

TOMPKINS FINANCIAL CORP  
Form 10-Q/A  
May 16, 2014

**United States**

**Securities and Exchange Commission**

**Washington, D.C. 20549**

**FORM 10-Q/A**

**Amendment No. 1**

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

For the quarterly period ended March 31, 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**

(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: **(888) 503-5753**

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

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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:

<u>Class</u>	<u>Outstanding as of April 30, 2014</u>
Common Stock, \$0.10 par value	14,857,722 shares

**EXPLANATORY NOTE**

This Amendment No. 1 on Form 10-Q/A (this "Amendment") to the Quarterly Report on Form 10-Q of Tompkins Financial Corporation (the "Company") for the quarter ended March 31, 2014, originally filed with the U.S. Securities and Exchange Commission (the "SEC") on May 12, 2014 (the "Original Filing"), is being filed solely for the purpose of correcting three typographical errors appearing in Item 1, Note 5 of the Notes to Unaudited Condensed Consolidated Financial Statements on page 16 of the Original Filing. These errors are related to the outstanding principal balance and the carrying amount of the Company's loans acquired in the VIST Bank acquisition. At December 31, 2013, the outstanding principal balance of Acquired Credit Impaired Loans was \$62,146, not \$59,979; the carrying amount of Acquired Non-Credit Impaired Loans was \$620,231, not \$59,979; and the outstanding principal balance of Total Acquired Loans was \$692,746, not \$736,816.

These disclosures appeared in Note 5 of the Notes to Unaudited Condensed Consolidated Financial Statements, which has been corrected and restated below in its entirety:

**5. Loans and Leases**

Loans and Leases at March 31, 2014 and December 31, 2013 were as follows:

<i>(in thousands)</i>	3/31/2014			12/31/2013		
	Originated	Acquired	Total <b>Loans and Leases</b>	Originated	Acquired	Total Loans and Leases
Commercial and industrial						
Agriculture	\$53,261	\$0	\$53,261	\$74,788	\$0	\$74,788
Commercial and industrial other	577,784	129,878	707,662	562,439	128,503	690,942
Subtotal commercial and industrial	631,045	129,878	760,923	637,227	128,503	765,730
Commercial real estate						
Construction	53,380	40,655	94,035	46,441	39,353	85,794
Agriculture	57,225	3,055	60,280	52,627	3,135	55,762
Commercial real estate other	922,024	351,095	1,273,119	903,320	366,438	1,269,758
Subtotal commercial real estate	1,032,629	394,805	1,427,434	1,002,388	408,926	1,411,314
Residential real estate						
Home equity	173,169	64,039	237,208	171,809	67,183	238,992
Mortgages	663,335	34,704	698,039	658,966	35,336	694,302

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Subtotal residential real estate	836,504	98,743	935,247	830,775	102,519	933,294
Consumer and other						
Indirect	19,902	2	19,904	21,202	5	21,207
Consumer and other	32,154	1,156	33,310	32,312	1,219	33,531
Subtotal consumer and other	52,056	1,158	53,214	53,514	1,224	54,738
Leases	5,529	0	5,529	5,563	0	5,563
Covered loans	0	24,106	24,106	0	25,868	25,868
Total loans and leases	2,557,763	648,690	3,206,453	2,529,467	667,040	3,196,507
Less: unearned income and deferred costs and fees	(2,241 )	0	(2,241 )	(2,223 )	0	(2,223 )
Total loans and leases, net of unearned income and deferred costs and fees	\$2,555,522	\$648,690	\$3,204,212	\$2,527,244	\$667,040	\$3,194,284

The outstanding principal balance and the related carrying amount of the Company's loans acquired in the VIST Bank acquisition are as follows at March 31, 2014 and December 31, 2013:

(in thousands)	03/31/2014	12/31/2013
Acquired Credit Impaired Loans		
Outstanding principal balance	\$57,121	\$62,146
Carrying amount	43,194	46,809
Acquired Non-Credit Impaired Loans		
Outstanding principal balance	615,510	630,600
Carrying amount	605,496	620,231
Total Acquired Loans		
Outstanding principal balance	672,631	692,746
Carrying amount	648,690	667,040

The following tables present changes in accretable yield on loans acquired from VIST Bank that were considered credit impaired.

*(in thousands)*

Balance at January 1, 2013	\$7,337
Accretion	(8,896 )
Disposals (loans paid in full)	(212 )
Reclassifications to/from nonaccretable difference <sup>1</sup>	7,933
Other changes in expected cash flows <sup>2</sup>	4,792
<b>Balance at December 31, 2013</b>	<b>\$10,954</b>

*(in thousands)*

Balance at January 1, 2014	\$10,954
Accretion	(1,264 )
Disposals (loans paid in full)	(211 )
Reclassifications to/from nonaccretable difference <sup>1</sup>	752
Other changes in expected cash flows <sup>2</sup>	0
<b>Balance at March 31, 2014</b>	<b>\$10,231</b>

<sup>1</sup> Results in increased interest income as a prospective yield adjustment over the remaining life of the loans, as well as increased interest income from loan sales, modification and prepayments.

<sup>2</sup> Represents changes in cash flows expected to be collected due to factors other than credit (e.g. changes in prepayment assumptions and/or changes in interest rates on variable rate loans).

During the first quarter of 2014 we increased our estimate of future cash flows on acquired loans to reflect our current outlook for prepayment speeds on these balances and increases in interest rates on variable rate loans. The decreases in prepayment speed assumptions and increases in interest rate assumptions increased our accretable discount by \$752,000. This change did not materially impact our current quarter interest income or net interest margin.

At March 31, 2014, acquired loans included \$24.1 million of covered loans. VIST Bank had previously acquired these loans in an FDIC assisted transaction in the fourth quarter of 2010. In accordance with a loss sharing agreement with the FDIC, certain losses and expenses relating to covered loans may be reimbursed by the FDIC at 70% or, if net losses exceed certain levels specified in the loss sharing agreements, 80%. See Note 7 – “FDIC Indemnification Asset Related to Covered Loans” for further discussion of the loss sharing agreements and related FDIC indemnification assets.

The Company has adopted comprehensive lending policies, underwriting standards and loan review procedures. Management reviews these policies and procedures on a regular basis. The Company discussed its lending policies and underwriting guidelines for its various lending portfolios in Note 6 – “Loans and Leases” in the Notes to Consolidated Financial Statements contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013. There have been no significant changes in these policies and guidelines. As such, these policies are reflective of new originations as well as those balances held at March 31, 2014. The Company’s Board of Directors approves the lending policies at least annually. The Company recognizes that exceptions to policy guidelines may occasionally occur and has established procedures for approving exceptions to these policy guidelines. Management has also implemented reporting systems to monitor loan origination, loan quality, concentrations of credit, loan delinquencies and nonperforming loans and potential problem loans.

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments are due. Generally loans are placed on nonaccrual status if principal or interest payments become 90 days or more past due and/or management deems the collectability of the principal and/or interest to be in question as well as when required by regulatory agencies. When interest accrual is discontinued, all unpaid accrued interest is reversed. Payments received on loans on nonaccrual are generally applied to reduce the principal balance of the loan. Loans are generally returned to accrual status when all the principal and interest amounts contractually due are brought current, the borrower has established a payment history, and future payments are reasonably assured. When management determines that the collection of principal in full is improbable, management will charge-off a partial amount or full amount of the loan balance. Management considers specific facts and circumstances relative to each individual credit in making such a determination. For residential and consumer loans, management uses specific regulatory guidance and thresholds for determining charge-offs.

Acquired loans that met the criteria for nonaccrual of interest prior to the acquisition may be considered performing after the date of acquisition, regardless of whether the customer is contractually delinquent, if we can reasonably estimate the timing and amount of the expected cash flows on such loans and if the Company expects to fully collect the new carrying value of the loans. As such, we may no longer consider the loan to be nonaccrual or nonperforming and may accrue interest on these loans, including the impact of any accretable discount. To the extent we cannot reasonably estimate cash flows, interest income recognition is discontinued. The Company has determined that it can reasonably estimate future cash flows on our acquired loans that are past due 90 days or more and accruing interest and the Company expects to fully collect the carrying value of the loans.

The below table is an age analysis of past due loans, segregated by originated and acquired loan and lease portfolios, and by class of loans, as of March 31, 2014 and December 31, 2013.

### March 31, 2014

<i>(in thousands)</i>	30-89 days	90 days or more	Current Loans	<b>Total Loans</b>	<b>90 days and accruing<sup>1</sup></b>	<b>Nonaccrual</b>
<b>Originated Loans and Leases</b>						
Commercial and industrial						
Agriculture	\$0	\$0	\$53,261	\$53,261	\$0	\$0
Commercial and industrial other	971	410	576,403	577,784	0	413
Subtotal commercial and industrial	971	410	629,664	631,045	0	413
Commercial real estate						
Construction	0	8,558	44,822	53,380	0	9,335
Agriculture	17	0	57,208	57,225	0	25
Commercial real estate other	389	7,427	914,208	922,024	278	8,486
Subtotal commercial real estate	406	15,985	1,016,238	1,032,629	278	17,846
Residential real estate						
Home equity	269	1,647	171,253	173,169	61	1,933
Mortgages	2,971	6,098	654,266	663,335	0	6,545
Subtotal residential real estate	3,240	7,745	825,519	836,504	61	8,478
Consumer and other						
Indirect	462	203	19,237	19,902	0	234
Consumer and other	523	0	31,631	32,154	0	3
Subtotal consumer and other	985	203	50,868	52,056	0	237
Leases	58	0	5,471	5,529	0	0
<b>Total loans and leases</b>	<b>5,660</b>	<b>24,343</b>	<b>2,527,760</b>	<b>2,557,763</b>	<b>339</b>	<b>26,974</b>
Less: unearned income and deferred costs and fees	0	0	0	(2,241 )	0	0
<b>Total originated loans and leases, net of unearned income and deferred costs and fees</b>	<b>\$5,660</b>	<b>\$24,343</b>	<b>\$2,527,760</b>	<b>\$2,555,522</b>	<b>\$339</b>	<b>\$26,974</b>
<b>Acquired Loans and Leases</b>						
Commercial and industrial						
Commercial and industrial other	368	1,488	128,022	129,878	859	930
Subtotal commercial and industrial	368	1,488	128,022	129,878	859	930
Commercial real estate						
Construction	0	2,160	38,495	40,655	1,691	469
Agriculture	0	0	3,055	3,055	0	0
Commercial real estate other	956	2,251	347,888	351,095	341	3,130
Subtotal commercial real estate	956	4,411	389,438	394,805	2,032	3,599
Residential real estate						
Home equity	265	956	62,818	64,039	351	773

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Mortgages	702	681	33,321	34,704	504	1,634
Subtotal residential real estate	967	1,637	96,139	98,743	855	2,407
Consumer and other						
Indirect	0	0	2	2	0	0
Consumer and other	2	0	1,154	1,156	0	0
Subtotal consumer and other	2	0	1,156	1,158	0	0
Covered loans	635	1,705	21,766	24,106	1,135	0
<b>Total acquired loans and leases, net of unearned income and deferred costs and fees</b>	<b>\$2,928</b>	<b>\$9,241</b>	<b>\$636,521</b>	<b>\$648,690</b>	<b>\$ 4,881</b>	<b>\$ 6,936</b>

<sup>1</sup> Includes acquired loans that were recorded at fair value at the acquisition date.



## December 31, 2013

<i>(in thousands)</i>	30-89 days	90 days or more	Current Loans	Total Loans	90 days and accruing <sup>1</sup>	Nonaccrual
<b>Originated loans and leases</b>						
Commercial and industrial						
Agriculture	\$0	\$0	\$74,788	\$74,788	\$0	\$0
Commercial and industrial other	211	1,187	561,041	562,439	0	1,260
Subtotal commercial and industrial	211	1,187	635,829	637,227	0	1,260
Commercial real estate						
Construction	216	7,657	38,568	46,441	0	9,873
Agriculture	180	0	52,447	52,627	0	46
Commercial real estate other	1,104	6,976	895,240	903,320	161	9,522
Subtotal commercial real estate	1,500	14,633	986,255	1,002,388	161	19,441
Residential real estate						
Home equity	784	1,248	169,777	171,809	62	1,477
Mortgages	2,439	5,946	650,581	658,966	384	7,443
Subtotal residential real estate	3,223	7,194	820,358	830,775	446	8,920
Consumer and other						
Indirect	768	152	20,282	21,202	0	216
Consumer and other	60	0	32,252	32,312	0	38
Subtotal consumer and other	828	152	52,534	53,514	0	254
Leases	0	0	5,563	5,563	0	0
Total loans and leases	5,762	23,166	2,500,539	2,529,467	607	29,875
Less: unearned income and deferred costs and fees	0	0	0	(2,223 )	0	0
<b>Total originated loans and leases, net of unearned income and deferred costs and fees</b>	<b>\$5,762</b>	<b>\$23,166</b>	<b>\$2,500,539</b>	<b>\$2,527,244</b>	<b>\$607</b>	<b>\$29,875</b>
<b>Acquired loans and leases</b>						
Commercial and industrial						
Commercial and industrial other	554	1,651	126,298	128,503	1,231	419
Subtotal commercial and industrial	554	1,651	126,298	128,503	1,231	419
Commercial real estate						
Construction	0	2,148	37,205	39,353	1,676	473
Agriculture	0	0	3,135	3,135	0	0
Commercial real estate other	403	3,585	362,450	366,438	709	3,450
Subtotal commercial real estate	403	5,733	402,790	408,926	2,385	3,923
Residential real estate						
Home equity	213	934	66,036	67,183	347	1,844
Mortgages	345	1,264	33,727	35,336	594	2,322
Subtotal residential real estate	558	2,198	99,763	102,519	941	4,166
Consumer and other						
Indirect	0	0	5	5	0	0
Consumer and other	17	0	1,202	1,219	0	0
Subtotal consumer and other	17	0	1,207	1,224	0	0
Covered loans	0	2,416	23,452	25,868	2,416	0

<b>Total acquired loans and leases, net of unearned income and deferred costs and fees</b>	\$1,532	\$11,998	\$653,510	\$667,040	\$ 6,973	\$ 8,508
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<sup>1</sup> Includes acquired loans that were recorded at fair value at the acquisition date.

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Except as described above, this Amendment does not modify or update the disclosures presented in, or exhibits to, the Original Filing in any way. This Amendment speaks as of the date of the Original Filing and does not reflect events occurring after the filing of the Original Filing. Accordingly, this Amendment should be read in conjunction with the Original Filing, as well as any other filings made by the Company with the SEC pursuant to Section 13(a) or 15(d) of Securities Exchange Act of 1934, as amended, subsequent to the filing of the Original Filing.

## Part II. Other Information

### Item 6. Exhibits

The following exhibits are filed as part of this Amendment No. 1 to Quarterly Report on Form 10-Q/A:

<b>Exhibit Number</b>	<b>Description</b>
<b>31.1*</b>	Certification of Principal Executive Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
<b>31.2*</b>	Certification of Principal Financial Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
<b>32.1*</b>	Certification of Principal Executive Officer as required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, 18 U.S.C. Section 1350
<b>32.2*</b>	Certification of Principal Financial Officer as required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, 18 U.S.C. Section 1350
<b>101**</b>	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Condition as of March 31, 2014 and December 31, 2013; (ii) Condensed Consolidated Statements of Income for the three months ended March 31, 2014 and 2013; (iii) Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2014 and 2013; (iv) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2014 and 2013; (v) Condensed Consolidated Statements of Changes in Shareholders' Equity for the three months ended March 31, 2014 and 2013; and (vi) Notes to Unaudited Condensed Consolidated Financial Statements.

\*Filed herewith.

\*\*Previously filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, as filed with the SEC on May 12, 2014.



## 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.

Date: May 16, 2014

## TOMPKINS FINANCIAL CORPORATION

By: /S/ Stephen S. Romaine

**Stephen S. Romaine**

President and Chief Executive Officer

(Principal Executive Officer)

By: /S/ Francis M. Fetsko

**Francis M. Fetsko**

Executive Vice President, Chief Financial Officer, and Chief Operating Officer

(Principal Financial Officer)

(Principal Accounting Officer)

## EXHIBIT INDEX

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