

TOMPKINS FINANCIAL CORP
Form 10-Q
August 09, 2010
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, 2010

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
(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

Former name, former address, 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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).*

Yes No

*The registrant has not yet been phased into the interactive data requirements.

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):

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

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, 2010
Common Stock, \$0.10 par value	10,831,415 shares

TOMPKINS FINANCIAL CORPORATION

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

TOMPKINS FINANCIAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CONDITION

(In thousands, except share and per share data) (Unaudited)	As of 06/30/2010	As of 12/31/2009
ASSETS		
Cash and noninterest bearing balances due from banks	\$ 47,839	\$ 43,686
Interest bearing balances due from banks	1,615	1,676
Federal funds sold	15,000	0
Money market funds	100	100
Cash and Cash Equivalents	64,554	45,462
Trading securities, at fair value	26,895	31,718
Available-for-sale securities, at fair value	955,090	928,770
Held-to-maturity securities, fair value of \$42,567 at June 30, 2010, and \$46,340 at December 31, 2009	41,235	44,825
Loans and leases, net of unearned income and deferred costs and fees	1,900,303	1,914,818
Less: Allowance for loan and lease losses	26,530	24,350
Net Loans and Leases	1,873,773	1,890,468
FHLB and FRB stock	19,330	20,041
Bank premises and equipment, net	46,818	46,650
Corporate owned life insurance	36,680	35,953
Goodwill	41,589	41,589
Other intangible assets, net	4,486	4,864
Accrued interest and other assets	51,198	62,920
Total Assets	\$ 3,161,648	\$ 3,153,260
LIABILITIES		
Deposits:		
Interest bearing:		
Checking, savings and money market	1,198,065	1,183,145
Time	787,923	794,738
Noninterest bearing	474,235	461,981
Total Deposits	2,460,223	2,439,864
Federal funds purchased and securities sold under agreements to repurchase, including certain amounts at fair value of \$5,628 at June 30, 2010, and \$5,500 at December 31, 2009	175,336	192,784
Other borrowings, including certain amounts at fair value of \$11,825 at June 30, 2010, and \$11,335 at December 31, 2009	189,561	208,965
Trust preferred debentures	25,058	25,056
Other liabilities	42,787	41,583
Total Liabilities	\$ 2,892,965	\$ 2,908,252

EQUITY

Tompkins Financial Corporation shareholders' equity:

Common Stock - par value \$.10 per share: Authorized 25,000,000 shares; Issued and outstanding: 10,865,911 at June 30, 2010; and 9,785,265 at December 31, 2009

	1,087	978
Additional paid-in capital	195,025	155,589
Retained earnings	67,456	92,402
Accumulated other comprehensive income (loss)	5,965	(3,087)
Treasury stock, at cost – 88,784 shares at June 30, 2010, and 81,723 shares at December 31, 2009	(2,367)	(2,326)
Total Tompkins Financial Corporation Shareholders' Equity	267,166	243,556
Noncontrolling interests	1,517	1,452
Total Equity	\$ 268,683	\$ 245,008
Total Liabilities and Equity	\$ 3,161,648	\$ 3,153,260

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	
	06/30/2010	06/30/2009	06/30/2010	06/30/2009
INTEREST AND DIVIDEND INCOME				
Loans	\$ 26,750	\$ 26,499	\$ 53,369	\$ 53,176
Due from banks	10	4	22	12
Federal funds sold	6	4	9	8
Money market funds	0	10	0	28
Trading securities	278	345	588	707
Available-for-sale securities	8,794	9,185	17,793	17,570
Held-to-maturity securities	394	483	802	986
FHLB and FRB stock	218	29	501	322
Total Interest and Dividend Income	36,450	36,559	73,084	72,809
INTEREST EXPENSE				
Time certificates of deposits of \$100,000 or more	1,146	1,314	2,324	2,805
Other deposits	3,502	4,827	7,329	9,960
Federal funds purchased and repurchase agreements	1,308	1,564	2,733	3,129
Trust preferred securities	436	325	803	378
Other borrowings	1,952	2,020	3,845	4,178
Total Interest Expense	8,344	10,050	17,034	20,450
Net Interest Income	28,106	26,509	56,050	52,359
Less: Provision for loan/lease losses	1,408	2,367	3,591	4,403
Net Interest Income After Provision for Loan/Lease Losses	26,698	24,142	52,459	47,956
NONINTEREST INCOME				
Investment services income	3,604	3,337	7,341	6,539
Insurance commissions and fees	3,191	3,120	6,357	6,239
Service charges on deposit accounts	2,430	2,271	4,487	4,491
Card services income	1,067	933	2,041	1,723
Mark-to-market gain on trading securities	291	40	381	98
Mark-to-market (loss) gain on liabilities held at fair value	(490)	432	(618)	688
Other income	1,180	1,386	2,486	2,667
Gain on security transactions	58	19	176	26
Total Noninterest Income	11,331	11,538	22,651	22,471
NONINTEREST EXPENSES				
Salaries and wages	10,669	10,069	21,008	19,597
Pension and other employee benefits	3,442	3,360	7,354	6,746
Net occupancy expense of premises	1,725	1,774	3,606	3,788
Furniture and fixture expense	1,143	1,128	2,326	2,244
FDIC insurance	857	2,164	1,769	2,518
Amortization of intangible assets	199	235	401	484

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Other operating expense	6,481	5,944	12,547	12,586
Total Noninterest Expenses	24,516	24,674	49,011	47,963
Income Before Income Tax Expense	13,513	11,006	26,099	22,464
Income Tax Expense	4,447	3,526	8,585	7,242
Net Income attributable to Noncontrolling Interests and Tompkins Financial Corporation	9,066	7,480	17,514	15,222
Less: Net income attributable to noncontrolling interests	33	33	65	65
Net Income Attributable to Tompkins Financial Corporation	\$ 9,033	\$ 7,447	\$ 17,449	\$ 15,157
Basic Earnings Per Share	\$ 0.84	\$ 0.70	\$ 1.62	\$ 1.42
Diluted Earnings Per Share	\$ 0.83	\$ 0.69	\$ 1.61	\$ 1.41

Per share data has been retroactively adjusted to reflect 10% stock dividend paid on February 15, 2010

See accompanying notes to unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands) (Unaudited)

	06/30/2010	06/30/2009
OPERATING ACTIVITIES		
Net income attributable to Tompkins Financial Corporation	\$17,449	\$15,157
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan and lease losses	3,591	4,403
Depreciation and amortization of premises, equipment, and software	2,353	2,271
Amortization of intangible assets	401	484
Earnings from corporate owned life insurance	(711)	(426)
Net amortization on securities	1,669	859
Mark-to-market gain on trading securities	(381)	(98)
Mark-to-market loss (gain) on liabilities held at fair value	618	(688)
Net gain on securities transactions	(176)	(26)
Net gain on sale of loans	(339)	(967)
Proceeds from sale of loans	18,598	68,425
Loans originated for sale	(17,859)	(69,248)
Net (gain) loss on sale of bank premises and equipment	(37)	1
Stock-based compensation expense	569	435
Decrease in accrued interest receivable	1,084	392
Decrease in accrued interest payable	(440)	(250)
Payments/maturities from trading securities	5,097	3,448
Other, net	8,741	8,136
Net Cash Provided by Operating Activities	40,227	32,308
INVESTING ACTIVITIES		
Proceeds from maturities of available-for-sale securities	192,315	169,350
Proceeds from sales of available-for-sale securities	13,755	9,401
Proceeds from maturities of held-to-maturity securities	13,608	17,685
Purchases of available-for-sale securities	(219,690)	(238,025)
Purchases of held-to-maturity securities	(10,037)	(6,514)
Net decrease (increase) in loans	12,703	(23,633)
Net decrease in FHLB and FRB stock	711	2,675
Proceeds from sale of bank premises and equipment	43	20
Purchases of bank premises and equipment	(2,233)	(1,878)
Other, net	(1,739)	(1,131)
Net Cash Used in Investing Activities	(564)	(72,050)
FINANCING ACTIVITIES		
Net increase in demand, money market, and savings deposits	27,174	90,631
Net (decrease) increase in time deposits	(6,815)	64,171
Net decrease in securities sold under agreements to repurchase and Federal funds purchased	(17,576)	(6,183)
Proceeds received from other borrowings	0	5,000
Repayment of other borrowings	(19,894)	(84,477)
Proceeds from issuance of trust preferred debentures, net of issuance costs	0	19,031
Cash dividends	(6,989)	(6,597)
Cash paid in lieu of fractional shares - 10% stock dividend	(7)	0

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Shares issued for dividend reinvestment plan	1,294	0
Shares issued for employee stock ownership plan	1,278	0
Common stock repurchased and returned to unissued status	0	(178)
Net proceeds from exercise of stock options	853	835
Tax benefit from stock option exercises	111	145
Net Cash (Used in) Provided by Financing Activities	(20,571)	82,378
Net Increase in Cash and Cash Equivalents	19,092	42,636
Cash and cash equivalents at beginning of period	45,462	52,349
Total Cash & Cash Equivalents at End of Period	64,554	94,985
Supplemental Information:		
Cash paid during the year for - Interest	\$17,474	\$20,701
Cash paid during the year for - Taxes	8,405	13,144
Transfer of loans to other real estate owned	1,639	68

See accompanying notes to unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands, except share data) (Unaudited)

Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive	Treasury	Non- controlling
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