

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2007

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)

(631) 727-5667

(Registrant's Telephone Number, Including Area Code)

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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

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.

10,045,392 SHARES OF COMMON STOCK OUTSTANDING AS OF May 1, 2007

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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)

	March 31, 2007	December 31, 2006
ASSETS	<i>unaudited</i>	
Cash & Due From Banks	\$ 44,611	\$ 43,576
Federal Funds Sold	-	-
Investment Securities:		
Available for Sale, at Fair Value	403,067	403,246
Held to Maturity (Fair Value of \$15,847 and \$15,647, respectively)		
Obligations of States & Political Subdivisions	9,854	9,913
Federal Reserve Bank Stock	638	638
Federal Home Loan Bank Stock	4,703	4,446
Corporate Bonds & Other Securities	100	100
Total Investment Securities	418,362	418,343
Total Loans	904,091	891,447
Less: Allowance for Loan Losses	7,286	7,551
Net Loans	896,805	883,896
Premises & Equipment, Net	22,235	22,471
Accrued Interest Receivable, Net	7,940	7,609
Excess of Cost Over Fair Value of Net Assets Acquired	814	814
Other Assets	15,650	15,940
TOTAL ASSETS	\$ 1,406,417	\$ 1,392,649
LIABILITIES & STOCKHOLDERS' EQUITY		
Demand Deposits	\$ 409,486	\$ 426,924
Saving, N.O.W. & Money Market Deposits	427,849	438,190
Time Certificates of \$100,000 or more	107,917	81,842
Other Time Deposits	207,168	192,119
Total Deposits	1,152,420	1,139,075
Federal Funds Purchased	-	-
Federal Home Loan Bank Borrowings	72,700	67,000
Repurchase Agreements	53,790	53,135
Dividend Payable on Common Stock	2,228	2,253
Accrued Interest Payable	2,576	3,373
Other Liabilities	14,077	19,247
TOTAL LIABILITIES	1,297,791	1,284,083
STOCKHOLDERS' EQUITY		
Common Stock (par value \$2.50; 15,000,000 shares authorized; 10,081,092 and 10,242,291 shares outstanding at March 31, 2007 and December 31, 2006, respectively)	33,911	33,911
Surplus	19,990	19,931
Treasury Stock at Par (3,483,299 and 3,322,099 shares, respectively)	(8,708)	(8,305)
Retained Earnings	66,926	67,099
	112,119	112,636
Accumulated Other Comprehensive Loss, Net of Tax	(3,493)	(4,070)
TOTAL STOCKHOLDERS' EQUITY	108,626	108,566
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 1,406,417	\$ 1,392,649

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		
	March 31, 2007	March 31, 2006	
	<i>unaudited</i>	<i>unaudited</i>	
INTEREST INCOME			
Federal Funds Sold	\$ 49	\$ 8	
United States Treasury Securities	99	95	
Obligations of States & Political Subdivisions	1,228	829	
Mortgage-Backed Securities	2,030	2,030	
U.S. Government Agency Obligations	1,217	1,222	
Corporate Bonds & Other Securities	100	94	
Loans	17,309	16,261	
Total Interest Income	<u>22,032</u>	<u>20,539</u>	
INTEREST EXPENSE			
Saving, N.O.W. & Money Market Deposits	1,179	1,047	
Time Certificates of \$100,000 or more	1,084	197	
Other Time Deposits	1,944	1,454	
Federal Funds Purchased and Repurchase Agreements	715	662	
Interest on Other Borrowings	1,028	1,024	
Total Interest Expense	<u>5,950</u>	<u>4,384</u>	
Net-interest Income	16,082	16,155	
Provision for Loan Losses	112	300	
Net-interest Income After Provision for Loan Losses	<u>15,970</u>	<u>15,855</u>	
OTHER INCOME			
Service Charges on Deposit Accounts	1,315	1,398	
Other Service Charges, Commissions & Fees	613	566	
Fiduciary Fees	320	292	
Other Operating Income	123	130	
Total Other Income	<u>2,371</u>	<u>2,386</u>	
OTHER EXPENSE			
Salaries & Employee Benefits	6,169	6,058	
Net Occupancy Expense	1,024	1,032	
Equipment Expense	582	504	
Other Operating Expense	2,548	2,266	
Total Other Expense	<u>10,323</u>	<u>9,860</u>	
Income Before Provision for Income Taxes	8,018	8,381	
Provision for Income Taxes	2,869	3,157	
NET INCOME	<u>\$ 5,149</u>	<u>\$ 5,224</u>	
Average:	Common Shares Outstanding	10,189,580	10,355,554
	Dilutive Stock Options	26,904	34,697
	Average Total Common Shares and Dilutive Options	<u>10,216,484</u>	<u>10,390,251</u>
EARNINGS PER COMMON SHARE			
	Basic	\$ 0.51	\$ 0.50
	Diluted	\$ 0.50	\$ 0.50

See accompanying notes to consolidated financial statements.

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

	For the Three Months Ended	
	<u>March 31, 2007</u>	<u>March 31, 2006</u>
	<i>unaudited</i>	<i>unaudited</i>
NET INCOME	\$ 5,149	\$ 5,224
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH		
CASH FLOWS FROM OPERATING ACTIVITIES		
Provision for Loan Losses	112	300
Depreciation & Amortization	606	529
Stock Based Compensation	59	55
Accretion of Discounts	(38)	(62)
Amortization of Premiums	248	757
Increase in Accrued Interest Receivable	(331)	(293)
Increase in Other Assets	(110)	(963)
(Decrease) Increase in Accrued Interest Payable	(797)	580
Decrease in Other Liabilities	(3,156)	(161)
Net Cash Provided by Operating Activities	<u>1,742</u>	<u>5,966</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal Payments on Investment Securities Available for Sale	6,695	9,548
Maturities of Investment Securities; Available for Sale	-	-
Purchases of Investment Securities; Available for Sale	(5,750)	(6,263)
Maturities of Investment Securities; Held to Maturity	112	85
Purchases of Investment Securities; Held to Maturity	(309)	(713)
Loan Disbursements & Repayments, Net	(13,021)	(19,197)
Purchases of Premises & Equipment, Net	(370)	(308)
Net Cash Used in Investing Activities	<u>(12,643)</u>	<u>(16,848)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Deposit Accounts	13,345	(24,903)
Dividends Paid to Shareholders	(2,253)	(2,081)
Treasury Shares Acquired	(5,511)	(2,789)
Net Proceeds from Other Borrowings	6,355	43,100
Net Cash Provided by Financing Activities	<u>11,936</u>	<u>13,327</u>
Net Increase in Cash & Cash Equivalents	1,035	2,445
Cash & Cash Equivalents Beginning of Period	43,576	\$ 48,530
Cash & Cash Equivalents End of Period	<u>\$ 44,611</u>	<u>\$ 50,975</u>

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, 2006.

The results of operations for the three months ended March 31, 2007 are not necessarily indicative of the results of operations to be expected for the remainder of the year.

(2) Stock-based Compensation

At March 31, 2007, Suffolk had one stock-based employee compensation plan, a Stock Option Plan ("the Plan"), under which 1,200,000 shares of Suffolk's common stock were originally reserved for issuance to key employees, and of which 1,037,500 remained available at that date. Options are awarded by a committee appointed by the Board of Directors. The Plan provides that the option price shall not be less than the fair value of the common stock on the date the option is granted. All options are exercisable for a period of ten years or less. The Plan provides for but does not require the grant of stock appreciation rights that the holder may exercise instead of the underlying option. When the stock appreciation right is exercised, the underlying option is canceled. The optionee receives shares of common stock with a fair market value equal to the excess of the fair value of the shares subject to the option at the time of exercise (or the portion thereof so exercised) over the aggregate option price of the shares set forth in the option agreement. The exercise of stock appreciation rights is treated as the exercise of the underlying option. Options vest after one year and expire after not more than ten years. Prior to January 1, 2006, Suffolk accounted for that plan under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25") and related interpretations. No stock-based employee compensation costs were 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.

On January 1, 2006, Suffolk adopted SFAS No. 123(R), "Share-Based Payment" ("SFAS No. 123(R)"). This statement supersedes APB No. 25. 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. This statement was adopted using the modified prospective method of application, which requires the recognition of compensation expense on a prospective basis. Accordingly, prior periods have not been restated. This statement also revised SFAS No. 123 "Accounting for Stock-Based Compensation", which superseded APB No. 25. SFAS 123 required the disclosure of the effect on net income and earnings per share using fair value recognition provisions. During the three months ended March 31, 2007, \$35,000 of compensation expense, net of a tax benefit of \$24,000, was recorded for stock-based compensation. As of March 31, 2007, there was \$186,000 of total unrecognized compensation cost, net of estimated forfeitures, related to non-vested options under the Plan. That cost is expected to be recognized over a weighted-average period of 6.88 months.

The following table presents the options granted, exercised, or expired during the quarter ended March 31, 2007:

	Shares	Wtd. Avg. Exercise
Balance at December 31, 2006	117,500	\$ 26.52
Options granted	24,000	32.90
Options exercised	-	-
Options expired or terminated	-	-
Balance at March 31, 2007	141,500	\$ 27.61

The following table presents certain information about the valuation of options granted during the quarter ended March 31, 2007 and the year ended December 31, 2006:

At, or during,	Quarter Ended 3/31/2007	Year Ended 12/31/2006
Average remaining contractual life in years	6.70	6.31
Exercisable options (vested)	117,500	93,500
Weighted average fair value of options (Black-Scholes model) at date of grant:	\$ 10.07	\$ 9.44
Black-Scholes Assumptions:		
Risk-free interest rate	4.89%	4.36%
Expected dividend yield	2.43%	2.36%
Expected life in years	10	10
Expected volatility	25.20%	22.00%

The following table details contractual weighted-average lives of outstanding options at various prices:

By range of exercise prices			
from	13.13	31.25	34.39
to	15.50	32.90	34.95
Outstanding stock options	42,000	60,500	39,000
Weighted-average remaining life	3.36	8.16	8.06
Weighted-average exercise price	\$ 14.60	\$ 32.04	\$ 34.73
Exercisable stock options	42,000	36,500	39,000
Weighted-average remaining life	3.36	7.06	8.06
Weighted-average exercise price	\$ 14.60	\$ 31.48	\$ 34.39
Weighted-average			
At all prices	Options	price	life (yrs)
Total outstanding	141,500	\$ 27.61	6.70
Total exercisable	117,500	\$ 26.52	6.06

(3) Recent Accounting Pronouncements

In March 2006, FASB issued Statement No. 156, "Accounting for Servicing of Financial Assets – an amendment of FASB Statement No. 140." This statement addresses the recognition and measurement of separately recognized servicing assets and liabilities. It requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract in certain situations. Statement No. 156 requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable. An entity is permitted to choose from two measurement methods for each class of separately recognized servicing assets and servicing liabilities: an amortization method or fair value measurement method. This statement also permits a one-time reclassification of available-for-sale securities to trading securities by entities with recognized servicing rights. Separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities are required. This statement is effective for fiscal years beginning after September 15, 2006. The impact of FAS. No. 156 on Suffolk's financial condition, results of operations, and disclosures has been determined not to be material.

On July 13, 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The provisions of FIN 48 are to be applied to all tax positions upon initial adoption of this standard. Only tax positions that meet a "more-likely-than-not" recognition threshold at the effective date may be recognized or continue to be recognized upon adoption of FIN 48. Suffolk has adopted the provisions of FIN 48 as of January 1, 2007. The cumulative effect of applying the provisions of FIN 48 were recorded as a credit adjustment to the opening balance of retained earnings in the amount of \$2,013,000. As of March 31, 2007, Suffolk had a liability for unrecognized tax benefits in the amount of \$202,000. There have been no material changes in unrecognized tax benefits since

January 1, 2007. Suffolk recognizes interest and penalties accrued relating to unrecognized tax benefits in income tax expense.

In September 2006, FASB issued Statement No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The definition of fair value retains the exchange price notion, however this statement clarifies that the exchange price is the price in an orderly transaction between market participants to sell the asset or transfer the liability in the principal market for the asset or liability. This statement emphasizes that fair value is a market-based measurement, not an entity-specific measurement, therefore a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. This statement clarifies that market participant assumptions include assumptions about risk, the risk inherent in a particular valuation technique used to measure fair value and/or the risk inherent in the inputs to the valuation technique, as well as the effect of credit risk on the fair value of liabilities. This statement also expands disclosures about the use of fair value to measure assets and liabilities in interim and annual periods, focusing on the inputs used to measure fair value. This statement is effective for fiscal years beginning after November 15, 2007. Suffolk is currently evaluating the impact of FAS. No. 157 on its financial condition, results of operations, and disclosures.

In September 2006, FASB issued Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106 and 132(R)." This statement requires an employer that is a business entity and sponsors one or more single-employer defined benefit plans to recognize the funded status of a benefit plan in its statement of financial position; recognize as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost pursuant to FASB No. 87 or No. 106; measure defined benefit plan assets and obligation as of the date of the employer's fiscal year-end statement of financial position (with limited exceptions); and disclose in the notes to financial statements additional information about certain effects of net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset and obligation. Upon initial application of this statement and subsequently, an employer should continue to apply the provisions in Statements 87, 88, and 106 in measuring plan assets and benefit obligations as of the date of its statement of financial position and in determining the amount of net periodic benefit cost. An employer with publicly traded equity securities was required to recognize initially the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006. Suffolk has adopted the provisions of FAS. No. 158, which have been recorded in the accompanying consolidated statement of condition and disclosures.

In February 2007, FASB issued Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115". This statement permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. The statement defines items eligible for the measurement option. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. This statement is effective for fiscal years beginning after November 15, 2007. Suffolk is currently evaluating the impact of FAS. No. 159 on its financial condition, results of operations and disclosures.

Item 2.

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

For the Three-Month Periods ended March 31, 2007 and 2006

Recent Developments

The yield curve for interest rates has remained inverted throughout the year, where short-term funds have been priced at or above medium term funds. Rates in general have remained flat during the three month period ended March 31, 2007, but have increased compared to the same period last year. This led to an increase in interest income and interest expense, of which interest expense increased at a higher percentage as a result of increased volume and rates in certificates of deposits of \$100,000 or more. Net interest margin increased to 5.13 percent in the first quarter of 2007, up from 5.05 percent, in the first quarter of 2006.

Return on average equity decreased, to 19.43 percent for the first quarter in 2007, down from 21.07 percent during the first quarter of 2006, and earnings-per-share increased from \$.50 in the first quarter of 2006 to \$.51 in the first quarter of 2007.

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

- Repositioning the investment portfolio from maturing collateralized mortgage obligations, originally purchased to provide downside protection from falling rates, to purchase municipal securities, currently providing liquidity as well as higher returns, and some protection from falling interest rates.
- 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.
- Maintaining emphasis on both commercial and personal demand deposits, while responding to increased call for time certificates of \$100,000 or more. A new product was introduced during the first quarter of 2007, to increase volume in personal demand deposits.

Net Income

Net income was \$5,149,000 for the quarter, down 1.4 percent from \$5,224,000 posted during the same period last year. Earnings per share for the quarter were \$0.51 versus \$0.50, an increase of 2.0 percent.

Interest Income

Interest income was \$22,032,000 for the first quarter of 2007, up 7.3 percent from \$20,539,000 posted for the same quarter in 2006. Average net loans during the first quarter of 2007 totaled \$881,671,000 compared to \$893,487,000 for the same period of 2006. During the first quarter of 2007, the yield on a fully taxable-equivalent basis was 6.95 percent on average earning assets of \$1,304,254,000 up from 6.39 percent on average earning assets of \$1,308,590,000 during the first quarter of 2006. 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 first quarter of 2007 was \$5,950,000, up 35.7 percent from \$4,384,000 for the same period of 2006. During the first quarter of 2007, the cost of funds was 2.80 percent on average interest-bearing liabilities of \$851,058,000, up from 2.00 percent on average interest-bearing liabilities of \$877,032,000 during the first quarter of 2006. Interest expense increased primarily as a result of increases in market rates of interest, increases in certificates of deposits of \$100,000 or more and increased interest on repurchase agreements.

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 \$16,082,000 for the first quarter of 2007, down .5 percent from \$16,155,000 during the same period of 2006. The net interest margin for the quarter, on a fully taxable-equivalent basis, was 5.13 percent compared to 5.05 percent for the same period of 2006.

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

March 31,	2007			2006		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
INTEREST-EARNING ASSETS						
U.S. Treasury securities	\$ 9,455	\$ 101	4.27 %	\$ 9,323	\$ 97	4.16 %
Collateralized mortgage obligations	153,634	2,013	5.24	189,123	2,002	4.23
Mortgage backed securities	1,008	17	6.75	1,627	28	6.88
Obligations of states and political subdivisions	126,104	1,864	5.91	84,884	1,203	5.67
U.S. govt. agency obligations	122,983	1,217	3.96	123,182	1,222	3.97
Corporate bonds and other securities	5,804	100	6.89	6,348	94	5.92
Federal funds sold and securities purchased under agreements to resell	3,595	49	5.45	616	8	5.19
Loans, including non-accrual loans						
Commercial, financial & agricultural loans	187,418	3,946	8.42	180,543	3,450	7.64
Commercial real estate mortgages	286,757	5,389	7.52	306,632	5,595	7.30
Real estate construction loans	84,513	2,254	10.67	68,509	1,590	9.28
Residential mortgages (1st and 2nd liens)	147,694	2,399	6.50	129,134	2,073	6.42
Home equity loans	72,890	1,585	8.70	80,778	1,510	7.48
Consumer loans	99,858	1,736	6.95	126,359	2,043	6.47
Other loans (overdrafts)	2,541	-	-	1,532	-	-
Total interest-earning assets	\$ 1,304,254	\$ 22,670	6.95 %	\$ 1,308,590	\$ 20,915	6.39 %
Cash and due from banks	\$ 45,975			\$ 46,870		
Other non-interest-earning assets	52,832			57,798		
Total assets	\$ 1,403,061			\$ 1,413,258		
INTEREST-BEARING LIABILITIES						
Saving, N.O.W. and money market deposits	\$ 426,379	\$ 1,179	1.11 %	\$ 502,803	\$ 1,047	0.83 %
Time deposits	294,159	3,028	4.12	222,238	1,651	2.97
Total saving and time deposits	720,538	4,207	2.34	725,041	2,698	1.49
Federal funds purchased and securities sold under agreement to repurchase	53,586	715	5.34	61,408	662	4.31
Other borrowings	76,934	1,028	5.34	90,583	1,024	4.52
Total interest-bearing liabilities	\$ 851,058	\$ 5,950	2.80 %	\$ 877,032	\$ 4,384	2.00 %
Rate spread			4.16 %			4.39 %
Non-interest-bearing deposits	\$ 418,425			\$ 411,013		
Other non-interest-bearing liabilities	27,567			26,032		
Total liabilities	\$ 1,297,050			\$ 1,314,077		
Stockholders' equity	106,011			99,181		
Total liabilities and stockholders' equity	\$ 1,403,061			\$ 1,413,258		
Net-interest income (taxable-equivalent basis) and effective interest rate differential		\$ 16,720	5.13 %		\$ 16,531	5.05 %
Less: taxable-equivalent basis adjustment		(638)			(376)	
Net-interest income		\$ 16,082			\$ 16,155	

The table below presents a summary of changes in interest income, interest expense, and the resulting net interest income on a taxable equivalent basis for the periods presented. Because of numerous, simultaneous changes in volume and rate during the period, it is not possible to allocate precisely the changes between volumes and rates. In this table changes not due solely to volume or to rate have been allocated to these categories based on percentage changes in average volume and average rate as they compare to each other: (in thousands)

	In 2007 over 2006		
	Changes Due to		
	Volume	Rate	Net Change
Interest-earning assets			
U.S. Treasury securities	\$ 1	\$ 3	\$ 4
Collateralized mortgage obligations	(415)	426	11
Mortgage-backed securities	(10)	(1)	(11)
Obligations of states & political subdivisions	606	55	661
U.S. government agency obligations	(2)	(3)	(5)
Corporate bonds & other securities	(9)	15	6
Federal funds sold & securities purchased under agreements to resell	41	-	41
Loans, including non-accrual loans	(217)	1,265	1,048
Total interest-earning assets	\$ (5)	\$ 1,760	\$ 1,755
Interest-bearing liabilities			
Saving, N.O.W., & money market deposits	\$ (176)	\$ 308	\$ 132
Time deposits	628	749	1,377
Federal funds purchased & securities sold under agreements to repurchase	(91)	144	53
Other borrowings	(167)	171	4
Total interest-bearing liabilities	\$ 194	\$ 1,372	\$ 1,566
Net change in net interest income (taxable-equivalent basis)	\$ (199)	\$ 388	\$ 189

Other Income

Other income decreased slightly to \$2,371,000 for the three months compared to \$2,386,000 the previous year. Service charges on deposits were down 5.9 percent. Service charges, including commissions and fees other than for deposits, increased by 8.3 percent. Trust revenue was up 9.6 percent. Other operating income decreased by 5.4 percent. There were no net gains on the sale of securities for the first quarter of 2007 and 2006.

Other Expense

Other expense for the first quarter of 2007 was \$10,323,000, up 4.7 percent from \$9,860,000 for the comparable period in 2006. Employee compensation increased by 1.8 percent, net occupancy expense decreased .8 percent, equipment expense increased by 15.5 percent owing primarily to increased depreciation expense, and other operating expense increased by 12.4 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 months ended March 31, 2007 and 2006, including the following components:

	3 months	3 months
	3/31/2007	3/31/2006
Service cost	\$ 345,431	\$ 350,337
Interest cost	370,522	339,996
Expected return on plan assets	(470,830)	(444,960)
Amortization of prior service cost	(995)	(995)
Amortization of unrecognized net actuarial loss	33,732	66,802
Net periodic benefit expense	\$ 277,859	\$ 311,180

Management currently expects to contribute approximately \$1,542,000 to the pension plan in 2007. There were no additional contributions required to be made to the plan in the three months ended March 31, 2007.

Capital Resources

Stockholders' equity totaled \$108,626,000 on March 31, 2007, an increase of .1 percent from \$108,566,000 on December 31, 2006. This was the result of net income, improvements in the market value of securities available for sale, and the adoption of FIN 48, offset by a combination of the repurchase of shares, and cash dividends. The ratio of equity to assets was 7.7 percent at March 31, 2007 and 7.8 percent at December 31, 2006. 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 March 31, 2007						
Total Capital (to risk-weighted assets)	\$ 118,467	11.02%	\$ 86,027	8.00%	\$ 107,534	10.00%
Tier 1 Capital (to risk-weighted assets)	111,181	10.34%	43,014	4.00%	64,520	6.00%
Tier 1 Capital (to average assets)	111,181	7.93%	56,085	4.00%	70,106	5.00%
As of December 31, 2006						
Total Capital (to risk-weighted assets)	\$ 119,247	11.28%	\$ 84,588	8.00%	\$ 105,735	10.00%
Tier 1 Capital (to risk-weighted assets)	111,696	10.56%	42,294	4.00%	63,441	6.00%
Tier 1 Capital (to average assets)	111,696	8.02%	55,701	4.00%	69,627	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 \$112,000 for the first quarter of 2007, and \$300,000 for the comparable period in 2006. During the second quarter of 2006, the remainder of a large loan that is in litigation and not performing, previously disclosed and fully reserved, was charged off. Suffolk will continue to pursue all legal remedies to collect the balance of this loan. Management believes the circumstances particular to this loan are not reflective of systematic weakness in Suffolk's loan portfolio or of its underwriting standards.

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			
		Mar. 31 2007	Dec. 31 2006	Sept. 30 2006	June 30 2006
Allowance for loan losses					
Beginning balance	\$ 10,150	\$ 7,551	\$ 7,527	\$ 7,084	\$ 10,150
Total charge-offs	(3,718)	(112)	(77)	(25)	(3,504)
Total recoveries	442	101	80	123	138
Reclass to Allowance for Contingent Liabilities	(366)	(366)	-	-	-
Provision for loan losses	778	112	21	345	300
Ending balance	\$ 7,286	\$ 7,286	\$ 7,551	\$ 7,527	\$ 7,084
Coverage ratios					
Loans, net of discounts: average	\$ 897,880	\$ 889,321	\$ 878,452	\$ 900,375	\$ 923,372
at end of period	900,547	904,091	891,486	886,987	919,622
Non-performing assets	877	719	824	1,355	608
Non-performing assets/total loans (net of discount)	0.10%	0.08%	0.09%	0.15%	0.07%
Net charge-offs/average net loans (annualized)	(0.45%)	(0.10%)	(0.07%)	(0.07%)	(1.58%)
Allowance/non-accrual, restructured, & OREO	912.59%	1,013.35%	916.38%	555.50%	1,165.13%
Allowance for loan losses/net loans	0.82%	0.81%	0.85%	0.85%	0.77%

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. The maximum potential undiscounted amount of future payments of these letters of credit as of March 31, 2007 is \$17,568,000 and they expire as follows: (in thousands)

2007	\$ 7,973
2008	8,777
2009	399
2010	245
Thereafter	174
	\$ 17,568

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 contingent liabilities includes a provision of \$366,000 for losses based on the letters of credit outstanding as of March 31, 2007.

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. On January 1, 2007, Suffolk adopted FIN 48. Suffolk determined, under the guidance of FIN 48 and the information available at the time, that it was not likely that the dividend received from its Real Estate Investment Trust subsidiary, would be included in full in taxable income as calculated for purposes of New York State tax. Accordingly, the cumulative effect of applying the provisions of FIN 48 were recorded as a credit adjustment to retained earnings in the amount of \$2,013,000, as a result of the review, recognition, and measurement of uncertain tax positions. As of March 31, 2007, Suffolk had a liability for unrecognized tax benefits in the amount of \$202,000. There have been no material changes in unrecognized tax benefits since January 1, 2007. Suffolk recognizes interest and penalties accrued relating to unrecognized tax benefits in income tax expense.

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, 2006.

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 March 31, 2007, 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 first quarter of 2007:

Quarter ending	Total shares repurchased	Average price per share	Aggregate cost
March 31, 2007	161,200	\$ 34.18	\$ 5,510,459

Item 4.

Submission of Matters to a Vote of Security Holders

The annual meeting of the shareholders was held at 1:00 PM on April 10, 2007 at the Administrative Center of the Suffolk County National Bank in Riverhead, New York. Three directors were elected for a term of three years; and the appointment of Grant Thornton, L.L.P. as independent auditors for the fiscal year ending December 31, 2007 was ratified. The following table details the vote:

Nominees for Director for a term of 3 years	Shares Voted			
	For	Withheld		
Edgar F. Goodale	8,024,592	370,254		
David A. Kandell	8,084,065	310,781		
Susan V. B. O'Shea	8,084,666	310,180		
Ratification of Independent Auditors	For	Against	Abstain	
Grant Thornton, L.L.P.	8,279,387	92,590	22,689	
		Summary		
		Outstanding	# Voted	% Voted
At Date of Record		10,142,792	8,394,846	82.8%

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 March 31, 2007.

Current Report on Form 8-K – the Company’s press release titled, “Suffolk Bancorp Announces Earnings for the Fourth Quarter and the Full Year of 2006,” dated January 16, 2007.

Current Report on Form 8-K – the Company’s press release titled “Suffolk Bancorp Announces 275th Consecutive Dividend,” dated February 27, 2007.

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: May 4, 2007

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

Date: May 4, 2007

/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: May 4, 2007

/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: May 4, 2007

/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 2002, 18 U.S.C. Section 1350, that: (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2007 (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: May 4, 2007

/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 2002, 18 U.S.C. Section 1350, that: (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2007 (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: May 4, 2007

/s/ J. Gordon Huszagh

J. Gordon Huszagh

Executive Vice President & Chief Financial Officer