563	658	6.83
Residential mortgages (1st and 2nd liens)	118,892	1,865	6.27	111,599	1,818	6.52
Home equity loans	79,629	1,338	6.72	68,314	877	5.14
Consumer loans	139,038	2,254	6.48	182,730	3,076	6.73
Other loans (overdrafts)	1,051	-	-	3,666	-	-
Total interest-earning assets	\$ 1,289,238	\$ 19,644	6.09 %	\$ 1,268,378	\$ 17,208	5.43 %
Cash and due from banks	\$ 50,425			\$ 51,624		
Other non-interest-earning assets	62,520			45,840		
Total assets	\$ 1,402,183			\$ 1,365,842		
INTEREST-BEARING LIABILITIES						
Saving, N.O.W. and money market deposits	\$ 559,863	\$ 974	0.70 %	\$ 614,904	\$ 725	0.47 %
Time deposits	224,349	1,457	2.60	216,036	1,118	2.07
Total saving and time deposits	784,212	2,431	1.24	830,940	1,843	0.89
Federal funds purchased and securities sold under agreement to repurchase	297	0	0.47	-	-	-
Other borrowings	45,238	435	3.85	-	-	-
Total interest-bearing liabilities	\$ 829,747	\$ 2,866	1.38 %	\$ 830,940	\$ 1,843	0.89 %
Rate spread			4.71 %			4.54 %
Non-interest-bearing deposits	\$ 449,230			\$ 412,839		
Other non-interest-bearing liabilities	24,386			22,313		
Total liabilities	\$ 1,303,363			\$ 1,266,092		
Stockholders' equity	98,820			99,750		
Total liabilities and stockholders' equity	\$ 1,402,183			\$ 1,365,842		
Net-interest income (taxable-equivalent basis) and effective interest rate differential		\$ 16,778	5.21 %		\$ 15,365	4.85 %
Less: taxable-equivalent basis adjustment		(296)			(124)	
Net-interest income		\$ 16,482			\$ 15,241	

Other Income

Other income decreased to \$2,528,000 for the three months compared to \$2,614,000 the previous year. Service charges on deposits were up 1.2 percent. Service charges, including commissions and fees other than for deposits, decreased by 5.9 percent. Trust revenue was down 2.0 percent. Other operating income decreased by 27.9 percent. There were no net gains on the sale of securities for the third quarter of 2005 and 2004.

Other Expense

Other expense for the third quarter of 2005 was \$9,178,000, up 2.1 percent from \$8,990,000 for the comparable period in 2004. Employee compensation increased by 2.9 percent, net occupancy expense increased 36.2 percent owing primarily to increased rent and building maintenance, equipment expense decreased by 11.0 percent, and other operating expense decreased by 6.3 percent.

In accordance with the requirements of Statement of Financial Accounting Standards 132R (“SFAS 132R”), Suffolk presents information concerning net periodic defined benefit pension expense for the three and nine months ended September 30, 2005 and 2004, including the following components:

	3 months 9/30/2005	3 months 9/30/2004	9 months 9/30/2005	9 months 9/30/2004
Service cost	\$ 298,660	\$ 282,110	\$ 895,980	\$ 846,329
Interest cost	312,648	290,790	937,944	872,370
Expected return on plan assets	(392,810)	(352,111)	(1,178,430)	(1,056,334)
Amortization of prior service cost	(3,595)	(14,492)	(10,785)	(43,475)
Amortization of unrecognized net actuarial loss	48,787	60,515	146,361	181,545
Net periodic benefit expense	\$ 263,690	\$ 266,812	\$ 791,070	\$ 800,435

A contribution of approximately \$1,207,000 was made to the pension plan in June of 2005. There were no additional contributions required to be made to the plan in the three months ended September 30, 2005.

Capital Resources

Stockholders’ equity totaled \$100,700,000 on September 30, 2005, a decrease of 5.2 percent from \$106,212,000 on December 31, 2004. Net income for the year to date of \$16,302,000 was offset by dividends of \$6,239,000 and by the repurchase of shares totaling \$13,519,000. The ratio of equity to assets was 7.2 percent at September 30, 2005 and 7.9 percent at December 31, 2004. The following table details amounts and ratios of Suffolk’s regulatory capital: (in thousands of dollars except ratios)

	Actual		For capital adequacy		To be well capitalized under prompt corrective action provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of September 30, 2005						
Total Capital (to risk-weighted assets)	\$ 109,196	10.79%	\$ 80,993	8.00%	\$ 101,241	10.00%
Tier 1 Capital (to risk-weighted assets)	100,309	9.91%	40,496	4.00%	60,745	6.00%
Tier 1 Capital (to average assets)	100,309	7.16%	56,050	4.00%	70,063	5.00%
As of December 31, 2004						
Total Capital (to risk-weighted assets)	\$ 112,020	11.94%	\$ 75,051	8.00%	\$ 93,814	10.00%
Tier 1 Capital (to risk-weighted assets)	103,810	11.07%	37,526	4.00%	56,289	6.00%
Tier 1 Capital (to average assets)	103,810	7.54%	55,073	4.00%	68,841	5.00%

Credit Risk

Suffolk makes loans based on the best evaluation possible of the creditworthiness of the borrower. Even with careful underwriting, some loans may not be repaid as originally agreed. To provide for this possibility, Suffolk maintains an allowance for loan losses, based on an analysis of the performance of the loans in its portfolio. The analysis includes subjective factors based on management’s judgment as well as quantitative evaluation. Prudent, conservative estimates should produce an allowance that will provide for a range of losses. According to generally accepted accounting principles (“GAAP”) a financial institution should record its best estimate. Appropriate factors contributing to the estimate may include changes in the composition of the institution’s assets, or potential economic slowdowns or downturns. Also important is the geographical or political environment in which the institution operates. Suffolk’s management considers all of these factors when determining the provision for loan losses.

The provision for the allowance for loan losses was \$450,000 for the third quarter of 2005, compared to \$225,000 for the comparable period in 2004.

The following table presents information about the allowance for loan losses: (in thousands of dollars except for ratios)

	For the last 12 months	For the three months ended			
		Sept. 30 2005	June 30 2005	Mar. 31 2005	Dec. 31 2004
Allowance for loan losses					
Beginning balance	\$ 7,980	\$ 8,887	\$ 8,442	\$ 8,210	\$ 7,980
Total charge-offs	748	125	95	277	251
Total recoveries	802	172	165	209	256
Provision for loan losses	1,350	450	375	300	225
Ending balance	\$ 9,384	\$ 9,384	\$ 8,887	\$ 8,442	\$ 8,210
Coverage ratios					
Loans, net of discounts: average	\$ 849,614	\$ 867,818	\$ 867,705	\$ 837,584	\$ 825,348
at end of period	862,588	883,321	881,017	860,584	825,430
Non-performing assets	5,134	5,168	4,831	5,172	5,364
Non-performing assets/total loans (net of discount)	0.60%	0.59%	0.55%	0.60%	0.65%
Net charge-offs/average net loans (annualized)	(0.01%)	(0.02%)	(0.03%)	0.03%	0.00%
Allowance/non-accrual, restructured, & OREO	170.45%	181.58%	183.96%	163.23%	153.06%
Allowance for loan losses/net loans	1.01%	1.06%	1.01%	0.98%	0.99%

Critical Accounting Policies, Judgments and Estimates

Suffolk's accounting and reporting policies conform to the accounting principles generally accepted in the United States of America and general practices within the financial services industry. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Allowance for Loan Losses

Suffolk considers that the determination of the allowance for loan losses involves a higher degree of judgment and complexity than its other significant accounting policies. The balance in the allowance for loan losses is determined based on management's review and evaluation of the loan portfolio in relation to past loss experience, the size and composition of the portfolio, current economic events and conditions, and other pertinent factors, including management's assumptions as to future delinquencies, recoveries and losses. All of these factors may change significantly. To the extent actual performance differs from management's estimates, additional provisions for loan losses may be required that would reduce earnings in future periods.

Income Taxes

Under the liability method, deferred tax assets and liabilities are determined by the difference between the financial statement, and the tax bases of assets and liabilities. Deferred tax assets are subject to management's judgment of available evidence that future realization is more likely than not. If management determines that Suffolk may be unable to realize all or part of the net deferred tax assets in the future, a direct charge to income tax expense may be required to reduce the recorded value of the net deferred tax asset to the amount management expects can be realized.

Item 3.

Quantitative and Qualitative Disclosures about Market Risk

Market Risk

Suffolk originates and invests in interest-earning assets and solicits interest-bearing deposit accounts. Suffolk's operations are subject to market risk resulting from fluctuations in interest rates to the extent that there is a difference between the amounts of interest-earning assets and interest-bearing liabilities that are prepaid, withdrawn, mature, or re-priced in any given period of time. Suffolk's earnings or the net value of its portfolio (the present value of expected cash flows from liabilities) will change when interest rates change. The principal objective of Suffolk's asset/liability management program is to maximize net interest income while keeping risks acceptable. These risks include both the effect of changes in interest rates, and risks to liquidity. The program also provides guidance to management in funding Suffolk's investment in loans and securities. Suffolk's exposure to interest-rate risk has not changed substantially since December 31, 2004.

Business Risks and Uncertainties

This report contains some statements that 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. Further, it could take Suffolk longer than anticipated to implement its strategic plans to increase revenue and manage non-interest expense, or it may not be possible to implement those plans at all. Finally, new and unanticipated legislation, regulation, or accounting standards may require Suffolk to change its practices in ways that materially change the results of operation. Each of the factors may change in ways that management does not now foresee. 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.

Item 4.

Controls and Procedures

Suffolk's Chief Executive Officer and Chief Financial Officer (collectively, the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures as defined in Rules 13a-15(e) of the Securities Exchange Act of 1934 for Suffolk. Based upon their evaluation of these controls and procedures as of September 30, 2005, the Certifying Officers have concluded that Suffolk's disclosure controls and procedures are effective.

In addition, there has been no significant change in Suffolk's internal controls over financial reporting that occurred during Suffolk's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Suffolk's internal controls over financial reporting.

PART II

Item 2.

Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

The following table details repurchases of common stock during the third quarter of 2005:

Quarter ending	Total shares repurchased	Average price per share	Aggregate cost
September 30, 2005	122,350	\$ 31.52	\$ 3,856,494

Item 6.
Exhibits and Reports on Form 8-K

CERTIFICATION OF PERIODIC REPORT - Exhibit 31.1
CERTIFICATION OF PERIODIC REPORT - Exhibit 31.2
CERTIFICATION OF PERIODIC REPORT - Exhibit 32.1
CERTIFICATION OF PERIODIC REPORT - Exhibit 32.2

The following reports were filed on Form 8-K during the three month period ended September 30, 2005.

Current Report on Form 8-K – July 15, 2005 – Press Release of July 15, 2005, “Suffolk Bancorp Announces Increases In Second Quarter Earnings” - Earnings release for the three months ended June 30, 2005.

Current Report on Form 8-K – August 24, 2005 – Press Release of August 24, 2005, “Suffolk Bancorp Announces Regular Quarterly Dividend”.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUFFOLK BANCORP

Date: November 4, 2005

/s/ Thomas S. Kohlmann
Thomas S. Kohlmann
President & Chief Executive Officer

Date: November 4, 2005

/s/ J. Gordon Huszagh
J. Gordon Huszagh
Executive Vice President & Chief Financial Officer

CERTIFICATION OF PERIODIC REPORT
Exhibit 31.1

I, Thomas S. Kohlmann, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Suffolk Bancorp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 4, 2005

/s/ Thomas S. Kohlmann

Thomas S. Kohlmann

President & Chief Executive Officer

CERTIFICATION OF PERIODIC REPORT

Exhibit 31.2

I, J. Gordon Huszagh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Suffolk Bancorp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 4, 2005

/s/ J. Gordon Huszagh

J. Gordon Huszagh

Executive Vice President & Chief Financial Officer

CERTIFICATION OF PERIODIC REPORT

Exhibit 32.1

I, Thomas S. Kohlmann, President & Chief Executive Officer of Suffolk Bancorp (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2003, 18 U.S.C. Section 1350, that: (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2005 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and (2) the information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 4, 2005

/s/ Thomas S. Kohlmann

Thomas S. Kohlmann

President & Chief Executive Officer

CERTIFICATION OF PERIODIC REPORT

Exhibit 32.2

I, J. Gordon Huszagh, Executive Vice President & Chief Financial Officer of Suffolk Bancorp (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2003, 18 U.S.C. Section 1350, that: (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2005 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and (2) the information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 4, 2005

/s/ J. Gordon Huszagh

J. Gordon Huszagh

Executive Vice President & Chief Financial Officer

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