

TOMPKINS FINANCIAL CORP  
Form 10-Q  
August 11, 2014

**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 June 30, 2014

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number **1-12709**

**Tompkins Financial Corporation**

(Exact name of registrant as specified in its charter)

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**New York** **16-1482357**  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

**The Commons, P.O. Box 460, Ithaca, NY** **14851**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(888) 503-5753**

Former name, former address, and former fiscal year, if changed since last report: NA

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer   
Non-Accelerated Filer (Do not check if a smaller reporting company)  Smaller Reporting Company

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 of the Registrant's Common Stock outstanding as of the latest practicable date:

Class	Outstanding as of July 31, 2014
Common Stock, \$0.10 par value	<u>14,853,439</u> shares

**TOMPKINS FINANCIAL CORPORATION**

**FORM 10-Q**

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TOMPKINS FINANCIAL CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CONDITION

(In thousands, except share and per share data) (Unaudited)	As of 06/30/2014	As of 12/31/2013
<b>ASSETS</b>		
Cash and noninterest bearing balances due from banks	\$82,640	\$82,163
Interest bearing balances due from banks	779	721
<b>Cash and Cash Equivalents</b>	<b>83,419</b>	<b>82,884</b>
Trading securities, at fair value	10,009	10,991
Available-for-sale securities, at fair value (amortized cost of \$1,373,243 at June 30, 2014 and \$1,368,736 at December 31, 2013)	1,379,254	1,354,811
Held-to-maturity securities, at amortized cost (fair value of \$31,629 at June 30, 2014, and \$19,625 at December 31, 2013)	30,963	18,980
Originated loans and leases, net of unearned income and deferred costs and fees	2,610,289	2,527,244
Acquired loans and leases, covered	22,165	25,868
Acquired loans and leases, non-covered	596,514	641,172
Less: Allowance for loan and lease losses	27,517	27,970
Net Loans and Leases	3,201,451	3,166,314
FDIC Indemnification Asset	3,490	4,790
Federal Home Loan Bank stock	21,028	25,041
Bank premises and equipment, net	58,808	55,932
Corporate owned life insurance	72,812	69,335
Goodwill	92,243	92,140
Other intangible assets, net	15,485	16,298
Accrued interest and other assets	88,859	105,523
Total Assets	\$5,057,821	\$5,003,039
<b>LIABILITIES</b>		
Deposits:		
Interest bearing:		
Checking, savings and money market	2,239,259	2,190,616
Time	901,650	865,702
Noninterest bearing	903,480	890,898
Total Deposits	4,044,389	3,947,216
Federal funds purchased and securities sold under agreements to repurchase	144,796	167,724
Other borrowings, including certain amounts at fair value of \$11,164 at June 30, 2014 and \$11,292 at December 31, 2013	287,158	331,531
Trust preferred debentures	37,254	37,169
Other liabilities	54,987	61,460
Total Liabilities	\$4,568,584	\$4,545,100
<b>EQUITY</b>		
Tompkins Financial Corporation shareholders' equity:	1,489	1,479

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Common Stock - par value \$.10 per share: Authorized 25,000,000 shares; Issued:  
14,889,349 at June 30, 2014; and 14,785,007 at December 31, 2013

Additional paid-in capital	351,324	346,096
Retained earnings	150,893	137,102
Accumulated other comprehensive loss	(12,835 )	(25,119 )
Treasury stock, at cost – 106,129 shares at June 30, 2014, and 105,449 shares at December 31, 2013	(3,151 )	(3,071 )
 Total Tompkins Financial Corporation Shareholders' Equity	 487,720	 456,487
Noncontrolling interests	1,517	1,452
Total Equity	\$489,237	\$457,939
Total Liabilities and Equity	\$5,057,821	\$5,003,039

See notes to consolidated financial statements

**TOMPKINS FINANCIAL CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(In thousands, except per share data) (Unaudited)	Three Months Ended		Six Months Ended	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
<b>INTEREST AND DIVIDEND INCOME</b>				
Loans	\$37,348	\$ 37,550	\$74,302	\$ 73,979
Due from banks	0	1	1	8
Trading securities	107	160	219	325
Available-for-sale securities	7,984	7,912	15,920	15,392
Held-to-maturity securities	186	177	338	368
Federal Home Loan Bank stock and Federal Reserve Bank stock	194	160	404	345
Total Interest and Dividend Income	45,819	45,960	91,184	90,417
<b>INTEREST EXPENSE</b>				
Time certificates of deposits of \$100,000 or more	951	1,239	1,903	2,443
Other deposits	1,826	2,016	3,616	4,198
Federal funds purchased and securities sold under agreements to repurchase	763	966	1,580	1,976
Trust preferred debentures	571	690	1,141	1,377
Other borrowings	1,192	1,223	2,401	2,391
Total Interest Expense	5,303	6,134	10,641	12,385
Net Interest Income	40,516	39,826	80,543	78,032
Less: Provision for loan and lease losses	67	2,489	810	3,527
Net Interest Income After Provision for Loan and Lease Losses	40,449	37,337	79,733	74,505
<b>NONINTEREST INCOME</b>				
Insurance commissions and fees	7,046	7,167	14,303	14,428
Investment services income	3,902	3,698	7,912	7,486
Service charges on deposit accounts	2,388	2,024	4,504	3,932
Card services income	1,920	1,690	4,032	3,428
Mark-to-market loss on trading securities	(34 )	(270 )	(93 )	(385 )
Mark-to-market gain on liabilities held at fair value	63	347	128	424
Other income	2,400	1,810	4,239	4,176
Net gain on securities transactions	35	75	129	442
Total Noninterest Income	17,720	16,541	35,154	33,931
<b>NONINTEREST EXPENSES</b>				
Salaries and wages	17,660	16,291	34,306	31,863
Pension and other employee benefits	4,978	5,338	11,023	11,408
Net occupancy expense of premises	3,066	2,954	6,326	6,015
Furniture and fixture expense	1,459	1,462	2,796	2,919
FDIC insurance	735	821	1,546	1,593
Amortization of intangible assets	525	547	1,052	1,104
Merger related expenses	0	37	0	233
Other operating expense	10,505	10,327	20,089	20,163
Total Noninterest Expenses	38,928	37,777	77,138	75,298
Income Before Income Tax Expense	19,241	16,101	37,749	33,138
Income Tax Expense	6,148	5,061	12,054	10,557
Net Income attributable to Noncontrolling Interests and Tompkins Financial Corporation	13,093	11,040	25,695	22,581
Less: Net income attributable to noncontrolling interests	32	33	65	65

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Net Income Attributable to Tompkins Financial Corporation	\$13,061	\$ 11,007	\$25,630	\$ 22,516
Basic Earnings Per Share	\$0.88	\$ 0.76	\$1.73	\$ 1.55
Diluted Earnings Per Share	\$0.87	\$ 0.75	\$1.72	\$ 1.55

See notes to consolidated financial statements



**Consolidated Statements of Comprehensive Income**

	Three Months Ended	
<i>(in thousands) (Unaudited)</i>	<b>06/30/2014</b>	06/30/2013
Net income attributable to noncontrolling interests and Tompkins Financial Corporation	\$13,093	\$ 11,040
Other comprehensive income, net of tax:		
<b>Available-for-sale securities:</b>		
Change in net unrealized gain (loss) during the period	6,751	(22,824 )
Reclassification adjustment for net realized gain on sale of available-for-sale securities included in net income	(22 )	(45 )
<b>Employee benefit plans:</b>		
Amortization of net retirement plan actuarial loss	128	381
Amortization of net retirement plan prior service cost	(7 )	8
Amortization of net retirement plan transition liability	0	8
Other comprehensive income (loss)	6,850	(22,472 )
<b>Subtotal comprehensive income (loss) attributable to noncontrolling interests and Tompkins Financial Corporation</b>	19,943	(11,432 )
Less: Net income attributable to noncontrolling interests	(32 )	(33 )
<b>Total comprehensive income (loss) attributable to Tompkins Financial Corporation</b>	\$19,911	\$ (11,465 )

*See notes to unaudited condensed consolidated financial statements.*

**Consolidated Statements of Comprehensive Income**

	Six Months Ended	
<i>(in thousands) (Unaudited)</i>	<b>06/30/2014</b>	06/30/2013
Net income attributable to noncontrolling interests and Tompkins Financial Corporation	\$25,695	\$ 22,581
Other comprehensive income, net of tax:		
<b>Available-for-sale securities:</b>		
Change in net unrealized gain (loss) during the period	12,041	(26,102 )
Reclassification adjustment for net realized gain on sale of available-for-sale securities included in net income	(78 )	(265 )
<b>Employee benefit plans:</b>		
Amortization of net retirement plan actuarial gain	320	774
Amortization of net retirement plan prior service cost		