



TURNING POSSIBILITIES *into* REALITIES.

together.

*Tompkins Financial 2018 Corporate Report*

TOMPKINS  
FINANCIAL 

# together.

Bold ideas burned brighter throughout New York State and Pennsylvania last year. People in need found affordable food for their families. Business leaders financed a successful future for themselves and their employees.

Patients received confidential, quality care in their own neighborhoods.

*In 2018, all of this happened. And it took all of us to do it.*

At Tompkins Financial Corporation, customers come to us with a vision of how things could be. Then we combine the insights of banking, insurance and investment professionals to design solutions just as creative.

IMAGINE HOW MUCH MORE *we can* ACHIEVE.

# together.

## Financial | HIGHLIGHTS

IN THOUSANDS, EXCEPT PER SHARE DATA

	2018	2017	% CHANGE
Total assets	\$6,758,436	\$6,648,290	1.66%
Net income attributable to Tompkins Financial Corporation	82,308	52,494	56.80%
Diluted earnings per share	5.35	3.43	55.98%
Adjusted diluted earnings per share <sup>1</sup>	5.33	4.42	20.59%
Cash dividends per share	1.94	1.82	6.59%

## Selected | FINANCIAL DATA

IN THOUSANDS, EXCEPT PER SHARE DATA

	2018	2017	2016	2015	2014
<b>Financial Statement Highlights</b>					
Assets	\$6,758,436	\$6,648,290	\$6,236,756	\$5,689,995	\$5,269,561
Total loans	4,833,939	4,669,120	4,258,033	3,772,042	3,393,288
Deposits	4,888,959	4,837,807	4,625,139	4,395,306	4,169,154
Other borrowings	1,076,075	1,071,742	884,815	536,285	356,541
Total equity	620,871	576,202	549,405	516,466	489,583
Interest and dividend income	251,592	226,764	202,739	188,746	184,493
Interest expense	39,792	25,460	22,103	20,365	20,683
Net interest income	211,800	201,304	180,636	168,381	163,810
Provision for loan and lease losses	3,942	4,161	4,321	2,945	2,306
Net (losses) gains on securities transactions	(466)	(407)	926	1,108	391
Net income attributable to Tompkins Financial Corporation	82,308	52,494	59,340	58,421	52,041
<b>Per Share Information</b>					
Basic earnings per share	5.39	3.46	3.94	3.91	3.51
Diluted earnings per share	5.35	3.43	3.91	3.87	3.48
Adjusted diluted earnings per share <sup>1</sup>	5.33	4.42	3.91	3.63	3.48
Cash dividends per share	1.94	1.82	1.77	1.70	1.62
Common equity per share	40.45	37.65	36.20	34.38	32.77
<b>Selected Ratios</b>					
Return on average assets	1.23 %	0.82 %	1.01 %	1.07 %	1.03 %
Return on average equity	13.93 %	9.09 %	10.85 %	11.51 %	10.76 %
Average shareholders' equity to average assets	8.83 %	9.04 %	9.28 %	9.31 %	9.54 %
Dividend payout ratio	35.99 %	52.60 %	44.92 %	43.48 %	46.15 %

### Other Selected Data

IN WHOLE NUMBERS, UNLESS OTHERWISE NOTED

Employees (average full-time equivalent)	1,035	1,041	1,019	998	1,000
Banking offices	66	65	66	63	65
Bank access centers (ATMs)	83	84	85	85	85
Trust and investment services assets under management, or custody (in thousands)	\$3,806,274	\$4,017,363	\$3,941,484	\$3,852,972	\$3,761,972

<sup>1</sup>Adjusted diluted earnings per share reflects adjustments made for certain nonrecurring items. Adjustments for nonrecurring items in 2018 included a \$2.2 million gain on sale of real estate and a \$1.9 million write-down of impaired leases (\$0.02 per share). Adjustments in 2017 included a \$14.9 million (\$0.99 per share) one-time non-cash write-down of net deferred tax assets related to the Tax Cuts and Jobs Act of 2017. Adjustments in 2015 included a \$3.6 million (\$0.24 per share) after-tax gain on a pension plan curtailment. There were no adjustments in 2016 and 2014. Adjusted diluted earnings per share is a non-GAAP measure. This adjusted measure is defined in the Company's Form 10-K.

Message from | **TOM ROCHON & STEVE ROMAINE**

2018 was a great year for Tompkins Financial in terms of building a strong foundation for our future—figuratively and literally. We not only achieved another year of strong financial performance, we also completed and moved into a new headquarters building that will serve our Company for decades to come.



While year-over-year comparisons are challenging due to the impact of the Tax Cuts and Jobs Act of 2017, overall, we had another year of record earnings in 2018, with full-year diluted earnings per share of \$5.35, an increase of 56% over last year. Our deposit gathering continued to be a key area of focus in 2018. Thanks to the success of some of our key strategic initiatives in this area, we were able to grow total deposits in a challenging rate environment. We also saw growth in loans, which ended the year up 3.5% over the prior year. At the same time, our credit quality remained strong with nonperforming assets remaining near historically low levels.

There is little doubt the banking industry as a whole faced numerous challenges in 2018. There was pressure on our net interest margin due to rising rates and uncertainty in the political and economic environments that slowed the pace of business investment. As these trends are expected to continue into 2019, they highlight the importance of our business model, including the value of our fee-based businesses—Tompkins Insurance Agencies and

Stephen S. Romaine  
PRESIDENT & CEO

Dr. Thomas R. Rochon  
CHAIRMAN

Tompkins Financial Advisors<sup>†</sup>. Both affiliates grew over the past year, adding new talent with a wealth of experience. Noninterest income now represents nearly 27% of total revenues.

Managing risk and cybersecurity remains critically important to our Company. In 2018, we made significant investments in both people and technology to remain current and vigilant in protecting our information security. In June, we welcomed Steve Cribbs as our new Chief Risk Officer, a professional with 20 years of experience in finance and risk management, including eight years with the Federal Reserve and 12 years with various financial institutions. Steve is now responsible for overseeing compliance, audit, information security and enterprise risk management functions. In recognition of Steve's ability to contribute more broadly to our Company and the importance of his area of expertise, he was appointed to our Senior Leadership Team.

Last year, the team at Tompkins Financial grew closer together, literally. In June, we celebrated the grand opening of our new building in downtown Ithaca that is now home to many of our Central New York-based employees. We are proud to attract more business to Ithaca's core, including 305 employees brought together from seven previous sites. The new building is environmentally friendly, consistent with our commitment to sustainability and offers more modern, private and comfortable space, advanced technology and convenient parking for customers and staff.

Few things are as important to us as our customers. We implemented a customer survey platform last year to get to know our customers better and discover new ways to serve them. We are integrating all feedback into our work to continuously improve the customer experience. We are committed to offering state-of-the-art technology solutions that will enhance our online banking, mobile and cash management platforms in 2019, empowering customers to do more online. With this commitment in mind, we launched Tompkins Financial's first Innovation

Team in April 2018. The team of employees, representing every area of the Company, is tasked with identifying the next generation of products and processes we should pursue as we build the customer experience of the future.

It's important we stay on top of changes in our industry and offer our voice where it is needed. We remain dedicated to being a strong and stable presence in the banking industry. In 2018, Steve Romaine was appointed to the board of the Federal Home Loan Bank of New York.

Susan Henry is retiring from the Board of Directors in May of 2019, having reached retirement age. She joined both the Trust Company Board and the holding company Board in May of 2010. We appreciate her nine years of service and wish her well in retirement.

We invite all our shareholders to join us for our Annual Meeting. We will hold the **Annual Meeting of Shareholders** on Tuesday, May 7 at 5:30 p.m. at the Country Club of Ithaca. The **Shareholder Information Meeting for Pennsylvania** will be held Wednesday, May 8 at 4:30 p.m. at the Berkshire Country Club in Reading. The **Shareholder Information Meeting for the Hudson Valley** will be held Thursday, May 9 at 6:00 p.m. at the Mt. Kisco Country Club. The **Shareholder Information Meeting for Western New York** will be held Tuesday, May 14 at 5:30 p.m. at the Genesee Country Village & Museum in Mumford.

This is always a special time for us—when we get to look back on a successful year, recognize our achievements as a Company and thank the people who made them possible. We could not be more proud of the work our employees accomplished in 2018, and we are grateful to our customers and shareholders for your continued support.

Tompkins Trust Company is now housed in our new headquarters building in downtown Ithaca. The new Main Office features state-of-the art technology and a spacious, welcoming layout, but of course our caring customer service hasn't changed. We've also preserved the original vault door and moved it over to the new lobby.

Reaffirming our commitment to our customers, Ithaca's downtown and the Ithaca Commons, we sold the building that had housed Tompkins Trust Company since 1935 to Tompkins County. The building is now home to the Tompkins Center for History and Culture, featuring multimedia exhibits and presentations about local and regional history. It is also the new home to many local nonprofits including Visit Ithaca, The Dorothy Cotton Institute and Community Arts Partnership. We're excited to help bring more people to our city's center.

2018 saw another record year of earnings, with growth in loans and deposits for our region. New business was strong and there was a noticeable shift in residential lending from refinancing loans to purchase mortgages. We reaffirmed our commitment to first-time home buyer programs. We are a leader in the marketplace for delivering home mortgages.

Tompkins Trust Company remained committed to giving back to the communities we serve. We partnered with United Way of Tompkins County to host a Community Carnival for a Cause on the Ithaca Commons that successfully brought our community together in the downtown area for a common purpose.

The event was conceived, planned and executed by Tompkins employees from all Central New York affiliates and featured local celebrities, politicians, and personalities.

Our Lyndon Corners office in Syracuse had a great year of continued growth and added new members to the team. The commercial team had strong growth in loans and deposits in response to the overall positive reception we've experienced from the Syracuse community. Tompkins Insurance Agencies added both commercial and personal producers to the team in Syracuse. This is in addition to wealth management, trust services, cash management, residential mortgage lending, and retail branch services that previously existed in this office. The Financial Center now offers a full complement of banking services to the Syracuse community.

Central New York was the first region of Tompkins Financial Advisors to employ a full team approach. Offering clients the combined experience of a wealth advisor, portfolio manager, trust officer and financial planner proved highly effective by further improving upon the client experience.



Cayuga Health System includes Cayuga Medical Center (CMC) in Ithaca and Schuyler Hospital in Montour Falls, as well as Cayuga Medical Associates, a multi-disciplinary physician organization. The Health System has chosen Tompkins Financial to help them with various financing and insurance needs over the years because they know we understand how important it is to have successful hospitals and physicians providing care to our communities. Tompkins Financial Advisors is the custodian of Cayuga Health System’s investment accounts, Tompkins Insurance handles all of the Medical Center’s and Cayuga Medical Associates’ insurance needs, and Tompkins Trust Company provided a loan that enabled CMC to purchase two MRIs and renovate their Lab and Operating Room. “The missions of both Cayuga Medical Center and Tompkins Trust Company focus heavily on the communities we serve,” says John Rudd, President and CEO of Cayuga Health System. “Community has been at the foundation of both our organizations since we were established in the 1800s.”



CAYUGA HEALTH SYSTEM

John R. Rudd  
President & CEO




**S Schneider**  
Packaging Equipment Co., Inc.  
www.schneidercorp.com

**robox**

**SCHNEIDER PACKAGING  
EQUIPMENT CO., INC.**  
Bob Brotzki  
President





With almost half a century of industry problem-solving in end-of-line automation, Schneider Packaging Equipment Co., Inc., of Brewerton, NY, has become a leading manufacturer of case packing and robotic palletizing solutions. After 48 years as a family-owned business, senior management wanted to acquire the company. “As part of our due diligence we looked at a group of banks, and Tompkins Trust Company really stood out,” says Bob Brotzki, President. “Instead of just saying ‘this is what we can do for you,’ Tompkins looked closely at our prospectus, projections and what we wanted to accomplish and came back with an impressive package. It was clear they wanted our business. We’re a company that knows about workflow and adding value to a process without disrupting it,” says Brotzki. “It’s clear Tompkins is, too. They really understand our needs and how we run our business. The system and procedures they helped put in place work effortlessly for us.”



In 2018, we stayed true to our commitment to existing customers and the communities we serve across Western New York while expanding our offerings and footprint. Our decades-long, multi-generational relationships are the cornerstone of our business. 2019 marks the 150th anniversary of Tompkins Bank of Castile. Consistency is a key strategy for our Company and, we believe, is also the foundation of our long-term sustainable and profitable growth. You see it in the employment longevity of our people and their continuous dedication to providing great service to our customers and our communities.



**TRILLIUM HEALTH**

Andrea DeMeo  
President & CEO

Jason Barnecut-Kearns  
Senior Vice President & CFO

Tompkins Bank of Castile continued to prove our financial stability with another record year of earnings. We opened our first Tompkins Bank of Castile office in the Buffalo market in December of 2018 after years of serving the market from other nearby offices. Buffalo is the largest market in the Western New York (WNY) region, larger than Rochester and Genesee, Livingston, Orleans and Wyoming Counties combined. Now there is a dedicated team of banking, insurance and wealth management professionals working side-by-side, full-time in Amherst.

During 2018, Tompkins Financial Advisors also expanded in both Buffalo and Rochester, including

building a strong team for the new Amherst office. Like the bank, wealth management is putting in place the leadership, talent and experience to support continued growth.

Tompkins Insurance Agencies has had an office in Erie County for decades. They are now expanding their presence in the new Amherst office to work alongside bank and wealth management partners. There are now 10 employees in the new office with plans to keep growing to support the Buffalo market presence.

We continued to offer all of our customers convenient ways to bank with us, including mobile apps that support consumer and commercial deposits. For our

Trillium Health is an innovative, patient-centered health care organization who wants partners as committed to the community as they are. This year, they chose Tompkins Bank of Castile and Tompkins Financial Advisors for the financing and investment strategies to purchase and renovate a building that will house a new clinic. The clinic will be Article 28-compliant and dedicated to women's health services and pediatrics for a nine-county service area. "Trillium Health is expanding to serve the needs of women and children in our community who are vulnerable and most at risk, and Tompkins Bank of Castile has been by our side with the sound advice and financial backing we need," said Andrea DeMeo, President and Chief Executive Officer. "The bank has inspired the trust and confidence of our team, which supports our strategic growth at a pivotal time in our history," adds Jason Barnecut-Kearns, Senior Vice President and Chief Financial Officer.



small business customers, we continued to offer Lightning Loans<sup>SM</sup>. We were the first community bank in WNY to partner with a leading industry platform that enables small businesses to learn about, apply for and typically get notified about approval of loans in under 48 hours.

In a challenging mortgage market, we added to our product selection. Our Community Heroes Program offers teachers, firefighters and emergency responders low-money-down home loans. We were the first in the WNY market to offer a lending product specific to these unique customers.

Our commitment to WNY agriculture customers remained a strong differentiator for the bank. We continued to invest in people who have an expertise in this area and supported them with banking and credit policies unique to their agricultural client base.

We remained deeply involved in the WNY communities we served. In 2018, our employees dedicated thousands of hours of their time to local organizations including creating Thanksgiving baskets for the Small Business Council of Rochester and supporting organizations like the United Way of Wyoming County, Genesee County Business Education Alliance, Junior Achievement and Focus on the Children.

We are one of the largest employers in the City of Batavia once again. We employ 145 people there, nearly half the total number of our employees in WNY. This location gives us access to an impressive talent pool and is a convenient and cost-effective place to operate a facility of this size. Our Customer Care Center, located in Batavia, supported insurance and banking customers in every region of our Company. Last year, we further enhanced the training and capabilities of our staff there.

Dr. James Sunser doesn't take switching banks lightly. "It's a substantial undertaking," says the President of Genesee Community College (GCC). "We only want to make a move if there will be a substantial benefit." The college invited proposals from several banks, including Tompkins Bank of Castile. "We had worked with Tompkins Insurance Agencies for our insurance needs for several years," says Dr. Sunser. "And we were very happy with that relationship." What tipped the decision in Tompkins' favor was the bank's stability and local connection. "So many banks have transitioned from one name to another," says Dr. Sunser. "With Tompkins, we can depend on them being the same bank, and having the same people answering the phone." GCC's focus on its students also weighed heavily in the decision. "If more of our students end up working for Tompkins, that would be a very good thing."





**GENESEEE COMMUNITY COLLEGE**  
James M. Sunser, Ed. D.  
President

Our commitment to our business and consumer customers remained strong in 2018. Our newly relocated branches in Pleasantville and Yonkers continue to thrive and attract new customers with their combination of the latest technology and personal service. In Yonkers, we recently added two new team members in the roles of branch manager and business development officer. Both are Yonkers natives with deep personal knowledge of their customers' needs.



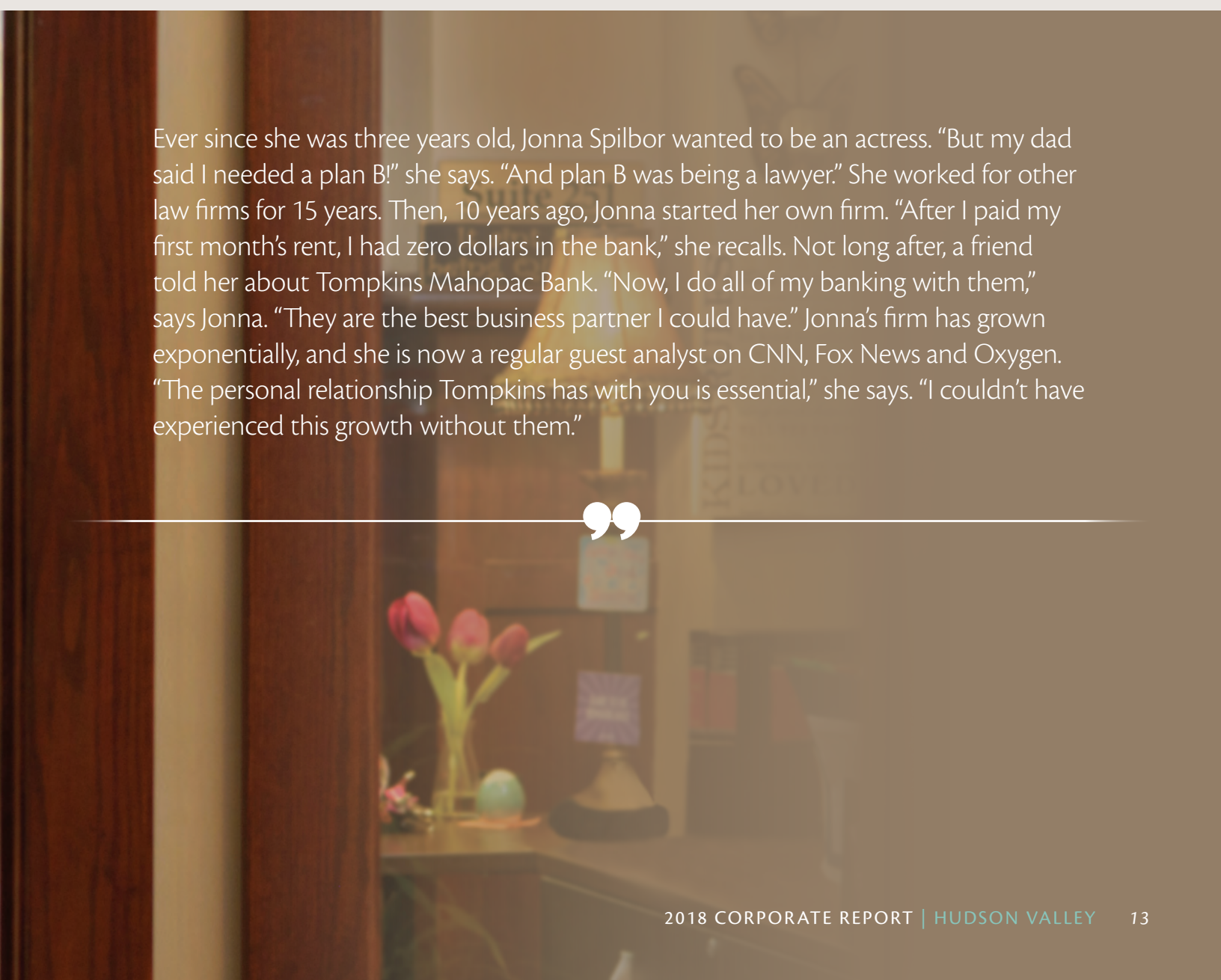
**JONNA SPILBOR LAW**

Jonna M. Spilbor, Esq.  
Attorney/Owner

The business community continues to grow in the Hudson Valley and healthcare is one of the industries leading the way. It is now the largest industry here and we have supported its growth by offering a unique suite of products that include expedited credit approval and a customized product and service approach. The products, coupled with the expertise of our lenders, have been well received by our clients and supported by our partners in the accounting and legal professions who serve the health care industry in our region.

We continued our support of the business community with our involvement on the Council of Industry, which specializes in the needs of the growing manufacturing industry in the Hudson Valley. We have long served the needs of the many diverse businesses in our region and understanding their unique needs and designing tailored solutions has historically been a strength of ours.

Investing in our people is core to our values. Our newly launched Commercial Lending Development



Ever since she was three years old, Jonna Spilbor wanted to be an actress. “But my dad said I needed a plan B!” she says. “And plan B was being a lawyer.” She worked for other law firms for 15 years. Then, 10 years ago, Jonna started her own firm. “After I paid my first month’s rent, I had zero dollars in the bank,” she recalls. Not long after, a friend told her about Tompkins Mahopac Bank. “Now, I do all of my banking with them,” says Jonna. “They are the best business partner I could have.” Jonna’s firm has grown exponentially, and she is now a regular guest analyst on CNN, Fox News and Oxygen. “The personal relationship Tompkins has with you is essential,” she says. “I couldn’t have experienced this growth without them.”



Program is designed as a way for some of our top talent who are interested in becoming commercial lenders to learn the business. Commercial lenders are key advisors to many of our biggest customers and play a critical role for Tompkins. Our Professional Development Program is another opportunity for our people to learn more broadly about banking and its many facets.

Last year, we gave back to our communities by hosting Food Truck Fridays at our two Mahopac branches, providing free lunch to anyone who stopped in. We served several hundred community members through the program.

Martabano Real Estate Management Corp. (MRE) is a family owned development company in Mount Kisco, New York. A personal relationship with a community bank was always important to them. “My brother John was originally doing our financing through our local bank,” explains Donald Martabano, MRE President. “He actually served on one of their boards. When they were bought out, we missed that hometown bank feeling. Fortunately, we soon met Tompkins Mahopac Bank and found what we needed.” Warmth isn’t the only thing MRE enjoys. “Beyond great service while managing accounts and providing financing, they’re almost like our business advisors,” says Martabano. “We trust their guidance.” It’s a two-way relationship. When MRE was looking for their new bank back in 2004, they were working on a new building on Lexington Avenue in Mount Kisco. That building has been the home of a Tompkins Mahopac Bank branch ever since.





We also continued to support more than 200 charitable organizations throughout the Hudson Valley and started the Acorn Alliance program that allows employees to volunteer for local nonprofits during business hours as just another way of serving the community.

Power of Partnership referrals remain a solid foundation for growth and success in the region. Bankers and wealth advisors continue to work closely together to ensure customers are getting full value from our relationship with them. Tompkins Financial Advisors grew the size and expertise of our team significantly in 2018, hiring a senior wealth advisor, portfolio manager, and transitioning a trust officer.



**MARTABANO REAL ESTATE  
MANAGEMENT CORP. (MRE)**

Donald Martabano  
President

Smart growth while protecting asset quality remained a key strategy in our region in 2018. With so many mergers and acquisitions in Southeastern Pennsylvania in the past few years, many personal and commercial banking customers lost the community bank they had known. We want them to find the personal services, convenience and local decision making they're looking for at Tompkins VIST Bank, but we need to be vigilant to maintain the asset quality we've achieved. We seek customers of exceptional character who are interested in forming a relationship with our bank and our people. This strategy has been key to growing sustainably and weathering the ups and downs in the economy.

Another strategy that supported our continued loan growth last year was diversification of our loan portfolio. Diversification into specific markets such as agriculture and small business helps mitigate risk while supporting our communities. In 2018, we hired a new agricultural loan officer to support our expanding agricultural portfolio.

One way we continued to support small business lending in our region last year was through our Lightning Loans<sup>SM</sup> program. Lightning Loans<sup>SM</sup> lets small businesses go online for a faster and more efficient application process. In 2018, 90% of Tompkins VIST Bank's loan applications went through our Lightning Loans<sup>SM</sup> platform, demonstrating that customers like using cutting edge technology, but enjoy having access to local decision makers.

Deposits helped support loan growth and attracting deposits remained an important part of our strategy, especially in a fiercely competitive marketplace. Our Gold Rush program is an internal initiative that combines team members from different lines of business and branches and has led to higher deposits and an increased collaboration throughout our Tompkins VIST Bank organization in 2018.

Tompkins Insurance added four new producers in Southeastern Pennsylvania in 2018 and had a strong year of sales growth. Continuing our Power of Partnership strategy, bank and affiliate representatives shared leads, and 15% of new insurance relationships came from bank partner referrals.

Tompkins Financial Advisors continued to transition from a broker/dealer to a fiduciary model and is expanding the team of professionals serving each of our clients to now include a wealth advisor, portfolio manager, trust officer and financial planner.

We don't just say we're a community bank, we live it. Our Tompkins VIST Bank employees volunteered thousands of hours of community service in 2018. Tompkins VIST Bank employees serve on local boards, volunteer services, fundraise and advocate for local nonprofit organizations. We want to make our communities a better place to live and work. It's just the right thing to do.

Humane Pennsylvania is reinventing animal welfare. “We help animals by helping people,” says President and CEO Karel Minor. “When we provide veterinary services to people who are in need, we keep more animals safe and sound in their homes.” Humane PA started as a merger between two of Pennsylvania’s most respected sheltering organizations. To accommodate the sudden change in their organization, they needed a new partner. “Tompkins VIST Bank understands nonprofits in a way that other banks don’t,” says Karel. With Tompkins’ guidance, Humane PA was able to secure a \$3.1 million grant that will help provide even more assistance to pets and their families. Humane PA now relies on Tompkins for banking, investments and employee health insurance. Says Karel, “They keep finding new ways to help us grow and succeed.”



**HUMANE PENNSYLVANIA**

Karel Minor  
President and CEO



TEFAP  
VINMA15COM  
B  
0015513099

 **share**  
nourishing community  
CSFP

**SHARE FOOD PROGRAM, INC.**

Steveanna Wynn  
Executive Director, Retired

Eloise McBride, Co-Interim Director

 **share**  
nourishing community  
CSFP

Cheerios



Of course, a community food program knew just what they needed in a community bank. “We do business based on trust and respect,” says Steveanna Wynn, recently retired Share Food Program Executive Director. The program provides food packages across Pennsylvania, Delaware, Maryland, New Jersey and New York from their facility in Philadelphia. “We know we can come to Tompkins VIST Bank with our goals, and they’ll come back with financial solutions to make them possible. We trust them and that’s special.” When the organization needed to bring the electrical service of their hundred-year-old building into this century, Tompkins VIST Bank put together the right combination of financing and state resources. “We’re committed to treating people with respect and dignity, and that’s the relationship we have with our bank... they even come to our anniversary party every year,” says Wynn with a smile.



# Consolidated | STATEMENTS OF CONDITION

IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA	YEAR ENDED DECEMBER 31,	
	2018	2017
<b>Assets</b>		
Cash and noninterest bearing balances due from banks	\$78,524	\$77,688
Interest bearing balances due from banks	1,865	6,615
<b>Cash and Cash Equivalents</b>	<b>80,389</b>	<b>84,303</b>
Available-for-sale securities, at fair value (amortized cost of \$1,363,902 at December 31, 2018 and \$1,408,996 at December 31, 2017)	1,332,658	1,391,862
Held-to-maturity securities, at amortized cost (fair value of \$139,377 at December 31, 2018 and \$140,315 at December 31, 2017)	140,579	139,216
Equity securities, at fair value (amortized cost \$1,000 at December 31, 2018 and \$1,000 at December 31, 2017)	887	913
Originated loans and leases, net of unearned income and deferred costs and fees	4,568,741	4,358,543
Acquired loans	265,198	310,577
Less: Allowance for loan and lease losses	43,410	39,771
<b>Net Loans and Leases</b>	<b>4,790,529</b>	<b>4,629,349</b>
Federal Home Loan Bank and other stock	52,262	50,498
Bank premises and equipment, net	97,202	86,995
Corporate-owned life insurance	81,928	80,106
Goodwill	92,283	92,291
Other intangible assets, net	7,628	9,263
Accrued interest and other assets	82,091	83,494
<b>Total Assets</b>	<b>\$6,758,436</b>	<b>\$6,648,290</b>
<b>Liabilities</b>		
Deposits:		
Interest bearing:		
Checking, savings and money market	2,853,190	2,615,632
Time	637,295	748,250
Noninterest bearing	1,398,474	1,437,925
<b>Total Deposits</b>	<b>4,888,959</b>	<b>4,837,807</b>
Federal funds purchased and securities sold under agreements to repurchase	81,842	75,177
Other borrowings	1,076,075	1,071,742
Trust preferred debentures	16,863	16,691
Other liabilities	73,826	70,671
<b>Total Liabilities</b>	<b>\$ 6,137,565</b>	<b>\$6,072,088</b>
<b>Equity</b>		
Tompkins Financial Corporation Shareholders' Equity:		
Common Stock - par value \$.10 per share: Authorized 25,000,000 shares; Issued: 15,348,287 at December 31, 2018; and 15,301,524 at December 31, 2017	1,535	1,530
Additional paid-in capital	366,595	364,031
Retained earnings	319,396	265,007
Accumulated other comprehensive loss	(63,165)	(51,296)
Treasury stock, at cost - 122,227 shares at December 31, 2018, and 120,805 shares at December 31, 2017	(4,902)	(4,492)
<b>Total Tompkins Financial Corporation Shareholders' Equity</b>	<b>619,459</b>	<b>574,780</b>
Noncontrolling interests	1,412	1,422
<b>Total Equity</b>	<b>\$620,871</b>	<b>\$576,202</b>
<b>Total Liabilities and Equity</b>	<b>\$6,758,436</b>	<b>\$6,648,290</b>

# Consolidated | STATEMENTS OF INCOME

YEAR ENDED DECEMBER 31,

IN THOUSANDS, EXCEPT PER SHARE DATA

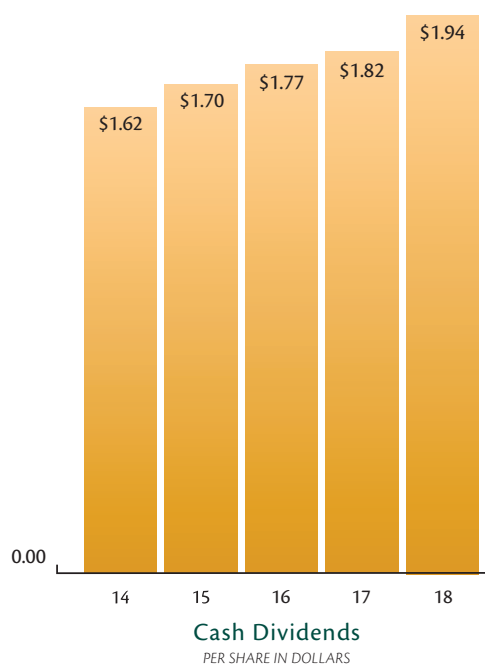
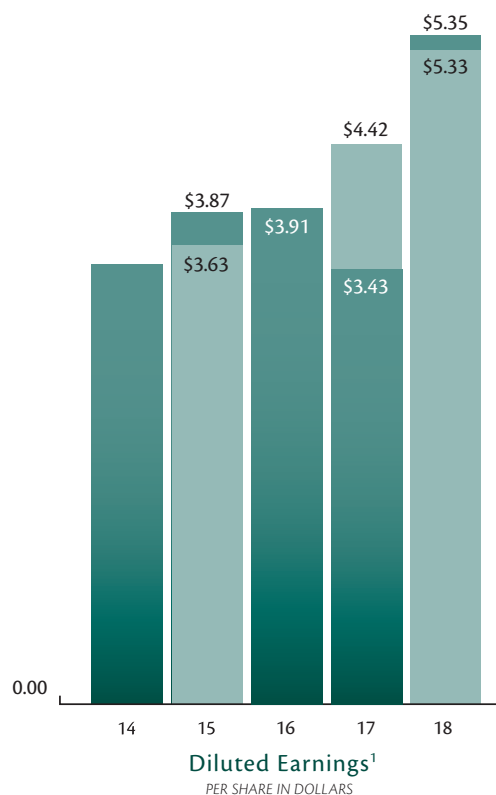
YEAR ENDED DECEMBER 31,

	2018	2017	2016
<b>Interest and Dividend Income</b>			
Loans	\$214,370	\$191,410	\$169,630
Due from banks	31	37	6
Trading securities	0	0	220
Available-for-sale securities	30,377	29,721	27,846
Held-to-maturity securities	3,437	3,475	3,603
Federal Home Loan Bank stock and Federal Reserve Bank stock	3,377	2,121	1,434
<b>Total Interest and Dividend Income</b>	<b>251,592</b>	<b>226,764</b>	<b>202,739</b>
<b>Interest Expense</b>			
Time certificates of deposits of \$250,000 or more	1,712	1,880	1,654
Other deposits	14,883	10,253	9,059
Federal funds purchased and securities sold under agreements to repurchase	152	235	2,228
Trust preferred debentures	1,227	1,158	2,390
Other borrowings	21,818	11,934	6,772
<b>Total Interest Expense</b>	<b>39,792</b>	<b>25,460</b>	<b>22,103</b>
<b>Net Interest Income</b>	<b>211,800</b>	<b>201,304</b>	<b>180,636</b>
Less: Provision for loan and lease losses	3,942	4,161	4,321
<b>Net Interest Income After Provision for Loan and Lease Losses</b>	<b>207,858</b>	<b>197,143</b>	<b>176,315</b>
<b>Noninterest Income</b>			
Insurance commissions and fees	29,369	28,778	29,492
Investment services income	17,288	15,665	15,203
Service charges on deposit accounts	8,435	8,437	8,793
Card services income	9,693	9,100	8,058
Mark-to-market on trading securities	0	0	(182)
Mark-to-market gain on liabilities held at fair value	0	0	227
Other income	13,130	7,631	6,291
Net (loss) gain on securities transactions	(466)	(407)	926
<b>Total Noninterest Income</b>	<b>77,449</b>	<b>69,204</b>	<b>68,808</b>
<b>Noninterest Expenses</b>			
Salaries and wages	85,625	81,948	77,379
Pension and other employee benefits	22,090	21,458	19,909
Net occupancy expense of premises	13,309	13,214	12,521
Furniture and fixture expense	7,351	7,028	6,450
FDIC insurance	2,618	2,527	3,024
Amortization of intangible assets	1,771	1,932	2,090
Other operating expenses	48,303	42,998	37,234
<b>Total Noninterest Expenses</b>	<b>181,067</b>	<b>171,105</b>	<b>158,607</b>
<b>Income Before Income Tax Expense</b>	<b>104,240</b>	<b>95,242</b>	<b>86,516</b>
<b>Income Tax Expense</b>	<b>21,805</b>	<b>42,620</b>	<b>27,045</b>
<b>Net Income Attributable to Noncontrolling Interests and Tompkins Financial Corporation</b>	<b>82,435</b>	<b>52,622</b>	<b>59,471</b>
Less: Net income attributable to noncontrolling interests	127	128	131
<b>Net Income Attributable to Tompkins Financial Corporation</b>	<b>\$ 82,308</b>	<b>\$ 52,494</b>	<b>\$ 59,340</b>
<b>Basic Earnings Per Share</b>	<b>\$5.39</b>	<b>\$3.46</b>	<b>\$3.94</b>
<b>Diluted Earnings Per Share</b>	<b>\$5.35</b>	<b>\$3.43</b>	<b>\$3.91</b>

## MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is traded under the symbol "TMP" on the NYSE American. The high and low closing sale prices—which represent actual transactions as quoted on the Exchange—of the Company's common stock for each quarterly period in 2017 and 2018 are presented to the right. The per share dividends paid by the Company in each quarterly period in 2017 and 2018 and the payment dates of these dividends are also presented.

	Market Price		Cash Dividends	
	High	Low	Amount	Date Paid
2017 1st Quarter	\$96.00	\$79.63	\$0.45	2/15/17
2nd Quarter	87.43	75.81	0.45	5/16/17
3rd Quarter	86.14	72.20	0.45	8/15/17
4th Quarter	89.99	79.06	0.47	11/15/17
2018 1st Quarter	\$85.82	\$74.35	\$0.48	2/15/18
2nd Quarter	89.15	75.00	0.48	5/15/18
3rd Quarter	91.14	80.12	0.48	8/15/18
4th Quarter	83.00	69.67	0.50	11/15/18



<sup>1</sup>The darker shaded sections of the bars reflect GAAP earnings per share. The lighter bars reflect adjusted diluted earnings per share. Adjusted diluted earnings per share reflects adjustments made for certain nonrecurring items. Adjustments for nonrecurring items in 2018 included a \$2.2 million gain on sale of real estate and a \$1.9 million write-down of impaired leases (\$0.02 per share). Adjustments in 2017 included a \$14.9 million (\$0.99 per share) one-time non-cash write-down of net deferred tax assets related to the Tax Cuts and Jobs Act of 2017. Adjustments in 2015 included a \$3.6 million (\$0.24 per share) after-tax gain on a pension plan curtailment. There were no adjustments in 2016 and 2014. Adjusted diluted earnings per share is a non-GAAP measure. This adjusted measure is defined in the Company's Form 10-K.

### Report of Independent Registered Public Accounting Firm

The Shareholders and Board of Directors | Tompkins Financial Corporation:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of condition of Tompkins Financial Corporation and subsidiaries as of December 31, 2018 and 2017, and the related consolidated statements of income, comprehensive income, cash flows, and changes in shareholders' equity for each of the years in the three-year period ended December 31, 2018 (not presented herein); and in our report dated March 1, 2019, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

**KPMG LLP** Albany, NY  
March 1, 2019



**Thomas R. Rochon**  
*Chairman*  
President, ERB

**Stephen S. Romaine**  
*President & CEO*

**James W. Fulmer**  
*Vice Chairman*

**John E. Alexander**  
Founder, The CBORD Group, Inc.

**Paul J. Battaglia, CPA**  
Retired Director  
Freed Maxick, CPAs, P.C.

**Daniel J. Fessenden**  
Executive Director  
Fred L. Emerson Foundation, Inc.

**Susan A. Henry, Ph.D., Professor\***  
Department of Molecular Biology  
and Genetics  
Cornell University

**Patricia A. Johnson**  
VP of Finance & Administration  
Lehigh University

**Frank C. Milewski**  
Retired VP Regional Operations  
Pathways Health

**Michael H. Spain**  
Executive Vice President  
Brown & Brown

**Alfred J. Weber**  
President, Tweed-Weber-Danks, Inc.

**Craig Yunker**  
Managing Partner, CY Farms

\* Retiring May 2019

## BOARDS OF DIRECTORS

### TOMPKINS TRUST COMPANY

**Stephen S. Romaine**  
*Chairman*  
 President & CEO  
 Tompkins Financial Corporation

**Gregory J. Hartz**  
*President & CEO*

**John E. Alexander**  
 Founder  
 The CBORD Group, Inc.

**Larry F. Baum**  
 Founder  
 The Computing Center

**Daniel J. Fessenden**  
 Executive Director  
 Fred L. Emerson  
 Foundation, Inc.

**Susan A. Henry, Ph.D.\***  
 Professor  
 Department of Molecular  
 Biology and Genetics  
 Cornell University

**Dr. Ryan Lombardi**  
 Vice President  
 Student & Campus Life  
 Cornell University

**Jennifer Tegan**  
 Partner and VP Finance/  
 Administration  
 Cayuga Venture Fund

\* Retiring May 2019

### TOMPKINS BANK OF CASTILE

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 Vice Chairman  
 Tompkins Financial Corporation

**John M. McKenna**  
*President & CEO*

**Paul J. Battaglia, CPA**  
 Retired Director  
 Freed Maxick, CPAs, P.C.

**Joseph G. Bucci Jr.**  
 Environmental Manager  
 American Rock Salt  
 Company, LLC

**David N. DeLaVergne**  
 Retired Senior Vice President  
 Tompkins Bank of Castile

**John D. McClurg**  
 President  
 McClurg Chrysler  
 Dodge Jeep, Inc.  
 & McClurg Chevrolet Buick, Inc.

**Stephen S. Romaine**  
 President & CEO  
 Tompkins Financial Corporation

**Stephen R. Stoddard, DVM**  
 Partner  
 Perry Veterinary Clinic

**Craig Yunker**  
 Managing Partner, CY Farms

### TOMPKINS MAHOPAC BANK

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 Executive Vice President  
 Brown & Brown

**Gerald J. Klein, Jr.**  
*President & CEO*

**Francis M. Fetsko**  
 EVP, CFO, COO & Treasurer  
 Tompkins Financial Corporation

**James W. Fulmer**  
 Vice Chairman  
 Tompkins Financial Corporation

**Ita M. Rahilly, CPA, AEP\***  
 Partner  
 RBT CPAs, LLP

**Kevin J. Plunkett\***  
 Director of Strategic Initiatives  
 Simone Development  
 Companies

**Thomas R. Rochon**  
 President, ERB

**Stephen S. Romaine**  
 President & CEO  
 Tompkins Financial Corporation

**C. Compton Spain**  
 Attorney, Spain & Spain, PC

\* Elected July 2018

### TOMPKINS VIST BANK

**Alfred J. Weber**  
*Chairman*  
 President  
 Tweed-Weber-Danks, Inc.

**Scott L. Gruber**  
*President & CEO*

**Edward C. Barrett, CPA**  
 Retired EVP & CFO  
 Tompkins VIST Bank

**James W. Fulmer**  
 Vice Chairman  
 Tompkins Financial Corporation

**Philip E. Hughes, Esq., CPA**  
 Vice Chairman  
 Keystone Industries

**Patricia A. Johnson**  
 VP of Finance & Administration  
 Lehigh University

**Frank C. Milewski**  
 Retired VP Regional Operations  
 Pathways Health

**Harry J. O'Neill, III**  
 President  
 Empire Group

**Karen A. Rightmire\***  
 Executive Director  
 The Wyomissing Foundation

**Stephen S. Romaine**  
 President & CEO  
 Tompkins Financial Corporation

\* Retired December 31, 2018

### TOMPKINS INSURANCE AGENCIES, INC.

**James W. Fulmer**  
*Chairman*  
 Vice Chairman  
 Tompkins Financial Corporation

**David S. Boyce**  
*President & CEO*

**Stephen S. Romaine**  
 President & CEO  
 Tompkins Financial Corporation

# Corporate | INFORMATION

## TOMPKINS FINANCIAL CORPORATION CORPORATE OFFICERS

**Stephen S. Romaine**  
President & CEO

**David S. Boyce**  
Executive Vice President

**Francis M. Fetsko**  
Executive Vice President,  
CFO, COO & Treasurer

**Alyssa H. Fontaine**  
Executive Vice President &  
General Counsel

**Scott L. Gruber**  
Executive Vice President

**Gregory J. Hartz**  
Executive Vice President

**Brian A. Howard**  
Executive Vice President

**Gerald J. Klein, Jr.**  
Executive Vice President

**John M. McKenna**  
Executive Vice President

**Susan M. Valenti**  
Executive Vice President,  
Corporate Marketing Officer

**Steven W. Cribbs**  
Senior Vice President,  
Chief Risk Officer

**Bradley G. James**  
Senior Vice President,  
Chief Technology Officer

**Bonita N. Lindberg**  
Senior Vice President,  
Director of Human Resources

**Janet L. Hewitt**  
Assistant Vice President,  
Corporate Administrative &  
Investor Relations Officer

**Kathleen A. Manley**  
Assistant Vice President,  
Corporate Secretary

## CORPORATE OFFICE

Tompkins Financial Corporation  
P.O. Box 460  
Ithaca, NY 14851  
(888) 503-5753

Website:  
[www.tompkinsfinancial.com](http://www.tompkinsfinancial.com)  
E-mail:  
[shareholder@tompkinsfinancial.com](mailto:shareholder@tompkinsfinancial.com)

## SUBSIDIARIES

Tompkins Trust Company  
P.O. Box 460  
Ithaca, NY 14851  
(607) 273-3210  
[www.tompkinstrust.com](http://www.tompkinstrust.com)

Tompkins Bank of Castile  
90 Main St.  
Batavia, NY 14020  
(585) 345-0122  
[www.bankofcastile.com](http://www.bankofcastile.com)

Tompkins Mahopac Bank  
1441 Route 22  
Brewster, NY 10509  
(845) 278-1000  
[www.mahopacbank.com](http://www.mahopacbank.com)

Tompkins VIST Bank  
P.O. Box 6219  
Wyomissing, PA 19610  
(610) 478-9922  
[www.vistbank.com](http://www.vistbank.com)

Tompkins Insurance Agencies, Inc.  
90 Main St.  
Batavia, NY 14020  
(585) 344-0833  
[www.tompkinsins.com](http://www.tompkinsins.com)

Tompkins Financial Advisors<sup>†</sup>  
P.O. Box 6437  
Ithaca, NY 14851  
(607) 273-0037  
[www.tompkinsfinancialadvisors.com](http://www.tompkinsfinancialadvisors.com)

## STOCK LISTING

Tompkins Financial Corporation common stock is traded on the NYSE American under the symbol TMP.

The Tompkins Financial Stock Purchase Plan is administered by American Stock Transfer & Trust Company, LLC as transfer agent for Tompkins Financial Corporation. It offers a convenient way for shareholders to increase their investment in the Company. The plan enables shareholders to reinvest all or part of their cash dividends or to make optional cash payments, with some restrictions, in order to purchase shares of Tompkins Financial Corporation common stock without incurring charges for brokerage commissions or service charges. Shareholders who are interested in the plan may receive enrollment information and a plan enrollment application by contacting:

American Stock Transfer & Trust Company, LLC  
Toll-free number: 1-877-573-4008  
Internet: [www.astfinancial.com](http://www.astfinancial.com)

Mailing address:  
American Stock Transfer & Trust Company, LLC  
Attn: Dividend Reinvestment Department  
P.O. Box 922  
Wall Street Station  
New York, NY 10269-0560

For answers to many of your shareholder questions or to request forms, visit American Stock Transfer & Trust Company's website [www.astfinancial.com](http://www.astfinancial.com) or contact:

American Stock Transfer & Trust Company, LLC  
Shareholder Relations  
6201 15th Avenue  
Brooklyn, NY 11219

Overnight address:  
6201 15th Avenue  
Brooklyn, NY 11219

1-800-937-5449 or 1-718-921-8200  
E-mail address:  
[info@astfinancial.com](mailto:info@astfinancial.com)

Also, Tompkins Financial Stock Purchase Plan enrollment information can be requested and shareholder questions answered by contacting the Company:

Janet L. Hewitt, AVP  
Tompkins Financial Corporation  
P.O. Box 460  
Ithaca, NY 14851

1-888-503-5753 or 1-607-274-2004  
E-mail address:  
[jhewitt@tompkinsfinancial.com](mailto:jhewitt@tompkinsfinancial.com)

Form 10-K  
Copies of the Company's Form 10-K (Annual Report) for 2018, filed with the Securities and Exchange Commission, may be obtained by shareholders, by written request, from Francis M. Fetsko, Executive Vice President and Chief Financial Officer, P.O. Box 460, Ithaca, NY 14851.

Copies can also be obtained from our website:  
[www.tompkinsfinancial.com](http://www.tompkinsfinancial.com)

## GO GREEN

If you would like to receive future Tompkins Financial Corporation Corporate Reports and proxy materials electronically, please follow the instructions on your proxy card for voting via the internet and select the option for electronic transmission of proxy materials.



The savings below are achieved when PC recycled paper is used in place of virgin fiber. This project uses 4,864 lbs of paper which has a postconsumer recycled percentage of 10%.

70 trees preserved for the future  
580 lbs waterborne waste not created  
2,900 gallons wastewater flow saved  
190 lbs solid waste not generated  
2,000 lbs net greenhouse gases prevented  
2,230,000 BTUs energy not consumed

<sup>†</sup> Investment Services provided through Tompkins Wealth Advisors. Trust and Estate Services provided through Tompkins Trust Company.

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