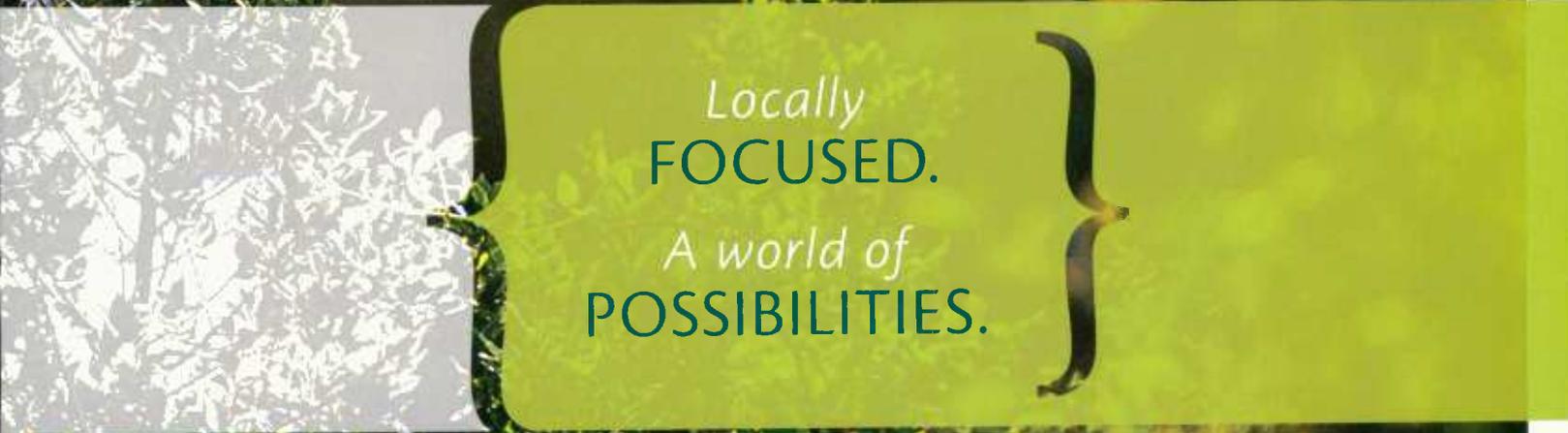




TOMPKINS FINANCIAL

2 THOUSAND SIXTEEN | *Corporate Report*



Locally
FOCUSED.
A world of
POSSIBILITIES.

Locally **FOCUSED.** A world of **POSSIBILITIES.**

The simplest ideas often have the most profound implications.

The ideas that are central to Tompkins Financial Corporation can be summed up in fewer than a dozen words: Local. Community-focused. Personal. Strong. Stable. Forward-thinking.

These are truly simple ideas. But we are struck by the “world of possibilities” they have helped us to realize:



An organization that is respected both locally and nationally.

Lives and businesses that have been powerfully impacted for the better.

Financial results that are among the best in the industry.

Customers who are empowered through the latest technology and innovations.

Communities that are equipped to do more good for more people.

It might cause one to wonder how such things came to be.

But in the end, it should come as no surprise that the simplest, most focused ideas are also the most powerful ones.



FINANCIAL HIGHLIGHTS

| IN THOUSANDS, EXCEPT PER SHARE DATA | 2016 | 2015 | % CHANGE |
|---|-------------|-------------|----------|
| Total assets | \$6,236,756 | \$5,689,995 | 9.61 % |
| Net income attributable to Tompkins Financial Corporation | \$59,340 | \$58,421 | 1.57 % |
| Diluted earnings per share | \$3.91 | \$3.87 | 1.03 % |
| Adjusted diluted earnings per share (Non-GAAP) ¹ | \$3.91 | \$3.63 | 7.71 % |
| Cash dividends per share | \$1.77 | \$1.70 | 4.12 % |

SELECTED FINANCIAL DATA

| IN THOUSANDS, EXCEPT PER SHARE DATA | 2016 | 2015 | 2014 | 2013 | 2012 ² |
|---|-------------|-------------|-------------|-------------|-------------------|
| Financial Statement Highlights | | | | | |
| Assets | \$6,236,756 | \$5,689,995 | \$5,269,561 | \$5,003,039 | \$4,837,197 |
| Total loans | 4,258,033 | 3,772,042 | 3,393,288 | 3,194,284 | 2,954,610 |
| Deposits | 4,625,139 | 4,395,306 | 4,169,154 | 3,947,216 | 3,950,169 |
| Other borrowings | 884,815 | 536,285 | 356,541 | 331,531 | 111,848 |
| Total equity | 549,405 | 516,466 | 489,583 | 457,939 | 441,360 |
| Interest and dividend income | 202,739 | 188,746 | 184,493 | 185,104 | 158,356 |
| Interest expense | 22,103 | 20,365 | 20,683 | 23,975 | 24,213 |
| Net interest income | 180,636 | 168,381 | 163,810 | 161,129 | 134,143 |
| Provision for loan and lease losses | 4,321 | 2,945 | 2,306 | 6,161 | 8,837 |
| Net gains on securities transactions | 926 | 1,108 | 391 | 599 | 324 |
| Net income attributable to Tompkins Financial Corporation | 59,340 | 58,421 | 52,041 | 50,856 | 31,285 |
| Per Share Information | | | | | |
| Basic earnings per share | 3.94 | 3.91 | 3.51 | 3.48 | 2.44 |
| Diluted earnings per share | 3.91 | 3.87 | 3.48 | 3.46 | 2.43 |
| Adjusted diluted earnings per share (Non-GAAP) ¹ | 3.91 | 3.63 | 3.48 | 3.36 | 3.16 |
| Cash dividends per share | 1.77 | 1.70 | 1.62 | 1.54 | 1.46 |
| Common equity per share | 36.20 | 34.38 | 32.77 | 30.45 | 30.57 |
| Tangible common equity per share (Non-GAAP) ³ | 29.38 | 27.48 | 25.66 | 23.67 | 22.94 |
| Selected Ratios | | | | | |
| Return on average assets | 1.01 % | 1.07 % | 1.03 % | 1.03 % | 0.76 % |
| Return on average equity | 10.85 % | 11.51 % | 10.76 % | 11.47 % | 8.30 % |
| Average shareholders' equity to average assets | 9.28 % | 9.31 % | 9.54 % | 9.00 % | 9.21 % |
| Dividend payout ratio | 44.92 % | 43.48 % | 46.15 % | 44.25 % | 59.84 % |

Other Selected Data

IN WHOLE NUMBERS, UNLESS OTHERWISE NOTED

| | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| Employees (average full-time equivalent) | 1,019 | 998 | 1,000 | 989 | 839 |
| Banking offices | 66 | 63 | 65 | 66 | 66 |
| Bank access centers (ATMs) | 85 | 85 | 85 | 84 | 83 |
| Trust and investment services assets under management, or custody (in thousands) | \$3,941,484 | \$3,852,972 | \$3,761,972 | \$3,443,636 | \$3,240,782 |

¹ Adjusted diluted earnings per share reflects adjustments made for certain nonrecurring items, including merger and integration expenses. Adjustments for nonrecurring items 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. 2013 included an \$846,000 (\$0.06 per share) after-tax gain on the redemption of trust preferred stock and a \$771,000 (\$0.05 per share) after-tax gain on a deposit conversion. Also, in 2013, and 2012, after-tax merger related expenses totaled \$140,000 (\$0.01 per share), and \$9.7 million (\$0.75 per share), respectively. There was also an after-tax gain related to a VISA accrual adjustment of \$243,000 (\$0.02 per share) in 2012. Adjusted diluted earnings per share is a non-GAAP measure.

² Includes the impact of the acquisition of VIST Financial on August 1, 2012.

³ Tangible common equity capital is used to calculate tangible common equity per share and excludes from shareholders' equity goodwill and other intangibles of \$103.2 million in 2016, \$104.2 million in 2015, \$106.9 million in 2014, \$108.4 million in 2013, and \$110.9 million in 2012.

Message from Tom Rochon and Steve Romaine

2016 was another exceptional year for Tompkins Financial. We enjoyed our fourth consecutive year of record earnings, and we ended the year with the best fourth quarter in our Company's history. Earnings per share were also our highest ever at \$3.91.

There were many financial highlights in 2016. Loans grew by 12.9% over the previous year. We ended the year with total loans of \$4.3 billion. At the end of 2016, we had a decrease of 7.8% in nonperforming assets from 2015. To have such substantial loan growth while simultaneously improving credit quality is a testament to our employees who make smart, local credit decisions each day.

We surpassed \$6 billion in total assets as we continued to place a heavy emphasis on deposits. Deposits were up 5.2% over 2015. Deposit growth will continue to be an important part of our business as we grow loans amid potentially rising rates. While deposit growth is excellent, we have also added a deposit growth initiative to our strategic plan to better position ourselves for the future.

Our fee-based businesses, Tompkins Financial Advisors¹ and Tompkins Insurance Agencies, were strong contributors to our overall business. More importantly, their results were achieved while remaining focused on what is best for our customers. Our reputation for integrity is one of the biggest reasons customers not only stay with us, but also turn to us for more and more of their financial needs.

Such values are the cornerstone of our Company. Honesty, integrity, respect and collaboration inform everything we do. These values differentiate us from our competitors — and they are one of the keys to our ongoing financial performance. We are committed to maintaining our high ethical standards in every aspect of our business.



Dr. Thomas R. Rochon
CHAIRMAN

Stephen S. Romaine
PRESIDENT & CEO

In July, we welcomed Brian Howard as the new President of Tompkins Financial Advisors. Brian brings with him more than 30 years of banking and leadership experience with nationally recognized financial services organizations. Brian will also be serving as a member of the senior leadership team for Tompkins Financial Corporation. We are pleased and excited to have Brian with us.

The construction of our new headquarters building is underway. The decision to build it in the heart of Ithaca underscores our longstanding commitment to this city's downtown. The building will consolidate employees from seven different locations in Ithaca, helping to create significant workplace efficiencies. Over 300 employees will work here, including team members from Tompkins Financial Advisors and Tompkins Insurance Agencies. The first floor will house Tompkins Trust Company's first Branch of the Future, which will use technology and personalized service to enhance the customer experience. The building is slated to open in April of 2018.

In 2016, we laid the groundwork for an important new online lending service called Lightning Loans. It will give small businesses a faster and easier way to get the loans they need. A simple online interface will walk customers through the application process in minutes. Lending decisions will still be made in each of our local geographies, but will be assisted by technology that will help us to expedite the decision process. This new approach to lending fits with the desire of our customers to do more and more of their banking online, while still leveraging our differentiator of local decision-making. The rollout of Lightning Loans took place in the first quarter of this year.

We completed the switch to Debit MasterCard with the EMV chip for enhanced security. The shift, which took place during the first half of 2016, was essential for the protection of our customers. It provides crucial new benefits, such as Identity Theft Resolution Services and Zero Liability for unauthorized purchases.

The MasterCard transition was just one of our efforts to improve cybersecurity — both for our customers and for our Company. Cyber attacks on the financial services industry are becoming more sophisticated and persistent. We are committed to protecting every type of information that is at risk. Our Information Security Program is based on three central tenets: attracting and retaining the best information security talent, continually improving our policies and procedures, and investing in proper technology. The importance of this pursuit cannot be understated, and we will continue to make it a top priority for our Company.

There are many big issues impacting our industry, and we are committed to being a voice to help guide it. We were pleased to see Steve Romaine elected Chairman of the New York Banker's Association in 2016. He is dedicated to being a strong and stable presence in support of the banking industry.

We invite all of our shareholders to join us for our Annual Meeting. We will hold the Annual Meeting of Shareholders on May 8 at 5:30 p.m. at the Country Club of Ithaca. The Shareholder Information Meeting for western New York will be held on May 10 at 5:30 p.m. at the Genesee Country Village & Museum in Mumfords. The Shareholder Information Meeting for Pennsylvania will be on May 23 at 4:30 p.m. at the Double Tree Hilton in Reading. And the Shareholder Information Meeting for the Hudson Valley region will be on May 25 at 6:00 p.m. at the Mt. Kisco Country Club. We look forward to seeing you at one of these meetings.

There are many factors that go into our success year after year: our values, our commitment to local decision-making, and our support of the communities we serve. But nothing is more important than our people and their steadfast resolve to do the right thing for our customers. The numbers in this report, while impressive, are only an indicator of the countless people and businesses our employees have helped to prosper and flourish.

Central New York

In September of 2016, Tompkins Trust Company opened a new office at Lyndon Corners in Fayetteville, NY, just east of the City of Syracuse. While we have been serving Onondaga County for many years — and already had many customer relationships in this region — the opening of this office cemented our presence in the Syracuse area.

In a very short time, the Lyndon Corners office exceeded our goals and expectations. This can largely be attributed to the great team we assembled to run it, including key personnel who are well known in the area. The Syracuse region has experienced an economic resurgence in recent years, giving us a strong market to serve.

Overall, 2016 was another outstanding year for central New York. Tompkins Trust Company broke records for loan originations and loan growth. Deposits outpaced our projections and we continued to see very solid demand in residential mortgages.

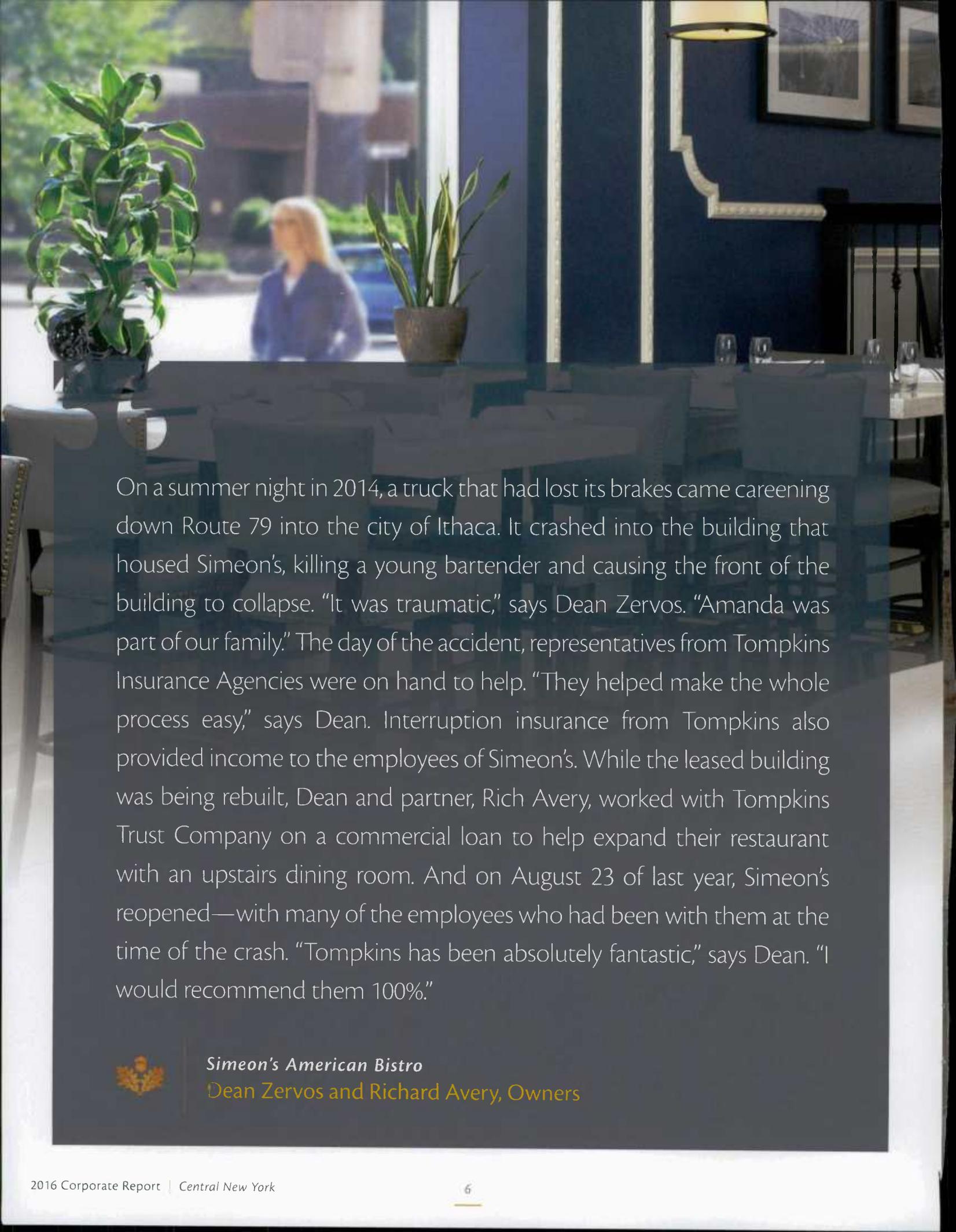
Agricultural business, in particular, had a very good year. Our region is bursting with large farms, smaller organic farms, micro farms, wineries, craft breweries, cideries, cheese producers and other ag-related businesses. Offering financial support for them is not only a huge opportunity for our Company, it is the right thing to do. This past year, we saw solid growth in all of our agricultural business initiatives, including commercial lending, insurance and cash management. It is incredibly gratifying to watch these businesses grow, succeed and make central New York a thriving place to live and work.

Blair Construction and Fabrication

Blair and Leah Longo, Blair Longo, Jr. (shown) and Courtland Longo

Their high-tech equipment helped build the spire on the new World Trade Center in NYC. But when Blair Construction opened its doors back in 1985, Blair and Leah Longo never suspected their business would one day be one of the area's most advanced metal welding and fabrication facilities. As they grew — the company now employs over 20 people, including sons Blair Jr. and Courtland — they realized they needed a better financial partner. "One of the Tompkins Insurance people visited us quite a few times," says Leah. "So we called them back. Their quotes were great, and the transition was fantastic!" After moving their workers' comp and liability insurance to Tompkins, Blair and Leah began shifting their bank accounts and 401(k) services, too. "If they say they'll do something, they do it," says Leah. "I just can't imagine working with anyone else."





On a summer night in 2014, a truck that had lost its brakes came careening down Route 79 into the city of Ithaca. It crashed into the building that housed Simeon's, killing a young bartender and causing the front of the building to collapse. "It was traumatic," says Dean Zervos. "Amanda was part of our family." The day of the accident, representatives from Tompkins Insurance Agencies were on hand to help. "They helped make the whole process easy," says Dean. Interruption insurance from Tompkins also provided income to the employees of Simeon's. While the leased building was being rebuilt, Dean and partner, Rich Avery, worked with Tompkins Trust Company on a commercial loan to help expand their restaurant with an upstairs dining room. And on August 23 of last year, Simeon's reopened—with many of the employees who had been with them at the time of the crash. "Tompkins has been absolutely fantastic," says Dean. "I would recommend them 100%."



Simeon's American Bistro

Dean Zervos and Richard Avery, Owners



For Tompkins Insurance Agencies and Tompkins Financial Advisors, we focus on qualified referrals. Our efforts do not revolve around selling, but rather on introducing our customers to other professionals from the Company they already know and trust.

For quite some time, we have been looking for a way to celebrate the achievements of young professionals in central New York. We have now found it. In 2016, Tompkins Trust Company partnered with Tompkins Connect, the United Way and the Tompkins County Chamber of Commerce, to produce the Fab 5 Young Professionals Awards. This is the first awards program of its kind in Tompkins County to

focus on professionals under the age of 40. The program was a tremendous success. We are proud to help support and encourage young professionals who are giving their all to make great change happen in our communities.

As always, we remain steadfastly committed to the communities we serve. We continue to offer support to more than 200 local non-profits through gifts of time and donations. Our employees spend countless hours volunteering in our communities and serving on boards and committees throughout our footprint. We are proud of our employees, we are proud of our communities, and we are proud to have this opportunity to serve.

Western New York

2016 was a year of exceptional growth in our core markets. We brought this about by sticking to our fundamentals. Our 364 employees in western New York consistently demonstrated the personal service, local decision-making and community service for which we are known.

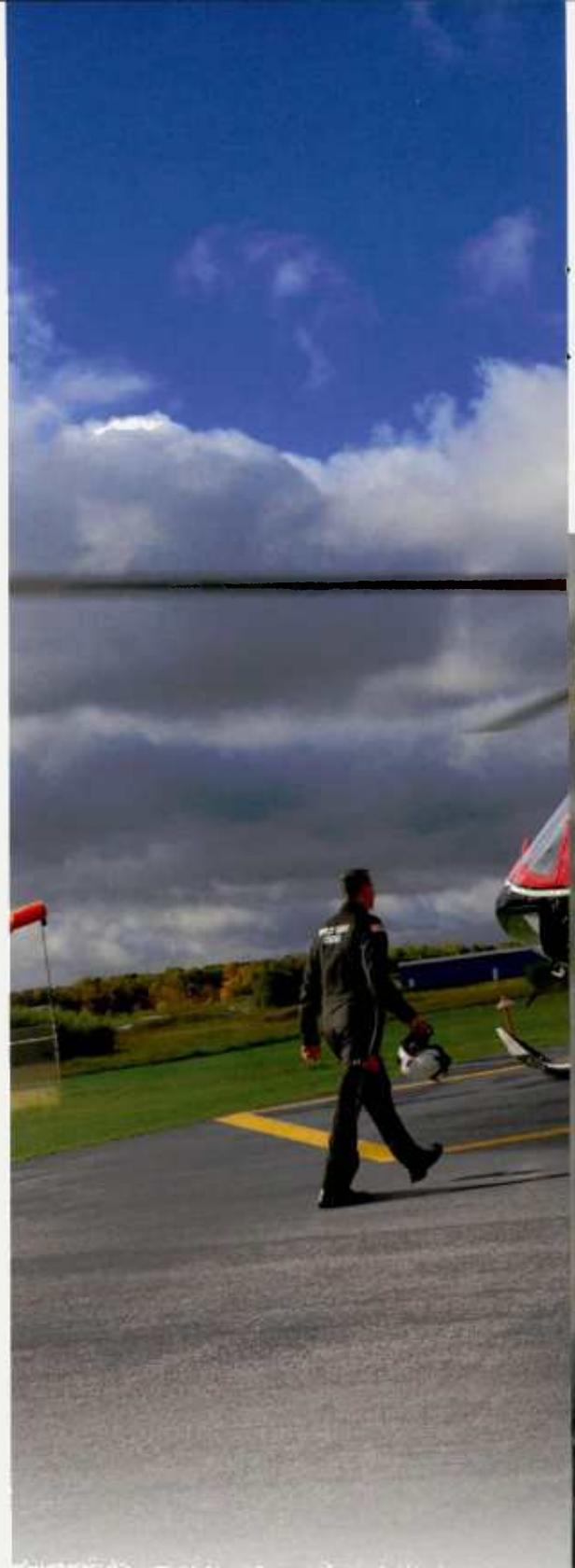
Tompkins Bank of Castile once again achieved record net income last year, up 11% from 2015. We now have over \$1.0 billion in loans — a major milestone — and total assets of nearly \$1.4 billion. And, in the midst of this continued growth, our already outstanding credit quality continued to improve.

Disruption is still prevalent in the markets we serve. While some of our competitors are busy with branch closures and other cutbacks, we continue to invest — in technology, in people and in our branches themselves.

One way our bank succeeds is by persistently pursuing customers we would like to work with — sometimes for years. In 2016, we began a new banking relationship with a sixth-generation dairy farm, one of the strongest and largest operators in the region. We had stayed in touch with this customer for decades. When the competition faltered, the farm reached out to us, forging an important new banking relationship.

Our investment in a branch in Pittsford in 2014 was pivotal to our ongoing success in Monroe County. Last year, the office again grew its deposit base significantly, exceeding its goals. Among many other successes in the region, we closed on a very large commercial banking relationship that was several years in the making.

Our commitment to western New York was once again demonstrated through our involvement in the communities we serve. In aggregate, our employees contributed over 13,000 hours of their own time, providing support to more than 300 worthy organizations. We cannot overstate how proud we are of all our employees for the way they selflessly give of themselves to support the communities where we live and work.





Mercy Flight Central
Jeff Bartkoski, President and CEO

When asked how Tompkins Bank of Castile has impacted his organization, Jeff Bartkoski's response is simple: "They've helped us save lives." Mercy Flight's helicopters take patients from the scene of accidents to trauma centers like Strong Memorial Hospital. They also provide rapid transfer of patients between hospitals. "When we needed to purchase a fourth helicopter, Tompkins financed it," says Jeff. "That helped us expand our reach to the Adirondacks and beyond." Tompkins also financed the purchase of assets that Mercy Flight had formerly leased, helping to put the organization on a stronger financial footing. "They don't put on a flight suit," Jeff says of Tompkins. "But they are an integral part of helping us save lives on a daily basis."

2016 also brought noteworthy changes for both our insurance and wealth management groups in western New York. We purchased Shepard, Maxwell & Hale, an insurance agency with offices in Batavia and Hamlin, and subsequently moved the Hamlin office to Brockport.

The customer care centers for insurance and banking were consolidated in newly-renovated space in Batavia, helping us to deliver an even better customer experience.



“

When Becky Wehle explored Genesee Country Village as a wide-eyed youngster, she never dreamed that she would one day lead the organization. “My grandfather founded this museum in 1966,” she says. “Fifty years ago, there was nothing here but a field.” Some 20 years ago, the museum turned to Tompkins Bank of Castile for its banking. “We are a seasonal operation,” says Becky. “So our line of credit is critical for helping us to be successful throughout the year.” And during their busy season, Becky’s team is at the bank every day. “Their customer service is tremendous!” she says. The museum also relies on Tompkins Insurance Agencies for Workers’ Compensation and employee group life insurance. “They’re just so easy to work with,” she says. “They’ve helped us to grow and to thrive.”



Genesee Country Village & Museum
Becky Wehle, President and CEO

Tompkins Financial Advisors named Jim Sperry its new managing director in western New York. Jim has been with our Company since 2010 and is excited to take on this opportunity. With many important pieces now in place, we are focused on the future for wealth management in this area.

Despite our success in 2016, we see even greater opportunities for the future. Many of our commercial relationships extend and have naturally led to us doing business in the Buffalo

area. As these relationships continue to expand, we will actively look for ways to better serve and grow our presence in that region.

The credit for our success, once again, goes to our people. They care deeply about the people and organizations in the communities they serve, and that is what community banking is all about.



Hudson Valley

In 2016, Tompkins Mahopac Bank continued to thrive by giving customers what they need most: consistent, high-touch personal service.

There were few new mergers last year, but there was still a high level of dissatisfaction with mergers from the past few years. By doing the right thing for our customers and the community, and by working hard at our business development initiatives, we continue to attract customers who are yearning for something better.

As a result, Tompkins Mahopac Bank once again had one of the strongest years in our history, achieving record net income. In commercial lending, we set a record for new loan originations. We also supported a substantial number of new construction projects, helping to ensure continued economic growth in the geographies we serve.

It was a particularly strong year for residential lending. With rates still near historic lows, we provided financing through several affordable housing programs. By offering people better ways to finance their first homes — and by giving them great personal service throughout the process — we are often able to win customers for life.

Our Power of Partnership internal referral program was a big part of our success in 2016. Our bank works closely with Tompkins Financial Advisors to help customers get the maximum value from their relationship with us. Unlike some larger competitor banks, though, our program is not motivated by sales pressure, but by doing the right thing for our customers. This region holds great potential for wealth management, and we're pleased to see our team in the Hudson Valley recognized with the Five Star Award from *Westchester Magazine* for the second year in a row.





With more than 50 commercial properties and 7 million square feet under management, Diamond Property Management has dozens of banking relationships. But when the company wanted to completely renovate an aging bowling center and turn it into Spins Bowl — an entertainment center offering bowling, laser tag, arcades and great food and beverages — they turned to Tompkins Mahopac Bank. “They’re easy to work with, they make quick decisions, and they keep the process simple,” says Bill Diamond, the company’s president. Tompkins’ financing enabled Bill’s company to create a highly successful entertainment venue that appeals to millennials as well as families. “It’s nice when you can make a call or send an email to your bank and they get back to you quickly,” says Bill. “That lets us focus on continually improving our business.”



Diamond Property Management
Bill Diamond, President



We were proud to continue our support of more than 175 charitable organizations throughout the Hudson Valley. We also supported a brand new effort this year, called the Community Minute Challenge. Six charities were selected to vie for a gift of \$2,000 in three separate rounds. Each charity told its story on social media, and people were invited to vote for their favorite. This effort created a tremendous amount of exposure for all of the charities, while also sharing the word on how Tompkins supports the community. We look forward to continuing this effort in 2017.

Nothing matters more than what our customers think of us. Even so, it is highly gratifying when other organizations recognize our efforts and achievements. In 2016, this happened in two different ways. Bauer Financial, a top independent financial ratings firm, once again gave Tompkins Mahopac Bank a five star rating — its highest rating. We were also named one of the Top Workplaces in the Hudson Valley by the *Journal News*. It is hard to imagine a better combination of awards: one saying that we are strong and stable for our customers, the other saying that we are a great place to work for our employees. Thank you to all of our people for making this a truly exceptional year.



Peter Ferraro Sr. started YB Storage over 25 years ago. But as Peter — now semi-retired and CEO of the New York Self Storage Association — passes the reins to his sons, the family sees even greater opportunities for the future. “Self storage is the hottest real estate sector in the country,” says Peter Ferraro Jr. So he and his brother Paul talked to Tompkins Mahopac Bank about financing a new project in Tarrytown. “It’s state of the art,” says Peter Jr. “It’s a three-story, fully climate-controlled facility with 500 rooms.” The new building will dramatically expand their ability to serve the Westchester area. “Tompkins Mahopac works fast, they’re very accommodating, they don’t play games,” he says. “My father always had a great relationship with them. And now, they’ve given our second generation the opportunity to grow at a very rapid pace.”



YB Storage Properties

Peter Ferraro Sr., Paul Ferraro and Peter Ferraro Jr.

Southeastern Pennsylvania

Market disruption continued to be one of the biggest stories in southeastern Pennsylvania. Today, nine of our former competitors no longer exist. This change has created tremendous opportunities for a strong, local and steadfast bank like Tompkins VIST. We have been highly successful at bringing in customers from banks that have disappeared or been acquired. Our flexibility and quick, local decision-making stand in stark contrast to the rigidity of larger banks.



Mar-Anne Farms
David and Cindy Wolfskill

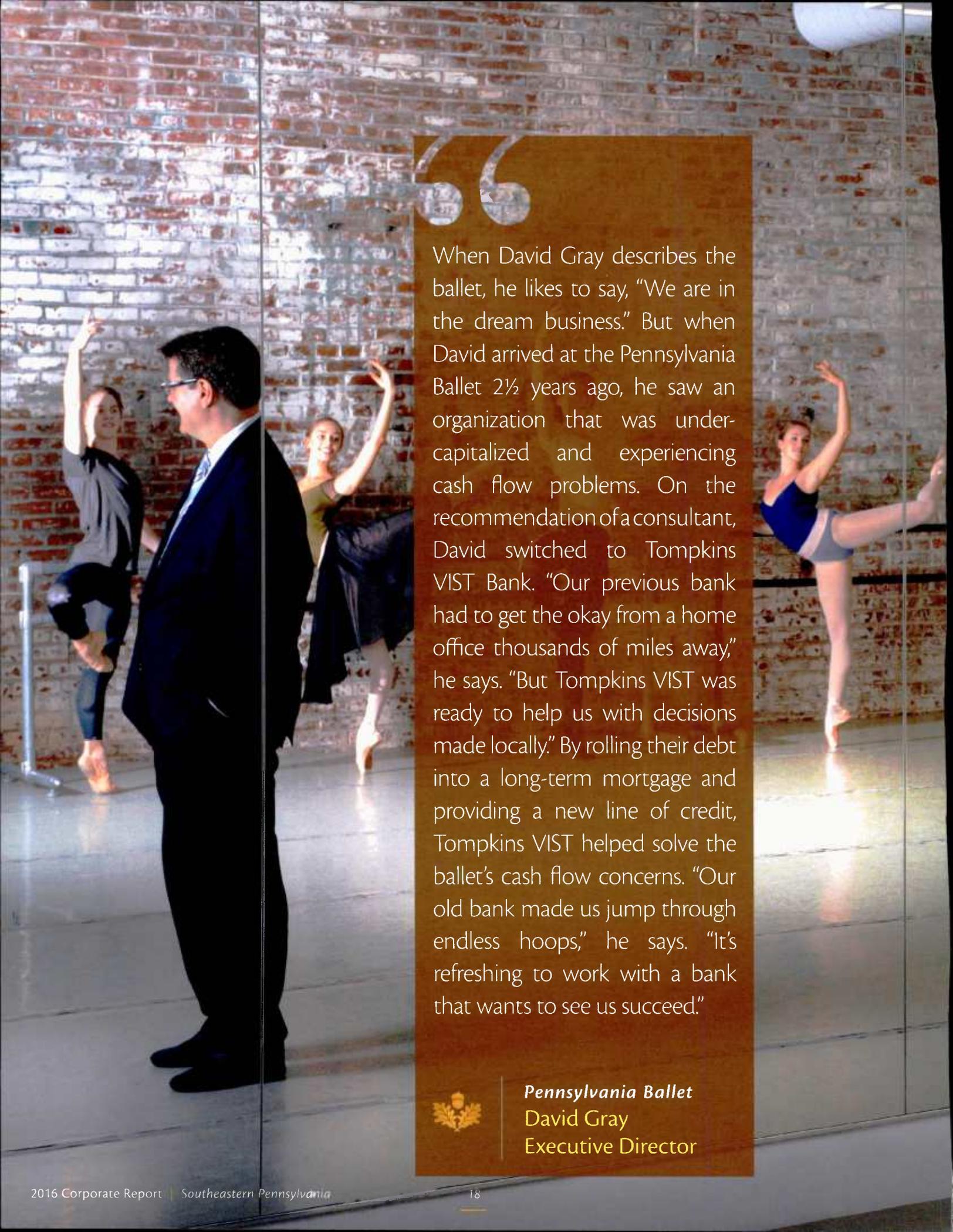
“It’s not a job, it’s a way of life,” says David Wolfskill. His farm has been in the family since 1948. But as their business made a major transition — expanding through the purchase of two farms — David and his wife Cindy wondered whether they were with the right bank. So when their favorite loan officer took a job with Tompkins VIST Bank, David and Cindy followed him. “We could have gotten a loan from any bank,” says David. “But when you need something, Tompkins VIST is there immediately.” The couple has been surprised at the highly personal service they have received. “They treat you like a family member, not like a number,” says Cindy. And when their health insurance premiums leapt by nearly \$1,000 per month, Tompkins Insurance showed them how they could save money by switching. Says David: “They really go above and beyond.”

We opened two new branches to take advantage of market disruption — in Pottstown and Boyertown. These two openings bridge the gap in our geography, connecting our original base in Berks County with our offices in the Philadelphia area.

The Pottstown office is already a huge success. Opened in June of 2016, the branch achieved 90% of its 12-month goal in just seven months. The opportunity to acquire the location in Boyertown

was presented to us in July, and by December, the new branch was already open. This was an extraordinarily quick turnaround. We look forward to providing this community with the locally-focused banking they were lacking due to acquisitions by larger banks.





When David Gray describes the ballet, he likes to say, “We are in the dream business.” But when David arrived at the Pennsylvania Ballet 2½ years ago, he saw an organization that was undercapitalized and experiencing cash flow problems. On the recommendation of a consultant, David switched to Tompkins VIST Bank. “Our previous bank had to get the okay from a home office thousands of miles away,” he says. “But Tompkins VIST was ready to help us with decisions made locally.” By rolling their debt into a long-term mortgage and providing a new line of credit, Tompkins VIST helped solve the ballet’s cash flow concerns. “Our old bank made us jump through endless hoops,” he says. “It’s refreshing to work with a bank that wants to see us succeed.”



Pennsylvania Ballet
David Gray
Executive Director



We had an excellent year in lending while maintaining strong credit quality. We exceeded our lending goals in almost every area and had total loan growth of 11.4%. Agricultural lending continued to perform extremely well. We have lending relationships with a diverse group of agricultural businesses, including dairy, poultry, crop and commercial ag businesses. This is an important part of our local economy, and we foresee a significant upside for many years to come.

Our employees have completely embraced community involvement. In 2016, our people gave over 7,700 hours of their time to help make our communities kinder, better places to live. This is a stunning achievement. Whether our employees are helping children, supporting the elderly or providing food to the hungry, they are making a difference — and doing it for the right reasons.

Partnership with insurance and wealth management is ingrained in everything we do. Tompkins Insurance Agencies implemented a very focused program to introduce more bank customers to our insurance offerings. In addition, a new approach to claims was instituted last year, providing 24/7 call service to our customers. This resulted in a 99% claims satisfaction rating.* Tompkins Financial Advisors expanded our trust services into Pennsylvania. We now provide a very similar client experience in wealth management throughout all four of our regions.

For the third year, Tompkins VIST Bank was recognized as Best in Berks. This is a great honor, especially considering that Berks County is where we originated. It is a testament to our people, their commitment, their energy level, their willingness to share our message and their investment in the communities we serve. In this environment of dissatisfaction with larger banks, we are incredibly well positioned for further growth.

** Customer claims satisfaction rate based on survey responses received from personal insurance customers who had a homeowners or auto claim in 2016.*

CONSOLIDATED STATEMENTS OF CONDITION

| IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA | AS OF DECEMBER 31, | |
|--|---------------------|--------------------|
| | 2016 | 2015 |
| Assets | | |
| Cash and noninterest bearing balances due from banks | \$62,074 | \$56,261 |
| Interest bearing balances due from banks | 1,880 | 1,996 |
| Cash and Cash Equivalents | 63,954 | 58,257 |
| Trading securities, at fair value | 0 | 7,368 |
| Available-for-sale securities, at fair value (amortized cost of \$1,442,724 at December 31, 2016 and \$1,390,255 at December 31, 2015) | 1,429,538 | 1,385,684 |
| Held-to-maturity securities, at amortized cost (fair value of \$142,832 at December 31, 2016 and \$146,686 at December 31, 2015) | 142,119 | 146,071 |
| Originated loans and leases, net of unearned income and deferred costs and fees | 3,863,922 | 3,310,768 |
| Acquired loans | 394,111 | 461,274 |
| Less: Allowance for loan and lease losses | 35,755 | 32,004 |
| Net Loans and Leases | 4,222,278 | 3,740,038 |
| Federal Home Loan Bank and other stock | 43,133 | 29,969 |
| Bank premises and equipment, net | 70,016 | 60,331 |
| Corporate-owned life insurance | 77,905 | 75,792 |
| Goodwill | 92,623 | 91,792 |
| Other intangible assets, net | 11,349 | 12,448 |
| Accrued interest and other assets | 83,841 | 82,245 |
| Total Assets | \$6,236,756 | \$5,689,995 |
| Liabilities | | |
| Deposits: | | |
| Interest bearing: | | |
| Checking, savings and money market | 2,518,318 | 2,401,519 |
| Time | 870,788 | 855,133 |
| Noninterest bearing | 1,236,033 | 1,138,654 |
| Total Deposits | 4,625,139 | 4,395,306 |
| Federal funds purchased and securities sold under agreements to repurchase | 69,062 | 136,513 |
| Other borrowings | 884,815 | 536,285 |
| Trust preferred debentures | 37,681 | 37,509 |
| Other liabilities | 70,654 | 67,916 |
| Total Liabilities | \$ 5,687,351 | \$5,173,529 |
| Equity | | |
| Tompkins Financial Corporation Shareholders' Equity: | | |
| Common Stock - par value \$.10 per share: Authorized 25,000,000 shares; Issued: | | |
| 15,171,816 at December 31, 2016; and 15,015,594 at December 31, 2015 | 1,517 | 1,502 |
| Additional paid-in capital | 357,414 | 350,823 |
| Retained earnings | 230,182 | 197,445 |
| Accumulated other comprehensive loss | (37,109) | (31,001) |
| Treasury stock, at cost - 117,997 shares at December 31, 2016, and 116,126 shares at December 31, 2015 | (4,051) | (3,755) |
| Total Tompkins Financial Corporation Shareholders' Equity | 547,953 | 515,014 |
| Noncontrolling interests | 1,452 | 1,452 |
| Total Equity | \$ 549,405 | \$516,466 |
| Total Liabilities and Equity | \$6,236,756 | \$5,689,995 |

CONSOLIDATED STATEMENTS OF INCOME

YEAR ENDED DECEMBER 31,

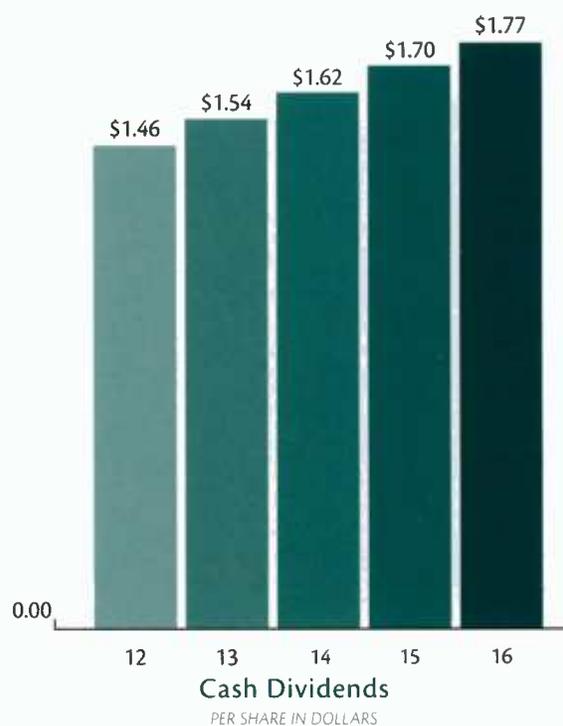
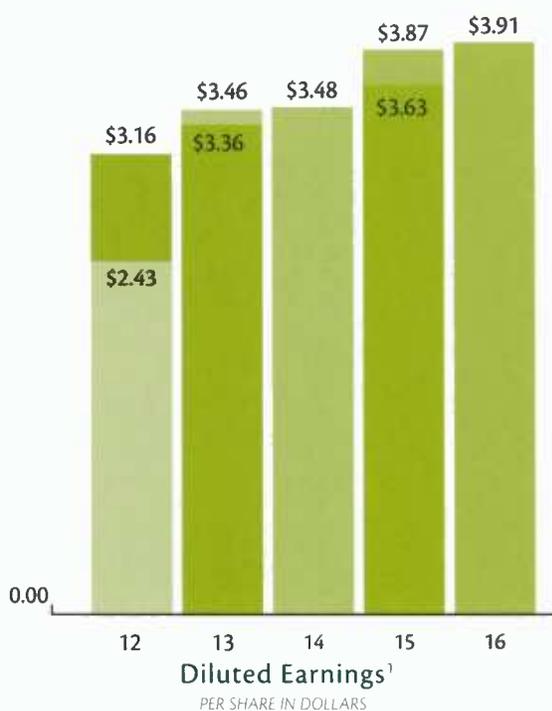
IN THOUSANDS, EXCEPT PER SHARE DATA

| | 2016 | 2015 | 2014 |
|---|------------------|------------------|------------------|
| Interest and Dividend Income | | | |
| Loans | \$169,630 | \$154,636 | \$150,966 |
| Due from banks | 6 | 4 | 2 |
| Trading securities | 220 | 352 | 418 |
| Available-for-sale securities | 27,846 | 29,525 | 31,298 |
| Held-to-maturity securities | 3,603 | 3,100 | 999 |
| Federal Home Loan Bank stock and Federal Reserve Bank stock | 1,434 | 1,129 | 810 |
| Total Interest and Dividend Income | 202,739 | 188,746 | 184,493 |
| Interest Expense | | | |
| Time certificates of deposits of \$250,000 or more | 1,654 | 1,367 | 1,370 |
| Other deposits | 9,059 | 9,084 | 9,711 |
| Federal funds purchased and securities sold under agreements to repurchase | 2,228 | 2,709 | 2,947 |
| Trust preferred debentures | 2,390 | 2,308 | 2,287 |
| Other borrowings | 6,772 | 4,897 | 4,368 |
| Total Interest Expense | 22,103 | 20,365 | 20,683 |
| Net Interest Income | 180,636 | 168,381 | 163,810 |
| Less: Provision for loan and lease losses | 4,321 | 2,945 | 2,306 |
| Net Interest Income After Provision for Loan and Lease Losses | 176,315 | 165,436 | 161,504 |
| Noninterest Income | | | |
| Insurance commissions and fees | 29,492 | 29,286 | 28,489 |
| Investment services income | 15,203 | 15,416 | 15,493 |
| Service charges on deposit accounts | 8,793 | 9,325 | 9,404 |
| Card services income | 8,058 | 7,837 | 7,942 |
| Mark-to-market on trading securities | (182) | (295) | (269) |
| Mark-to-market gain on liabilities held at fair value | 227 | 385 | 331 |
| Other income | 6,291 | 8,878 | 8,984 |
| Net gain on securities transactions | 926 | 1,108 | 391 |
| Total Noninterest Income | 68,808 | 71,940 | 70,765 |
| Noninterest Expenses | | | |
| Salaries and wages | 76,950 | 72,707 | 69,558 |
| Pension and other employee benefits | 20,496 | 16,025 | 21,102 |
| Net occupancy expense of premises | 12,521 | 12,312 | 12,203 |
| Furniture and fixture expense | 6,450 | 6,146 | 5,708 |
| FDIC insurance | 3,024 | 2,992 | 2,906 |
| Amortization of intangible assets | 2,090 | 2,013 | 2,095 |
| Other operating expenses | 37,076 | 37,667 | 41,121 |
| Total Noninterest Expenses | 158,607 | 149,862 | 154,693 |
| Income Before Income Tax Expense | 86,516 | 87,514 | 77,576 |
| Income Tax Expense | 27,045 | 28,962 | 25,404 |
| Net Income Attributable to Noncontrolling Interests and Tompkins Financial Corporation | 59,471 | 58,552 | 52,172 |
| Less: Net income attributable to noncontrolling interests | 131 | 131 | 131 |
| Net Income Attributable to Tompkins Financial Corporation | \$ 59,340 | \$ 58,421 | \$ 52,041 |
| Basic Earnings Per Share | \$3.94 | \$3.91 | \$3.51 |
| Diluted Earnings Per Share | \$3.91 | \$3.87 | \$3.48 |

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 MKT LLC. 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 2015 and 2016 are presented to the right. The per share dividends paid by the Company in each quarterly period in 2015 and 2016 and the payment dates of these dividends are also presented.

| | | Market Price | | Cash Dividends | |
|------|-------------|--------------|---------|----------------|-----------|
| | | High | Low | Amount | Date Paid |
| 2015 | 1st Quarter | \$54.57 | \$50.91 | \$0.42 | 2/17/15 |
| | 2nd Quarter | 55.48 | 50.65 | 0.42 | 5/15/15 |
| | 3rd Quarter | 55.45 | 50.81 | 0.42 | 8/17/15 |
| | 4th Quarter | 62.78 | 52.70 | 0.44 | 11/16/15 |
| 2016 | 1st Quarter | \$64.41 | \$51.47 | \$0.44 | 2/16/16 |
| | 2nd Quarter | 69.10 | 61.99 | 0.44 | 5/16/16 |
| | 3rd Quarter | 76.41 | 63.68 | 0.44 | 8/15/16 |
| | 4th Quarter | 95.84 | 73.17 | 0.45 | 11/16/16 |



1. The lighter shaded sections of the bars reflect GAAP earnings per share. The darker shaded sections in 2012, 2013 and 2015 are non-GAAP measures which reflect the after-tax impact of merger-related expenses as well as other nonrecurring items. Refer to the footnotes to the table on page 1 of this report for a reconciliation of these non-GAAP measures.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
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, 2016 and 2015, 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, 2016 (not presented herein); and in our report dated February 28, 2017 we expressed an unqualified opinion on those consolidated financial statements.

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

KPMG LLP

Rochester, NY
February 28, 2017

TOMPKINS FINANCIAL CORPORATION BOARD OF DIRECTORS

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President, Ithaca College

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Vice Chairman

Stephen S. Romaine
President & CEO

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Managing Director
Freed Maxick CPAs, P.C.

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Fred L. Emerson Foundation, Inc.

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and Genetics
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Pathways Health

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Craig Yunker
Managing Partner, CY Farms

* Retiring May 2017

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 Professor,
 Department of Molecular
 Biology and Genetics
 Cornell University

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 President
 Ithaca College

Jennifer Tegan
 Partner and VP Finance/
 Administration
 Cayuga Venture Fund

* Retiring May 2017

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 American Rock Salt
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 Clark Patterson Lee

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 Retired Senior Vice President
 Tompkins Bank of Castile

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 President
 McClurg Chrysler
 Dodge Jeep, Inc.
 & McClurg Chevrolet Buick, Inc.

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 Retired President & CEO
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 Tompkins Financial Corporation

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 Partner
 Perry Veterinary Clinic

Craig Yunker
 Managing Partner, CY Farms

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 Managing Partner
 Spain & Spain, PC

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President & CEO

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

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 Vice Chairman
 Tompkins Financial Corporation

Stephen S. Romaine
 President & CEO
 Tompkins Financial Corporation

C. Compton Spain
 Attorney, Spain & Spain, PC

Michael H. Spain
 Executive Vice President
 Brown & Brown

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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

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Chairman
 Vice Chairman
 Tompkins Financial Corporation

David S. Boyce
President & CEO

Stephen S. Romaine
 President & CEO
 Tompkins Financial Corporation

Frank Vitagliano, Jr.
 Senior Vice President
 Tompkins Insurance Agencies

**TOMPKINS FINANCIAL CORPORATION
CORPORATE OFFICERS**

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Executive Vice President

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

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Senior Vice President,
Chief Technology Officer

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

Gregory H. Smith
Senior Vice President,
Corporate Risk Manager

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

Kathleen A. Manley
Assistant Vice President,
Corporate Secretary

CORPORATION OFFICE

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

Website:
www.tompkinsfinancial.com
E-mail:
shareholder@tompkinsfinancial.com

SUBSIDIARIES

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

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

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

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

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

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

STOCK LISTING

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

The Tompkins Financial Stock Purchase Plan is administered by the 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.amstock.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.amstock.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@amstock.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

Form 10-K
Copies of the Company's Form 10-K (Annual Report) for 2016, 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

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.

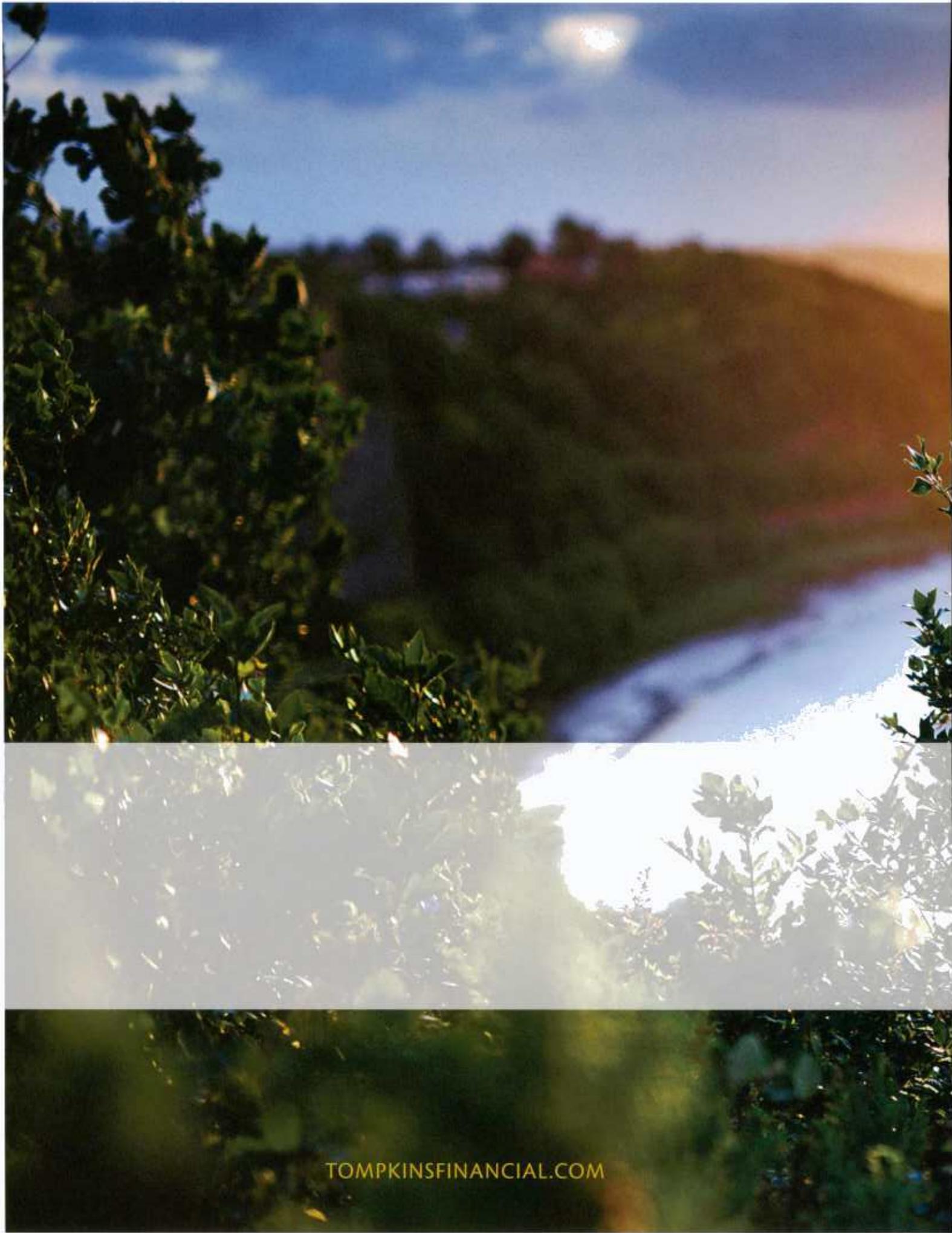
The savings below are achieved when PC recycled paper is used in place of virgin fiber. This project uses 5,761 lbs of paper which has a postconsumer recycled percentage of 10%.

75 trees preserved for the future
625 lbs waterborne waste not created
3,229 gallons wastewater flow saved
205 lbs solid waste not generated
2,278 lbs net greenhouse gases prevented
2,237,127 BTUs energy not consumed



[†] Investment Services provided through Tompkins Wealth Advisors. Trust and Estate Services provided through Tompkins Trust Company.

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