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U.S. Government Securities

542,190

6,479

4.79

%

534,770

12,707

4.79

%

557,259

12,220

4.42

%

Trading Securities

49,472

607

4.92

%

56,092

1,176

4.23

%

0

0

0

State and municipal (2)

105,300

1,596

6.08

%

104,618

3,158

6.09

%

130,569

3,795

5.86

%

Other Securities (2)

39,479

586

5.95

%

38,057

1,150

6.09

%

19,221

526

5.52

%

Total securities

736,441

9,268

5.05

%

733,537

18,191

5.00

%

707,049

16,541

4.72

%

Federal Funds Sold

7,598

107

5.65

%

7,787

203

5.26

%

407

9

4.46

%

Loans, net of unearned income (3)

Real Estate

915,525

15,718

6.89

%

906,165

30,672

6.83

%

849,783

27,682

6.57

%

Commercial Loans (2)

337,808

7,006

8.32

%

339,111

13,912

8.27

%

298,026

11,797

7.98

%

Consumer Loans

80,969

1,429

7.08

%

81,198

2,842

7.06

%

96,346

3,789

7.93

%

Direct Lease Financing

9,871

178

7.23

%

10,121

334

6.65

%

12,507

377

6.08

%

Total loans, net of unearned income	
	1,344,173
	24,331
	7.26
%	
	1,336,595
	47,760

7.21

%

1,256,662

43,645

7.00

%

Total interest-earning assets

2,092,773

33,765

6.47

%

2,084,386

66,308

6.42

%

1,967,623

60,260

6.18

%

Other assets

158,701

158,502

150,689

Total assets	
$	**2,251,474**
$	**2,242,888**

$	**2,118,312**

LIABILITIES & SHAREHOLDERS EQUITY

Deposits

Interest-bearing deposits

Interest bearing checking, savings, & money market

707,090

3,454

1.96

%

703,470

6,688

1.92

%

699,993

5,003

1.44

%

Time Dep > $100,000

336,013

4,125

4.92

%

346,322

8,544

4.98

%

307,443

6,375

4.18

%

Time Dep < $100,000

348,856

4,025

4.63

%

347,075

7,925

4.60

%

307,478

5,457

3.58

%

Brokered Time Dep < $100,000

17,590

217

4.95

%

20,673

510

4.97

%

38,678

869

4.53

%

Total interest-bearing deposits	1,409,549	11,821	3.36 %	1,417,540

23,667

3.37

%

1,353,592

17,704

2.64

%

Federal funds purchased & securities sold under agreements to repurchase

199,122

2,037

4.10

%

197,745

4,000

4.08

%

150,591

2,611

3.50

%

Other borrowings

73,160

798

4.38

%

61,424

1,366

4.48

%

73,869

1,658

4.53

%

Total interest-bearing liabilities	**1,681,831**	**14,656**	**3.50**	%	**1,676,709**	**29,033**	**3.49**	%	**1,578,052**	**21,973**	**2.81**	%
Noninterest bearing deposits												

348,572

343,963

331,728

Accrued expenses and other liabilities

31,181

32,072

24,604

Total liabilities	2,061,584

2,052,744

1,934,384

Minority Interest

1,491

1,479

1,478

Shareholders equity

188,399

188,665

182,450

Total liabilities and shareholders equity	**$ 2,251,474**	**$ 2,242,888**

$	
	2,118,312

Interest rate spread	**2.97**
%	
	2.93

%

3.37

%

Net interest income/margin on earning assets	$	**19,109**	**3.66**	%	$	**37,275**	**3.61**	%
	$	**38,287**	**3.92**					

%

Tax Equivalent Adjustment

(619

)

(1,223

)

(1,499

)

Net interest income per consolidated financial statements

$	**18,490**
$	**36,052**
$	**36,788**

(1) Average balances and yields exclude unrealized gains and losses on available-for-sale securities.
(2) Interest income includes the effects of taxable-equivalent adjustments using a blended Federal and State income tax rate of 40% to increase tax exempt interest income to a taxable-equivalent basis.
(3) Nonaccrual loans are included in the average loans totals presented above. Payments received on nonaccrual loans have been recognized as disclosed in Note 1 to the Company s Annual Report on Form 10-K for its fiscal year ended December 31, 2006.

Provision for Loan/Lease Losses

The provision for loan/lease losses represents management s estimate of the expense necessary to maintain the allowance for loan/lease losses at an adequate level. The provision for loan and lease losses was $192,000 and $663,000 for the three and six months ended June 30, 2007, compared to $74,000 and $533,000 for the same periods in 2006. The increase in the provision for the three and six months ended June 30, 2007, was mainly due to increases in net charge-offs, nonperforming loans and total loans in the current quarter and year-to-date periods compared to the same periods in 2006. The allowance for loan/lease losses as a percentage of period end loans was 1.05% at June 30, 2007, compared to 1.10% at June 30, 2006. Refer to the section captioned Allowance for Loan/Lease Losses and Nonperforming Assets elsewhere in this discussion for further details on the allowance for loan/lease losses.

Noninterest Income

Management considers noninterest income an important driver of long-term revenue growth and a way to reduce earnings volatility that may result from changes in general market interest rates. Noninterest income for the three months ended June 30, 2007, was $10.8 million, an increase of 6.7% from the same period in 2006. Year-to-date 2007, noninterest income was $21.2 million, up 11.7% over the same period in 2006. Noninterest income represented 36.9% of second quarter total revenues and 37.1% of year-to-date total revenues, compared to 35.9% and 34.1%, respectively, for the same periods in 2006. The primary components of noninterest income are fees from investment services, insurance commissions and fees, service charges on deposit accounts, and card services income. These categories were all up in the second quarter and year-to-date over the comparable periods in 2006. Changes in the components of noninterest income are discussed below.

Investment services income was $3.5 million in the second quarter of 2007, up 14.3% over the same period in 2006. For the first six months of 2007, investment services income was $7.0 million, an increase of 17.7% over the same period in 2006. Investment services reflects income from Tompkins Investment Services (TIS), a division within Tompkins Trust Company, and AM&M. Investment services income includes: trust services, financial planning, wealth management services, and brokerage related services. TIS generates fee income through managing trust and investment relationships, managing estates, providing custody services, and managing investments in employee benefits plans. TIS also oversees retail brokerage activities in the Company s banking offices. AM&M provides fee-based financial planning services, wealth management services, and brokerage services to independent financial planners and investment advisors. TIS revenues for the three and six months ended June 30, 2007 increased by $246,000 or 16.1% and $452,000 or 14.8%, respectively, as compared to the same periods in 2006. With fees largely based on the market value and the mix of assets managed, the general direction of the stock market has a considerable impact on fee income. The market value of assets managed by, or in custody of, TIS, including retail brokerage assets, was $1.8 billion at June 30, 2007, up 10.7% from $1.6 billion at June 30, 2006. These figures include $470.5 million and $509.7 million, respectively, of Company-owned securities of which TIS is custodian. Trends for new business in trust and investment services remain positive.

AM&M revenues increased by $197,000 or 12.6% and by $601,000 or 20.6% for the three and six months ended June 30, 2007, compared to the same periods in 2007, driven by growth in wealth management business and brokerage services.

Insurance commissions and fees for the three and six months ended June 30, 2007 increased by $553,000 or 24.5% and $1.1 million or 23.9%, respectively, as compared to the same periods in 2006. Revenue growth was in both commercial and personal business lines. Tompkins Insurance acquired four insurance agencies in 2006, which contributed to the year-over-year growth in revenues.

Service charges on deposit accounts for the three and six months ended June 30, 2007 increased by $720,000 or 34.5% and $733,000 or 18.3%, respectively, as compared to the same periods in 2006. The largest component of this category is overdraft fees, which is largely driven by customer activity. Customer activity has been changing over the past several years, with electronic transactions such as debit cards and Internet banking reducing the volume of checks. The Company reviewed and revised the way that it processes these transactions during the quarter to process electronic transactions substantially the same as paper transactions, which has had a favorable impact on overdraft income.

Card services income for the three and six months ended June 30, 2007, increased by $197,000 or 27.8% and $304,000 or 21.7%, respectively, as compared to the same periods in 2006. The increase is mainly due to an increase in interchange income as a result of increased transactional volume from debit cards in 2007 over 2006.

Trading losses for the three and six months ended June 30, 2007, were $600,000 and $148,000, respectively. There was no trading activity in 2006. These losses relate to change in the fair value of securities designated as trading that were negatively affected by rising interest rates during the quarter. The Company designated approximately $62.0 million of securities as trading in the first quarter of 2007 with the adoption of SFAS 159, effective January 1, 2007. The Company recognized a pre-tax gain of approximately $452,000 in the first quarter of 2007, representing the change in fair value of securities identified as trading securities between the adoption of SFAS 159 on January 1, 2007 and March 31, 2007. In April 2007, the Company initiated a securities portfolio restructuring transaction and sold the $62.0 million of trading securities and subsequently reinvested the majority of the proceeds in securities designated as trading securities. The fair value of the $62.4 million of trading securities held at June 30, 2007 has decreased by $379,000 since purchase. Also included in trading losses is the change in fair value on the $25.0 million of FHLB borrowings that the Company selected the fair value option for in the second quarter of 2007.

Noninterest income for the second quarter of 2007 includes $283,000 of income relating to increases in the cash surrender value of corporate owned life insurance (COLI). This compares to $265,000 for the same period in 2006. For the year-to-date period COLI related income was $556,000 compared to $570,000 for the same period in 2006. The COLI relates to life insurance policies covering certain executive officers of the Company. The Company s average investment in COLI was $26.1 million for the three-month period ended June 30, 2007, compared to $27.6 million for the same period in 2006. Although income associated with the insurance policies is not included in interest income, the COLI produced a tax-equivalent return of 7.21% for the first six months of 2007, compared to 6.98% for the same period in 2006. For the quarter and year-to-date periods ended June 30, 2006, the Company recognized $685,000 in proceeds from death benefits on corporate owned life insurance.

Other income for the six months ended June 30, 2007, was $469,000, down $179,000 or 27.6% from the same period prior year. The decrease was mainly a result of lower income related to the Company s investment in a Small Business Investment Company.

Noninterest Expenses

Total noninterest expenses increased 6.5% to $19.7 million for the three months ended June 30, 2007, compared to $18.5 million for the same period in 2006, and increased 6.5% to $38.8 million for the six months ended June 30, 2007, from $36.4 million for the same period in 2006. The increase in 2007 over 2006 was primarily in compensation and benefits related expenses, premises and fixed asset expenses, and professional fees, which were all impacted by business expansion initiatives that included insurance agency acquisitions, expansion of retail brokerage services, and the expansion of banking offices. Changes in the components of noninterest expense are discussed below.

Personnel-related expense increased by $791,000 or 7.5% and by $1.5 million or 6.9% for the three and six month periods ended June 30, 2007. The increase in 2007 over 2006 was primarily a result of higher salaries and wages and benefits related to an increase in average full time equivalent employees (FTEs), from 644 at June 30, 2006, to 676 at June 30, 2007, and annual salary adjustments. The increase in average FTEs is a result of the staffing requirements at the Company s newer offices and four insurance agency acquisitions by Tompkins Insurance in 2006. Employee benefit related expenses were also up over the same periods in 2006.

Expenses related to bank premises and furniture and fixtures increased by $365,000 or 16.8% and by $698,000 or 16.2% for the three and six month periods ended June 30, 2007. Additions to the Company s branch network, insurance agency acquisitions, as well as higher real estate taxes, insurance and utility costs contributed to the increased expenses for premises and furniture and fixtures year-over-year.

Professional fees increased by $470,000 or 142.0% and by $678,000 or 97.7% for the three and six months ended June 30, 2007. In the first quarter of 2007, the Company engaged a consulting group to assist management in continuing to identify and implement profit improvement initiatives designed to reduce expenses and increase revenue. Implementation of certain initiatives took place in the second quarter and management is encouraged by the preliminary results of this effort. Management expects these efforts to have a positive impact on financial results in the second half of 2007, although a nonrecurring reorganization charge of $600,000, after-tax, is expected in the third quarter of 2007. Consulting fees related to profit improvement initiatives were $400,000 in the second quarter and $505,000 in the first six months of 2007.

Cardholder expenses were down $63,000 or 19.7% and $179,000 or 26.7% for the three and six months ended June 30, 2007, driven by the fourth quarter 2006 sale of the Company s credit card portfolio.

Other operating expenses decreased by $199,000 or 5.4% and by $283,000 or 4.1% for the three and six months ended June 30, 2007. Contributing to the decrease in other operating expenses was a decrease in donation expenses in 2007 compared to 2006, which included a $300,000 contribution to Tompkins County Trust Company Charitable Fund in the second quarter of 2006.

Income Tax Expense

The provision for income taxes provides for Federal and New York State income taxes. The provision for the three months ended June 30, 2007, was $3.0 million, compared to $2.8 million for the same period in 2006. For the year-to-date period ended June 30, 2007, the provision was $5.7 million compared to $5.6 million for the same period in 2006. The Company s effective tax rate for the second quarter of 2006 was 32.2%, compared to 29.3% for the same period in 2006. For the six months ended June 30, 2007, the effective tax rate was 31.7% compared to 29.8% for the comparable prior year period. The recognition of $685,000 of life insurance proceeds in the second quarter of 2006 contributed to the lower effective rate in 2006 compared with 2007.

FINANCIAL CONDITION

Total assets were $2.3 billion at June 30, 2007, up 2.3% over December 31, 2006, and up 5.8% over June 30, 2006. Asset growth over year-end 2006 included a $35.1 million increase in the total loans and leases, and a $9.4 million increase in cash and equivalents. The growth in total loans and leases, which represented a 2.6% increase from year-end 2006, was primarily in commercial and residential real estate loans; the consumer and leasing portfolios were down from year-end 2006. Total investment securities were flat compared to year-end 2006. The Company s decision to early adopt SFAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, effective January 1, 2007, resulted in transfer of securities from the available-for-sale portfolio to the trading portfolio. As of June 30, 2007, the trading portfolio totaled $62.4 million.

Total deposits were $1.7 billion at June 30, 2007, down less than 1% from year-end 2006, and up $51.6 million or 3.1% from June 30, 2006. The growth in total deposits since June 30, 2006 is mainly in higher yielding time deposits. Savings and money market balances and noninterest bearing balances are up slightly from June 30, 2006, increasing by 1.2% and 2.6%, respectively. Time deposit balances have decreased 5.6% from year-end 2006, primarily due to lower municipal time deposits. Other borrowings increased $70.3 million from year-end 2006 to $156.2 million at June 30, 2007 as the Company used borrowings with the Federal Home Loan Bank (FHLB) to support asset growth as an alternative to higher cost wholesale deposits. During the second quarter of 2007, the Company elected the fair value option for $25.0 million of FHLB borrowings incurred during the quarter. As of June 30, 2007, fair value of these borrowings was down about $23,000.

Nonperforming assets were $8.8 million at June 30, 2007, up from $4.0 million at June 30, 2006. The increase is mainly due to the addition of a single $4.1 million nonperforming commercial relationship, of which approximately $3.7 million is 90% guaranteed by a government agency. For the three months and six months ended June 30, 2007, net charge-offs were $358,000, and $634,000, respectively, up from $166,000 and $500,000 in the same periods of 2006.

There has been significant attention to subprime consumer real estate lending in the media. The Company has not engaged in the origination or purchase of subprime loans as a line of business.

Capital

Total shareholders equity totaled $185.0 million at June 30, 2007, a decrease of $4.6 million from December 31, 2006. Additional paid-in capital decreased by $7.4 million, from $158.2 million at December 31, 2006, to $150.8 million at June 30, 2007, reflecting the effects of repurchases of the Company s common stock, which were partially offset by the exercise of stock options and stock-based compensation expense. The Company repurchased 212,279 shares of its common stock for $8.3 million during the six month period ended June 30, 2007. Retained earnings increased $4.8 million from $44.4 million at December 31, 2006, to $49.2 million at June 30, 2007, reflecting net income of $12.1 million less dividends paid of $5.9 million and a cumulative-effect adjustment of $1.5 million related to the adoption of SFAS 159. Accumulated other comprehensive loss increased by nearly $1.7 million between December 31, 2006 and June 30, 2007, reflecting the effects of the adoption of SFAS 159, an increase in unrealized losses on available-for-sale securities due to higher market rates, and amounts recognized in other comprehensive income related to postretirement benefit plans. The early adoption of SFAS 159 required that any cumulative unrealized losses or gains related to securities where the fair value option was elected be included in the cumulative-effect adjustment, net of tax.

Cash dividends paid in the first six months of 2007 totaled approximately $5.9 million, representing 48.4% of year-to-date earnings. Cash dividends of $0.60 per share paid during the first six months of 2007 were up 9.1% over cash dividends of $0.55 per share paid in the first six months of 2006.

On July 18, 2006, the Company s Board of Directors approved a stock repurchase plan (the 2006 Plan) to replace its 2004 Plan, which expired in July 2006. The 2006 Plan authorizes the repurchase of up to 450,000 additional shares of the Company s outstanding common stock over a two-year period. During the first six months of 2007, the Company repurchased 212,279 shares at an average cost of $39.26. As of June 30, 2007, the Company has repurchased 300,507 shares under the 2006 Plan at an average cost of $40.52 per share.

The Company and its banking subsidiaries are subject to various regulatory capital requirements administered by Federal banking agencies. Management believes the Company and its subsidiaries meet all capital adequacy requirements to which they are subject. The table below reflects the Company s capital position at June 30, 2007, compared to the regulatory capital requirements for well capitalized institutions.

REGULATORY CAPITAL ANALYSIS June 30, 2007

	Actual				Well Capitalized Requirement			
(Dollar amounts in thousands)		**Amount**	**Ratio**			**Amount**	**Ratio**	
Total Capital (to risk weighted assets)	$	191,433	12.6%	$	152,058		10.0%	
Tier I Capital (to risk weighted assets)	$	176,982	11.64%	$	91,235		6.0%	
Tier I Capital (to average assets)	$	176,982	7.9%	$	111,565		5.0%	

As illustrated above, the Company s capital ratios on June 30, 2007, remain well above the minimum requirement for well capitalized institutions. As of June 30, 2007, the capital ratios for each of the Company s subsidiary banks also exceeded the minimum levels required to be considered well capitalized.

Allowance for Loan/Lease Losses and Nonperforming Assets

Management reviews the adequacy of the allowance for loan/lease losses (the allowance) on a regular basis. Management considers the accounting policy relating to the allowance to be a critical accounting policy, given the inherent uncertainty in evaluating the levels of the allowance required to cover credit losses in the Company s portfolio and the material effect that assumption could have on the Company s results of operations. Factors considered in determining the adequacy of the allowance and the related provision include: management s approach to granting new credit; the ongoing monitoring of existing credits by the internal and external loan review functions; the growth and composition of the loan and lease portfolio; the level and trend of market interest rates; comments received during the course of regulatory examinations; current local economic conditions; past due and nonperforming loan statistics; estimated collateral values; and an historical review of loan and lease loss experience. Based upon consideration of the above factors, management believes that the allowance is adequate to provide for the risk of loss inherent in the current loan and lease portfolio. Activity in the Company s allowance for loan/lease losses during the first six months of 2007 and 2006 is illustrated in the table below.

ANALYSIS OF THE ALLOWANCE FOR LOAN/LEASE LOSSES (In thousands)

		June 30, 2007		**June 30, 2006**
Average Loans and Leases Outstanding Year to Date	$	1,336,595	$	1,256,662
Beginning Balance		14,328		13,677
Provision for loan/lease losses		663		533
Loans charged off		(908)		(733)
Loan recoveries		274		233
Net charge-offs		(634)		(500)
Ending Balance	$	14,357	$	13,710

The allowance represented 1.05% of total loans and leases outstanding at June 30, 2007, down from 1.10% at June 30, 2006. The allowance coverage of nonperforming loans (loans past due 90 days and accruing, nonaccrual loans, and restructured troubled debt) decreased from 4.0 times at June 30, 2006, to 1.7 times at June 30, 2007. The decrease in this ratio is mainly due to the addition of one large commercial relationship totaling $4.1 million in nonperforming assets at June 30, 2007. Approximately $3.7 million of this relationship has a 90% guarantee of a U.S. government agency.

The level of nonperforming assets at June 30, 2007, and 2006, is illustrated in the table below. Nonperforming assets of $8.8 million as of June 30, 2007, were up $4.8 million from nonperforming assets of $4.0 million as of June 30, 2006. Nonperforming assets represented 0.39% of total assets at June 30, 2007, compared to 0.19% at June 30, 2006. Approximately $3.4 million of nonperforming loans at June 30, 2007, were secured by U.S. government guarantees, while $677,000 were secured by one-to-four family residential properties.

NONPERFORMING ASSETS (In thousands)

	June 30, 2007	June 30, 2006
Nonaccrual loans and leases	$ 8,474	$ 2,937
Loans past due 90 days and accruing	2	475
Troubled debt restructuring not included above	0	50
Total nonperforming loans	8,476	3,462
Other real estate, net of allowances	362	513
Total nonperforming assets	$ 8,838	$ 3,975
Total nonperforming loans/leases as a percent of total loans/leases	0.62%	0.29%
Total nonperforming assets as a percentage of total assets	0.39%	0.19%

Potential problem loans/leases are loans/leases that are currently performing, but where known information about possible credit problems of the related borrowers causes management to have doubt as to the ability of such borrowers to comply with the present loan payment terms and may result in disclosure of such loans/leases as nonperforming at some time in the future. Management considers loans/leases classified as Substandard that continue to accrue interest to be potential problem loans/leases. At June 30, 2007, the Company s internal loan review function had identified 31 commercial relationships totaling $11.3 million, which it has classified as Substandard, which continue to accrue interest. As of December 31, 2006, the Company s internal loan review function had classified 25 commercial relationships as Substandard totaling $19.7 million, which continue to accrue interest. These loans remain in a performing status due to a variety of factors, including payment history, the value of collateral supporting the credits, and personal or government guarantees. These factors, when considered in aggregate, give management reason to believe that the current risk exposure on these loans is not significant. At June 30, 2007, approximately $462,000 of these loans were backed by guarantees of U.S. government agencies. While in a performing status as of June 30, 2007, these loans exhibit certain risk factors, which have the potential to cause them to become nonperforming in the future. Accordingly, management s attention is focused on these credits, which are reviewed at least quarterly. The decrease in the dollar amount of commercial relationships classified as Substandard and still accruing between December 31, 2006 and June 30, 2007 was mainly due to three commercial relationships totaling $7.2 million that were classified as Substandard and accruing at December 31, 2006, and Substandard and nonaccruing at June 30, 2007.

Deposits and Other Liabilities

Total deposits of $1.7 billion at June 30, 2007 were down $11.3 million or less than 1% from December 31, 2006 and up $51.6 million or 3.1% from June 30, 2006. The increase over June 30, 2007 was mainly in time deposits and was driven by the rise in short-term market interest rates and competitive market conditions. Noninterest bearing deposit balances and interest-checking, savings and money market balances were up $9.0 million or 2.6% and $8.6 million or 1.24%, respectively, at June 30, 2007 over June 30, 2006. Between year-end 2006 and June 30, 2007, municipal time deposits of $100,000 or more decreased by $47.0 million or 30.0%, while interest-checking, savings and money markets increased by approximately $23.5 million or 3.4%. The decrease in municipal deposit balances was mainly due to two large time deposits that were deposited in the first quarter for a short time period.

The Company s primary funding source is core deposits, defined as total deposits less time deposits of $100,000 or more, brokered time deposits, and municipal money market deposits. Core deposits increased 3.1% from year-end 2006 to $1.3 billion at June 30, 2007 and represented 63.1% of total liabilities.

Non-core funding sources for the Company totaled $734.5 million at June 30, 2007, up from $717.4 million at December 31, 2006. Non-core funding at June 30, 2007 included municipal deposits, time deposits of $100,000 or more, term advances and securities sold under agreements to repurchase (repurchase agreements) with the Federal Home Loan Bank (FHLB), and retail repurchase agreements. The growth in non-core funding between December 31, 2006, and June 30, 2007 was concentrated in term advances and repurchase agreements with the FHLB, partially offset by a decrease in municipal time deposits over $100,000. Municipal time deposits were down $46.9 million to $112.4 million at June 30, 2007.

The Company s liability for repurchase agreements amounted to $188.9 million at June 30, 2007, which is down slightly from $191.5 million at December 31, 2006. Included in repurchase agreements at June 30, 2007, were $132.0 million in FHLB repurchase agreements and $57.0 million in retail repurchase agreements. Retail repurchase agreements are arrangements with local customers of the Company, in which the Company agrees to sell securities to the customer with an agreement to repurchase those securities at a specified later date. Included in the $132.0 million of repurchase agreements with the FHLB are $115.0 million that have call dates between 2007 and 2017 and are callable if certain conditions are met.

At June 30, 2007, other borrowings of $156.2 million were predominately term advances with the FHLB. The increase in other borrowings from a year-end 2006 balance of $85.9 million included $70.0 million of term advances and $5.3 million of overnight borrowings with the FHLB. Included in the $156.2 million in term advances with the FHLB are $109.0 million of advances that have call dates between 2007 and 2017 and are callable if certain conditions are met, and $45.8 million of overnight borrowings.

As mentioned elsewhere in this report, the Company elected to apply the fair value option for approximately $25.0 million of borrowings incurred during the second quarter of 2007. The borrowings were with the FHLB of New York and included: a $10.0 million, 10-year fixed convertible advance at 5.183%, convertible at the end of 3-years; a $10.0 million, 3-year repo convertible advance at 5.046%, convertible at the end of 1-year; and a $5.0 million, 7-year repo convertible advance at 4.715%, convertible at the end of three years. As of June 30, 2007, the aggregate fair value of the $25.0 million of FHLB advances was approximately $25.0 million, reflecting a decrease in fair value of about $23,000.

Liquidity

The objective of liquidity management is to ensure the availability of adequate funding sources to satisfy the demand for credit, deposit withdrawals, and business investment opportunities. The Company s large, stable core deposit base and strong capital position are the foundation for the Company s liquidity position. The Company uses a variety of resources to meet its liquidity needs, which include deposits, cash and cash equivalents, short-term investments, cash flow from lending and investing activities, repurchase agreements, and borrowings. The Company may also use borrowings as part of a growth strategy. Asset and liability positions are monitored primarily through Asset/Liability Management Committees of the Company s subsidiary banks individually and on a combined basis. These Committees review periodic reports on the liquidity and interest rate sensitivity positions. Comparisons with industry and peer groups are also monitored. The Company s strong reputation in the communities it serves, along with its strong financial condition, provide access to numerous sources of liquidity as described below. Management believes these diverse liquidity sources provide sufficient means to meet all demands on the Company s liquidity that are reasonably likely to occur.

Core deposits are a primary and low cost funding source obtained primarily through the Company s branch network. Core deposits totaled $1.3 billion at June 30, 2007, up $39.4 million or 3.1% from year-end 2006, and $49.8 million or 4.0% from June 30, 2006. Core deposits represented 77.1% of total deposits and 63.1% of total liabilities at June 30, 2007, compared to 74.3% of total deposits and 62.9% of total liabilities at December 31, 2006.

In addition to core deposits, the Company uses non-core funding sources to support asset growth. These non-core funding sources include time deposits of $100,000 or more, brokered time deposits, municipal money market accounts, securities sold under agreements to repurchase and term advances from the FHLB. Rates and terms are the primary determinants of the mix of these funding sources. Non-core funding sources, as a percentage of total liabilities, were relatively unchanged from December 31, 2006 to June 30, 2007, measuring 35.5% at December 31, 2006 and 35.4% at June 30, 2007. Time deposits of $100,000 or more were down $37.2 million or 11.9% from year-end 2006 to June 30, 2007, while FHLB advances were up $80.2 million or 27.8%. The decrease in the time deposits of $100,000 or more was primarily a result of a decrease in municipal deposits, which are somewhat seasonal.

Cash and cash equivalents totaled $61.6 million as of June 30, 2007, up from $52.2 million at December 31, 2006. Short-term investments, consisting of securities due in one year or less, increased from $49.1 million at December 31, 2006, to $71.6 million on June 30, 2007. The Company also has $62.4 million of securities designated as trading securities. The Company pledges securities as collateral for certain non-core funding sources. Securities carried at $584.0 million at December 31, 2006, and $535.3 million at June 30, 2007, were pledged as collateral for public deposits or other borrowings, and pledged or sold under agreements to repurchase. Pledged securities represented 74.9% of total securities as of June 30, 2007, compared to 79.5% as of December 31, 2006.

Cash flow from the loan and investment portfolios provides a significant source of liquidity. These assets may have stated maturities in excess of one year, but have monthly principal reductions. Total mortgage-backed securities, at fair value, were $317.9 million at June 30, 2007 compared with $352.4 million at December 31, 2006. Outstanding principle balances of residential mortgage loans, consumer loans, and leases totaled approximately $580.9 million at June 30, 2007 as compared to $563.4 million at December 31, 2006. Aggregate amortization from monthly payments on these assets provides significant additional cash flow to the Company.

Liquidity is enhanced by ready access to national and regional wholesale funding sources including Federal funds purchased, repurchase agreements, brokered certificates of deposit, and FHLB advances. Through its subsidiary banks, the Company has borrowing relationships with the FHLB and correspondent banks, which provide secured and unsecured borrowing capacity. At June 30, 2007, the unused borrowing capacity on established lines with the FHLB was $360.8 million. As members of the FHLB, the Company s subsidiary banks can use certain unencumbered mortgage-related assets to secure additional borrowings from the FHLB. At June 30, 2007, total unencumbered residential mortgage loans of the Company were $225.3 million. Additional assets may also qualify as collateral for FHLB advances upon approval of the FHLB.

The Company has not identified any trends or circumstances that are reasonably likely to result in material increases or decreases in liquidity in the near term.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Interest rate risk is the primary market risk category associated with the Company s operations. Interest rate risk refers to the volatility of earnings caused by changes in interest rates. The Company manages interest rate risk using income simulation to measure interest rate risk inherent in its on-balance sheet and off-balance sheet financial instruments at a given point in time. The simulation models are used to estimate the potential effect of interest rate shifts on net interest income for future periods. Each quarter the Asset/Liability Management Committee reviews the simulation results to determine whether the exposure of net interest income to changes in interest rates remains within board-approved levels. The Committee also considers strategies to manage this exposure and incorporates these strategies into the investment and funding decisions of the Company. The Company does not use derivatives, such as interest rate swaps, to manage its interest rate risk exposure.

The Company s Board of Directors has set a policy that interest rate risk exposure will remain within a range whereby net interest income will not decline by more than 10% in one year as a result of a 200 basis point change in rates. Based upon the simulation analysis performed as of June 30, 2007, a 200 basis point upward shift in interest rates over a one-year time frame would result in a one-year decline in net interest income of approximately 3.6%, while a 200 basis point decline in interest rates over a one-year period would result in a decrease in net interest income of 1.2%. This simulation assumes no balance sheet growth and no management action to address balance sheet mismatches.

The negative exposure in a rising rate environment is mainly driven by the repricing assumptions of the Company s core deposit base and the lag in the repricing of the Company s adjustable rate assets. Longer-term, the impact of a rising rate environment is positive as the asset base continues to reset at higher levels, while the repricing of the rate sensitive liabilities moderates. The negative exposure in the 200 basis point decline scenario results from the Company s assets repricing downward more rapidly than the rates on the Company s interest-bearing liabilities, mainly deposits. The Company s most recent base case simulation, which assumes interest rates remain unchanged from the date of the simulation, reflects a relatively flat to slightly higher net interest margin during 2007.

Although the simulation model is useful in identifying potential exposure to interest rate movements, actual results may differ from those modeled as the repricing, maturity, and prepayment characteristics of financial instruments may change to a different degree than modeled. In addition, the model does not reflect actions that management may employ to manage its interest rate risk exposure. The Company s current liquidity profile, capital position, and growth prospects offer management a level of flexibility to take actions that could offset some of the negative effects of unfavorable movements in interest rates. Management believes the current exposure to changes in interest rates is not significant in relation to the earnings and capital strength of the Company.

The table below is a Condensed Static Gap Report, which illustrates the anticipated repricing intervals of assets and liabilities as of June 30, 2007. The analysis reflects sensitivity to rising interest rates in all repricing intervals shown.

Condensed Static Gap June 30, 2007

		Repricing Interval			
(Dollar amounts in thousands)	**Total**	**0-3 months**	**3-6 months**	**6-12 months**	**Cumulative 12 months**
Interest-earning assets	$ 2,092,555	$ 475,019	$ 123,378	$ 229,584	$ 827,981
Interest-bearing liabilities	1,680,974	838,274	200,566	129,871	$ 1,168,711
Net gap position		(363,255)	(77,188)	99,713	(340,730)
Net gap position as a percentage of total assets		(16.07)%	(3.41)%	4.41%	(15.07)%

Item 4. **Controls and Procedures**

Evaluation of Disclosure Controls and Procedures

The Company s management, including its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operations of the Company s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of June 30, 2007. Based upon that evaluation, the Company s Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this Report on Form 10-Q the Company s disclosure controls and procedures were effective in providing reasonable assurance that any information required to be disclosed by the Company in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms and that material information relating to the Company and its subsidiaries is made known to management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company s internal control over financial reporting that occurred during the Company s first quarter ended June 30, 2007, that materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. **Legal Proceedings**

None

Item 1A. **Risk Factors**

There has not been any material change in the risk factors disclosure from that contained in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

Item 2. **Unregistered Sales of Equity Securities and Use of Proceeds**

Issuer Purchases of Equity Securities

The following table includes all Company repurchases made on a monthly basis during the period covered by this Quarterly Report on Form 10-Q, including those made pursuant to publicly announced plans or programs.

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (c)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (d)
April 1, 2007 through April 30, 2007	33,231	$ 40.06	32,100	265,972
May 1, 2007 through May 31, 2007	55,205	37.07	54,930	211,042
June 1, 2007 through June 30, 2007	61,549	37.38	61,549	149,493
Total	149,985	$ 37.86	148,579	149,493

On July 19, 2006, the Company announced that the Company s Board of Directors approved, on July 18, 2006, a stock repurchase plan (the 2006 Plan) to replace the expired 2004 Plan. The 2006 Plan authorizes the repurchase of up to 450,000 shares of the Company s outstanding common stock over a two-year period.

Included above are 1,131 shares purchased in April 2007 at an average cost of $41.90 and 275 shares purchased in May 2007 at an average cost of $37.07 by the trustee of the rabbi trust established by the Company under the Company s Stock Retainer Plan For Eligible Directors of Tompkins Financial Corporation, and Participating Subsidiaries and were part of the director deferred compensation under that plan. Shares purchased under the rabbi trust are not part of the Board approved stock repurchase plan.

Recent Sales of Unregistered Securities

The Company issued 29,944 of Tompkins common stock during the second quarter of 2007 related to the first quarter 2006 acquisition of AM&M, pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of stockholders of the Company was held on May 14, 2007 (the Annual Meeting). Proxies for the Annual Meeting were solicited pursuant to Regulation 14 under the Securities Exchange Act of 1934, as amended.

The election of six directors for three-year terms and one director for a one-year term was approved at the Annual Meeting. Director nominees: James J. Byrnes, Reeder D. Gates, Carl E. Haynes, Michael D. Shay, Michael H. Spain, and William D. Spain, Jr. were each elected to three year terms expiring in 2010. Director nominee Stephen S. Romaine was elected to a one-year term expiring in 2008. Directors continuing in office: Russell K. Achzet, John E. Alexander, James W. Fulmer, James R. Hardie, Elizabeth W. Harrison, Patricia A. Johnson, Thomas R. Salm, Hunter R. Rawlings, III, and Craig Yunker. The voting for the directors is shown below.

Director	Number of Shares Voted For	Number of Shares Voted Against
James J. Byrnes	7,692,477	196,962
Reeder D. Gates	7,579,440	309,999
Carl E. Haynes	7,695,666	193,773
Michael D. Shay	7,696,208	193,231
Michael H. Spain	7,645,354	244,085
William D. Spain, Jr.	7,645,657	243,782
Stephen S. Romaine	7,682,833	206,606

A proposal to amend the Company s Certificate of Incorporation to change the Company name to Tompkins Financial Corporation from Tompkins Trustco, Inc. was also approved. Voting on this proposal was as follows: votes cast for: 7,596,963; votes cast against: 232,183; and abstentions: 60,289.

Item 5. Other Information

None

Item 6. **Exhibits**

31.1 Certification of Principal Executive Officer and required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith).

31.2 Certification of Principal Financial Officer and required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith).

32.1 Certification of Principal Executive Officer and required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, 18 U.S.C. Section 1350 (filed herewith)

32.2 Certification of Principal Financial Officer and required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, 18 U.S.C. Section 1350 (filed herewith)

3(i) Certificate of Incorporation (Revised)

3(ii) Bylaws of the Company (Revised)

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 8, 2007

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 and
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit Number	Description	Pages
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3(i)	Certificate of Incorporation (Revised)	35
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