

TOMPKINS FINANCIAL CORP
Form 10-Q
August 11, 2008

**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, 2008

OR

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

Commission File Number **1-12709**

Tompkins Financial Corporation

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of incorporation or organization)

16-1482357

(I.R.S. Employer Identification No.)

The Commons, P.O. Box 460, Ithaca, NY

(Address of principal executive offices)

14851

(Zip Code)

Registrant's telephone number, including area code: **(607) 273-3210**

Registrant's former name (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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

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 28, 2008

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Common Stock, \$.10 par value

9,664,081 shares

TOMPKINS FINANCIAL CORPORATION

FORM 10-Q

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

TOMPKINS FINANCIAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CONDITION
(In thousands, except share data) (Unaudited)

| | <u>As of</u> <u>06/30/2008</u> | <u>As of</u> <u>12/31/2007</u> |
|---|-----------------------------------|-----------------------------------|
| ASSETS | | |
| Cash and noninterest bearing balances due from banks | \$ 51,028 | \$ 46,705 |
| Interest bearing balances due from banks | 3,910 | 3,154 |
| Federal funds sold | 172 | 0 |
| Trading securities, at fair value | 40,085 | 60,135 |
| Available-for-sale securities, at fair value | 751,030 | 639,148 |
| Held-to-maturity securities, fair value of \$49,523 at June 30, 2008, and \$50,297 at December 31, 2007 | 48,861 | 49,593 |
| Loans and leases, net of unearned income and deferred costs and fees | 1,652,831 | 1,440,122 |
| Less: Allowance for loan and lease losses | 16,835 | 14,607 |
| | Net Loans and Leases | 1,635,996 |
| | 1,635,996 | 1,425,515 |
| Bank premises and equipment, net | 47,687 | 44,811 |
| Corporate owned life insurance | 34,001 | 29,821 |
| Goodwill | 41,437 | 22,894 |
| Other intangible assets | 5,610 | 3,497 |
| Accrued interest and other assets | 45,379 | 34,186 |
| | Total Assets | \$ 2,705,196 |
| | \$ 2,705,196 | \$ 2,359,459 |
| LIABILITIES, MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES AND SHAREHOLDERS EQUITY | | |
| Deposits: | | |
| Interest bearing: | | |
| Checking, savings and money market | \$ 923,704 | \$ 741,836 |
| Time | 691,485 | 585,142 |
| Noninterest bearing | 442,055 | 393,848 |
| | Total Deposits | 2,057,244 |
| | 2,057,244 | 1,720,826 |
| Federal funds purchased and securities sold under agreements to repurchase, fair value of \$15,560 June 30, 2008 and \$15,553 at December 31, 2007. | 203,687 | 195,447 |
| Other borrowings, fair value of \$10,747 at June 30, 2008 and \$10,795 at December 31, 2007. | 192,638 | 210,862 |
| Other liabilities | 42,290 | 33,677 |
| | Total Liabilities | \$ 2,495,859 |
| | \$ 2,495,859 | \$ 2,160,812 |
| Minority interest in consolidated subsidiaries | 6,042 | 1,452 |
| Shareholders equity: | | |
| Common Stock - par value \$.10 per share: Authorized 25,000,000 shares; Issued: 9,695,193 at June 30, 2008; and 9,615,430 at December 31, 2007 | 970 | 962 |
| Additional paid-in capital | 151,318 | 147,657 |

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| | | |
|--|---------------------|---------------------|
| Retained earnings | 65,151 | 57,255 |
| Accumulated other comprehensive loss | (12,212) | (6,900) |
| Treasury stock, at cost 73,408 shares at June 30, 2008, and 70,896 shares at December 31, 2007 | (1,932) | (1,779) |
| <hr/> | | |
| Total Shareholders Equity | \$ 203,295 | \$ 197,195 |
| <hr/> | | |
| Total Liabilities, Minority Interest in Consolidated Subsidiaries and Shareholders Equity | \$ 2,705,196 | \$ 2,359,459 |
| <hr/> | | |

See accompanying notes to unaudited condensed consolidated financial statements.

TOMPKINS FINANCIAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data) (Unaudited)

| | Three months ended | | Six months ended | |
|--|--------------------|---------------|------------------|---------------|
| | 06/30/2008 | 06/30/2007 | 06/30/2008 | 06/30/2007 |
| INTEREST AND DIVIDEND INCOME | | | | |
| Loans | \$ 25,065 | \$ 24,298 | \$ 49,478 | \$ 47,697 |
| Due from banks | 27 | 59 | 104 | 154 |
| Federal funds sold | 55 | 107 | 75 | 203 |
| Trading securities | 467 | 607 | 1,093 | 1,176 |
| Available-for-sale securities | 8,473 | 7,548 | 16,554 | 14,792 |
| Held-to-maturity securities | 459 | 527 | 934 | 1,063 |
| Total Interest and Dividend Income | 34,546 | 33,146 | 68,238 | 65,085 |
| INTEREST EXPENSE | | | | |
| Deposits: | | | | |
| Time certificates of deposits of \$100,000 or more | 2,285 | 4,125 | 5,081 | 8,544 |
| Other deposits | 6,394 | 7,696 | 13,556 | 15,123 |
| Federal funds purchased and securities sold under agreements to repurchase | 1,986 | 2,037 | 4,022 | 4,000 |
| Other borrowings | 1,971 | 798 | 3,836 | 1,366 |
| Total Interest Expense | 12,636 | 14,656 | 26,495 | 29,033 |
| Net Interest Income | 21,910 | 18,490 | 41,743 | 36,052 |
| Less: Provision for loan/lease losses | 1,183 | 192 | 1,808 | 663 |
| Net Interest Income After Provision for Loan/Lease Losses | 20,727 | 18,298 | 39,935 | 35,389 |
| NONINTEREST INCOME | | | | |
| Investment services income | 3,568 | 3,538 | 7,237 | 7,008 |
| Insurance commissions and fees | 2,936 | 2,814 | 5,726 | 5,530 |
| Service charges on deposit accounts | 2,467 | 2,805 | 4,992 | 4,728 |
| Card services income | 979 | 905 | 1,781 | 1,702 |
| Other service charges | 575 | 639 | 1,196 | 1,298 |
| Mark-to-market (loss) on trading securities | (670) | (577) | (375) | (125) |
| Mark-to-market gain (loss) on liabilities held at fair value | 889 | (23) | 41 | (23) |
| Increase in cash surrender value of corporate owned life insurance | 352 | 283 | 689 | 556 |
| Gains on sale of loans | 44 | 42 | 41 | 97 |
| Gain on VISA stock redemption | 0 | 0 | 1,639 | 0 |
| Other income | 254 | 392 | 696 | 469 |
| Net gain (loss) on sale of available-for-sale securities | 159 | (17) | 406 | 6 |
| Total Noninterest Income | 11,553 | 10,801 | 24,069 | 21,246 |
| NONINTEREST EXPENSES | | | | |
| Salary and wages | 9,787 | 8,770 | 19,157 | 17,572 |
| Pension and other employee benefits | 2,484 | 2,611 | 5,179 | 5,114 |
| Net occupancy expense of bank premises | 1,747 | 1,543 | 3,367 | 3,048 |
| Furniture and fixture expense | 1,153 | 999 | 2,077 | 1,946 |

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| | | | | |
|--|---------------|---------------|---------------|---------------|
| Marketing expense | 876 | 544 | 1,438 | 1,180 |
| Professional fees | 738 | 910 | 1,366 | 1,560 |
| Software licenses and maintenance | 780 | 503 | 1,388 | 1,003 |
| Cardholder expense | 197 | 256 | 491 | 491 |
| Amortization of intangible assets | 214 | 162 | 362 | 343 |
| Other operating expense | 3,782 | 3,376 | 7,314 | 6,515 |
| Total Noninterest Expenses | 21,758 | 19,674 | 42,139 | 38,772 |
| Income Before Income Tax Expense and Minority Interest in Consolidated Subsidiaries | 10,522 | 9,425 | 21,865 | 17,863 |