

TOMPKINS FINANCIAL CORP
Form 10-Q
November 10, 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 September 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)

New York

16-1482357

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(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 October 30, 2014
Common Stock, \$0.10 par value	<u>14,763,078</u> shares

TOMPKINS FINANCIAL CORPORATION

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TOMPKINS FINANCIAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CONDITION

(In thousands, except share and per share data) (Unaudited)	As of	As of
ASSETS	09/30/2014	12/31/2013
Cash and noninterest bearing balances due from banks	\$84,129	\$82,163
Interest bearing balances due from banks	988	721
Cash and Cash Equivalents	85,117	82,884
Trading securities, at fair value	9,473	10,991
Available-for-sale securities, at fair value (amortized cost of \$1,375,637 at September 30, 2014 and \$1,368,736 at December 31, 2013)	1,374,756	1,354,811
Held-to-maturity securities, at amortized cost (fair value of \$48,017 at September 30, 2014, and \$19,625 at December 31, 2013)	47,608	18,980
Originated loans and leases, net of unearned income and deferred costs and fees	2,674,971	2,527,244
Acquired loans and leases, covered	20,910	25,868
Acquired loans and leases, non-covered	561,588	641,172
Less: Allowance for loan and lease losses	27,786	27,970
Net Loans and Leases	3,229,683	3,166,314
FDIC indemnification asset	2,298	4,790
Federal Home Loan Bank stock	14,838	25,041
Bank premises and equipment, net	59,550	55,932
Corporate owned life insurance	73,269	69,335
Goodwill	92,243	92,140
Other intangible assets, net	15,206	16,298
Accrued interest and other assets	86,878	105,523
Total Assets	\$5,090,919	\$5,003,039
LIABILITIES		
Deposits:		
Interest bearing:		
Checking, savings and money market	2,310,629	2,190,616
Time	930,796	865,702
Noninterest bearing	971,435	890,898
Total Deposits	4,212,860	3,947,216
Federal funds purchased and securities sold under agreements to repurchase	128,368	167,724
Other borrowings, including certain amounts at fair value of \$11,032 at September 30, 2014 and \$11,292 at December 31, 2013	166,509	331,531
Trust preferred debentures	37,298	37,169
Other liabilities	55,273	61,460
Total Liabilities	\$4,600,308	\$4,545,100
EQUITY		

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Tompkins Financial Corporation shareholders' equity:

Common Stock - par value \$.10 per share: Authorized 25,000,000 shares; Issued: 14,830,002 at September 30, 2014; and 14,785,007 at December 31, 2013	1,483	1,479
Additional paid-in capital	348,992	346,096
Retained earnings	158,673	137,102
Accumulated other comprehensive loss	(16,810)	(25,119)
Treasury stock, at cost – 108,788 shares at September 30, 2014, and 105,449 shares at December 31, 2013	(3,277)	(3,071)
Total Tompkins Financial Corporation Shareholders' Equity	489,061	456,487
Noncontrolling interests	1,550	1,452
Total Equity	\$490,611	\$457,939
Total Liabilities and Equity	\$5,090,919	\$5,003,039

See notes to consolidated financial statements

TOMPKINS FINANCIAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

<i>(In thousands, except per share data) (Unaudited)</i>	Three Months Ended		Nine Months Ended	
	09/30/2014	09/30/2013	09/30/2014	09/30/2013
INTEREST AND DIVIDEND INCOME				
Loans	\$38,298	\$ 38,048	\$112,601	\$ 112,027
Due from banks	0	1	2	9
Trading securities	102	147	321	472
Available-for-sale securities	7,718	7,830	23,637	23,222
Held-to-maturity securities	288	160	626	528
Federal Home Loan Bank stock and Federal Reserve Bank stock	212	193	616	538
Total Interest and Dividend Income	46,618	46,379	137,803	136,796
INTEREST EXPENSE				
Time certificates of deposits of \$100,000 or more	996	1,208	2,900	3,651
Other deposits	1,830	1,894	5,446	6,093
Federal funds purchased and securities sold under agreements to repurchase	683	901	2,263	2,877
Trust preferred debentures	573	660	1,714	2,037
Other borrowings	961	1,243	3,362	3,634
Total Interest Expense	5,043	5,906	15,685	18,292
Net Interest Income	41,575	40,473	122,118	118,504
Less: (Credit) Provision for loan and lease losses	(59)	2,049	751	5,576
Net Interest Income After Provision for Loan and Lease Losses	41,634	38,424	121,367	112,928
NONINTEREST INCOME				
Insurance commissions and fees	7,520	7,160	21,823	21,588
Investment services income	3,636	3,694	11,549	11,180
Service charges on deposit accounts	2,506	2,254	7,010	6,186
Card services income	1,936	1,735	5,968	5,163
Mark-to-market loss on trading securities	(87)	(87)	(181)	(472)
Mark-to-market gain on liabilities held at fair value	132	119	260	543
Other income	1,892	3,372	6,129	7,548
Gain on sale of available-for-sale securities	20	281	151	723
Total Noninterest Income	17,555	18,528	52,709	52,459
NONINTEREST EXPENSES				
Salaries and wages	17,553	16,755	51,859	48,618
Pension and other employee benefits	4,941	5,606	15,964	17,014
Net occupancy expense of premises	2,969	2,850	9,296	8,865
Furniture and fixture expense	1,451	1,448	4,247	4,367
FDIC insurance	682	808	2,228	2,401
Amortization of intangible assets	518	544	1,570	1,648
Merger related expenses	0	0	0	228
Other operating expense	10,423	9,543	30,511	29,710
Total Noninterest Expenses	38,537	37,554	115,675	112,851
Income Before Income Tax Expense	20,652	19,398	58,401	52,536
Income Tax Expense	6,897	5,316	18,951	15,873
Net Income attributable to Noncontrolling Interests and Tompkins Financial Corporation	13,755	14,082	39,450	36,663

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Less: Net income attributable to noncontrolling interests	33	33	98	98
Net Income Attributable to Tompkins Financial Corporation	\$13,722	\$ 14,049	\$39,352	\$ 36,565
Basic Earnings Per Share	\$0.92	\$ 0.96	\$2.65	\$ 2.51
Diluted Earnings Per Share	\$0.92	\$ 0.95	\$2.64	\$ 2.50

See notes to consolidated financial statements

Consolidated Statements of Comprehensive Income

	Three Months Ended	
<i>(in thousands) (Unaudited)</i>	09/30/2014	09/30/2013
Net income attributable to noncontrolling interests and Tompkins Financial Corporation	\$13,755	\$ 14,082
Other comprehensive income, net of tax:		
Available-for-sale securities:		
Change in net unrealized gain (loss) during the period	(4,123)	(318)
Reclassification adjustment for net realized gain on sale of available-for-sale securities included in net income	(12)	(169)
Employee benefit plans:		
Amortization of net retirement plan actuarial loss	159	387
Amortization of net retirement plan prior service cost	1	8
Amortization of net retirement plan transition liability	0	8
Other comprehensive (loss) income	(3,975)	(84)
Subtotal comprehensive income attributable to noncontrolling interests and Tompkins Financial Corporation	9,780	13,998
Less: Net income attributable to noncontrolling interests	(33)	(33)
Total comprehensive income attributable to Tompkins Financial Corporation	\$9,747	\$ 13,965

See notes to unaudited condensed consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Nine Months Ended	
<i>(in thousands) (Unaudited)</i>	09/30/2014	09/30/2013
Net income attributable to noncontrolling interests and Tompkins Financial Corporation	\$39,450	\$ 36,663
Other comprehensive income, net of tax:		
Available-for-sale securities:		
Change in net unrealized gain (loss) during the period	7,918	(26,420)
Reclassification adjustment for net realized gain on sale of available-for-sale securities included in net income	(90)	(434)
Employee benefit plans:		
Amortization of net retirement plan actuarial gain	479	1,160
Amortization of net retirement plan prior service cost	2	26
Amortization of net retirement plan transition liability	0	23
Other comprehensive income (loss)	8,309	(25,645)
Subtotal comprehe		