

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

TOMPKINS TRUSTCO INC
Form 10-K
March 16, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT
PURSUANT TO SECTIONS 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2006

Commission File Number 1-12709

[GRAPHIC OMITTED]
TOMPKINS
TRUSTCO INC.

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction
of incorporation or organization)

16-1482357
(I.R.S. Employer
Identification No.)

The Commons, P.O. Box 460, Ithaca, New York
(Address of principal executive offices)

14851
(Zip Code)

Registrant's telephone number, including area code: (607) 273-3210

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:
Title of Class: Common Stock (\$.10 Par Value)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of Securities Act. Yes [] No [X].

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [] No [X].

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [].

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a nonaccelerated filer.

Large Accelerated Filer [] Accelerated Filer [X] Nonaccelerated Filer []

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [] No[X].

The aggregate market value of the registrant's voting stock held by non-affiliates was \$341,727,000 on June 30, 2006, based on the closing sales price of a share of the registrant's common stock, \$.10 par value (the "Common Stock"), as reported on the American Stock Exchange, on such date.

The number of shares of the registrant's Common Stock outstanding as of March 1, 2007, was 9,847,356 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to its 2007 Annual Meeting of stockholders to be held on May 14, 2007, which will be subsequently filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates, are incorporated by reference into Part III of this Form 10-K where indicated.

[This Page Intentionally Left Blank]

TOMPKINS TRUSTCO, INC.
Annual Report on Form 10-K
For the Fiscal Year Ended December 31, 2006
Table of Contents

	Page
PART I	
Item 1. Business	1
Item 1A. Risk Factors	6
Item 1B. Unresolved Staff Comments	8
Item 2. Properties	8
Item 3. Legal Proceedings	11
Item 4. Submission of Matters to a Vote of Security Holders	11
Executive Officers of the Registrant	11
PART II	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	12
Item 6. Selected Financial Data	15
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	37
Item 8. Financial Statements and Supplementary Data	40
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	76
Item 9A. Controls and Procedures	76
Item 9B. Other Information	76

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

PART III		
Item 10.	Directors, Executive Officers, and Corporate Governance	76
Item 11.	Executive Compensation	77
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	77
Item 13.	Certain Relationships and Related Transactions, and Director Independence	77
Item 14.	Principal Accountant Fees and Services	77
Part IV		
Item 15.	Exhibits and Financial Statement Schedules	77

[This Page Intentionally Left Blank]

PART I

Item 1. Business

The disclosures set forth in this Item 1. Business are qualified by the section captioned "Forward-Looking Statements" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Report and other cautionary statements set forth elsewhere in this Report.

General

Tompkins Trustco, Inc., ("Tompkins" or the "Company") is headquartered in Ithaca, New York and is registered as a Financial Holding Company with the Federal Reserve Board under the Bank Holding Company Act of 1956, as amended. The Company conducts its business through its three wholly-owned banking subsidiaries, Tompkins Trust Company (the "Trust Company"), The Bank of Castile and The Mahopac National Bank ("Mahopac National Bank"), through its wholly-owned insurance subsidiary, Tompkins Insurance Agencies, Inc. ("Tompkins Insurance"), and through its wholly-owned financial planning and wealth management subsidiary, AM&M Financial Services, Inc. (AM&M). Unless the context otherwise requires, the term "Company" refers to Tompkins Trustco, Inc. and its subsidiaries. The Company's principal offices are located at The Commons, Ithaca, New York, 14851, and its telephone number is (607) 273-3210. The Company's common stock is traded on the American Stock Exchange under the Symbol "TMP."

Tompkins was organized in 1995, under the laws of the State of New York, as a bank holding company for the Trust Company, a commercial bank that has operated in Ithaca and surrounding communities since 1836. On December 31, 1999, the Company completed a merger with Letchworth Independent Bancshares Corporation ("Letchworth"), at which time Letchworth was merged with and into Tompkins. Upon completion of the merger, Letchworth's two subsidiary banks, The Bank of Castile and Mahopac National Bank, became subsidiaries of Tompkins.

On January 6, 2006, the Company completed its acquisition of AM&M Financial Services, Inc. (AM&M), a fee-based financial planning firm headquartered in Pittsford, New York. Under the terms of the Agreement and Plan of Merger, the Company acquired all of the issued and outstanding shares of AM&M stock for an initial merger consideration of \$2,375,000 in cash and 59,377 shares of Tompkins common stock. In addition to the merger consideration paid at closing, additional contingent amounts of up to \$8.5 million (payable one-half in cash

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

and one-half in Tompkins shares) may be paid over a period of four years from closing, depending on the operating results of AM&M. AM&M met the income targets in 2006, resulting in an estimated payout of \$2.5 million. The contingent payment will be recorded as additional goodwill in accordance with SFAS No. 141. As of December 31, 2006, the transaction has resulted in intangible assets of \$7.1 million, including goodwill of \$6.0 million, customer related intangible of \$968,000, and a covenant-not-to-compete of \$108,000. The customer related intangible and the covenant-not-to-compete are being amortized over 15 years and 5 years, respectively.

The merger was accounted for using the purchase method of accounting, which requires that the Company's financial statements include the activity of AM&M effective January 6, 2006. The Company's consolidated financial statements for the years prior to 2006 do not include the operations of AM&M.

AM&M operates as a wholly-owned subsidiary of the Company. It has three operating companies: (1) AM&M Planners, Inc., which provides fee based financial planning and wealth management services for corporate executives, small business owners and high net worth individuals; (2) Ensemble Financial Services, Inc., an independent broker-dealer and leading outsourcing company for financial planners and investment advisors; and (3) Ensemble Risk Solutions, Inc., which creates customized risk management plans using life, disability and long-term care insurance products.

The Company also continued to expand its insurance business in 2006, with the acquisition of four insurance agencies in New York. The acquisitions include the Farrell-Messler Agency in Trumansburg, New York (March 2006), certain assets of Potter Enterprises of WNY, Inc. in Orchard Park, New York (April 2006), the Kemp Agency in Dansville and Nunda, New York (July 2006), and the Carey McKinney Group in Ithaca, New York (December 2006).

Additional information on these acquisitions is provided in "Note 6 Goodwill and Other Intangible Assets" in the Notes to Consolidated Financial Statements in Part II, Item 8. of this Report.

Narrative Description of Business

Information about the Company's business segments is included in Note 19 of "Notes to Consolidated Financial Statements" filed herewith in Part II, Item 8, "Financial Statements and Supplementary Data." The Company has identified two business segments, banking and financial services. Financial services activities consist of the results of the Company's trust, financial planning and wealth management, broker-dealer services, and risk management operations. All other activities are considered banking.

Banking services consist primarily of attracting deposits from the areas served by the Company's banking subsidiaries' 37 banking offices and using those deposits to originate a variety of commercial loans, consumer loans, real estate loans, and leases in those same areas. Residential real estate mortgage loans are generally underwritten in accordance with Federal Home Loan Mortgage

Corporation (FHLMC) guidelines, which enhances the liquidity of these lending products. The Company's subsidiary banks have sold residential mortgage loans to FHLMC over the past several years to manage exposure to changing interest rates and to take advantage of favorable market conditions. The Company's subsidiary banks retain the servicing of the loans sold to FHLMC and record a servicing asset at the time of sale. For additional details on loan sales, refer to "Note 4 Loan/Lease Classification Summary and Related Party Transactions" in the Notes

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

to Consolidated Financial Statements in Part II, Item 8. of this Report.

The Company's lending function is managed within the guidelines of a comprehensive Board-approved lending policy. Policies and procedures are reviewed on a regular basis. Reporting systems are in place to provide management with ongoing information related to loan production, loan quality, concentrations of credit, loan delinquencies and nonperforming and potential problem loans. The Company has an independent loan review process that reviews and validates the risk identification and assessment made by the lenders and credit personnel. The results of these reviews are presented to the Board of Directors of each of the Company's banking subsidiaries.

The Company's principal expenses are interest on deposits, interest on borrowings, and operating and general administrative expenses, as well as provisions for loan/lease losses. Funding sources, other than deposits, include borrowings, securities sold under agreements to repurchase, and cash flow from lending and investing activities. Tompkins provides a variety of financial services to individuals and small business customers. Some of the traditional banking services and financial services are detailed below.

Commercial Services

The Company's subsidiary banks provide financial services to corporations and other business clients. Lending activities include loans for a variety of business purposes, including real estate financing, construction, equipment financing, accounts receivable financing, and commercial leasing. Other commercial services include deposit and cash management services, letters of credit, sweep accounts, credit cards, purchasing cards, and Internet-based account services.

Retail Services

The Company's subsidiary banks provide a variety of retail banking services including checking accounts, savings accounts, time deposits, IRA products, brokerage services, residential mortgage loans, personal loans, home equity loans, credit cards, debit cards and safe deposit services. Retail services are accessible through a variety of delivery systems including branch facilities, ATMs, voice response, and Internet banking. In 2006, the Company expanded its retail brokerage services and also added remote deposit services, a convenient new service that brings deposit capability to an individuals desk any time of the day or night.

Securities Portfolio

The Company maintains a portfolio of securities such as U.S. government and agency securities, obligations of states and political subdivisions thereof, equity securities, and interest-bearing deposits. Management typically invests in securities with short to intermediate average lives in order to better match the interest rate sensitivities of its assets and liabilities.

Investment decisions are made within policy guidelines established by the Company's Board of Directors. The investment policy established by the Company's Board of Directors is based on the asset/liability management goals of the Company, and is monitored by the Company's Asset/Liability Management Committee. The intent of the policy is to establish a portfolio of high quality diversified securities, which optimizes net interest income within safety and liquidity limits deemed acceptable by the Asset/Liability Management Committee. Securities, other than certain obligations of states and political subdivisions thereof, are classified as available-for-sale. Securities available-for-sale may be used to enhance total return, provide additional liquidity, or reduce interest rate risk.

Trust and Investment Management Services

The Company provides trust and investment services through Tompkins Investment Services (TIS), a division of Tompkins Trust Company, and investment services

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

through AM&M. Tompkins Investment Services, with office locations at all three of the Company's subsidiary banks, provides a full range of money management services, including investment management accounts, custody accounts, trusts, retirement plans and rollovers, estate settlement, and financial planning. AM&M provides fee-based financial planning for small business owners, professionals and corporate executives and other individuals with complex financial needs. AM&M also provides wealth management services and operates a broker-dealer subsidiary, which is a leading outsourcing company for financial planners and investment advisors. The Company also expanded its retail brokerage services in 2006.

Insurance Services

The Company provides property and casualty insurance services through Tompkins Insurance and AM&M. Tompkins Insurance is an independent insurance agency, representing several major insurance carriers with access to special risk property and liability markets. Tompkins Insurance has automated systems for record keeping, claim processing and coverage confirmation, and can provide insurance pricing comparisons from some of the country's finest insurance companies. In addition to its seven stand-alone offices, Tompkins Insurance shares several offices with The Bank of Castile and The Trust Company. AM&M operates a subsidiary that creates customized risk management plans using life, disability and long-term care insurance products.

2

Subsidiaries

The Company operates three banking subsidiaries, an insurance agency subsidiary, and effective January 6, 2006, a financial planning and wealth management subsidiary in New York. The Company's subsidiary banks operate 37 offices, including 1 limited-service office, serving communities in New York. The decision to operate as three locally managed community banks reflects management's commitment to community banking as a business strategy. For Tompkins, personal delivery of high quality services, a commitment to the communities in which we operate, and the convergence of a single-source financial service provider characterize management's community banking approach. The combined resources of the Tompkins organization provides increased capacity for growth and greater capital resources necessary to make investments in technology and services. Tompkins has developed several specialized financial services that are now available in markets served by all three subsidiary banks. These services include trust and investment services, insurance, leasing, card services, and Internet banking. In 2006, the Company opened Tompkins Financial Center, in Ithaca, New York. This facility will have house representatives from the bank's lending function, Tompkins Insurance and AM&M. The Company opened a similar facility in Batavia, New York in 2004.

Tompkins Trust Company ("Tompkins Trust Company") Tompkins Trust Company is a commercial bank that has operated in Ithaca, New York and surrounding communities since 1836. The Trust Company operates 13 full-service and 1 limited-service banking offices in the counties of Tompkins, Cortland, Cayuga and Schuyler, New York.

Tompkins Trust Company's market area consists primarily of Tompkins County, New York with population of approximately 100,000. The majority of Tompkins Trust Company's 13 full-service offices are located within Tompkins County. Education plays a significant role in the local economy with Cornell University and Ithaca College being two of the county's major employers. Current economic trends include low unemployment and moderate growth. Tompkins Trust Company has a full-service office in Cortland, New York and a full-service office in Auburn, New York. Both of these offices are located in counties contiguous to Tompkins County.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

The Bank of Castile ("The Bank of Castile")

The Bank of Castile conducts its operations through its 14 full-service offices, in towns situated in and around the areas commonly known as the Letchworth State Park area and the Genesee Valley region of New York State. The Bank of Castile serves a five-county market that is primarily rural in nature. The Company opened a new banking office in 2006 in Greece, New York. This new office provides additional access to the suburban Rochester, New York, market. Excluding Monroe County, which includes Rochester, the population of the counties served by The Bank of Castile is approximately 212,000. Economic growth has been relatively flat in The Bank of Castile's market area, although the significant population base of the suburban Rochester market (in excess of 700,000 people) provides continued opportunities for growth.

Mahopac National Bank ("Mahopac National Bank")

Mahopac National Bank is located in Putnam County, New York and operates 5 full-service offices in that county, 3 full-service offices in Dutchess County, New York and 1 full-service office in Westchester County, New York. Mahopac National Bank opened two new banking offices in 2006. The Southeast Office (March 2006) is located in Putnam County. The Wappinger Falls Office (December 2006) is located in Dutchess County. Mahopac National Bank also relocated its Hopewell Office to a larger facility in 2006.

The primary market area for Mahopac National Bank is Putnam County, with a population of approximately 100,000. Putnam County is about 60 miles north of Manhattan, and is one of the fastest growing counties in New York State. Mahopac National Bank's Hopewell Junction and LaGrange offices are located in Dutchess County, which has a population of approximately 280,000. Mahopac National Bank's Mount Kisco office is located in Westchester County, which has a population of 916,000.

Tompkins Insurance Agencies, Inc. ("Tompkins Insurance")

Tompkins Insurance is headquartered in Batavia, New York, and offers property and casualty insurance to individuals and businesses primarily in Western New York. Over the past several years, Tompkins Insurance has acquired smaller insurance agencies generally in the market areas serviced by the Company's banking subsidiaries. Tompkins Insurance offers services to customers of the Company's banking subsidiaries by sharing offices with The Bank of Castile and The Trust Company. In addition, to these shared offices, Tompkins Insurance has five stand-alone offices in Western New York, and two stand-alone offices in Tompkins County, including The Carey McKinney Group located in Ithaca, New York, effective December 31, 2006.

3

AM&M Financial Services, Inc. ("AM&M")

AM&M is headquartered in Pittsford, New York and offers fee-based financial planning services through three operating companies: (1) AM&M Planners, Inc., which provides fee based financial planning and wealth management services for corporate executives, small business owners and high net worth individuals; (2) Ensemble Financial Services, Inc., an independent broker-dealer and leading outsourcing company for financial planners and investment advisors; and (3) Ensemble Risk Solutions, Inc., which creates customized risk management plans using life, disability and long-term care insurance products. AM&M has 44 employees.

Competition

Competition for commercial banking and other financial services is strong in the Company's market areas. The deregulation of the banking industry and the widespread enactment of state laws that permit multi-bank holding companies, as

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

well as an increasing level of interstate banking, have created a highly competitive environment for commercial banking. In one or more aspects of its business, the Company's subsidiaries compete with other commercial banks, savings and loan associations, credit unions, finance companies, Internet-based financial services companies, mutual funds, insurance companies, brokerage and investment banking companies, and other financial intermediaries. Some of these competitors have substantially greater resources and lending capabilities and may offer services that the Company does not currently provide. In addition, many of the Company's non-bank competitors are not subject to the same extensive Federal regulations that govern financial holding companies and Federally insured banks.

Competition among financial institutions is based upon interest rates offered on deposit accounts, interest rates charged on loans and other credit and service charges, the quality and scope of the services rendered, the convenience of banking facilities and, in the case of loans to commercial borrowers, relative lending limits. Management believes that a community bank is better positioned to establish personalized banking relationships with both commercial customers and individual households. The Company's community commitment and involvement in its primary market areas, as well as its commitment to quality and personalized banking services, are factors that contribute to the Company's competitiveness. Management believes that each of the Company's subsidiary banks can compete successfully in its primary market areas by making prudent lending decisions quickly and more efficiently than its competitors, without compromising asset quality or profitability, although no assurances can be given that such factors will assure success.

Supervision and Regulation

Regulatory Agencies

As a registered financial holding company, the Company is subject to examination and comprehensive regulation by the Federal Reserve Board (FRB). The Company's banking subsidiaries are subject to examination and comprehensive regulation by various regulatory authorities, including the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the New York State Banking Department (NYSBD). Each of these agencies issues regulations and requires the filing of reports describing the activities and financial condition of the entities under its jurisdiction. Likewise, such agencies conduct examinations on a recurring basis to evaluate the safety and soundness of the institutions, and to test compliance with various regulatory requirements, including: consumer protection, privacy, fair lending, the Community Reinvestment Act, the Bank Secrecy Act, sales of non-deposit investments, electronic data processing, and trust department activities.

The Company's financial services subsidiaries are subject to examination and regulation by various regulatory agencies, including the New York State Insurance Department, Securities and Exchange Commission (SEC) and the National Association of Securities Dealers (NASD). Tompkins Investment Services is subject to examination and comprehensive regulation by various regulatory authorities, including the FDIC and NYSD.

Share Repurchases and Dividends

Under FRB regulations, the Company may not, without providing prior notice to the FRB, purchase or redeem its own common stock if the gross consideration for the purchase or redemption, combined with the net consideration paid for all such purchases or redemptions during the preceding twelve months, is equal to ten percent or more of the Company's consolidated net worth.

FRB policy provides that dividends shall not be paid except out of current earnings and unless the prospective rate of earnings retention by the Company appears consistent with its capital needs, asset quality, and overall financial condition. Tompkins' primary source of funds to pay dividends on its common

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

stock is dividends from its subsidiary banks. The subsidiary banks are subject to regulations that restrict the dividends that they may pay to Tompkins.

Liability of Commonly Controlled Institutions

FDIC-insured depository institutions can be held liable for any loss incurred, or reasonably expected to be incurred, by the FDIC due to the default of an FDIC-insured depository institution controlled by the same bank holding company, or for any assistance provided by the FDIC to and FDIC-insured depository institution controlled by the same bank holding company that is in danger of default. "Default" means generally the appointment of a conservator or receiver. "In danger of default" means generally the existence of certain conditions indicating that default is likely to occur in the absence of regulatory assistance.

4

Intercompany Transactions

There are Federal laws and regulations that govern transactions between the Company's non-bank subsidiaries and its banking subsidiaries. These laws establish certain quantitative limits and other prudent requirements for loans, purchases of assets, and certain other transactions between a member bank and its affiliates.

Capital Adequacy

The FRB, the FDIC, and the OCC have promulgated capital adequacy guidelines that are considered by these agencies in examining and supervising a bank or bank holding company, and in analyzing any applications a bank or bank holding company may submit to the appropriate agency. In addition, for supervisory purposes, these agencies have promulgated regulations establishing five categories of capitalization, ranging from well capitalized to critically undercapitalized, depending upon the level of capitalization and other factors. Currently, the Company and its subsidiary banks maintain leverage and risk-based capital ratios above the required levels and are considered well capitalized under applicable regulations. A comparison of the Company's capital ratios and the various regulatory requirements is included in "Note 17 Regulations and Supervision" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Report on Form 10-K.

Deposit Insurance

All deposit accounts of the Company's subsidiary banks are insured by the Deposit Insurance Fund ("DIF"), generally in amounts up to \$100,000 per depositor. Legislation, discussed below, was passed in 2006 that increased insurance coverage for certain self-directed retirement accounts to \$250,000 and indexed insurance levels for inflation. Deposit insurance coverage is maintained by payment of premiums assessed to banks insured by the DIF. The FDIC uses a risk-based assessment system that determines insurance premiums based upon a bank's capital level and supervisory rating. Based on capital strength and favorable FDIC risk classifications, the Company's subsidiary banks are not currently subject to BIF insurance assessments.

In February 2006, The Federal Deposit Insurance Reform Act of 2005 and The Federal Deposit Insurance Reform Conforming Amendments Act of 2005 (collectively the "Reform Act") were signed into law. The Reform Act provided for the merging of the Bank Insurance Fund and Savings Association Insurance Fund into the new DIF, effective March 31, 2006. Under the Reform Act, the FDIC has modified its risk-based deposit premium assessment system under which each depository institution is placed in one of four assessment categories based on the institution's capital classification under the prompt corrective action provisions and an institution's long-term debt issuer ratings. Effective January 1, 2007, the adjusted assessment rates for insured institutions under the modified system range from .05% to .43% depending upon the assessment category

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

into which the insured institution is placed. Under the previous assessment system, the adjusted assessment rates ranged from .00% to .27%.

The Reform Act provides for a one-time assessment credit for eligible insured depository institutions (those institutions that were in existence on December 31, 1996 and paid a deposit insurance assessment prior to that date, or are a successor to any such institution). The credit is determined based on the assessment base of the institution as of December 31, 1996 as compared with the combined aggregate assessment base of all eligible institutions as of that date. The credit may be used to offset up to 100% of the 2007 DIF assessment, and if not completely used in 2007, may be applied to not more than 90% of each of the aggregate 2008, 2009 and 2010 DIF assessments.

The insurance assessments under the Reform Act are not expected to have a significant adverse impact on the results of operations and financial condition of the Company's subsidiary banks in 2007 or 2008.

Depositor Preference

The Federal Deposit Insurance Act provides that, in the event of the "liquidation or other resolution" of an insured depository, the claims of depositors of the institution, including the claims of the FDIC, as subrogee of the insured depositors, and certain claims for administrative expenses of the FDIC as receiver, will have priority over other general unsecured claims against the institution. If an insured depository institution fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non-deposit creditors, including the parent bank holding company, with respect to any extensions of credit they have made to such insured depository institutions.

Community Reinvestment Act

The Company's subsidiary banks are subject to the Community Reinvestment Act (CRA) and to certain fair lending and reporting requirements that relate to home mortgage lending. The CRA requires the federal banking regulators to assess the record of a financial institution in meeting the credit needs of the local communities, including low-and moderate-income neighborhoods, consistent with the safe and sound operation of the bank. The federal agencies consider an institution's performance under the CRA in evaluating applications for mergers and acquisitions, and new offices. The ratings assigned by the federal agencies are publicly disclosed.

5

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 implemented a broad range of corporate governance, accounting and reporting requirements for companies that have securities registered under the Exchange Act of 1934. These requirements include: (1) requirements for audit committees, including independence and financial expertise; (2) certification of financial statements by the chief executive officer and chief financial officer of the reporting company; (3) standards for auditors and regulation of audits; (4) disclosure and reporting requirements for the reporting company and directors and executive officers; and (5) a range of civil and criminal penalties for fraud and other violations of securities laws.

The USA Patriot Act

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA Patriot Act) imposes obligations on financial institutions, including banks and broker-dealer subsidiaries to implement policies, procedures and controls which are reasonably designed to detect and report instances of money laundering and the financing of terrorism

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Employees

At December 31, 2006, the Company employed 702 employees, approximately 79 of whom were part-time. No employees are covered by a collective bargaining agreement and the Company believes its employee relations are excellent.

Available Information

The Company maintains a website at www.tompkinstrustco.com. The Company makes available free of charge (other than an investor's own Internet access charges) through its website its annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, its proxy statements related to its annual shareholders' meetings, and amendments to these reports or statements, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended (the "Exchange Act"), as soon as reasonably practicable after the Company electronically files such material with, or furnishes such material to, the Securities and Exchange Commission (the "SEC"). Copies of these reports are also available at no charge to any person who requests them, with such requests directed to Tompkins Trustco, Inc., Investor Relations Department, The Commons, Ithaca, New York 14851, telephone no. (607) 273-3210. Materials that the Company files with the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. This information may also be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. The Company is not including the information contained on the Company's website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K, or into any other report filed with or furnished to the SEC by the Company.

Item 1A. Risk Factors

The Company's business, operating results, financial condition, liquidity, and cash flow may be impacted by numerous factors, including but not limited to those discussed below. These items may cause the Company's results to vary materially from recent results.

Interest Rate Risk

The Company's earnings, financial condition and liquidity are susceptible to fluctuations in market interest rates. Net interest income, which is the difference between interest earned on loans and investments and interest paid on deposits and borrowings, is the largest component of the Company's total revenues. The level of net interest income is dependent upon the volume and mix of interest-earning assets and interest-bearing liabilities, the level of nonperforming assets, and the level and trend of interest rates. Changes in market interest rates will also affect the level of prepayments on the Company's loans and payments on mortgage-backed securities, resulting in the receipt of proceeds that may be reinvested at a lower rate than the loan or mortgage-backed security being prepaid. Interest rates are highly sensitive to many factors, including: inflation, economic growth, employment levels, monetary policy and international markets. Significant fluctuations in interest rates could have a material adverse affect on the Company's earnings, financial condition, and liquidity.

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 by showing the potential effect of interest rate shifts on net interest income for future periods. Each quarter the Company's 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

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

discusses strategies to manage this exposure and incorporates these strategies into the investment and funding decisions of the Company. In addition, the Company has focused on expanding its fee-based business as a percentage of revenues to help mitigate its exposure to fluctuations in interest rates.

For additional information about how the Company manages its interest rate risk, refer to Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of this Report.

6

Credit Risk

The Company's business of originating and underwriting loans involves credit risk, which is the risk of loss of principal or interest because borrowers, guarantors and related parties fail to perform in accordance with the terms of their loan agreements. The Company has adopted comprehensive credit policies, underwriting standards and loan review procedures and maintains a reserve for loan/lease losses to mitigate credit losses. The Company reviews the adequacy of its allowance for loan/lease losses on a regular basis to ensure that the allowance is adequate to cover the estimated loss exposure in its portfolio. Management believes that it has established policies and procedures that are appropriate to mitigate the risk of loss. Nonetheless, these policies and procedures may not prevent unexpected losses that could have a material adverse effect on the Company's business, financial condition, results of operations, or liquidity. See Part II, Item 7, "Loans/Leases" and "The Allowance for Loan/Lease Losses" of this Report for further discussion of the lending portfolio and the allowance for loan/lease losses.

Government Laws and Regulations

The Company is subject to extensive state and federal laws and regulations, supervision, and legislation that affect how it conducts its business. The majority of these laws and regulations are for the protection of consumers, depositors and the deposit insurance funds. Any changes to state and federal banking laws and regulations may negatively impact the Company's ability to expand services and to increase shareholder value. There can also be significant cost related to compliance with various laws and regulations. The Company has established an extensive internal control structure to ensure compliance with governing laws and regulations, including those related to financial reporting. Refer to "Supervision and Regulation" for additional information on laws and regulations.

The Federal Reserve's monetary policies also affect the Company's operating results and financial condition. These policies, which include open market operations in U.S. Government securities, changes in the discount rate on member bank borrowings, and changes in reserve requirements against member bank deposits, can have a major effect upon the source and cost of funds and the rates of return earned on loans and investments.

The Company is subject to state and federal tax laws and regulations. Changes to these regulations could impact future tax expense and the value of deferred tax assets. The fiscal 2007 budget for New York proposes a change in the tax treatment for certain real estate investment trusts (REIT). Each of the Company's banking subsidiaries is a majority owner in a REIT. If the proposed change is passed in its current form, it may have a negative impact on the Company's tax expense.

Competition

Competition for commercial banking and other financial services is strong in the Company's market areas. The deregulation of the banking industry and the widespread enactment of state laws that permit multi-bank holding companies, as well as an increasing level of interstate banking, have created a highly

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

competitive environment for commercial banking. In one or more aspects of its business, the Company's subsidiaries compete with other commercial banks, savings and loan associations, credit unions, finance companies, Internet-based financial services companies, mutual funds, insurance companies, brokerage and investment banking companies, and other financial intermediaries. Some of these competitors have substantially greater resources and lending capabilities and may offer services that the Company does not currently provide. In addition, many of the Company's non-bank competitors are not subject to the same extensive Federal regulations that govern financial holding companies and Federally insured banks. The Company focuses on providing unparalleled customer service, which includes offering a strong suite of products and services.

Economic Conditions

General economic conditions have an impact on the banking industry. The Company's operating results depend on providing products and services to customers in our local market areas. Unemployment rates, real estate values, demographic changes, property tax rates, and local and state governments have an impact on local and regional economic conditions. An increase in unemployment, a decrease in real estate values, an increase in property tax rates, or a decrease in population could weaken the local economies in which the Company operates. Weak economic conditions could lead to credit quality concerns related to repayment ability and collateral protection. The Company operates in three primary market areas which mitigates the impact on local economic conditions and has focused on providing a full suite of products to increase its fee based business as a percentage of total revenues.

Operational Risk

The Company is subject to certain operational risks, including, but not limited to, data processing system failures and errors, customer or employee fraud and catastrophic failures resulting from terrorist acts or natural disasters. The Company depends upon data processing, software, communication, and information exchange on a variety of computing platforms and networks and over the Internet. Despite instituted safeguards, the Company cannot be certain that all of its systems are entirely free from vulnerability to attack or other technological difficulties or failures. If information security is breached or other technology difficulties or failures occur, information may be lost or misappropriated, services and operations may be interrupted and the Company could be exposed to claims from customers. Any of these results could have a material adverse effect on the Company's business, financial condition, results of operations or liquidity. The Company maintains a system of internal controls to mitigate against such occurrences and maintains insurance coverage for exposures that are insurable. The Company regularly tests internal controls to ensure that they are appropriate and functioning as designed.

7

Technological Development and Changes

The financial services industry is subject to rapid technological changes with frequent introductions of new technology driven products and services. In addition to improving the Company's ability to serve customers, the effective use of technology increases efficiencies and helps to maintain or reduce expenses. The Company's ability to keep pace with technological changes affecting the financial industry and to introduce new products and services based on this new technology will be important to the Company's continued success.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

The following table provides information relating to the Company's facilities:

Location	Facility Type	Sq
110 N. Tioga St., The Commons Ithaca, NY	Trust Company Main Office	
119 E. Seneca Street Ithaca, NY	Trust Company Trust and Investment Services	
121 E. Seneca Street Ithaca, NY	Tompkins Trustco, Inc./Trust Company Administration and Executive Offices	
215 E. State St., The Commons Rothschilds Building Ithaca, NY	Tompkins Trustco, Inc./Trust Company Operations and Data Processing	
86 North Street Auburn, NY	Trust Company Auburn Office	
905 Hanshaw Road Ithaca, NY	Trust Company Community Corners Office	
Cornell Bookstore Central Avenue Cornell University, Ithaca, NY	Trust Company Cornell Campus Office	
33 Clinton Avenue Cortland, NY	Trust Company Cortland Office	
139 N. Street Extension Dryden, NY	Trust Company Dryden Office	
1020 Ellis Hollow Road Ithaca, NY	Trust Company East Hill Plaza Office	
2230 N. Triphammer Road Ithaca, NY	Trust Company Kendal Office (Part-time office)	
100 Main Street Odessa, NY	Trust Company Odessa Office	
775 S. Meadow Street Ithaca, NY	Trust Company Plaza Office	
116 E. Seneca Street Ithaca, NY	Trust Company Seneca Street Drive-In Office	

8

Location	Facility Type	Sq
2251 N. Triphammer Road	Trust Company	

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Ithaca, NY	Triphammer Road Office
2 W. Main Street Trumansburg, NY	Trust Company Trumansburg Office
701 W. Seneca Street Ithaca, NY	Trust Company West End Office
832 Hanshaw Rd Ithaca, NY	Tompkins Financial Center Trust Company/Tompkins Insurance/ Tompkins Investment Services
90 Main Street Batavia, NY	Trust Company Administrative Office for Bank of Castile and Tompkins Insurance
50 N. Main Street Castile, NY	The Bank of Castile Castile/Main Office
604 W. Main Street Arcade, NY	The Bank of Castile Arcade Office
263 E. Main Street Avon, NY	The Bank of Castile Avon Office
408 E. Main Street Batavia, NY	The Bank of Castile Batavia Office
3155 State Street Caledonia, NY	The Bank of Castile Caledonia Office
3252 Chili Avenue Chili, NY	The Bank of Castile Chili Office
1 Main Street Gainesville, NY	The Bank of Castile Gainesville Office
11 South Street Geneseo, NY	The Bank of Castile Geneseo Office
724 Long Pond Rd. Greece, NY	The Bank of Castile Greece Office
29 Main Street LeRoy, NY	The Bank of Castile LeRoy Office
1410 S. Main Street Medina, NY	The Bank of Castile Medina Office
133 N. Center Street Perry, NY	The Bank of Castile Perry Office
129 N. Center Street Perry, NY	The Bank of Castile Processing Center **
2727 Genesee Street Retsof, NY	The Bank of Castile Retsof Office
2367 Route 19 North Warsaw, NY	The Bank of Castile Warsaw Office

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

9

Location	Facility Type	Sq
1441 Route 22 Brewster, NY	Mahopac National Bank Brewster Office and Administration	
831 Route 82 Hopewell Junction, NY	Mahopac National Bank Hopewell Office	
706 Freedom Plains Rd Poughkeepsie, NY	Mahopac National Bank Lagrange Office	
630 Route 6 Mahopac, NY	Mahopac National Bank Mahopac Office	
293 Lexington Avenue Mt. Kisco, NY	Mahopac National Bank Mt. Kisco Office	
591 Route 6N Mahopac Falls, NY	Mahopac National Bank Red Mills Office	
21 Peekskill Hollow Road Putnam Valley, NY	Mahopac National Bank Putnam Valley Office	
100 - D Independent Way Southeast, NY	Mahopac National Bank Southeast Office	
1281 Route 9 Wappingers Falls, NY	Mahopac National Bank Wappingers Falls Office	
13360 Broadway Alden, NY	Tompkins Insurance Alden Office ***	
14 Market Street Attica, NY	Tompkins Insurance Attica Office ***	
170 Franklin Street Dansville, NY	Tompkins Insurance Dansville Office ***	
415 N. Tioga Street Ithaca, NY	Tompkins Insurance Ithaca Office ***	
40 Main Street Leroy, NY	Tompkins Insurance Leroy Office ***	
25 North State Street Nunda, NY	Tompkins Insurance Nunda Office ***	
44 East Main Street Trumansburg, NY	Tompkins Insurance Trumansburg Office ***	
179 Sully's Trail Pittsford, NY	AM&M Financial Services, Inc. Rochester Office	

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

- * Lease terminations for the Company's leased properties range from 2007 through 2042.
- ** Office includes two parcels of land that are being leased through 2007 and 2090, respectively.
- *** Offices for Tompkins Insurance shown above are stand-alone offices; Tompkins Insurance also shares office space with The Bank of Castile and The Trust Company.

In 2007, the Company acquired the property housing the office of the Carey McKinney Group. The property is located at 1051 Craft Road, Ithaca, New York and is approximately 7,540 square feet. As of result of this transaction, the Company vacated the leased property at 415 N. Tioga Street, Ithaca, New York when the lease expired at year-end 2006.

10

Management believes the current facilities are suitable for their present and intended purposes. The lease for the Lagrange office expired and an extension is being negotiated. The Company plans on opening one new banking office in 2007. For additional information about the Company's facilities, including rental expenses, see "Note 7 Bank premises and Equipment" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Report on Form 10-K.

Item 3. Legal Proceedings

The Company is involved in legal proceedings in the normal course of business, none of which are expected to have a material adverse impact on the financial condition or results of operations of the Company.

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

There were no matters submitted to a vote of the Tompkins stockholders in the fourth quarter of 2006.

Executive Officers of the Registrant

The information concerning the Company's executive officers is provided below as of March 1, 2007. Unless otherwise stated, executive officers' terms run until the first meeting of the board of directors after the Company's annual meeting of shareholders, and until their successors are elected and qualified.

	Age	Title
Stephen S. Romaine	42	President and CEO
James W. Fulmer	55	Vice Chairman of the Board
Robert B. Bantle	55	Executive Vice President
David S. Boyce	40	Executive Vice President
Francis M. Fetsko	42	Executive Vice President and Chief Financial Officer
Gregory J. Hartz	46	Executive Vice President
Gerald J. Klein, Jr.	48	Executive Vice President
Thomas J. Rogers	36	Executive Vice President
Donald S. Stewart	62	Executive Vice President
Lawrence A. Updike	61	Executive Vice President
Kathleen Rooney	54	Senior Vice President

Business Experience of the Executive Officers:

Stephen S. Romaine was appointed President and Chief Executive Officer of the

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Company effective January 1, 2007. From 2003 through 2006, he served as President and Chief Executive Officer of Mahopac National Bank. Prior to this appointment, Mr. Romaine was Executive Vice President and Chief Financial Officer and Manager of Mahopac National Bank. Mr. Romaine currently serves on the boards of the New York Bankers Association and the Independent Bankers Association of New York State.

James W. Fulmer has served as Vice Chairman since January 1, 2007, and Director of the Company since 2000. He previously served as President of the Company since 2000. He also serves as a Director of The Bank of Castile since 1988 and as its Chairman since 1992. Effective December 18, 2002, he assumed the additional responsibilities of President and Chief Executive Officer of The Bank of Castile. Mr. Fulmer has served as a Director of Mahopac National Bank since 1999, as Chairman of Tompkins Insurance Agencies since January 1, 2001, and as Chairman of AM&M Financial Services, Inc. since January 2006. He served as the President and Chief Executive Officer of Letchworth Independent Bancshares Corporation from 1991 until its merger with the Company in 1999. Mr. Fulmer also served as the Chief Executive Officer of The Bank of Castile from 1996 through April 2000. He was elected to the Board of the Federal Home Loan Bank in 2006, effective January 2007.

Robert B. Bantle has been employed by the Company since March 2001. He currently serves as Executive Vice President of Tompkins Services, a group that provides support to the Company in the areas of Operations, Information Technology, Human Resources, Training & Development, Remote Banking, Collections, and Card Services. Prior to this assignment, he was primarily responsible for the Company's retail banking services.

David S. Boyce has been employed by the Company since January 2001 and was promoted to Executive Vice President in April 2004. He was appointed President and Chief Executive Officer of Tompkins Insurance Agencies in 2002. He has been employed by Tompkins Insurance Agencies, and a predecessor company to Tompkins Insurance Agencies for 16 years.

Francis M. Fetsko has been employed by the Company since 1996, and has served as Chief Financial Officer since December 2000. In July 2003, he was promoted to Executive Vice President. Mr. Fetsko also serves as Chief Financial Officer and Treasurer of Tompkins Trust Company.

11

Gregory J. Hartz has been employed by the Company since 2002 and was appointed President and Chief Executive Officer of Tompkins Trust Company and Executive Vice President of the Company effective January 1, 2007. Previously, he was Senior Vice President of Tompkins Trust Company, with responsibility for Tompkins Investment Services.

Gerald J. Klein, Jr. has been employed by the Company since 1995 and was appointed President and Chief Executive Officer of Mahopac National Bank and Executive Vice President of the Company effective January 1, 2007. Previously, he was Executive Vice President of Mahopac National Bank, responsible for all lending and credit functions at the Bank.

Thomas J. Rogers has been employed by the Company since its acquisition of AM&M Financial Services, Inc. in January 2006, and was appointed President and Chief Executive Officer of AM&M Financial Services, Inc. at that time. He was appointed Executive Vice President of the Company on January 24, 2007. He was been employed by AM&M Financial Services, Inc. since 1998.

Donald S. Stewart has been employed by the Company since 1972, and has served as the executive in charge of the Tompkins Investment Services Division of Tompkins

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Trust Company since December 1984. He was promoted to Executive Vice President in 1997.

Lawrence A. Updike has been employed by the Company since 1965, and has served as the executive in charge of operations and systems since December 1988. In July 2003, he was promoted to Executive Vice President.

Kathleen Rooney has been employed by the Company since April 2004 and has served as Senior Vice President and Corporate Marketing Officer since April 2005. Ms. Rooney is also a Senior Vice President of Mahopac National Bank with responsibility for the Bank's Community Banking Division. Prior to joining the Company, Ms. Rooney was employed by JP Morgan Chase for over 28 years in various capacities, most recently as the Senior Vice President and Investments Executive responsible for sales, service, operation and compliance of brokerage, portfolio management and trust products for the retail bank.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Price and Dividend Information

The Company's common stock is traded under the symbol "TMP" on the American Stock Exchange ("AMEX"). The high and low closing sale prices, which represent actual transactions as quoted on AMEX, of the Company's common stock for each quarterly period in 2006 and 2005 are presented below. The per share dividends paid by the Company in each quarterly period in 2006 and 2005 are also presented below. Cash dividends on Tompkins common stock were paid on the 15th day of February, May, August and November of 2006; and on the 15th day of February, the 16th day of May, and the 15th day of August and November of 2005.

		Market Price		Cash Dividends Paid
		High	Low	
2006	1st Quarter	\$ 44.08	\$ 40.18	\$.273
	2nd Quarter	44.00	38.10	.273
	3rd Quarter	45.95	41.37	.300
	4th Quarter	50.80	44.00	.300
2005	1st Quarter	\$ 43.80	\$ 38.27	\$.248
	2nd Quarter	40.00	35.24	.273
	3rd Quarter	44.18	38.37	.273
	4th Quarter	44.00	37.00	.273

Note 1 - Per share data has been retroactively adjusted to reflect a 10% stock dividend paid on May 15, 2006 and a 10% stock dividend paid on February 15, 2005.

As of March 1, 2007, there were approximately 2,080 holders of record of the Company's common stock.

The Company's ability to pay dividends is generally limited to earnings from the prior year, although retained earnings and dividends from its subsidiaries may also be used to pay dividends under certain circumstances. The Company's primary source of funds to pay for shareholder dividends is receipt of dividends from

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

its subsidiaries. Future dividend payments to the Company by its subsidiaries will be dependent on a number of factors, including the earnings and financial condition of each subsidiary, and are subject to the regulatory limitations discussed in "Note 17 Regulations and Supervision" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Report.

12

Issuer Purchases of Equity Securities

The following table includes all Company repurchases, including those made pursuant to publicly announced plans or programs during the quarter ended December 31, 2006.

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 Nu (or Approxi Dollar Val Shares tha Yet Be Purc Under the or Progr (d)
October 1, 2006 through October 31, 2006	5,592	\$ 44.85	4,400	37
November 1, 2006 through November 30, 2006	3,701	\$ 45.37	3,500	36
December 1, 2006 through December 31, 2006	8,000	\$ 46.61	8,000	36
Total	17,293	\$ 45.78	15,900	36

On July 19, 2006, the Company announced that the Company's Board of Directors approved, on July 18, 2006, a new 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.

Previously, the Company's board approved a stock repurchase plan on July 27, 2004 (the "2004 Plan"). Under the 2004 Plan, the Company was authorized to repurchase up to 484,000 shares of Tompkins common stock over a two-year period, which ended July 27, 2006. Over the life of the 2004 Plan, 175,924 shares were repurchased at an average cost of \$40.03.

Included above are 1,192 shares purchased in October 2006 at an average cost of \$44.34 and 201 shares purchased in December 2006 at an average cost of \$48.48 by the trustee of a rabbi trust established by the Company under the Company's Stock Retainer Plan For Eligible Directors of Tompkins Trustco, Inc., and Participating Subsidiaries and were part of the director deferred compensation under that plan. Shares purchased by the rabbi trust are not part of the 2006 Plan.

Recent Sales of Unregistered Securities

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

As part of the Company's acquisition of Carey McKinney Group in the fourth quarter of fiscal 2006, the Company issued 24,086 shares of Tompkins common stock pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended.

Equity Compensation Plan Information

Information regarding securities authorized for issuance under equity compensation plans is provided in Part III, "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" of this Report.

13

Performance Graph

The following graph compares the Company's cumulative total stockholder return since December 31, 2001, with (1) the total return index for the NASDAQ Composite and (2) the total return index for SNL Bank Index. The graph assumes \$100.00 was invested on December 31, 2001, in the Company's common stock and the comparison groups and assumes the reinvestment of all cash dividends prior to any tax effect and retention of all stock dividends.

[GRAPHIC CHART OMITTED]

Total Return Performance

Index	Period Ending				
	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05
Tompkins Trustco, Inc.	100.00	112.49	132.60	158.09	149.61
NASDAQ Composite	100.00	68.76	103.67	113.16	115.57
SNL Bank Index	100.00	91.69	123.69	138.61	140.50

In accordance with and to the extent permitted by applicable law or regulation, the information set forth above under the heading "Performance Graph" shall not be incorporated by reference into any future filing under the Securities Act of 1933, as amended (the "Securities Act"), or Exchange Act and shall not be deemed to be "soliciting material" or to be "filed" with the SEC under the Securities Act or the Exchange Act.

14

Item 6. Selected Financial Data

(in thousands except per share data)	2006	2005	Year ended De 2004
FINANCIAL STATEMENT HIGHLIGHTS			
Assets	\$ 2,210,837	\$ 2,106,870	\$ 1,970
Deposits	1,709,420	1,683,010	1,560

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Other borrowings	85,941	63,673	63
Shareholders' equity	189,620	181,221	171
Interest and dividend income	121,041	106,707	94
Interest expense	48,184	31,686	23
Net interest income	72,857	75,021	71
Provision for loan/lease losses	1,424	2,659	2
Net securities gains (losses)	15	(1,526)	
Net income	27,767	27,685	25
PER SHARE INFORMATION			
Basic earnings per share	2.82	2.81	
Diluted earnings per share	2.78	2.77	
Cash dividends per share	1.15	1.07	
SELECTED RATIOS			
Return on average assets	1.30%	1.36%	
Return on average equity	15.02%	15.82%	1
Shareholders' equity to average assets	8.86%	8.89%	
Dividend payout ratio	40.78%	37.94%	3

OTHER SELECTED DATA (in whole numbers, unless otherwise noted)

Employees (average full-time equivalent)	658	587	
Banking offices	37	34	
Bank access centers (ATMs)	59	51	
Trust and investment services assets under management, or custody (in thousands)	\$ 2,183,114	\$ 1,534,557	1,495

Per share data has been retroactively adjusted to reflect a 10% stock dividend paid on May 15, 2006, a 10% stock dividend paid on February 15, 2005 and a 10% stock dividend paid on August 15, 2003.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following analysis is intended to provide the reader with a further understanding of the consolidated financial condition and results of operations of the Company and its operating subsidiaries for the periods shown. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with other sections of this Report on Form 10-K, including Part I, "Item 1. Business", Part II, "Item 6. Selected Financial Data", and Part III, "Item 8. Financial Statements and Supplementary Data".

OVERVIEW

Tompkins Trustco, Inc. ("Tompkins" or the "Company"), is the corporate parent of three community banks, Tompkins Trust Company ("Trust Company"), The Bank of Castile, and The Mahopac National Bank ("Mahopac National Bank"), which together operate 37 banking offices, including 1 limited-service office, in local market areas throughout New York State. Through its community banking subsidiaries, the Company provides traditional banking services, and offers a full range of money management services through Tompkins Investment Services, a division of Tompkins Trust Company. The Company also offers insurance services through its wholly-owned subsidiary, Tompkins Insurance Agencies, Inc. ("Tompkins Insurance Agencies"), an independent insurance agency with a history of over 100 years of service to individual and business clients throughout Western New York. Tompkins Insurance expanded its geographic footprint through the acquisition of Banfield

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

& Associates, Inc., an insurance agency located in Ithaca, New York on December 31, 2004. Tompkins Insurance has since acquired two additional agencies in the Ithaca, New York market area. The Company completed its acquisition of AM&M Financial Services, Inc. (AM&M), a fee-based financial planning firm headquartered in Pittsford, New York, effective January 6, 2006. AM&M has three operating companies: (1) AM&M Planners, Inc., which provides fee based financial planning and wealth management services for corporate executives, small business owners, and high net worth individuals; (2) Ensemble Financial Services, Inc., an independent broker-dealer and leading outsourcing company for financial planners and investment advisors; and (3) Ensemble Risk Solutions, Inc., which creates customized risk management plans using life, disability and long-term care insurance products.

Each Tompkins subsidiary operates with a community focus, meeting the needs of the unique communities served. The Company conducts its business through its wholly-owned subsidiaries, Tompkins Trust Company, The Bank of Castile, Mahopac National Bank, and Tompkins Insurance. Unless the context otherwise requires, the term "Company" refers to Tompkins Trustco, Inc. and its subsidiaries.

15

Headquartered in Ithaca, New York, Tompkins is registered as a financial holding company with the Federal Reserve Board under the Bank Holding Company Act of 1956, as amended. Tompkins was organized in 1995 under the laws of the State of New York, as a bank holding company for Tompkins Trust Company, a commercial bank that has operated in Ithaca and surrounding communities since 1836.

Forward-Looking Statements

The Company is making this statement in order to satisfy the "Safe Harbor" provision contained in the Private Securities Litigation Reform Act of 1995. The statements contained in this Report on Form 10-K that are not statements of historical fact may include forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements are made based on management's expectations and beliefs concerning future events impacting the Company and are subject to certain uncertainties and factors relating to the Company's operations and economic environment, all of which are difficult to predict and many of which are beyond the control of the Company, that could cause actual results of the Company to differ materially from those matters expressed and/or implied by forward-looking statements. The following factors are among those that could cause actual results to differ materially from the forward-looking statements: changes in general economic, market and regulatory conditions; the development of an interest rate environment that may adversely affect the Company's interest rate spread, other income or cash flow anticipated from the Company's operations, investment and/or lending activities; changes in laws and regulations affecting banks, bank holding companies and/or financial holding companies; technological developments and changes; the ability to continue to introduce competitive new products and services on a timely, cost-effective basis; governmental and public policy changes, including environmental regulation; protection and validity of intellectual property rights; reliance on large customers; and financial resources in the amounts, at the times and on the terms required to support the Company's future businesses. In addition, such forward-looking statements could be affected by general industry and market conditions and growth rates, general economic and political conditions, including interest rate and currency exchange rate fluctuations, and other factors.

Critical Accounting Policies

In the course of the Company's normal business activity, management must select

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

and apply many accounting policies and methodologies that lead to the financial results presented in the consolidated financial statements of the Company. Some of these policies are more critical than others. Management considers the accounting policy relating to the allowance for loan/lease losses ("allowance") to be a critical accounting policy because of the uncertainty and subjectivity inherent in estimating the levels of allowance needed to cover probable credit losses within the loan portfolio and the material effect that these estimates can have on the Company's results of operations.

The Company has developed a methodology to measure the amount of estimated loan loss exposure inherent in the loan portfolio to ensure that an adequate allowance is maintained. The methodology includes an estimate of exposure for the following: specifically reviewed and graded loans, historical loss experience by product type, past due and nonperforming loans, and other internal and external factors such as local and regional economic conditions, growth trends, and credit policy and underwriting standards. The methodology includes a review of loans considered impaired in accordance with the Statement of Financial Accounting Standards (SFAS) No. 114, "Accounting by Creditors for Impairment of a Loan", as well as other commercial loans and commercial mortgage loans that are evaluated using an internal rating system. An estimated exposure amount is assigned to these internally reviewed credits based upon a review of the borrower's financial condition, payment history, collateral adequacy, and business conditions. For commercial loans and commercial mortgage loans not specifically reviewed, and for more homogenous loan portfolios such as residential mortgage loans and consumer loans, estimated exposure amounts are assigned based upon historical loss experience as well as past due status. Lastly, additional reserves are maintained based upon management judgment and assessment of other quantitative and qualitative factors such as regional and local economic conditions and portfolio growth trends.

Since the methodology is based upon historical experience and trends as well as management's judgment, factors may arise that result in different estimations. Significant factors that could give rise to changes in these estimates may include, but are not limited to, changes in economic conditions in the local area, concentration of risk, and declines in local property values. While management's evaluation of the allowance for loan/lease losses as of December 31, 2006, considers the allowance to be adequate, under adversely different conditions or assumptions, the Company would need to increase the allowance.

Another critical accounting policy is the policy for pensions and other post-retirement benefits. The calculation of the expenses and liabilities related to pensions and post-retirement benefits requires estimates and assumptions of key factors including, but not limited to, discount rate, return on plan assets, future salary increases, employment levels, employee retention, and life expectancies of plan participants. The Company uses an actuarial firm in making these estimates and assumptions. Changes in these assumptions due to market conditions, governing laws and regulations, or Company specific circumstances may result in material changes to the Company's pension and other post-retirement expenses and liabilities.

All accounting policies are important and the reader of the financial statements should review these policies, described in "Note 1 Summary of Significant Accounting Policies" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Form 10-K, to gain a better understanding of how the Company's financial performance is reported.

RESULTS OF OPERATIONS

(Comparison of December 31, 2006 and 2005 results)

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

General

The Company recorded its 34th consecutive year of earnings growth. Net income for the year ended December 31, 2006, was \$27.8 million compared to \$27.7 million in 2005. On a per share basis, the Company earned \$2.78 per diluted share in 2006, compared to \$2.77 per diluted share in 2005. In addition to earnings per share growth, key performance measurements for the Company include return on average shareholders' equity (ROE) and return on average assets (ROA). ROE was 15.02% in 2006, compared to 15.82% in 2005, while ROA was 1.30% in 2006, compared to 1.36% in 2005. The decrease in ROA and ROE in 2006 was mainly a result of the decline in net interest margin as well as the growth in average assets and average shareholders' equity exceeding growth in net income. ROA and ROE for Tompkins continue to compare favorably to bank holding company peer ratios widely available from the Federal Reserve Board.

Earnings performance in 2006 reflects continued execution of the Company's key business strategies, including ongoing investment in traditional banking services with the opening of three new banking offices in 2006, and the expansion of our fee-based financial services businesses of trust, investment services, and insurance with the acquisitions of AM&M Financial Services, Inc. ("AM&M") and four insurance agencies in 2006, as well as the expansion of retail brokerage services. These initiatives contributed to the 7.7% growth in revenues (net interest income plus noninterest income) to \$113.9 million in 2006 over \$105.8 million in 2005.

The rise in short-term interest rates contributed to increases in funding costs, while the inverted yield curve constrained the yields of longer-term earning assets. Interest income of \$121.0 million in 2006 was up 13.4% over 2005, reflecting both growth in average earning assets and increases in loan and securities yields. The increase in interest income was offset by higher funding costs, resulting in a decrease in net interest margin for the year when compared to 2005. The net interest margin was 3.81% in 2006, compared to 4.11% in 2005.

Total assets were up 4.9% to \$2.2 billion at December 31, 2006. Asset growth over the past twelve months included a \$54.9 million increase in total loans and leases and a \$55.5 million increase in the securities portfolio. Growth in average total loans and leases is net of the securitization of \$32.0 million of residential mortgage loans in the second quarter of 2006. These residential loans were packaged into mortgage-backed securities, which are held in the Company's available-for-sale securities portfolio. Asset quality remained strong with reductions in nonperforming assets and net charge-offs compared with the prior year. Improvement in asset quality trends, along with the lower level of net charge-offs, resulted in a lower provision expense for 2006 compared to comparable prior year periods.

Noninterest income for 2006 was \$41.1 million, an increase of 33.5% over 2005. Growth in noninterest income benefited from the first quarter 2006 acquisition of AM&M, the expansion of retail brokerage services, and the acquisition of three insurance agencies during 2006. Noninterest income in 2006 and 2005 also included some nonrecurring items. In the fourth quarter of 2006 the Company recognized a net pre-tax gain of \$2.6 million on the sale of approximately \$9.4 million of credit card loans. Concurrent with the sale, the Company entered into a sales and servicing agreement with a large credit card issuer to expand its card product offerings. Earnings in 2005 included a net pre-tax gain of \$3.0 million, resulting from an agreement with NOVA Information Systems (NOVA) to transfer the Company's merchant card processing relationships, and a pre-tax loss of \$1.5 million on the sale of approximately \$80 million of available-for-sale securities.

Noninterest expenses were \$71.9 million in 2006, up 15.8% over 2005. The increase in 2006 was primarily due to higher compensation and benefits related expenses. Contributing to the increase in noninterest expense is the acquisition

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

of AM&M, stock-based compensation expense related to the adoption of FAS 123R, insurance agency acquisitions, expansion of retail brokerage services, and the expansion of banking offices.

Net Interest Income

Table 1-Average Statements of Condition and Net Interest Analysis illustrates the trend in average interest-earning assets and interest-bearing liabilities, and the corresponding yield or cost associated with each. Taxable-equivalent net interest income of \$75.7 million in 2006 was down 2.8% from \$77.9 million in 2005, driven by higher funding costs. The Federal Reserve continued to raise short-term interest rates in 2006, which contributed to a 100 basis point increase in the prime rate in 2006. The higher prime rate had a favorable impact on commercial loan yields as the Company's prime rate based loans repriced upwards. The yield on average earning assets increased 45 basis points from 5.78% for the fiscal year ended December 31, 2005, to 6.23% for fiscal 2006, while the cost of interest bearing liabilities increased 94 basis points from 2.09% to 3.03% over the same time period, resulting in a 49 basis point decline in the net interest spread. Growth in noninterest-bearing liabilities offset some of the decline in the net interest spread.

17

Taxable-equivalent interest income was up 13.1% in 2006 over the same period in the prior year, driven by an increase in loan and investment volumes and yields. Average loan balances grew by \$49.6 million in 2006, or 4.1%, while average loan yields increased 45 basis points to 7.08%. Average investment balances were up \$43.2 million in 2006, or 6.4%, while average securities yields were up 47 basis points to 4.73%. Loan growth in 2006 included a \$43.4 million increase in average commercial real estate loans and a \$20.8 million increase in average commercial loans. Average residential loan balances were flat; however, balances are net of the securitization of \$32.0 million of residential mortgage loans in the second quarter of 2006. These residential loans were packaged into mortgage-backed securities, which are held in the Company's available-for-sale securities portfolio. Average consumer loans were down \$9.9 million in 2006, mainly in credit card loans, due in part to the fourth quarter sale of the entire \$9.4 million portfolio, and indirect auto loans. Yields on commercial and industrial loans, and commercial real estate loans benefited from increases in market interest rates. Home equity loan yields were also higher due to the variable rate nature of the majority of this portfolio.

Increases in taxable-equivalent interest income in 2006 were offset by a 52.1% increase in interest expense driven by the rise in short-term market interest rates. The average rate paid on deposits during 2006 of 2.86% was 102 basis points higher than the average rate paid in 2005. Rates on time deposits moved higher with the rise in short-term rates and resulted in an increased volume of these deposits. Average time deposit balances increased \$93.8 million or 17.0% to \$646.9 million at December 31, 2006, from \$553.2 million at December 31, 2005. The Company was able to offset some of the impact of higher deposit rates by growing average noninterest bearing deposits to \$338.4 million, up 4.5% over average balances for 2005. The average rate paid on borrowings for 2006 was also up over 2005, as a result of the increase in short-term interest rates. Average borrowings were up \$10.2 million or 4.4% over prior year.

Changes in net interest income occur from a combination of changes in the volume of interest-earning assets and interest-bearing liabilities, and in the rate of interest earned or paid on them. Table 2-Analysis of Changes in Net Interest Income illustrates changes in interest income and interest expense attributable to changes in volume (change in average balance multiplied by prior year rate), changes in rate (change in rate multiplied by prior year volume), and the net change in net interest income. The net change attributable to the combined

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

impact of volume and rate has been allocated to each in proportion to the absolute dollar amounts of the change. The \$2.2 million decrease in taxable-equivalent net interest income from 2005 to 2006 resulted from a \$14.3 million increase in interest income and a \$16.5 million increase in interest expense. An increased volume of earning assets, in excess of interest bearing liabilities contributed to a net \$1.9 million increase in taxable-equivalent net interest income between 2005 and 2006, while changes in interest rates reduced taxable-equivalent net interest income by \$4.1 million, resulting in the net decrease of \$2.2 million from 2005.

18

Table 1 - Average Statements of Condition and Net Interest Analysis

(dollar amounts in thousands)	2006			December 31 2005		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
ASSETS						
Interest-earning assets:						
Certificates of deposit, other banks	\$ 2,486	\$ 86	3.46%	\$ 3,668	\$ 89	2.43
Securities (1)						
U.S. Government securities	570,585	25,381	4.45	529,732	20,805	3.93
State and municipal (2)	121,305	7,134	5.88	120,891	6,882	5.69
Other securities (2)	23,001	1,290	5.61	21,072	905	4.29
Total securities	714,891	33,805	4.73	671,695	28,592	4.26
Federal funds sold	231	15	6.49	818	24	2.93
Loans, net of unearned income (3)						
Residential real estate	463,825	28,745	6.20	465,124	27,042	5.81
Commercial real estate	392,636	28,112	7.16	349,190	23,923	6.85
Commercial loans (2)	308,207	25,086	8.14	287,455	20,238	7.04
Consumer and other	92,959	7,289	7.84	102,845	8,649	8.41
Lease financing (2)	12,023	709	5.90	15,402	988	6.41
Total loans, net of unearned income	1,269,650	89,941	7.08	1,220,016	80,840	6.63
Total interest-earning assets	1,987,258	123,847	6.23	1,896,197	109,545	5.78
Noninterest-earning assets	151,934			141,843		
Total assets	\$2,139,192			\$2,038,040		

LIABILITIES & SHAREHOLDERS' EQUITY

Deposits:
Interest-bearing deposits

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Interest checking, savings, and money market	\$ 702,826	\$ 11,247	1.60%	\$ 733,596	\$ 7,519	1.02
Time Deposits > \$100,000	296,714	13,350	4.50	224,248	6,973	3.11
Time Deposits <\$100,000	318,648	12,486	3.92	290,370	7,943	2.74
Brokered Time Deposits: <\$100,000	31,566	1,482	4.69	38,545	1,228	3.19

Total interest-bearing deposits	1,349,754	38,565	2.86	1,286,759	23,663	1.84
Federal funds purchased and securities sold under agreements to repurchase	159,147	5,905	3.71	157,817	4,852	3.07
Other borrowings	79,310	3,714	4.68	70,486	3,171	4.50

Total interest-bearing liabilities	1,588,211	48,184	3.03	1,515,062	31,686	2.09

Noninterest-bearing deposits	338,448			323,976		
Accrued expenses and other liabilities	26,181			22,533		

Total liabilities	1,952,840			1,861,571		
Minority Interest	1,480			1,483		
Shareholders' equity	184,872			174,986		

Total liabilities and shareholders' equity	\$2,139,192			\$2,038,040		

Interest rate spread			3.20%			3.69

Net interest income/margin on earning assets	\$ 75,663		3.81%	\$ 77,859		4.11
=====						

- (1) Average balances and yields on available-for-sale securities are based on amortized cost.
- (2) Interest income includes the tax effects of taxable-equivalent adjustments using a combined New York State and Federal effective income tax rate of 40% to increase tax-exempt interest income to a taxable equivalent basis. The tax equivalent adjustments for 2006, 2005, and 2004 were as follows: \$2,806,000, \$2,838,000, and \$2,602,000, respectively.
- (3) Nonaccrual loans are included in the average loan totals presented above. Payments received on nonaccrual loans have been recognized as disclosed in "Note 1 Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements in Part II, Item 8. of this Report.

Table 2 - Analysis of Changes in Net Interest Income

(in thousands) (taxable equivalent)	2006 vs. 2005	
	Increase (Decrease)	Due
		Increase

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

	to Change Volume	in Average Rate	Total	to Cha Volume
INTEREST INCOME:				
Certificates of deposit, other banks	\$ (34)	\$ 31	\$ (3)	\$ (79)
Federal funds sold	(25)	16	(9)	(24)
Investments:				
Taxable	1,741	3,220	4,961	(744)
Tax-exempt	64	188	252	1,029
Loans, net:				
Taxable	3,456	5,763	9,219	6,692
Tax-exempt	(79)	(39)	(118)	(61)
Total interest income	\$ 5,123	\$ 9,179	\$ 14,302	\$ 6,813
INTEREST EXPENSE:				
Interest-bearing deposits:				
Interest checking, savings, and money market	(328)	4,056	3,728	(309)
Time	3,073	8,101	11,174	3,370
Federal funds purchased and Securities sold under agreements to repurchase	41	1,012	1,053	(465)
Other borrowings	409	134	543	(484)
Total interest expense	\$ 3,195	\$ 13,303	\$ 16,498	\$ 2,112
Net interest income	\$ 1,928	\$ (4,124)	\$ (2,196)	\$ 4,701

Notes: See notes to Table 1 above.

Provision for Loan/Lease Losses

The provision for loan/lease losses represents management's estimate of the expense necessary to maintain the reserve for loan/lease losses at an adequate level. The provision for loan/lease losses was \$1.4 million in 2006, compared to \$2.7 million in 2005. The decrease in 2006 is primarily due to positive trends in asset quality measures. Nonperforming loans/leases were \$3.0 million or 0.23% of total loans/leases at December 31, 2006, compared with \$4.1 million or 0.33% of total loans/leases at December 31, 2005. Net charge-offs of \$773,000 in 2006 represented 0.06% of average loans/leases during the period, compared to net charge-offs of \$1.5 million in 2005, representing 0.13% of average loans/leases. See the section captioned "The Allowance for Loan/Lease Losses" included within "Management's Discussion and Analysis of Financial Condition and Results of Operations-Financial Condition" of this Report for further analysis of the Company's allowance for loan/lease losses.

Noninterest Income

Total noninterest income was \$41.1 million in 2006, an increase of 33.5% over 2005. The majority of the growth was concentrated in investment services income and insurance commissions and fees and reflects the benefit of the first quarter 2006 acquisition of AM&M, acquisitions of insurance agencies during 2006, and the expansion of retail brokerage services. In addition to the growth in these core fee-based businesses, noninterest income in both 2006 and 2005 included nonrecurring items. In the fourth quarter of 2006 the Company entered into an agreement with Elan Financial Services (Elan) to sell its credit card portfolio of nearly \$9.4 million, resulting in a net pre-tax gain of approximately \$2.6

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

million. Through a relationship with Elan, the Company is able to offer an expanded suite of credit card products to its customers. Fourth quarter 2005 earnings included a net pre-tax gain of approximately \$3.0 million resulting from an agreement with NOVA Information Systems (NOVA) related to the transfer of merchant card processing relationships. The fourth quarter 2005 results were also affected by the sale of approximately \$80 million of available-for-sale securities, which resulted in approximately \$1.5 million in pre-tax securities losses being realized during the fourth quarter of 2005.

The Company has been able to expand the contribution of noninterest income to total revenues by developing and introducing new products and by marketing its services across all of the Company's markets. Noninterest income represented 36.1% of total revenue in 2006, compared with 29.1 % in 2005.

20

Investment services generated \$12.2 million in revenue in 2006, an increase of 125.9% over revenue of \$5.4 million in 2005. 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. TIS income was \$6.2 million in 2006, an increase of \$777,000 or 14.4% over the same period in 2005. With fees largely based on the market value and the mix of assets managed, the general direction of the stock market can have a considerable impact on fee income. The market value of assets managed by, or in custody of, TIS was \$1.7 billion at December 31, 2006, up 8.1% from \$1.5 billion at December 31, 2005. These figures include \$480.1 million and \$435.2 million, respectively, of Company-owned securities where TIS is custodian. Trends for new business in trust and investment services remain positive. The number of accounts increased by 7.2% between December 31, 2006, and December 31, 2005.

AM&M contributed \$6.0 million to the growth in 2006 investment services income. AM&M provides fee-based financial planning services, wealth management services, and brokerage services to independent financial planners and investment advisors. The acquisition of AM&M also contributed approximately \$618,000 to 2006 insurance commissions and fees. AM&M offers customized risk management plans using life, disability and long-term care insurance products.

Insurance commissions and fees were \$9.4 million in 2006, an increase of \$1.9 million or 25.8% over 2005. The growth was mainly at Tompkins Insurance, and primarily related to revenue from commercial property and casualty lines. Tompkins Insurance acquired three insurance agencies during (March, April and July) 2006 and a fourth agency, effective December 31, 2006. These acquisitions added approximately \$784,000 to the increase in commission and fees in 2006. Additionally, Tompkins Insurance has continued its efforts to offer services to customers of the Company's banking subsidiaries. These efforts include locating Tompkins Insurance representatives in offices of The Bank of Castile and The Trust Company. The Company opened a Tompkins Financial Center office in Ithaca, New York in 2006 to cater to customer needs for mortgage, investments, financial planning, and insurance services.

Service charges on deposit accounts were \$8.1 million, down 2.4% compared to \$8.3 million in 2005, mainly as a result of lower cycle fees on checking and savings deposits. Overdraft fees, the largest component of service charges on deposit accounts were flat year-over-year.

Card services income of \$3.0 million in 2006 was up \$327,000 or 12.4% over

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

income of \$2.6 million in 2005. The primary component of card services income is fees related to debit card transactions. An increased number of cardholders and higher transaction volume contributed to the growth in card services income in 2006.

Net gains from loan sales of \$2.7 million includes the net pre-tax gain of \$2.6 million on the sale of the credit card portfolio in the fourth quarter of 2006.

Other service charges were down \$478,000 or 16.1% to \$2.5 million in 2006. The decrease is primarily the result of the sale of the Company's merchant card processing relationships in the fourth quarter of 2005. Merchant card processing income was \$42,000 in 2006 compared to \$453,000 in 2005.

Noninterest income includes \$1.1 million of increases, net of the related mortality expense, in cash surrender value of corporate owned life insurance (COLI), which is in line with 2005. The COLI relates to life insurance policies covering certain senior officers of the Company and its subsidiaries. The Company's average investment in COLI was \$26.4 million during 2006, compared to \$25.8 million during 2005. Although income associated with the insurance policies is not included in interest income, the COLI produced an annualized tax-equivalent return of 7.02% for 2006, compared to 7.08% for 2005. In 2006, the Company recognized \$685,000 in proceeds from death benefits on corporate owned life insurance. The Company did not purchase additional COLI in 2006.

The \$148,000 increase in other income in 2006 over 2005 was largely driven by increased income related to the Company's investment in a Small Business Investment Company, Cephaz Capital Partners, L.P. ("Cephaz"). The Company's investment totaled \$3.6 million at December 31, 2006 compared to \$3.4 million at December 31, 2005. Because the Company's percentage ownership in Cephaz exceeds 20%, the equity method of accounting is utilized, such that the Company's percentage of Cephaz' income is recognized as income on its investment; and likewise, any loss by Cephaz is recognized as a loss on the Company's investment. For 2006, the Company recognized income from this investment of \$600,000, compared with income of \$333,000 in 2005. The Company believes that as of December 31, 2006, there is no impairment with respect to this investment.

21

Noninterest Expense

Noninterest expenses for the year ended December 31, 2006, were \$71.9 million, an increase of 15.8% over noninterest expenses of \$62.1 million for the year ended December 31, 2005. The increase in 2006 over 2005 was primarily due to higher compensation and benefits related expenses. Factors contributing to the increase in noninterest expense include the acquisition of AM&M, stock-based compensation expense related to the adoption of FAS 123R, insurance agency acquisitions, expansion of retail brokerage services, and the expansion of banking offices. The addition of AM&M contributed approximately \$5.5 million of the \$9.8 million increase in 2006 noninterest expense. Changes in the various components of noninterest expense are discussed below.

Personnel-related expenses comprise the largest segment of noninterest expense, representing 58.4% of noninterest expenses in 2006, compared to 58.2% in 2005. Total personnel-related expenses increased by \$5.9 million or 16.3% in 2006, to \$42.0 million from \$36.1 million. The increase was primarily a result of higher salaries and wages related to an increase in average full-time equivalent employees (FTEs), from 587 at December 31, 2005, to 658 at December 31, 2006, along with, annual salary adjustments. The acquisitions of AM&M and three smaller insurance agencies in 2006, the staffing requirements at the Company's newer offices, and the expansion of retail brokerage services were the primary contributors to the increase in FTEs. Personnel-related expenses in 2006 include

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

\$692,000 related to the expensing of stock options required by the Company's adoption of Statement of Financial Accounting Standard No. 123 (Revised) "Share-Based Payment" on January 1, 2006. Refer to "Note 1 Summary of Significant Accounting Policies" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Report. Healthcare and pension expenses were also up in 2006 over 2005.

Expense for premises, furniture, and fixtures totaled \$8.8 million in 2006, an increase of \$1.1 million, or 14.1% over expense of \$7.7 million in 2005. The addition of new banking offices, the acquisition of AM&M, as well as higher real estate taxes, maintenance, and insurance contributed to the increased expenses for bank premises and furniture and fixtures year-over-year.

Marketing expense was up 10.3% in 2006 over 2005. Planned marketing initiatives for 2006, including special promotions related to new office openings accounted for the increase in marketing expenditures over the prior year.

Professional fees totaled \$1.7 million in 2006 compared with \$1.5 million in 2005. The acquisition of AM&M contributed approximately \$151,000 to the increase in this category.

Software licenses and maintenance expenses were \$1.9 million, an increase of \$162,000 or 9.1% over 2005. Increases in annual maintenance contracts contributed to the increase in this category, as did expenses related to the implementation of new systems.

Other operating expenses were \$13.1 million for 2006 and \$10.9 million for 2005. The acquisition of AM&M contributed approximately \$1.3 million to the increase in this category. Charitable contributions in 2006 were up \$290,000 over the same period in 2005, reflecting contributions to a charitable fund in support of future community needs. Business development, telephone, postage, printing and supplies, legal fees, education and training, and loss on sale of other real estate were also up over the same periods in 2005.

The Company's efficiency ratio, defined as operating expense excluding amortization of intangible assets, divided by tax-equivalent net interest income plus noninterest income before securities gains and losses (increase in the cash surrender value of COLI is shown on a tax equivalent basis), was 60.7% in 2006, compared to 55.5% in 2005. This ratio is negatively impacted by growth in fee income businesses such as insurance and investment services. Tax equivalency was based upon a 40% tax rate. Excluding the tax equivalent adjustments for tax-exempt securities, tax-exempt loans/leases, and COLI income, the efficiency ratio would be 62.5% in 2006 and 57.3% in 2005.

Minority Interest in Consolidated Subsidiaries

Minority interest expense represents the portion of net income in consolidated majority-owned subsidiaries that is attributable to the minority owners of a subsidiary. The Company had minority interest expense of \$131,000 in 2006 and 2005, related to minority interests in three real estate investment trusts, which are substantially owned by the Company's banking subsidiaries.

Income Tax Expense

The provision for income taxes provides for Federal and New York State income taxes. The 2006 provision was \$12.7 million, compared to \$13.2 million in 2005. The effective tax rate for the Company decreased in 2006 to 31.4%, from 32.3% in 2005. The recognition of \$685,000 of life insurance proceeds in the second quarter of 2006 contributed to the decrease in the effective rate in 2006 compared with 2005. Also contributing to the lower effective rate is higher levels of tax-advantaged income, such as income from investments in municipal bonds, and economic zone credits as well as additional investments in real

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

estate investment trusts in 2006. Each of the Company's banking subsidiaries is a majority owner in a REIT. Legislation has been proposed at the State level that would change the tax treatment of dividends paid by real estate investment trusts ("REIT"). The Company's tax benefit associated with the REIT dividends was approximately \$884,000 in 2006. The current proposed legislation would potentially reduce the amount of this benefit in 2007.

22

RESULTS OF OPERATIONS

(Comparison of December 31, 2005 and 2004 results)

General

Net income for the year ended December 31, 2005, was up 8.1% to \$27.7 million, compared to \$25.6 million in 2004. On a per share basis, the Company earned \$2.77 per diluted share in 2005, compared to \$2.56 per diluted share in 2004. Return on average shareholders' equity (ROE) was 15.82% in 2005, compared to 15.68% in 2004, while return on average assets (ROA) was 1.36% in 2005, up from 1.32% in 2004.

The favorable performance in 2005 over 2004 reflect continued execution of the Company's key business strategies, including a commitment to community banking through diversified revenue sources consisting of net interest income generated from the loan and securities portfolios, trust and investment services income, insurance commissions and fees, and other service charges and fees for providing banking and related financial services. Evidence of the success of these strategies includes the 8.5% growth in total loans and the 3.9% growth in core deposits (total deposits less time deposits of \$100,000 and more, brokered deposits, and municipal money market deposits) from December 31, 2004 to December 31, 2005, as well as growth in key fee income categories as discussed below. Noninterest income included a \$3.0 million net pre-tax gain on the transfer of the Company's merchant card processing relationships to NOVA Information Systems (NOVA). Under the agreement NOVA receives all future revenue from the Company's current merchant customers, while Tompkins generates referral fees and income based on a percentage of net sales revenue from new customers referred to NOVA.

An interest rate environment of rising short-term rates and stable long-term rates made 2005 a challenging year. Increases in the yields on the Company's average earning assets were offset by increases in the Company's cost of funds, resulting in a flat net interest margin for the year when compared to 2004. Year-over-year loan growth of 8.5% was a key factor contributing to the 5.2% increase in net interest income to \$75.0 million in 2005.

Asset quality was strong with reductions in nonperforming assets and net charge-offs compared with prior year. Nonperforming assets of \$4.5 million at December 31, 2005, were down from \$7.7 million at December 31, 2004. Net loan/lease charge-offs improved to \$1.5 million in 2005 from \$2.0 million in 2004.

Noninterest income for 2005 was \$30.8 million, an increase of 10.0% over 2004. The growth trends for key fee generating business activities were positive for the year. Insurance commissions and fees were \$7.5 million, up 17.3% from prior year; service charges on deposit accounts were \$8.3 million, up 3.4%; and trust and investment services income was \$5.4 million, up about 1.0%.

Noninterest expenses were \$62.1 million in 2005, up 6.7% over 2004. These increases were primarily due to higher compensation and benefits related expenses, which were up \$2.2 million for the year-to-date period. The acquisition of Banfield & Associates, Inc., effective December 31, 2004,

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

contributed to the increased personnel costs in 2005 over 2004.

Net Interest Income

Table 1-Average Statements of Condition and Net Interest Analysis illustrates the trend in average interest-earning assets and interest-bearing liabilities, and the corresponding yield or cost associated with each. Taxable-equivalent net interest income improved to \$77.9 million in 2005, up 5.3% from \$73.9 million in 2004. Taxable-equivalent net interest income benefited from growth in average earning assets and growth in deposits. The Federal Reserve raised short-term interest rates in 2005, which contributed to a 200 basis point increase in the prime rate in 2005. The higher prime rate had a favorable impact on commercial loan yields as the Company's prime rate based loans repriced upwards. The higher short-term interest rates also led to increased funding costs as rates on deposits and borrowings moved upwards. While short-term rates rose, the spread between long-term and short-term rates narrowed as longer-term rates did not increase in line with short-term rates. The yield on average earning assets increased 38 basis points from 5.40% for the fiscal year ended December 31, 2004, to 5.78% for fiscal 2005, while the cost of interest bearing liabilities increased 49 basis points from 1.60% to 2.09% over the same time period, resulting in an 11 basis point decline in the net interest spread. Growth in noninterest-bearing liabilities offset some of the decline in the spread resulting in a tax-equivalent net interest margin that is unchanged from 2004.

Taxable-equivalent interest income was up 12.6% over the same period prior year, driven by an increase in the loan volumes and yields. Average loans grew by \$103.1 million, or 9.2%, which included a \$58.2 million increase in average commercial real estate loans, a \$39.0 million increase in average residential loans, and a \$14.5 million increase in average commercial loans. Yields on commercial and industrial loans, commercial real estate loans, and home equity loans benefited from increases in market interest rates.

Increases in taxable-equivalent interest income were partially offset by a 35.8% increase in interest expense driven by the rise in short-term market interest rates. Rates on time deposits moved higher with the rise in short-term rates and resulted in an increased volume of these deposits. Core deposits, which include demand deposits, savings accounts, non-municipal money market accounts, and time deposits less than \$100,000, represent the Company's largest and lowest cost funding source. Average core deposits increased by \$46.0 million or 3.9%, to \$1.2 billion in 2005, providing funding to support average earning asset growth. Core deposit growth included a \$26.3 million or 8.9% increase in average noninterest-bearing deposits, from \$297.6 million in 2004 to \$324.0 million in 2005.

23

Non-core funding sources, which include time deposits of \$100,000 or more, brokered deposits, municipal money market deposits, Federal funds purchased, securities sold under repurchase agreements, and other borrowings provided additional sources of funding to support asset growth. Average balances on these non-core funding sources increased by \$39.8 million from \$578.2 million at year-end 2004, to \$618.0 million at year-end 2005. Average time deposits of \$100,000 or more increased by \$86.2 million to \$224.2 million at year-end 2005. Upward movement in time deposit interest rates beginning in the latter half of 2004 contributed to the growth in this deposit category. Growth in core and non-core deposits allowed for a reduction in average borrowings and securities sold under repurchase agreements from 2004 to 2005.

Changes in net interest income occur from a combination of changes in the volume of interest-earning assets and interest-bearing liabilities, and in the rate of interest earned or paid on them.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Table 2—Analysis of Changes in Net Interest Income illustrates changes in interest income and interest expense attributable to changes in volume (change in average balance multiplied by prior year rate), changes in rate (change in rate multiplied by prior year volume), and the net change in net interest income. The net change attributable to the combined impact of volume and rate has been allocated to each in proportion to the absolute dollar amounts of the change. The \$3.9 million increase in taxable-equivalent net interest income from 2004 to 2005 resulted from a \$12.3 million increase in interest income and an \$8.4 million increase in interest expense. An increased volume of earning assets contributed to a net \$4.7 million increase in taxable-equivalent net interest income between 2004 and 2005, while changes in interest rates reduced taxable-equivalent net interest income by \$790,000, resulting in the net increase of \$3.9 million.

Provision for Loan/Lease Losses

The provision for loan/lease losses represents management's estimate of the expense necessary to maintain the reserve for loan/lease losses at an adequate level. Management has developed a model to measure the amount of estimated loan loss exposure inherent in the loan portfolio to ensure that an adequate reserve is maintained. The provision for loan/lease losses was \$2.7 million in 2005, compared to \$2.9 million in 2004. The decrease in 2005 is primarily due to positive trends in asset quality measures. Nonperforming loans/leases were \$4.1 million or 0.33% of total loans/leases at December 31, 2005, compared with \$7.6 million or 0.65% of total loans/leases at December 31, 2004. The improvement in nonperforming loans/leases benefited from the return to accruing status of a large commercial credit based on an improved financial position. Net charge-offs of \$1.5 million in 2005 represented 0.13% of average loans/leases during the period, compared to net charge-offs of \$2.0 million in 2004, representing 0.18% of average loans/leases.

Noninterest Income

Total noninterest income was \$30.8 million in 2005, an increase of 10.0% over 2004. The Company has been able to expand the contribution of noninterest income to total revenues by developing and introducing new products and by marketing its services across all of the Company's markets. Noninterest income represented 29.1% of total revenue in 2005, compared with 28.2% in 2004.

In late 2005, the Company entered into an agreement with NOVA Information Systems (NOVA) to transfer customer service, processing services, and support operations for all merchant card processing customers. The agreement calls for NOVA to receive all future revenue from the Company's current merchant customers, and resulted in a pre-tax net gain of approximately \$3.0 million in the fourth quarter of 2005. The Company generates referral fees and income based on a percentage of net sales revenue from new customers referred to NOVA. The agreement with NOVA provides the Company's customers with improved technology for merchant card processing that is available through economies of scale that NOVA has as one of the largest merchant processing companies in the country.

Service charges on deposit accounts were up \$269,000 or 3.4% to \$8.3 million in 2005, compared to \$8.0 million in 2004. An increase in the number of transaction accounts, fee increases, and additional deposit services contributed to the growth in service charges on deposit accounts in 2005 over 2004. The average dollar volume of noninterest-bearing accounts increased by 8.9% between 2004 and 2005, from \$297.6 million to \$324.0 million. The largest component of service charges on deposit accounts is overdraft fees. Overdraft fees over the past several years have benefited from the implementation of an automated overdraft payment program in mid-2002 for personal accounts. This overdraft program was expanded in mid-2004 to encompass a broader customer base, including commercial accounts.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Insurance commissions and fees were \$7.5 million in 2005, an increase of \$1.1 million or 17.3% over 2004. Tompkins Insurance's acquisition of the Banfield & Associates, Inc., an insurance agency in Ithaca, New York, at year-end 2004 contributed to the growth in commission income in 2005 over 2004. This acquisition also provides an opportunity to offer insurance services to the customers of Tompkins Trust Company. Additionally, Tompkins Insurance has continued its efforts to offer services to customers of The Bank of Castile. These efforts include locating Tompkins Insurance representatives in offices of The Bank of Castile.

Trust and investment services generated \$5.4 million in revenue in 2005, an increase of 0.7% over revenue of \$5.4 million in 2004. With fees largely based on the market value and mix of assets managed, the general direction of the stock market can have a considerable impact on fee income. The market value of assets managed by, or in custody of, Tompkins Investment Services was \$1.5 billion at December 31, 2005, up 2.6% from December 31, 2004. These figures include \$435.2 million and \$413.8 million, respectively, of Company-owned securities where Tompkins Investment Services is custodian. Tompkins Investment Services generates fee income through managing trust and investment

24

relationships, managing estates, providing custody services, and managing investments in employee benefits plans. Services are primarily provided to customers in the Trust Company's market area of Tompkins County; however, Tompkins Investment Services representatives also serve clients in The Bank of Castile and Mahopac National Bank markets. The number of accounts increased by 7.5% between December 31, 2005, and December 31, 2004.

Card services income of \$2.6 million in 2005 was up \$174,000 or 7.0% over income of \$2.5 million in 2004. An increased number of cardholders and higher transaction volume contributed to the growth in card services income in 2005.

Noninterest income also includes \$1.1 million from increases in cash surrender value of corporate owned life insurance (COLI), down from \$1.2 million in 2004. The Company's average investment in COLI was \$25.8 million during 2005, compared to \$23.3 million during 2004. The Company purchased about \$2.1 million in additional COLI in 2005. Although income associated with the insurance policies is not included in interest income, increases in the cash surrender value produced a tax-adjusted return of approximately 7.08% in 2005, and 8.53% in 2004.

The \$206,000 increase in other income in 2005 over 2004 was largely driven by a \$207,000 gain on sale of real estate. In 2004, The Bank of Castile relocated its Warsaw Office to a newly renovated building. The former Warsaw Office building was sold in 2005 for a gain of \$207,000.

The Company has an investment in a Small Business Investment Company, Cephas Capital Partners, L.P. ("Cephas"), totaling \$3.4 million at December 31, 2005 and December 31, 2004. For 2005, the Company recognized income from this investment of \$333,000 compared with income of \$381,000 in 2004. The Company believes that as of December 31, 2005, there is no impairment with respect to this investment.

In late 2005, the Company sold approximately \$80 million of available-for-sale securities as part of a portfolio restructuring that resulted in a pre-tax loss of approximately \$1.5 million. Proceeds from the sale have been primarily used to acquire higher-yielding securities, which is expected to have a positive impact on interest income in future periods.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Noninterest Expense

Noninterest expenses for the year ended December 31, 2005, were \$62.1 million, an increase of 6.7% over noninterest expenses of \$58.2 million for the year ended December 31, 2004. Changes in the various components of noninterest expense are discussed below.

Personnel-related expenses represented 58.2% of noninterest expenses in 2005, compared to 58.4% in 2004. Total personnel-related expenses increased by \$2.2 million or 6.4% in 2005, to \$36.1 million from \$34.0 million. The increase in personnel-related expenses is concentrated in salaries and wages and reflects an increased number of employees and salary increases. Average full-time equivalents (FTEs) increased from 578 for the year ended December 31, 2004, to 587 for the year ended December 31, 2005. Tompkins Insurance's acquisition of Banfield & Associates, Inc. in late 2004 contributed to the increase in year-end FTEs. Also included in 2005 salaries and wages was \$63,000 resulting from the decision to accelerate unvested stock options for all non-executives in late 2005.

Also included in personnel-related expenses are post-retirement benefits, which were also up over prior year. Post-retirement benefits expense did benefit from a change in the Company's post-retirement health care plan during 2005. Refer to "Note 11 Employee Benefit Plans" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Report.

Expense for premises, furniture, and fixtures totaled \$7.7 million in 2005, an increase of \$569,000 or 8.0% over expense of \$7.1 million in 2004. Additions to the Company's branch network, including the Mount Kisco office of Mahopac National Bank, which opened in July 2004, and the opening of the Tompkins Financial Center in Batavia, New York, in early 2005, as well as higher real estate taxes, insurance and utility costs contributed to the increase in year-over-year expenses for bank premises and furniture.

Marketing expense was up 16.1% in 2005 over 2004. Planned marketing initiatives for 2005 accounted for the increase in marketing expenditures over the prior year.

Professional fees totaled \$1.5 million in 2005 compared with \$1.7 million in 2004. The \$184,000 or 11.1% decline in this category is mainly a result of lower expenses related to the Company's compliance with the internal control over financial reporting requirements under Section 404 of the Sarbanes-Oxley Act. External costs for professional services related to the implementation and compliance with Section 404 were \$618,000 in 2004, whereas ongoing compliance costs in 2005 included the addition of one staff position and \$185,000 in costs related to external professional services.

Software licenses and maintenance expenses were \$1.8 million, an increase of \$325,000 or 22.4% over 2004. Increases in annual maintenance contracts contributed to the increase in this category, as did expenses related to the implementation of new systems.

Other operating expenses totaled \$10.9 million in 2005, which is up 7.1% over the same period in 2004. The increase was distributed across the following expense categories: business development, printing and supplies, software amortization, audits and examinations, and education and training.

The Company's efficiency ratio, defined as operating expense excluding amortization of intangible assets, divided by tax-equivalent net interest income plus noninterest income before securities gains and losses (increase in the cash

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

surrender value of COLI is shown on a tax equivalent basis), was 55.5% in 2005, compared to 56.1% in 2004. Tax equivalency was based upon a 40% tax rate. Excluding the tax equivalent adjustments for tax-exempt securities, tax-exempt loans/leases, and COLI income, the efficiency ratio would be 57.3% in 2005 and 58.0% in 2004.

Minority Interest in Consolidated Subsidiaries

Minority interest expense represents the portion of net income in consolidated majority-owned subsidiaries that is attributable to the minority owners of a subsidiary. The Company had minority interest expense of \$131,000 in 2005 compared to \$133,000 in 2004, related to minority interests in three real estate investment trusts, which are substantially owned by the Company's banking subsidiaries.

Income Tax Expense

The provision for income taxes provides for Federal and New York State income taxes. The 2005 provision was \$13.2 million, compared to \$12.5 million in 2004. The increase was primarily due to a higher level of taxable income. The effective tax rate for the Company decreased in 2005 to 32.3%, from 32.8% in 2004. The decrease in the effective rate in 2005 compared with 2004 is due to higher levels of tax-advantaged income, such as income from investments in municipal bonds, economic zone credits, and new market tax credits as well as additional investments in real estate investment trusts in 2005.

FINANCIAL CONDITION

Total assets grew by \$104.0 million or 4.9% to \$2.2 billion at December 31, 2006, compared to \$2.1 billion at December 31, 2005. Table 3-Balance Sheet Comparisons below provides a comparison of average and year-end balances of selected balance sheet categories over the past three years, and the change in those balances between 2005 and 2006. Over the past several years, the Company has focused on growing average earning assets to increase net interest income and offset the negative impact of a narrowing spread between the yield on earning assets and the cost of interest bearing liabilities. Earning asset growth in 2006 included a \$54.9 million increase in loans, mainly commercial real estate, commercial loans, and residential real estate. Residential loan growth is net of \$12.5 million in sales of fixed rate residential mortgage loans and \$32.0 million of residential mortgage loans securitized with FHLMC during 2006. A more detailed discussion of the loan portfolio is provided below in this section under the caption "Loan/Leases".

The Company's investment portfolio (excluding fair value adjustments on available-for-sale securities) was up 7.9% to approximately \$722.3 million at year-end 2006. Contributing to the increase in the investment portfolio was the second quarter 2006 securitization of about \$32.0 million of Company originated residential mortgage loans, which subsequent to securitization with FHLMC, are part of the Company's available-for-sale investment portfolio. A more detailed discussion of the investment portfolio is provided below in this section under the caption "Securities".

Deposit growth generated by the Company's branch network has supported the majority of the growth in earning assets. Core deposits remain the primary source of funding with core deposits increasing by \$21.1 million or 1.7% to \$1.3 billion at year-end 2006. Time deposits of \$100,000 and more increased \$16.3 million, or 5.5%, to \$313.1 million at year-end 2006, from \$296.8 million at year end 2005, as the rates on these products increased with market rates. The Company also uses wholesale funding sources, which include borrowings and securities sold under agreements to repurchase, to support asset growth. These funding sources were up \$61.1 million or 28.2% between year-end 2006 and year-end 2005 at \$277.4 million and \$216.3 million, respectively. Refer to "Note

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

9 Securities Sold Under Agreements to Repurchase and Federal Funds Purchased" and "Note 10 Other Borrowings" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Report on Form 10-K for further details on these funding sources.

26

Table 3 - Balance Sheet Comparisons

AVERAGE BALANCE SHEET

(in thousands)	2006	2005	
Total assets	\$2,139,192	\$2,038,040	\$1,939
Earning assets *	1,987,258	1,896,197	1,801
Total loans and leases, less unearned income and net deferred costs and fees	1,269,650	1,220,016	1,116
Securities *	714,891	671,695	672
Core deposits **	1,254,536	1,221,082	1,175
Time deposits of \$100,000 and more	296,714	224,248	138
Federal funds purchased and securities sold under agreements to repurchase	159,147	157,817	175
Other borrowings	79,310	70,486	81
Shareholders' equity	184,872	174,986	163

ENDING BALANCE SHEET

(in thousands)	2006	2005	
Total assets	\$2,210,837	\$2,106,870	\$1,970
Earning assets *	2,052,478	1,944,124	1,832
Total loans and leases, less unearned income and net deferred costs and fees	1,326,298	1,271,349	1,172
Securities *	722,257	669,414	658
Core deposits **	1,269,428	1,248,314	1,201
Time deposits of \$100,000 and more	313,137	296,806	150
Federal funds purchased and securities sold under agreements to repurchase	191,490	152,651	153
Other borrowings	85,941	63,673	63
Shareholders' equity	189,620	181,221	171

* Balances of available-for-sale securities are shown at amortized cost.

** Core deposits equal total deposits less time deposits of \$100,000 and more, brokered deposits, and municipal money market deposits.

Shareholders' Equity

The Consolidated Statements of Changes in Shareholders' Equity included in the Consolidated Financial Statements of the Company contained in Part II, Item 8. of this Report, detail the changes in equity capital, including payments to shareholders in the form of cash and stock dividends. The Company continued its long history of increasing cash dividends with a per share increase of 7.5% in

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

2006, which follows an increase of 8.1% in 2005. Dividends per share amounted to \$1.15 in 2006, compared to \$1.07 in 2005, and \$0.99 in 2004. Cash dividends paid represented 40.7%, 37.9%, and 38.1% of after-tax net income in each of 2006, 2005, and 2004, respectively.

Total shareholders' equity was up \$8.4 million or 4.6% to \$189.6 million at December 31, 2006, from \$181.2 million at December 31, 2005. On May 15, 2006, the Company paid a 10% stock dividend. The stock dividend has no impact on the Company's total equity capital, but does result in a reallocation of equity, primarily by reducing retained earnings and increasing additional paid-in capital. Retained earnings were down \$24.8 million between year-end 2005 and year-end 2006, from \$69.2 million to \$44.4 million, while additional paid-in capital increased by \$39.5 million, from \$118.7 million at December 31, 2005, to \$158.2 million at December 31, 2006, mainly due to the 10% stock dividend. The increase in accumulated other comprehensive loss is due to adoption of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans--An Amendment of FASB No. 87, 88, 106 and 132(R)" ("SFAS 158"). SFAS 158 requires that the funded status of defined benefit postretirement plans be recognized on the company's balance sheet, and changes in the funded status be reflected in comprehensive income, effective for fiscal years ending after December 15, 2006. The Company's adoption of SFAS 158, effective December 31, 2006, resulted in a \$7.7 million, net of tax, increase in accumulated other comprehensive loss, a component of shareholders' equity.

On July 27, 2004, the Company's Board of Directors approved a stock repurchase plan (the "2004 Plan"), which authorized the repurchase of up to 484,000 shares of the Company's outstanding common stock over a two-year period. The 2004 Plan expired on July 27, 2006. During 2006, the Company repurchased 151,742 shares at an average cost of \$42.30 per share under the 2004 Plan. Over the two-year term of the 2004 Plan, the Company repurchased 175,924 shares at an average cost of \$40.03.

27

On July 18, 2006, the Company's Board of Directors approved a new stock repurchase plan (the "2006 Plan") to replace the 2004 Plan, which expired in July 2006. The 2006 Plan authorizes the repurchase of up to 450,000 shares of the Company's outstanding common stock over a two-year period. During 2006, the Company repurchased 88,228 shares at an average cost of \$43.58 under the 2006 Plan.

Total shareholders' equity was up \$10.2 million or 6.0% to \$181.2 million at December 31, 2005, from \$171.0 million at December 31, 2004. On February 15, 2005, the Company paid a 10% stock dividend. Retained earnings were down \$25.3 million between year-end 2004 and year-end 2005, from \$94.5 million to \$69.2 million, while additional paid-in capital increased by \$42.8 million, from \$75.8 million at December 31, 2004, to \$118.7 million at December 31, 2005, mainly due to the 10% stock dividend. The decrease in accumulated other comprehensive income (loss) is due to an increase in unrealized losses on available-for-sale securities largely driven by increases in short-term interest rates.

The Company and its subsidiary banks are subject to quantitative capital measures established by regulation to ensure capital adequacy. Consistent with the objective of operating a sound financial organization, the Company and its subsidiary banks maintain capital ratios well above regulatory minimums, as detailed in "Note 17 Regulations and Supervision" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Report on Form 10-K.

Securities

The Company's securities portfolio (excluding fair value adjustments on

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

available-for-sale securities) at December 31, 2006, was \$722.3 million, reflecting an increase of 7.9% from \$669.4 million at December 31, 2005. "Note 2 Securities" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Report, details the types of securities held, the carrying and fair values, and the contractual maturities as of December 31, 2006 and 2005. Qualified tax-exempt debt securities, primarily obligations of state and political subdivisions, were \$106.8 million at December 31, 2006, or 14.8% of total securities, compared to \$129.5 million, or 19.3% of total securities at December 31, 2005. Mortgage-backed securities, consisting mainly of securities issued by U.S. Government agencies, totaled \$356.6 million at December 31, 2006, compared to \$321.2 million at December 31, 2005. Contributing to the growth in mortgage-backed securities was the Company's second quarter 2006 securitization of \$32.0 million of residential loans, which are now held in the Company's available-for-sale securities portfolio.

The amortized cost and fair value of the Company's securities portfolio at December 31, 2004, is presented in the table below.

Available-for-Sale Securities			
December 31, 2004 (in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses
Obligations of U.S. Government sponsored agencies	\$ 231,201	\$ 614	\$ 1,933
Obligations of states and political subdivisions	43,024	1,396	86
Mortgage-backed securities	300,359	2,853	1,343
U.S. corporate securities	3,000	0	50
Total debt securities	577,584	4,863	3,412
Equity securities	12,036	0	0
Total available-for-sale securities	\$ 589,620	\$ 4,863	\$ 3,412

Held-to-Maturity Securities			
December 31, 2004 (in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses
Obligations of states and political subdivisions	\$ 69,252	\$ 1,498	\$ 224
Total held-to-maturity debt securities	\$ 69,252	\$ 1,498	\$ 224

Available-for-sale securities at year-end 2006 include \$14.7 million in nonmarketable equity securities, which are carried at cost since fair values are not readily determinable. This figure includes \$11.6 million of Federal Home Loan Bank (FHLB) stock, and \$724,000 of Federal Reserve Bank (FRB) stock, which are required to be held for regulatory purposes and for borrowings availability. The required investment in FHLB stock is tied to the Company's borrowing levels with the FHLB. Substantially all of the above mortgage-backed securities are direct pass through securities or collateralized mortgage obligations issued or backed by Federal agencies.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Management's policy is to purchase investment grade securities that, on average, have relatively short expected durations. This policy helps mitigate interest rate risk and provides sources of liquidity without significant risk to capital. A large percentage of securities are direct obligations of the Federal government and its agencies. The contractual maturity distribution of debt securities and mortgage-backed securities as of December 31, 2006, along with the weighted average yield of each category, is presented in Table 4-Maturity

28

Distribution below. Balances are shown at amortized cost and weighted average yields are calculated on a fully taxable-equivalent basis. Expected maturities will differ from contractual maturities presented in Table 4-Maturity Distribution below, because issuers may have the right to call or prepay obligations with or without penalty and mortgage-backed securities will pay throughout the periods prior to contractual maturity

Table 4 - Maturity Distribution

	As of December 31, 2006		
	Securities		Hel
	Available-for-Sale *		
(dollar amounts in thousands)	Amount	Yield (FTE)	Amou
Obligations of U.S. Government sponsored agencies			
Within 1 year	\$ 19,990	3.76%	\$
Over 1 to 5 years	174,950	4.09%	
Over 5 to 10 years	36,660	5.06%	
Over 10 years	10,000	5.75%	
	\$ 241,600	4.28%	\$
State and political subdivisions			
Within 1 year	\$ 4,997	4.42%	\$ 1
Over 1 to 5 years	16,520	5.72%	2
Over 5 to 10 years	23,621	5.55%	1
Over 10 years	2,653	5.72%	
	\$ 47,791	5.50%	\$ 5
Mortgage-backed securities			
Within 1 year	\$ 11	5.08%	\$
Over 1 to 5 years	22,958	4.35%	
Over 5 to 10 years	122,146	4.60%	
Over 10 years	211,504	5.13%	
	\$ 356,619	4.90%	\$
Other securities			
Within 1 year	\$ 0	0.00%	\$
Over 1 to 5 years	0	0.00%	
Over 5 to 10 years	0	0.00%	

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Over 10 years		2,500	8.12%	
Equity securities		14,709	5.30%	
		\$ 17,209	5.71%	\$

Total securities				
Within 1 year	\$	24,998	3.90%	\$
Over 1 to 5 years		214,428	4.25%	
Over 5 to 10 years		182,427	4.82%	
Over 10 years		226,657	5.19%	
Equity securities		14,709	5.30%	
		\$ 663,219	4.74%	\$
=====				

* Balances of available-for-sale securities are shown at amortized cost.

At December 31, 2006, there were no holdings of any one issuer, other than the U.S. Government sponsored agencies, in an amount greater than 10% of the Company's shareholders' equity.

Loans/Leases

Interest and fees earned on loans is the Company's primary source of revenues. Total loans and leases, net of unearned income and net deferred loan fees and costs, grew 4.3%, to \$1.33 billion at December 31, 2006, from \$1.27 billion at December 31, 2005. As of December 31, 2006, total loans represented 60.0% of total assets compared to 60.3% as of December 31, 2005. Table 5-Loan/Lease Classification Summary below details the composition and volume changes in the loan/lease portfolio over the past five years.

29

Table 5 - Loan/Lease Classification Summary

(in thousands)	As of December 31,			
	2006	2005	2004	
Residential real estate	\$ 469,146	\$ 475,155	\$ 451,014	\$ 404,000
Commercial real estate	393,829	347,443	296,614	242,000
Real estate construction	26,130	30,309	27,163	21,000
Commercial	345,194	306,410	277,082	275,000
Consumer and other	82,341	100,249	100,971	104,000
Leases	11,962	14,864	23,121	24,000

Total loans and leases	1,328,602	1,274,430	1,175,965	1,073,000
Less: unearned income and deferred costs and fees	(2,304)	(3,081)	(3,817)	(4,000)

Total loans and leases, net of unearned income and deferred costs and fees	\$ 1,326,298	\$ 1,271,349	\$ 1,172,148	\$ 1,069,000

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Residential real estate loans of \$469.1 million at year-end 2006 decreased by \$6.0 million or 1.3% from \$475.2 million in 2005, and comprised 35.4% of total loans and leases at December 31, 2006. Residential loan balances at year-end 2006 are net of \$32.0 million of residential loans that were securitized in the second quarter of 2006 and \$12.5 million of loan sales to Federal agencies.

Residential real estate mortgage loans are generally underwritten in accordance with secondary market guidelines to enhance the liquidity of these generally longer-term assets. As part of its asset/liability management strategy the Company may sell certain residential mortgage loans in the secondary market. During 2006, 2005, and 2004, the Company sold residential mortgage loans totaling \$12.5 million, \$16.5 million, and \$14.7 million, respectively, and realized gains on these sales of \$177,000, \$238,000, and \$240,000, respectively. When residential mortgage loans are sold or securitized, the Company typically retains all servicing, providing the Company with a source of fee income. The Company generally sells loans without recourse. In connection with the loan sales and securitizations in 2006, 2005, and 2004, the Company recorded mortgage-servicing assets of \$294,000, \$98,000, and \$95,200, respectively. Amortization of mortgage servicing amounted to \$116,000, in 2006, \$127,000 in 2005 and \$168,000 in 2004. Residential mortgage loans serviced for others totaled \$162.0 million at December 31, 2006, compared to \$135.6 million at December 31, 2005. Capitalized mortgage servicing rights totaled \$1.1 million at December 31, 2006, and \$949,000 at December 31, 2005, and are reported as intangible assets on the consolidated statements of condition.

Commercial real estate loans increased by \$46.4 million, or 13.4%, in 2006 over 2005, from \$347.4 million in 2005 to \$393.8 million in 2006. Commercial real estate loans of \$393.8 million represented 29.7% of total loans and leases at December 31, 2006. Commercial loans totaled \$345.2 million at December 31, 2006, which is a 12.7% increase from commercial loans of \$306.4 million at December 31, 2005. Growth in commercial lending, including commercial real estate reflects a continued emphasis on commercial lending. Management believes that the Company's community banking strategy can provide value to small business customers, while commercial lending products are typically attractive to the Company from a yield and interest rate risk perspective. The combined legal lending limits of the Company's three subsidiary banks has allowed the Company to attract larger lending relationships.

The consumer loan portfolio includes personal installment loans, indirect automobile financing, and overdraft lines of credit. The Company faces significant competition from local and national lenders as well as auto finance companies for consumer lending products. Consumer and other loans were \$82.3 million at December 31, 2006, down from \$100.2 million at December 31, 2005. The fourth quarter 2006 sale of the Company's credit card portfolio contributed to the decrease in consumer loans at year-end 2006.

The lease portfolio decreased by 19.5% to \$12.0 million at December 31, 2006 from \$14.9 million at December 31, 2005. The lease portfolio has traditionally consisted of leases on vehicles for consumers and small businesses. Competition for automobile financing has led to a decline in the consumer lease portfolio over the past several years. Management continues to focus on leasing opportunities, primarily commercial leasing and municipal leasing. As of December 31, 2006, commercial leases and municipal leases represented 99.2% of total leases, while consumer leases made up the remaining 0.8%. As of December 31, 2005, commercial leases and municipal leases represented 99.8% of total leases, while consumer leases made up the remaining 0.2%.

The Company's loan/lease customers are located primarily in the New York communities served by its three subsidiary banks. The Trust Company operates fourteen banking offices in the counties of Tompkins, Cayuga, Cortland, and Schuyler, New York. The Bank of Castile operates fourteen banking offices in towns situated in and around the areas commonly known as the Letchworth State

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Park area and the Genesee Valley region of New York State. Mahopac National Bank is located in Putnam County, New York and operates five banking offices in that county, three full service offices in neighboring Dutchess County, New York and one full service office in Westchester County, New York. Other than general economic risks, management is not aware of any material concentrations of credit risk to any industry or individual borrower. Further information on the Company's lending activities, including related party transactions, is provided in "Note 4 Loan/Lease Classification Summary and Related Party Transactions" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Report.

30

The Allowance for Loan/Lease Losses

Management reviews the adequacy of the allowance for loan/lease losses ("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 portfolio and the material effect that assumptions could have on the Company's results of operations. Factors considered in determining the adequacy of the allowance and 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/lease portfolio; comments received during the course of independent examinations; current local economic conditions; past due and nonperforming loan statistics; the impact of competition on loan structuring and pricing; the estimated values of collateral; and a historical review of loan/lease loss experience.

The Company has developed a methodology to measure the amount of estimated loan loss exposure inherent in the loan portfolio to ensure that an adequate allowance is maintained. The methodology includes an estimate of exposure for the following: specifically reviewed and graded loans, historical loss experience by product type, past due and nonperforming loans, and other internal and external factors such as local and regional economic conditions, growth trends, and credit policy and underwriting standards. The methodology includes a review of loans considered impaired in accordance with the Statement of Financial Accounting Standards (SFAS) No. 114, "Accounting by Creditors for Impairment of a Loan", as well as other commercial loans and commercial mortgage loans that are evaluated using an internal rating system. An estimated exposure amount is assigned to these internally reviewed credits based upon a review of the borrower's financial condition, payment history, collateral adequacy, and business conditions. For commercial loans and commercial mortgage loans not specifically reviewed, and for homogenous loan portfolios such as residential mortgage loans and consumer loans, estimated exposure amounts are assigned based upon historical loss experience, past due status, and management's judgment of the effects of recent and forecasted economic conditions on portfolio performance. Lastly, additional amounts are maintained based upon management judgment and assessment of other quantitative and qualitative factors such as regional and local economic conditions, concentrations of credit, industry concerns, adverse market changes in estimated or appraised collateral value, and portfolio growth trends.

Since the methodology is based upon historical experience and trends as well as management's judgment, factors may arise that result in different estimations. Significant factors that could give rise to changes in these estimates may include, but are not limited to, changes in economic conditions in the local area, concentration of risk, changes in interest rates, and declines in local property values. While management's evaluation of the allowance as of December 31, 2006, considers the allowance to be adequate, under adversely different conditions or assumptions, the Company would need to increase the allowance.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

The allocation of the Company's allowance as of December 31, 2006, and each of the previous four years is illustrated in Table 6- Allocation of the Allowance for Loan/Lease Losses, below.

31

Table 6 - Allocation of the Allowance for Loan/Lease Losses

(dollar amounts in thousands)	2006	2005	December 31 2004
Total loans outstanding at end of year	\$ 1,326,298	\$ 1,271,349	\$ 1,172,148
ALLOCATION OF THE ALLOWANCE BY LOAN TYPE:			
Commercial	\$ 6,308	\$ 5,354	\$ 5,871
Real estate	5,609	5,357	3,947
Consumer and all other	2,236	2,850	2,731
Unallocated	175	116	0
Total	\$ 14,328	\$ 13,677	\$ 12,549
ALLOCATION OF THE ALLOWANCE AS A PERCENTAGE OF TOTAL ALLOWANCE:			
Commercial	44%	39%	47%
Real estate	39%	39%	31%
Consumer and all other	16%	21%	22%
Unallocated	1%	1%	0%
Total	100%	100%	100%
LOAN/LEASE TYPES AS A PERCENTAGE OF TOTAL LOANS/LEASES:			
Commercial	26%	24%	24%
Real estate	67%	67%	66%
Consumer and all other	7%	9%	10%
Total	100%	100%	100%

Management is committed to early recognition of loan problems and to maintaining an adequate allowance. The above allocation is neither indicative of the specific amounts or the loan categories in which future charge-offs may occur, nor is it an indicator of future loss trends. The allocation of the allowance to each category does not restrict the use of the allowance to absorb losses in any category. The increase in the allowance between year-end 2005 and year-end 2006 reflects higher allocations due to growth in the loan portfolio and additional allocations for specifically reviewed and graded loans.

The level of future charge-offs are dependent upon a variety of factors such as national and local economic conditions, trends in various industries, underwriting characteristics, and conditions unique to each borrower. Given uncertainties surrounding these factors, it is difficult to estimate future losses.

The principal balances of nonperforming loans/leases, including impaired

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

loans/leases, as of December 31 are detailed in the table below.

(dollar amounts in thousands)	2006	2005	2004
Loans 90 days past due and accruing	\$ 8	\$ 12	\$ 31
Nonaccrual loans	2,994	4,072	7,392
Troubled debt restructurings not included above	0	50	189
Total nonperforming loans/leases	3,002	4,134	7,612
Other real estate owned	348	366	89
Total nonperforming assets	\$ 3,350	\$ 4,500	\$ 7,701
Allowance as a percentage of loans/leases outstanding	1.08%	1.08%	1.07%
Allowance as a percentage of nonperforming loans/leases	477.28%	330.84%	164.86%
Total nonperforming assets as a percentage of total assets	0.15%	0.21%	0.39%

The allowance represented 1.08% of total loans/leases outstanding at December 31, 2006, unchanged from December 31, 2005. The reserve coverage of nonperforming loans (loans past due 90 days and accruing, nonaccrual loans, and restructured troubled debt) was 4.77 times at December 31, 2006, compared to 3.31 times at December 31, 2005. The difference between the interest income that would have been recorded if these loans/leases had been paid in accordance with their original terms and the interest income recorded for the years ended December 31, 2006, 2005 and 2004 was not significant. A discussion of the Company's policy for placing loans on nonaccrual status is included in "Note 1 Summary of Significant Accounting Policies" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Report.

32

The Company's historical loss experience is detailed in Table 7-Analysis of the Allowance for Loan/Lease Losses

Table 7 - Analysis of the Allowance for Loan/Lease Losses

(in thousands)	2006	2005	December 31 2004
Average loans outstanding during year	\$ 1,269,650	\$ 1,220,016	\$ 1,116,965
Balance of allowance at beginning of year	13,677	12,549	11,685
LOANS CHARGED-OFF:			
Commercial, financial, agricultural	333	890	1,221
Real estate - mortgage	43	408	78
Installment loans to individuals	504	595	977
Lease financing	210	0	27

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Other loans	174	344	487

Total loans charged-off	\$ 1,264	\$ 2,237	\$ 2,790

RECOVERIES OF LOANS PREVIOUSLY			
CHARGED-OFF:			
Commercial, financial, agricultural	136	210	198
Real estate - mortgage	19	32	54
Installment loans to individuals	226	277	406
Lease financing	3	37	23
Other loans	107	150	113

Total loans recovered	\$ 491	\$ 706	\$ 794

Net loans charged-off	773	1,531	1,996
Additions to allowance charged to operations	1,424	2,659	2,860

Balance of allowance at end of year	\$ 14,328	\$ 13,677	\$ 12,549

Net charge-offs as a percentage of average loans/leases outstanding during the year	0.06%	0.13%	0.18%
=====			

Net loans charged-off have decreased over the past several years after a spike in 2003. Economic conditions were weak in 2003, particularly, in the Western New York markets served by The Bank of Castile. Some major employers in the Rochester, New York market were downsizing and there was softness in agricultural related businesses. Economic conditions have improved in this market area over the past few years. The economic climates in the Central New York markets served by Tompkins Trust Company and the lower Hudson Valley markets served by Mahopac National Bank remain favorable.

Management reviews the loan portfolio continuously for evidence of potential problem loans/leases. Potential problem loans/leases are loans/leases that are currently performing in accordance with contractual terms, 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 sometime in the future. Management considers loans/leases classified as Substandard, which continue to accrue interest, to be potential problem loans/leases. The Company, through its internal loan review function identified 25 commercial relationships totaling \$19.7 million at December 31, 2006, and 34 commercial relationships totaling \$20.0 million at December 31, 2005, which it classified as Substandard, 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 the aggregate, give management reason to believe that the current risk exposure on these loans does not warrant accounting for these loans as nonperforming. Approximately \$3.9 million of these loans at December 31, 2006, are backed by guarantees of U.S. government agencies. While in a performing status as of December 31, 2006, these loans exhibit certain risk factors, which have the potential to cause them to become nonperforming. Accordingly, management's attention is focused on these credits, which are reviewed on at least a quarterly basis. The decrease in the number and dollar amount of commercial relationships classified as Substandard, which continue to accrue interest, between December 31, 2005, and December 31, 2006, primarily reflects upgrades of approximately \$5.5 million due to improvements in financial performance, paydowns of approximately \$1.8 million, charge-offs of \$0.1 million, other real estate of \$.5 million, which were partially offset by additions of \$7.6 million.

Deposits and Other Liabilities

Total deposits of \$1.7 billion at December 31, 2006, reflected an increase of \$26.4 million over total deposits at December 31, 2005. Deposit growth consisted of core deposits, which increased by \$21.1 million. Core deposits totaled \$1.3 billion at December 31, 2006, and represented 62.9% of total liabilities. This compares to core deposits of \$1.2 billion, representing 64.9% of total liabilities at December 31, 2005. Brokered deposits were down by \$19.4 million to \$20.1 million. The rise in short-term market rates led to competitive pressures to increase the rates on time deposits over the period causing some consumers, businesses and municipalities to move excess funds from lower yielding savings and money markets to time deposits. The three new banking offices opened in 2006 contributed approximately \$24.7 million to the growth in 2006 deposits. Table 1-Average Statements of Condition and Net Interest Analysis above shows the average balance and average rate paid on the Company's primary deposit categories for the years ended December 31, 2006, 2005, and 2004. A maturity schedule of time deposits outstanding at December 31, 2006, is included in "Note 8 Deposits" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Report.

The Company's liability for securities sold under agreements to repurchase ("repurchase agreements") amounted to \$191.5 million at December 31, 2006, up \$38.8 million or 25.4% from \$152.7 million at December 31, 2005.

The Company uses both retail and wholesale 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. Retail repurchase agreements totaled \$69.5 million at December 31, 2006, and \$67.7 million at December 31, 2005. Management generally views local repurchase agreements as an alternative to large time deposits. The Company's wholesale repurchase agreements are primarily with the Federal Home Loan Bank (FHLB) and amounted to \$122.0 million at December 31, 2006, and \$85.0 million at December 31, 2005. Refer to "Note 9 Securities Sold Under Agreements to Repurchase and Federal Funds Purchased" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Report for further details on the Company's repurchase agreements.

The Company's other borrowings include amounts owed to the FHLB and totaled \$85.9 million at year-end 2006, up \$22.2 million or 35.0% from \$63.7 million at year-end 2005. The \$85.9 million in borrowings at December 31, 2006, includes \$45.2 million in term advances and \$40.5 million of overnight FHLB advances. At December 31, 2005, there were \$63.4 million in term advances with the FHLB. Of the \$45.2 million of term advances at year-end 2006, \$5.1 million are due within one year and have a weighted average rate of 4.41%; and \$40.1 million are due over one year and have a weighted average rate of 4.47%.

Other borrowings include a Treasury Tax and Loan Note account with the Federal Reserve Bank of New York totaling \$100,000 at December 31, 2006 and December 31, 2005. At December 31, 2006 and 2005, Tompkins Insurance had borrowings of \$160,000 and \$142,000, respectively, from unrelated financial institutions.

Refer to "Note 10 Other Borrowings" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Report for further details on the Company's term borrowings with the FHLB.

LIQUIDITY MANAGEMENT

The objective of liquidity management is to ensure the availability of adequate

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

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 funding source and represent a low cost funding source obtained primarily through the Company's branch network. Core deposits increased by \$21.1 million to \$1.3 billion at year-end 2006, with the increase mainly in time deposits less than \$100,000 as rates on these products moved up with the increase in market rates. Noninterest-bearing deposit balances were flat, while savings and money market deposit balances were down slightly when compared with year-end 2005. Core deposits represented 74.3% of total deposits and 62.9% of total liabilities at December 31, 2006, compared to 74.2% of total deposits and 64.9% of total liabilities at December 31, 2005. The addition of three new banking offices in 2006 contributed to the growth in core deposits in 2006 over 2005.

Non-core funding sources, which include time deposits of \$100,000 or more, brokered time deposits, municipal money market accounts, repurchase agreements, and other borrowings, increased by \$66.4 million between year-end 2005 and year-end 2006, from \$651.0 million to \$717.4 million. As a percentage of total liabilities, non-core funding sources increased from 33.8% at year-end 2005 to 35.5% at year-end 2006. The increase in the dollar volume of non-core funding was concentrated in overnight and term advances from the FHLB.

34

Non-core funding sources may require securities to be pledged against the underlying liability. Securities carried at \$584.0 million and \$516.8 million at December 31, 2006 and 2005, respectively, were pledged as collateral for public deposits and other borrowings, and pledged or sold under agreements to repurchase. Pledged securities represented 81.8% of total securities at December 31, 2006, compared to 78.4% of total securities at December 31, 2006.

The Company's liquidity is enhanced by ready access to national and regional wholesale funding sources including Federal funds purchased, repurchase agreements, negotiable 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 December 31, 2006, the unused borrowing capacity on established lines with the FHLB was \$366.1 million. As members of the FHLB, the Company's subsidiary banks can use unencumbered mortgage-related assets to secure additional borrowings from the FHLB. At December 31, 2006, total unencumbered residential real estate assets were \$276.0 million. Additional assets may also qualify as collateral for FHLB advances upon approval of the FHLB.

Short-term investments, consisting of securities with maturities of one year or less, totaled \$40.7 million at year-end 2006, and \$40.5 million at year-end 2005.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

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 interest payments and principal reductions. Total mortgage-backed securities, at fair value, were \$352.4 million at December 31, 2006, compared with \$315.5 million at December 31, 2005. Using current prepayment assumptions, cash flow from the investment portfolio is estimated to be approximately \$136.5 million in 2007. Investments in residential mortgage loans, consumer loans, and leases totaled approximately \$563.4 million at December 31, 2006. Aggregate amortization from monthly payments on these loan assets provides significant additional cash flow to the Company. Table 8-Loan Maturity details total scheduled maturities of selected loan categories.

Table 8 - Loan Maturity

Remaining maturity of selected loans (in thousands)	Total	At December 31, 2006		
		Within 1 year	1-5 years	After 5 years
Commercial real estate	\$ 392,843	\$ 1,920	\$ 14,047	\$ 376,876
Real estate construction	25,991	3,042	6,179	16,770
Commercial	345,106	119,569	103,092	122,445
Total	\$ 763,940	\$ 124,531	\$ 123,318	\$ 516,091

Loan balances are shown net of unearned income and deferred costs and fees

Of the loan amounts shown above in Table 8-Loan Maturity maturing over one year, \$201.7 million have fixed rates and \$437.7 million have adjustable rates.

OFF-BALANCE SHEET ARRANGEMENTS

In the normal course of business the Company is party to certain financial instruments, which in accordance with accounting principles generally accepted in the United States, are not included in its Consolidated Statements of Condition. These transactions include commitments under stand-by letters of credit, unused portions of lines of credit, and commitments to fund new loans and are undertaken to accommodate the financing needs of the Company's customers. Loan commitments are agreements by the Company to lend monies at a future date. These loan and letter of credit commitments are subject to the same credit policies and reviews as the Company's loans. Because most of these loan commitments expire within one year from the date of issue, the total amount of these loan commitments as of December 31, 2006, are not necessarily indicative of future cash requirements. Further information on these commitments and contingent liabilities is provided in "Note 14 Commitments and Contingent Liabilities" in Notes to Consolidated Financial Statements in Part II, Item 8. of this Report.

CONTRACTUAL OBLIGATIONS

The Company leases land, buildings, and equipment under operating lease arrangements extending to the year 2090. Most leases include options to renew for periods ranging from 5 to 20 years. In addition, the Company has a software contract for its core banking application through August 1, 2010, along with contracts for more specialized software programs through 2016. Further information on the Company's lease arrangements is provided in "Note 7 Bank Premises and Equipment" in Notes to Consolidated Financial Statements in Part

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

II, Item 8. of this Report. The Company's contractual obligations as of December 31, 2006, are shown in Table 9-Contractual Obligations and Commitments below.

35

Table 9 - Contractual Obligations and Commitments

Contractual Cash Obligations (in thousands) As of December 31, 2006	Total	Payments Due By Period		
		Within 1 year	1-3 years	3-5 y
Long-term debt	\$ 205,298	\$ 21,484	\$ 44,285	\$ 47,529
Operating leases	19,103	1,605	2,717	1,781
Software contracts	3,083	1,104	1,829	-
Total contractual cash obligations	\$ 227,484	\$ 24,193	\$ 48,831	\$ 49,310

RECENT ACCOUNTING STANDARDS

In February 2006, the FASB issued Statement No. 155, "Accounting for Certain Hybrid Financial Instruments - an amendment of FASB Statement No. 133 and 140" ("SFAS 155"). SFAS 155 (i) permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, (ii) clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133, (iii) establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation, (iv) clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives, and (v) amends SFAS No. 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS 155 is effective on January 1, 2007, and did not have a material impact on the Company's results of operations and financial condition.

On March 17, 2006, the FASB issued Statement No. 156, "Accounting for Servicing of Financial Assets - an amendment of FASB Statement No. 140" ("SFAS 156"). SFAS 156 amends FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities-a replacement of FASB Statement No. 125" ("SFAS 140"). SFAS 156 permits entities to subsequently measure servicing rights at fair value and report changes in fair value in earnings rather than amortize servicing rights in proportion to and over the estimated net servicing income or loss and assess the rights for impairment or the need for an increased obligation as required under SFAS 140. Entities that elect to subsequently measure their servicing rights at fair value may no longer find it necessary to qualify for and apply the provisions of FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," to achieve an income statement effect similar to the application of hedge accounting for instruments used to manage the effect of interest rate changes on servicing rights.

SFAS 156 is effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006. The Company adopted SFAS 156 beginning January 1, 2007, and does not expect the adoption to have a material impact on the Company's financial condition, results of operations or cash flows.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

In July 2006, FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No 109 ("FIN 48"). FIN 48 establishes a recognition threshold and measurement for income tax positions recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. FIN 48 also establishes a two-step evaluation process for tax positions, recognition and measurement. For recognition, a determination is made whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of related appeals or litigation processes, based on the technical merits of the position. If the tax position meets the more-likely-than-not recognition threshold it is measured and recognized in the financial statements as the largest amount of tax benefit that is greater than 50% likely of being realized. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. Tax positions that meet the more-likely-than-not recognition threshold at the effective date of FIN 48 may be recognized or, continue to be recognized, upon adoption of this Interpretation. The cumulative effect of applying the provisions of FIN 48 shall be reported as an adjustment to the opening balance of retained earnings for that fiscal year. FIN 48 is effective for fiscal years beginning after December 15, 2006. Accordingly, the Company adopted FIN 48 on January 1, 2007. The Company does not expect the adoption of FIN 48 to have a material impact on the consolidated financial position, results of operations or cash flows.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 ("SFAS 157"), "Fair Value Measurements," which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Earlier adoption is permitted, provided the company has not yet issued financial statements, including for interim periods, for that fiscal year. The Company does not expect the adoption of SFAS 157 to have a material impact on the consolidated financial position, results of operations or cash flows.

36

In September 2006, the Emerging Issues Task Force ("EITF") reached a final consensus on Issue 06-04, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements." The consensus stipulates that an agreement by an employer to share a portion of the proceeds of a life insurance policy with an employee during the postretirement period is a postretirement benefit arrangement required to be accounted for under SFAS No. 106 or Accounting Principles Board Opinion ("APB") No. 12, "Omnibus Opinion -- 1967." The consensus concludes that the purchase of a split-dollar life insurance policy does not constitute a settlement under SFAS No. 106 and, therefore, a liability for the postretirement obligation must be recognized under SFAS No. 106 if the benefit is offered under an arrangement that constitutes a plan or under APB No. 12 if it is not part of a plan. Issue 06-04 is effective for annual or interim reporting periods beginning after December 15, 2007. The provisions of Issue 06-04 should be applied through either a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption or retrospective application. The Company does not anticipate that the adoption of the provisions of Issue 06-04 will have a material effect on the Company's financial position or results of operations.

In September 2006, the EITF also reached a final consensus on Issue 06-05, "Accounting for Purchases of Life Insurance -- Determining the Amount That Could be Realized in Accordance with FASB Technical Bulletin No. 85-4." The consensus concludes that in determining the amount that could be realized under an

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

insurance contract accounted for under FASB Technical Bulletin No. 85-4, "Accounting for Purchases of Life Insurance," the policyholder should (1) consider any additional amounts included in the contractual terms of the policy; (2) assume the surrender value on a individual-life by individual-life policy basis; and (3) not discount the cash surrender value component of the amount that could be realized when contractual restrictions on the ability to surrender a policy exist. Issue 06-05 is effective for fiscal years beginning after December 15, 2006. The consensus in Issue 06-05 should be adopted through either (1) a change in accounting principle through a cumulative-effect adjustment to retained earning as of the beginning of the year of adoption or (2) a change in accounting principle through retrospective application to all prior periods. At December 31, 2006, the Company had bank owned life insurance policies with a carrying value of \$25.6 million. The Company does not anticipate that the adoption of the provisions of Issue 06-05 will have a material effect on the Company's financial position or results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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 by showing the potential effect of interest rate shifts on net interest income for future periods. Each quarter the Company's 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 discusses strategies to manage this exposure and incorporates these strategies into the investment and funding decisions of the Company. The Company does not currently use derivatives, such as interest rate swaps, to manage its interest rate risk exposure, but may consider such instruments in the future.

Table 10-Interest Rate Risk Analysis below is a Condensed Static Gap Report, which illustrates the anticipated repricing intervals of assets and liabilities as of December 31, 2006. The analysis reflects sensitivity to rising rates in all repricing intervals shown. This analysis suggests that the Company's net interest income is more vulnerable to a rising rate environment than it is to sustained low interest rates.

37

Table 10 - Interest Rate Risk Analysis

Condensed Static Gap - December 31, 2006

Repricing Interval

(dollar amounts in thousands)	Total	0-3 months	3-6 months
Interest-earning assets*	\$ 2,052,478	\$ 445,360	\$ 84,462
Interest-bearing liabilities	1,627,497	655,099	122,233
Net gap position		(209,739)	(37,771)
Net gap position as a percentage of total assets		(9.49%)	(1.71%)

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

* Balances of available-for-sale securities are shown at amortized cost.

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 December 31, 2006, 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 2.8%, assuming no balance sheet growth and no management action to address balance sheet mismatches. The same simulation indicates that a 200 basis point decline in interest rates over a one-year period would result in a decrease in net interest income of 1.9%. 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, as deposit rates are at low levels given the historically low interest rate environment experienced in recent years. The aforementioned percentage changes in net interest income are from our base case scenario. In our most recent simulation, the base case scenario, which assumes interest rates remain unchanged from the date of the simulation, showed a relatively flat net interest margin during 2006 in the present interest rate environment.

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 a level of flexibility for management 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.

Additional information regarding market risk of the Company's financial instruments at December 31, 2006 is provided in Table 11-Repricing Intervals of Selected Financial Instruments below.

Table 11 - Repricing Intervals of Selected Financial Instruments

(dollar amounts in thousands)

	0-1 year	1-2 years	2-3 years	3-5 years	Greater than 5 years
FINANCIAL ASSETS:					
Available-for-sale securities	\$ 101,990	\$ 86,151	\$ 118,447	\$ 174,545	\$ 105,000
Average interest rate*	4.65%	4.28%	4.08%	4.23%	4.23%
Held-to-maturity securities	34,272	7,640	5,286	12,822	22,000
Average interest rate*	3.13%	3.24%	3.39%	3.62%	3.62%
Loans/leases	528,312	164,545	164,467	209,632	190,000
Average interest rate*	7.07%	6.12%	5.99%	6.34%	6.34%
FINANCIAL LIABILITIES:					
Time deposits	\$ 550,807	\$ 65,035	\$ 11,805	\$ 6,960	\$ 6,960
Average interest rate	3.37%	3.85%	3.59%	3.76%	3.76%

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Federal funds sold and securities sold under agreements to repurchase	85,651	10,000	20,000	17,000	20
Average interest rate	3.48%	3.78%	2.92%	3.58%	
Other borrowings	25,479	5,054	146	994	32
Average interest rate	3.75%	4.41%	6.53%	5.33%	

* Interest rate on tax-exempt obligations is shown before tax-equivalent adjustments.

38

[This Page Intentionally Left Blank]

39

Item 8. Financial Statements and Supplementary Data

Financial Statements and Supplementary Data consist of the financial statements as indexed and presented below and the Unaudited Quarterly Financial Data presented in Part II, Item 8. of this Report

Index to Financial Statements	Pag
Management's Statement of Responsibility	4
Report of KPMG LLP, Independent Registered Public Accounting Firm	4
Report of Independent Registered Public Accounting Firm	4
Consolidated Statements of Condition - December 31, 2006 and 2005	4
Consolidated Statements of Income - Years ended December 31, 2006, 2005 and 2004	4
Consolidated Statements of Cash Flows - Years ended December 31, 2006, 2005 and 2004	4
Consolidated Statements of Changes in Shareholders' Equity - Years ended December 31, 2006, 2005 and 2004	4
Notes to Consolidated Financial Statements	4

40

Management's Statement of Responsibility

Management is responsible for preparation of the consolidated financial statements and related financial information contained in all sections of this annual report, including the determination of amounts that must necessarily be based on judgments and estimates. It is the belief of management that the consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Management establishes and monitors the Company's system of internal accounting controls to meet its responsibility for reliable financial statements. The system is designed to provide reasonable assurance that assets are safeguarded, and that transactions are executed in accordance with management's authorization and are properly recorded.

The Audit/Examining Committee of the board of directors, composed solely of outside directors, meets periodically and privately with management, internal auditors, and independent registered public accounting firm, KPMG LLP, to review matters relating to the quality of financial reporting, internal accounting control, and the nature, extent, and results of audit efforts. The independent registered public accounting firm and internal auditors have unlimited access to the Audit/Examining Committee to discuss all such matters. The consolidated financial statements have been audited by KPMG, LLP for the purpose of expressing an opinion on the consolidated financial statements. In addition, KPMG, LLP has audited management's assessment of, and the effective operation of, internal control over financial reporting.

/s/ STEPHEN S. ROMAINE

/s/ FRANCIS M. FETSKO

Date: March 14, 2007

Stephen S. Romaine
Chief Executive Officer

Francis M. Fetsko
Chief Financial Officer

41

Report of KPMG LLP,
Independent Registered Public Accounting Firm

Board of Directors and Shareholders, Tompkins Trustco, Inc.

We have audited the accompanying consolidated statements of condition of Tompkins Trustco, Inc. and subsidiaries (the Company) as of December 31, 2006 and 2005, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tompkins Trustco, Inc. and subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Tompkins Trustco, Inc.'s internal control over financial reporting as of December 31,

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

2006, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 14, 2007 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

/s/ KPMG LLP

March 14, 2007

Syracuse, New York

42

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Tompkins Trustco, Inc.

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, that Tompkins Trustco, Inc. (the Company) maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and the directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Tompkins Trustco, Inc. maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of condition of Tompkins Trustco, Inc. and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2006, and our report dated March 14, 2007 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Syracuse, New York

March 14, 2007

43

Consolidated Statements of Condition

(in thousands except share and per share data)

ASSETS

Cash and noninterest bearing balances due from banks	\$
Interest bearing balances due from banks	
Federal funds sold	
Available-for-sale securities, at fair value	
Held-to-maturity securities, fair value of \$59,606 at December 31, 2006, and \$82,768 at December 31, 2005	
Loans and leases, net of unearned income and deferred costs and fees	
Less: Allowance for loan/lease losses	

Net Loans/Leases

Bank premises and equipment, net
Corporate owned life insurance
Goodwill
Other intangible assets
Accrued interest and other assets

Total Assets \$

LIABILITIES, MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES,
AND SHAREHOLDERS' EQUITY

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Deposits:

Interest bearing:

Checking, savings, and money market

\$

Time

Noninterest bearing

Total Deposits

Securities sold under agreements to repurchase

Other borrowings

Other liabilities

Total Liabilities

Minority interest in consolidated subsidiaries

Shareholders' equity:

Common stock - par value \$0.10 per share: Authorized 15,000,000 shares;

Issued: 9,889,569 shares at December 31, 2006, and 9,899,546 shares

at December 31, 2005

Additional paid-in capital

Retained earnings

Accumulated other comprehensive loss

Treasury stock at cost: 64,418 shares at December 31, 2006, and

58,831 shares at December 31, 2005

Total Shareholders' Equity \$

Total Liabilities, Minority Interest in Consolidated Subsidiaries,
and Shareholders' Equity \$

=====

Share data has been retroactively adjusted to reflect a 10% stock dividend paid on May 15, 2006.

See notes to consolidated financial statements.

44

Consolidated Statements of Income

(in thousands except per share data)

2006

INTEREST AND DIVIDEND INCOME

Loans

\$ 89,784

Due from banks

86

Federal funds sold

15

Available-for-sale securities

28,536

Held-to-maturity securities

2,620

Total Interest and Dividend Income 121,041

INTEREST EXPENSE

Deposits:

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Time certificates of deposit of \$100,000 or more		13,350
Other deposits		25,215
Federal funds purchased and securities sold under agreements to repurchase		5,905
Other borrowings		3,714
	Total Interest Expense	48,184
	Net Interest Income	72,857
	Less Provision for Loan/Lease Losses	1,424
	Net Interest Income After Provision for Loan/Lease Losses	71,433
NONINTEREST INCOME		
Investment services income		12,225
Insurance commissions and fees		9,407
Service charges on deposit accounts		8,054
Card services income		2,972
Other service charges		2,483
Gains on sale of loans		2,741
Gain on sale of merchant card processing relationships		0
Increase in cash surrender value of corporate owned life insurance		1,111
Life insurance proceeds		685
Other operating income		1,398
Net gain (loss) on available-for-sale securities		15
	Total Noninterest Income	41,091
NONINTEREST EXPENSES		
Salaries and wages		33,365
Pension and other employee benefits		8,660
Net occupancy expense of bank premises		5,068
Net furniture and fixture expense		3,733
Marketing expense		2,432
Software licensing and maintenance		1,938
Professional fees		1,679
Cardholder expense		1,219
Amortization of intangible assets		674
Other operating expenses		13,142
	Total Noninterest Expenses	71,910
	Income Before Income Tax Expense and Minority Interest in Consolidated Subsidiaries	40,614
Minority interest in consolidated subsidiaries		131
	Income Tax Expense	12,716
	Net Income	\$ 27,767
Basic earnings per share	\$	2.82
Diluted earnings per share	\$	2.78

Per share data has been retroactively adjusted to reflect a 10% stock dividend paid on May 15, 2006.

See notes to consolidated financial statements.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Consolidated Statements of Cash Flows
(in thousands)

2006

OPERATING ACTIVITIES

Net income	\$	27,767
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan/lease losses		1,424
Depreciation and amortization premises, equipment, and software		4,155
Amortization of intangible assets		674
Earnings from corporate owned life insurance, net		(1,111)
Net amortization on securities		1,566
Deferred income tax (benefit) expense		(2,264)
Net (gain) loss on sale of securities		(15)
Net gain on sale of loans		(2,741)
Proceeds from sale of loans		12,680
Loans originated for sale		(12,491)
Net gain on sale of bank premises and equipment		(19)
Stock-based compensation expense		692
Tax benefit of stock option exercises		0
Increase in interest receivable		(1,527)
Increase in interest payable		1,255
Other, net		7,509

Net Cash Provided by Operating Activities 37,554

INVESTING ACTIVITIES

Proceeds from maturities of available-for-sale securities		79,266
Proceeds from sales of available-for-sale securities		34,692
Proceeds from maturities of held-to-maturity securities		39,748
Purchases of available-for-sale securities		(159,021)
Purchases of held-to-maturity securities		(16,263)
Net increase in loans/leases		(96,520)
Proceeds from sale of credit card portfolio		11,310
Proceeds from sales of bank premises and equipment		86
Purchase of bank premises and equipment		(9,648)
Purchase of corporate owned life insurance		0
Purchase of new market tax credit		0
Net cash used in acquisitions		(3,294)
Other, net		(207)

Net Cash Used in Investing Activities (119,851)

FINANCING ACTIVITIES

Net (decrease) increase in demand deposits, money market accounts, and savings accounts		(8,205)
Net increase in time deposits		34,615
Net increase (decrease) in securities sold under agreements to repurchase and Federal funds purchased		38,839
Increase in other borrowings		116,075
Repayment of other borrowings		(94,011)
Cash dividends		(11,307)
Cash paid in lieu of fractional shares - 10% stock dividend		(10)
Repurchase of common stock		(9,983)
Net proceeds from exercise of stock options		2,251
Tax benefit from stock option exercises		410

Net Cash Provided by Financing Activities 68,674

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Net (decrease) increase in cash and cash equivalents	(13,623)
Cash and cash equivalents at beginning of year	65,797
Cash and Cash Equivalents at End of Year	\$ 52,174

SUPPLEMENTAL INFORMATION:

Cash paid during the year for:

Interest	\$ 46,930
Income taxes	\$ 8,783

Non-cash investing and financing activities:

Fair value of non-cash assets acquired in purchase acquisition	\$ 1,375
Fair value of liabilities assumed in purchase acquisitions	\$ 2,276
Fair value of shares issued for acquisitions	\$ 4,758
Securitization of loans	\$ 32,040

See notes to consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

(in thousands except share and per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income
BALANCES AT DECEMBER 31, 2003	\$ 819	\$ 76,926	\$ 78,676	\$
Comprehensive income:				
Net income			25,615	
Other comprehensive loss				
Total Comprehensive Income				
Cash dividends (\$0.99 per share)			(9,769)	
Exercise of stock options, and related tax benefit (41,973 shares, net)	3	890		
Common stock repurchased and returned to unissued status (79,794 shares)	(7)	(2,969)		
Shares issued for purchase acquisition (11,037 shares)	1	412		
Directors deferred compensation plan (20,943 shares)		578		
BALANCES AT DECEMBER 31, 2004	\$ 816	\$ 75,837	\$ 94,522	\$
Comprehensive income:				
Net income			27,685	
Other comprehensive loss				
Total Comprehensive Income				
Cash dividends (\$1.07 per share)			(10,504)	
Exercise of stock options and related tax benefit (45,982 shares, net)	4	1,060		
Common stock repurchased and returned to				

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

unissued status (24,182 shares)	(2)	(895)		
Effect of 10% stock dividend	82	42,380		(42,462)
Cash paid in lieu of fractional shares (307 shares)				(13)
Directors deferred compensation plan (5,240 shares)		218		
Stock-based compensation expense		63		
<hr style="border-top: 1px dashed black;"/>				
BALANCES AT DECEMBER 31, 2005	\$ 900	\$ 118,663	\$ 69,228	\$
<hr style="border-top: 1px dashed black;"/>				
Comprehensive income:				
Net income				27,767
Other comprehensive income				
Total Comprehensive Income				
Cash dividends (\$1.15 per share)				(11,307)
Exercise of stock options and related tax benefit (101,881 shares, net)	10	2,651		
Common stock repurchased and returned to unissued status (239,970 shares)	(24)	(9,959)		
Effect of 10% stock dividend	91	41,158		(41,249)
Cash paid in lieu of fractional shares (262 shares)				(10)
Stock issued for purchase acquisition (128,374 shares)	12	4,746		
Directors deferred compensation plan (7,967 shares)		252		
Adjustment to initially apply FASB Statement No. 158, net of tax				
Stock-based compensation expense		692		
<hr style="border-top: 1px dashed black;"/>				
BALANCES AT DECEMBER 31, 2006	\$ 989	\$ 158,203	\$ 44,429	\$
<hr style="border-top: 1px dashed black;"/>				

Share data has been retroactively adjusted to reflect a 10% stock dividend paid on May 15, 2006 and a 10% stock dividend paid on February 15, 2005.

See notes to consolidated financial statements.

47

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

BASIS OF PRESENTATION: Tompkins Trustco, Inc. ("Tompkins" or "the Company") is a registered Financial Holding Company with the Federal Reserve Board pursuant to the Bank Holding Company Act of 1956, as amended, organized under the laws of New York State, and is the parent company of Tompkins Trust Company (the "Trust Company"), The Bank of Castile, The Mahopac National Bank ("Mahopac National Bank"), Tompkins Insurance Agencies, Inc. ("Tompkins Insurance") and AM&M Financial Services, Inc. ("AM&M"). The consolidated financial information included herein combines the results of operations, the assets, liabilities, and shareholders' equity (including comprehensive income) of the Company and its subsidiaries. All significant intercompany balances and transactions are eliminated in consolidation.

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclose contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

assumptions include the reserve for loan/lease losses, valuation of intangible assets, deferred income tax assets, and obligations related to employee benefits. Amounts in the prior years' consolidated financial statements are reclassified when necessary to conform to the current year's presentation.

CASH EQUIVALENTS: Cash equivalents in the Consolidated Statements of Cash Flows include cash and noninterest bearing balances due from banks, interest bearing balances due from banks, and Federal funds sold.

SECURITIES: Management determines the appropriate classification of debt and equity securities at the time of purchase. Securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost. Debt securities not classified as held-to-maturity and marketable equity securities are classified as available-for-sale. Available-for-sale securities are stated at fair value with the unrealized gains and losses, net of tax, excluded from earnings and reported as a separate component of accumulated comprehensive income or loss, in shareholders' equity. Securities with limited marketability or restricted equity securities, such as Federal Home Loan Bank stock and Federal Reserve Bank stock, are carried at cost.

Premiums and discounts are amortized or accreted over the expected life of the related security as an adjustment to yield using the interest method. Dividend and interest income are recognized when earned. Realized gains and losses on the sale of securities are included in securities gains (losses). The cost of securities sold is based on the specific identification method.

The Company reviews its investment portfolio quarterly for any declines in fair value that are deemed other-than-temporary. A decline in the fair value of any available-for-sale or held-to-maturity security below cost that is deemed to be other than temporary is charged to earnings, resulting in the establishment of a new cost basis for the security. In estimating other-than-temporary impairment losses, management considers, among other factors, the length of time and extent to which the fair value has been less than cost, the financial condition and near term prospects of the issuer, and the intent and ability of the Company to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value.

LOANS AND LEASES: Loans are reported at their principal outstanding balance, net of deferred loan origination fees and costs, and unearned income. The Company has the ability and intent to hold its loans for the foreseeable future, except for certain residential real estate loans held-for-sale. The Company provides motor vehicle and equipment financing to its customers through direct financing leases. These leases are carried at the aggregate of lease payments receivable, plus estimated residual values, less unearned income. Unearned income on direct financing leases is amortized over the lease terms, resulting in a level rate of return.

Loan origination fees and costs are deferred and recognized over the life of the loan as an adjustment to yield.

Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or estimated market value. Fair value is determined on the basis of the rates quoted in the secondary market. Net unrealized losses attributable to changes in market interest rates are recognized through a valuation allowance by charges to income. Loans are generally sold on a non-recourse basis. The Company may use commitments at the time loans are originated or identified for sale to mitigate interest rate risk. The commitments to sell loans are considered derivatives under SFAS No. 133. The impact of the estimated fair value adjustment was not significant to the consolidated financial statements.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

ALLOWANCE FOR LOAN/LEASE LOSSES: The allowance for loan/lease losses is regularly evaluated by management in order to maintain the allowance at a level consistent with the inherent risk of loss in the loan and lease portfolios. Management's evaluation of the adequacy of the allowance is based upon a review of the Company's historical loss experience, known and inherent risks in the loan and lease portfolios, the estimated value of collateral, the level of nonperforming loans, and trends in delinquencies. External factors, such as the level and trend of interest rates and the national and local economies, are also considered. Management believes that the current allowance for loan/lease losses is adequate.

Management considers a loan to be impaired if, based on current information, it is probable that the Company will be unable to collect all scheduled payments of principal or interest when due, according to the contractual terms of the loan agreement. When a loan is considered to be impaired, the amount of the impairment is measured based on the present value of expected future cash flows discounted at the effective interest rate of the loan or, as a practical expedient, at the observable market price or the fair value of collateral if the loan is collateral dependent. Management excludes large groups of smaller balance homogeneous loans such as residential mortgages, consumer loans, and leases, which are collectively evaluated. All loans and leases restructured in a troubled debt restructuring are also considered impaired loans. Impairment losses are included in the allowance for loan/lease losses through a charge to the provision for loan/lease losses.

48

Note 1 Summary of Significant Accounting Policies (continued)

The Company has developed a methodology to measure the amount of estimated loan loss exposure inherent in the loan portfolio to ensure that an adequate allowance is maintained. The methodology includes an estimate of exposure for the following: specifically reviewed and graded loans, historical loss experience by product type, past due and nonperforming loans, and other internal and external factors such as local and regional economic conditions, growth trends, and credit policy and underwriting standards. The methodology includes a review of loans considered impaired in accordance with the Statement of Financial Accounting Standards (SFAS) No. 114, "Accounting by Creditors for Impairment of a Loan", as well as other commercial loans and commercial mortgage loans that are evaluated using an internal rating system. An estimated exposure amount is assigned to these internally reviewed credits based upon a review of the borrower's financial condition, payment history, collateral adequacy, and business conditions. For commercial loans and commercial mortgage loans not specifically reviewed, and for homogenous loan portfolios such as residential mortgage loans and consumer loans, estimated exposure amounts are assigned based upon historical loss experience as well as past due status. Lastly, additional allowances are maintained based upon management judgment and assessment of other quantitative and qualitative factors such as regional and local economic conditions, portfolio growth trends, new lending products, and new market areas.

Since the methodology is based upon historical experience and trends as well as management's judgment, factors may arise that result in different estimations. Significant factors that could give rise to changes in these estimates may include, but are not limited to, changes in economic conditions in the local area, concentration of risk, and declines in local property values. In addition, various Federal and State regulatory agencies, as part of their examination process, review the Company's allowance and may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination which may not be currently available to management.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

INCOME RECOGNITION ON IMPAIRED AND NONACCRUAL LOANS AND LEASES: Loans and leases, including impaired loans, are generally classified as nonaccrual if they are past due as to maturity or payment of principal or interest for a period of more than 90 days, unless such loans are well secured and in the process of collection. Loans that are past due less than 90 days may also be classified as nonaccrual if repayment in full of principal or interest is in doubt.

Loans may be returned to accrual status when all principal and interest amounts contractually due (including arrearages) are reasonably assured of repayment within an acceptable time period, and there is a sustained period of repayment performance by the borrower in accordance with the contractual terms of the loan agreement. Payments received on loans carried as nonaccrual are generally applied as a reduction to the outstanding balance on the Company's books. When the future collectibility of the recorded loan balance is expected, interest income may be recognized on a cash basis.

OTHER REAL ESTATE OWNED: Other real estate owned consists of properties formerly pledged as collateral to loans, which have been acquired by the Company through foreclosure proceedings or acceptance of a deed in lieu of foreclosure. Upon transfer of a loan to foreclosure status, an appraisal is obtained and any excess of the loan balance over the fair value, less estimated costs to sell, is charged against the allowance for loan/lease losses. Expenses and subsequent adjustments to the fair value are treated as other operating expense.

BANK PREMISES AND EQUIPMENT: Land is carried at cost. Bank premises and equipment are stated at cost, less allowances for depreciation. The provision for depreciation for financial reporting purposes is computed generally by the straight-line method at rates sufficient to write-off the cost of such assets over their estimated useful lives. Bank premises are amortized over a period of 10-39 years, and furniture, fixtures, and equipment are amortized over a period of 2-20 years. Maintenance and repairs are charged to expense as incurred. Gains or losses on disposition are reflected in earnings.

INCOME TAXES: Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred taxes are reviewed quarterly and reduced by a valuation allowance if, based upon the information available, it is more likely than not that some or all of the deferred tax assets will not be realized.

GOODWILL: Goodwill represents the excess of purchase price over the fair value of assets acquired in a transaction using purchase accounting. The Company tests goodwill for impairment at least annually.

OTHER INTANGIBLE ASSETS: Other intangible assets include core deposit intangibles, customer related intangibles, covenants not to compete, and mortgage servicing rights. Core deposit intangibles represent a premium paid to acquire a base of stable, low cost deposits in the acquisition of a bank, or a bank branch, using purchase accounting. The amortization period for core deposit intangible ranges from 5 years to 10 years, using an accelerated method. The covenants not to compete are amortized on a straight-line basis over 5 to 6 years, while the customer related intangible is amortized on an accelerated basis over a range of 6 to 15 years. The amortization period is monitored to determine if circumstances require such periods to be revised. The Company periodically reviews its intangible assets for changes in circumstances that may indicate the carrying amount of the asset is impaired. The Company tests its intangible assets for impairment on an annual basis or more frequently if

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

conditions indicate that an impairment loss has more likely than not been incurred.

49

Note 1 Summary of Significant Accounting Policies (continued)

SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE: Securities sold under agreements to repurchase (repurchase agreements) are agreements in which the Company transfers the underlying securities to a third-party custodian's account that explicitly recognizes the Company's interest in the securities. The agreements are accounted for as secured financing transactions provided the Company maintains effective control over the transferred securities and meets other criteria as specified in SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." The Company's agreements are accounted for as secured financings; accordingly, the transaction proceeds are reflected as liabilities and the securities underlying the agreements continue to be carried in the Company's securities portfolio.

TREASURY STOCK: The cost of treasury stock is shown on the Consolidated Statements of Condition as a separate component of shareholders' equity, and is a reduction to total shareholders' equity. Shares are released from treasury at fair value, identified on an average cost basis.

TRUST AND INVESTMENT SERVICES: Assets held in fiduciary or agency capacities for customers are not included in the accompanying Consolidated Statements of Condition, since such items are not assets of the Company. Fees associated with providing trust and investment services are included in noninterest income.

EARNINGS PER SHARE: Basic earnings per share is calculated by dividing net income available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing net income available to common shareholders by the weighted average number of shares outstanding during the year plus the dilutive effect of stock issuable upon conversion of stock options or certain other contingencies.

SEGMENT REPORTING: The Company has identified two business segments, banking and financial services. Financial services activities consist of the results of the Company's trust, financial planning and wealth management, broker-dealer, and risk management operations. All other activities are considered banking.

COMPREHENSIVE INCOME: For the Company, comprehensive income represents net income plus the net change in unrealized gains or losses on securities available-for-sale for the period (net of taxes), and is presented in the Consolidated Statements of Changes in Shareholders' Equity. Accumulated other comprehensive income (loss) represents the net unrealized gains or losses on securities available-for-sale (net of tax) and the effect of the adoption of SFAS No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans (an amendment of FASB Statements No. 87, 88, 106 and 132R)" as of the dates of the Consolidated Statements of Condition.

PENSION AND OTHER EMPLOYEE BENEFITS: The Company incurs certain employment-related expenses associated with its noncontributory defined-benefit pension plan, supplemental employee retirement plan and post-retirement healthcare benefit plan. In order to measure the expense associated with these plans, various assumptions are made including the discount rate used to value certain liabilities, expected return on plan assets, anticipated mortality rates, and expected future healthcare costs. The assumptions are based on historical experience as well as current facts and circumstances. A third-party actuarial firm is used to assist management in measuring the expense and liability associated with the plans. The Company uses a December 31 measurement

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

date for its plans. As of the measurement date, plan assets are determined based on fair value, generally representing observable market prices. The projected benefit obligation is primarily determined based on the present value of projected benefit distributions at an assumed discount rate.

Periodic pension expense or credits include interest costs based on the assumed discount rate, the expected return on plan assets based on an actuarially derived market-related values, and amortization of actuarial gains or losses. Periodic postretirement benefit expense or credits include service costs, interest costs based on the assumed discount rate, amortization of unrecognized net transition obligations, and recognized actuarial gains or losses.

The Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)" on December 31, 2006. SFAS No. 158 required the Company to recognize in its statement of condition an asset for a plan's overfunded status or a liability for a plan's underfunded status. SFAS No. 158 also required that the Company measure the Plans' assets and obligations that determine its funded status as of the end of the fiscal year and to recognize those changes in the year in which the changes occur as a component of other comprehensive income, net of taxes. The adoption of SFAS No. 158 added approximately \$7.7 million, net of tax, to the Company's accumulated other comprehensive loss.

STOCK BASED COMPENSATION: The Company adopted Statement of Financial Accounting Standards (SFAS) No. 123 (Revised), "Share-Based Payment" ("SFAS No. 123(R)") on January 1, 2006, using the modified prospective method. Under this method, compensation costs recognized beginning in 2006 includes: (a) the compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based upon the grant date fair value estimated in accordance with the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", and (b) the compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R). Compensation cost is recorded on a straight-line basis over the vesting period of the awards. Results from prior periods have not been restated. Prior to adoption of SFAS No. 123(R) on January 1, 2006, the Company applied Accounting Principles Board Opinion (APB Opinion) No. 25, "Accounting for Stock Issued to Employees," ("APB No. 25") and related interpretations in accounting for its stock option plan. Under APB No. 25, compensation expense is recognized only if the exercise price of the option is less than the fair value of the underlying stock at the grant date.

50

Note 1 Summary of Significant Accounting Policies (continued)

The following table illustrates the effects on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS no. 123(R) to all outstanding and unvested awards in 2005 and 2004.

(in thousands except per share data)

		200

Net income:		
As reported	\$	27,68
Add: Stock-based compensation expense included in reported net income, net of related tax effects		6
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects		1,97

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Pro forma		25,77

Basic earnings per share:		
As reported	\$	2.8
Pro forma		2.6

Diluted earnings per share		
As reported	\$	2.7
Pro forma		2.5
=====		

Per share data has been retroactively adjusted to reflect a 10% stock dividend paid on May 15, 2006 and a 10% stock dividend paid on February 15, 2005.

In December 2005, the Compensation Committee of the Board of Directors of Tompkins approved the accelerated vesting of all currently outstanding unvested stock options, except for those options issued to executive officers of Tompkins. The affected options were previously awarded to officers and employees under the Company's 2001 Stock Option Plan. There is no change to the Company's compensation philosophy and all other terms and conditions applicable to such options, including the exercise prices and exercise periods, remain unchanged. No options held by executive vice presidents or chief executive officers are affected by the vesting acceleration. The acceleration of the unvested options contributed to the increase in total stock-based compensation expense, net of tax effects, determined under the fair value method shown above from \$757,000 in 2004 to \$1.9 million in 2005. As a result, the acceleration lowered compensation expense related to stock options by approximately \$1.2 million, net of taxes, which would have been recognized in its financial statements over future years. As a result of the acceleration, the Company also recognized \$63,000 of compensation expense in 2005 earnings. Compensation expense related to stock options for 2006 was \$692,000. The acceleration also resulted in options to purchase up to 221,307 shares of common stock becoming exercisable immediately. Without the acceleration, the options would have vested on dates ranging from April 18, 2006 to October 3, 2010. This action contributed to the increase in exercisable shares at year-end 2005 to 504,484 from 232,558 at year-end 2004.

The Company's stock-based employee compensation plan is described in Note 12 "Stock Plans and Stock Based Compensation", of this Report.

Statements of Financial Accounting Standards

In February 2006, the FASB issued Statement No. 155, "Accounting for Certain Hybrid Financial Instruments - an amendment of FASB Statement No. 133 and 140" ("SFAS 155"). SFAS 155 (i) permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, (ii) clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133, (iii) establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation, (iv) clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives, and (v) amends SFAS No. 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS 155 is effective on January 1, 2007, and is not expected to have a material impact on the Company's results of operations and financial condition.

On March 17, 2006, the FASB issued Statement No. 156, "Accounting for Servicing

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

of Financial Assets - an amendment of FASB Statement No. 140" ("SFAS 156"). SFAS 156 amends FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities—a replacement of FASB Statement No. 125" ("SFAS 140"). SFAS 156 permits entities to subsequently measure servicing rights at fair value and report changes in fair value in earnings rather than amortize servicing rights in proportion to and over the estimated net servicing income or loss and assess the rights for impairment or the need for an increased obligation as required under SFAS 140. Entities that elect to subsequently measure their servicing rights at fair value may no longer find it necessary to qualify for and apply the provisions of FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," to achieve an income statement effect similar to the application of hedge accounting for instruments used to manage the effect of interest rate changes on servicing rights.

51

Note 1 Summary of Significant Accounting Policies (continued)

SFAS 156 is effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006. The Company adopted SFAS 156 effective January 1, 2007, and does not expect the adoption to have a material impact on the Company's financial condition, results of operations or cash flows.

In July 2006, FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No 109 ("FIN 48"). FIN 48 establishes a recognition threshold and measurement for income tax positions recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. FIN 48 also establishes a two-step evaluation process for tax positions, recognition and measurement. For recognition, a determination is made whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of related appeals or litigation processes, based on the technical merits of the position. If the tax position meets the more-likely-than-not recognition threshold it is measured and recognized in the financial statements as the largest amount of tax benefit that is greater than 50% likely of being realized. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. Tax positions that meet the more-likely-than-not recognition threshold at the effective date of FIN 48 may be recognized or, continue to be recognized, upon adoption of this Interpretation. The cumulative effect of applying the provisions of FIN 48 shall be reported as an adjustment to the opening balance of retained earnings for that fiscal year. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company's adoption of FIN 48, effective January 1, 2007, did not have a material impact on the consolidated financial position, results of operations or cash flows.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 ("SFAS 157"), "Fair Value Measurements," which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Earlier adoption is permitted, provided the company has not yet issued financial statements, including for interim periods, for that fiscal year. The Company does not expect the adoption of SFAS 157 to have a material impact on the consolidated financial position, results of operations or cash flows.

In September 2006, the Emerging Issues Task Force ("EITF") reached a final consensus on Issue 06-04, "Accounting for Deferred Compensation and

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements." The consensus stipulates that an agreement by an employer to share a portion of the proceeds of a life insurance policy with an employee during the postretirement period is a postretirement benefit arrangement required to be accounted for under SFAS No. 106 or Accounting Principles Board Opinion ("APB") No. 12, "Omnibus Opinion -- 1967." The consensus concludes that the purchase of a split-dollar life insurance policy does not constitute a settlement under SFAS No. 106 and, therefore, a liability for the postretirement obligation must be recognized under SFAS No. 106 if the benefit is offered under an arrangement that constitutes a plan or under APB No. 12 if it is not part of a plan. Issue 06-04 is effective for annual or interim reporting periods beginning after December 15, 2007. The provisions of Issue 06-04 should be applied through either a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption or retrospective application. The Company does not anticipate that the adoption of the provisions of Issue 06-04 will have a material effect on the Company's financial position or results of operations.

In September 2006, the EITF also reached a final consensus on Issue 06-05, "Accounting for Purchases of Life Insurance -- Determining the Amount That Could be Realized in Accordance With FASB Technical Bulletin No. 85-4." The consensus concludes that in determining the amount that could be realized under an insurance contract accounted for under FASB Technical Bulletin No. 85-4, "Accounting for Purchases of Life Insurance," the policyholder should (1) consider any additional amounts included in the contractual terms of the policy; (2) assume the surrender value on a individual-life by individual-life policy basis; and (3) not discount the cash surrender value component of the amount that could be realized when contractual restrictions on the ability to surrender a policy exist. Issue 06-05 is effective for fiscal years beginning after December 15, 2006. The consensus in Issue 06-05 should be adopted through either (1) a change in accounting principle through a cumulative-effect adjustment to retained earning as of the beginning of the year of adoption or (2) a change in accounting principle through retrospective application to all prior periods. At December 31, 2006, the Company had bank owned life insurance policies with a carrying value of \$25.6 million. The Company does not anticipate that the adoption of the provisions of Issue 06-05 will have a material effect on the Company's financial position or results of operations.

52

Note 2 Securities

The following summarizes securities held by the Company:

		Available-for-S	
December 31, 2006 (in thousands)	Amortized Cost	Gross Unrealized Gains	U
Obligations of U.S. Government sponsored agencies	\$ 241,600	\$ 49	\$
Obligations of states and political subdivisions	47,791	523	
Mortgage-backed securities	356,619	559	
U.S. corporate securities	2,500	0	
Total debt securities	648,510	1,131	
Equity securities	14,709	0	

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Total available-for-sale securities \$ 663,219 \$ 1,131 \$

Available-for-sale securities include \$14.5 million in nonmarketable equity securities, which are carried at cost since fair values are not readily determinable. This figure includes \$11.6 million of Federal Home Loan Bank (FHLB) stock and \$724,000 of Federal Reserve Bank (FRB) stock, which are required to be held for regulatory purposes and for borrowings availability. The required investment in FHLB stock is tied to the Company's borrowing levels with the FHLB. Substantially all of the above mortgage-backed securities are direct pass through securities or collateralized mortgage obligations issued or backed by Federal agencies.

	Held-to-Maturity		
	Amortized Cost	Gross Unrealized Gains	U
December 31, 2006 (in thousands)			
Obligations of states and political subdivisions	\$ 59,038	\$ 897	\$
Total held-to-maturity debt securities	\$ 59,038	\$ 897	\$

	Available-for-Sale		
	Amortized Cost	Gross Unrealized Gains	U
December 31, 2005 (in thousands)			
Obligations of U.S. Government sponsored agencies	\$ 205,723	\$ 25	\$
Obligations of states and political subdivisions	46,821	642	
Mortgage-backed securities	321,168	645	
U.S. corporate securities	2,500	0	
Total debt securities	576,212	1,312	
Equity securities	10,544	0	
Total available-for-sale securities	\$ 586,756	\$ 1,312	\$

Available-for-sale securities include \$10.3 million in nonmarketable equity securities, which are carried at cost since fair values are not readily determinable. This figure includes \$8.8 million of FHLB stock and \$721,000 of FRB stock, which are required to be held for regulatory purposes and for borrowings availability. The required investment in FHLB stock is tied to the Company's borrowing levels with the FHLB. Substantially all of the above mortgage-backed securities are direct pass through securities or collateralized mortgage obligations issued or backed by Federal agencies.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Note 2 Securities (continued)

December 31, 2005 (in thousands)	Amortized Cost	Held-to-M Unreali Gain
Obligations of states and political subdivisions	\$ 82,658	\$
Total held-to-maturity debt securities	\$ 82,658	\$

The amortized cost and fair value of debt securities by contractual maturity, except for mortgage-backed securities, are shown in the following table. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

December 31, 2006 (in thousands)

Available-for-sale securities:

- Due in one year or less
- Due after one year through five years
- Due after five years through ten years
- Due after ten years

Total

Mortgage-backed securities

Total available-for-sale debt securities

December 31, 2006 (in thousands)

Held-to-maturity securities:

- Due in one year or less
- Due after one year through five years
- Due after five years through ten years
- Due after ten years

Total held-to-maturity debt securities

Realized gains on available-for-sale securities were \$15,000 in 2006, \$39,000 in 2005, and \$257,000 in 2004; realized losses on available-for-sale securities were \$0 in 2006, \$1,565,000 in 2005, and \$159,000 in 2004.

The following table summarizes securities that had unrealized losses at

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

December 31, 2006:

(in thousands)	Less than 12 Months		12 Months or Long	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Obligations of U.S. Government sponsored agencies	\$ 40,299	\$ 171	\$ 176,675	\$ 3
Obligations of states and political subdivisions	13,275	85	37,617	
Mortgage-backed securities	100,649	496	188,086	4
Total debt securities	154,223	752	402,378	8
Equity securities	0	0	0	
Total securities	\$ 154,223	\$ 752	\$ 402,378	\$ 8

54

Note 2 Securities (continued)

The following table summarizes securities that had unrealized losses at December 31, 2005:

(in thousands)	Less than 12 Months		12 Months or Long	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Obligations of U.S. Government sponsored agencies	\$ 97,789	\$ 1,698	\$ 87,841	\$ 3
Obligations of states and political subdivisions	58,743	650	14,944	
Mortgage-backed securities	197,968	2,959	83,183	3
Total debt securities	354,500	5,307	185,968	7
Equity securities	0	0	0	
Total securities	\$ 354,500	\$ 5,307	\$ 185,968	\$ 7

Declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers, among other things, (i) the length of time and the extent to which the fair value has been less than cost, (ii) the financial condition and near-term prospects of the issuer, and (iii) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Management has the ability and intent to hold the securities classified as held-to-maturity until they mature, at which time the Company will receive full value for the securities. Furthermore, as of December 31, 2006 and December 31, 2005, management also had the ability and intent to hold the securities classified as available-for-sale for a period of time sufficient for a recovery of cost, which could be maturity. The unrealized losses are largely due to increases in market interest rates over the yields available at the time the underlying securities were purchased. The fair value is expected to recover as the bonds approach their maturity date or repricing date or if market yields for similar investments decline. Management does not believe any of the securities are impaired due to reasons of credit quality. Accordingly, as of December 31, 2006, and December 31, 2005, management believes the impairments detailed in the tables above are temporary and no impairment loss has been realized in the Company's Consolidated Statements of Income.

The Company uses securities to pledge as collateral for public deposits and other borrowings, and sells securities under agreements to repurchase (see Note 9 Securities Sold Under Agreements to Repurchase and Federal Funds Purchased). Securities carried at \$584.0 million and \$516.8 million at December 31, 2006 and 2005, respectively, were either pledged or sold under agreements to repurchase.

Except for U.S. government securities, there were no holdings, when taken in the aggregate, of any single issuer that exceeded 10% of shareholders' equity at December 31, 2006.

The Company has an equity investment in a small business investment company (SBIC) established for the purpose of providing financing to small businesses in market areas served by the Company. As of December 31, 2006 and 2005, this investment totaled \$3.6 million and \$3.4 million, respectively, and was included in other assets on the Company's Consolidated Statements of Condition. The investment is accounted for under the equity method of accounting.

Note 3 Comprehensive Income

Comprehensive income for the three years ended December 31 is summarized below:

(in thousands)

Net income	\$	27
Net unrealized holding gain (loss) on available-for-sale securities during the year. Pre-tax net unrealized holding gain (loss) was \$2,632 in 2006 \$ (13,490) in 2005, \$ (3,475) in 2004		1
Reclassification adjustment for net realized (gain) loss on the sale of available-for-sale securities (pre-tax net (gain) loss of \$(15) in 2006, \$1,526 in 2005, and \$(98) in 2004)		
Other comprehensive income (loss)		1
Total comprehensive income	\$	29
=====		

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Note 4 Loan/Lease Classification Summary and Related Party Transactions

Loans/Leases at December 31 were as follows:

(in thousands)	2006
Residential real estate	\$ 469,146
Commercial real estate	393,829
Real estate construction	26,130
Commercial	345,194
Consumer and other	82,341
Leases	11,962
Total loans and leases	1,328,602
Less unearned income and net deferred costs and fees	(2,304)
Total loans and leases, net of unearned income and deferred costs and fees	\$ 1,326,298

As part of its asset/liability management strategy the Company may sell certain residential mortgage loans in the secondary market. During 2006, 2005, and 2004, the Company sold residential mortgage loans totaling \$12,503,000, \$16,532,000, and \$14,691,000, respectively, and realized gains on these sales of \$177,000, \$238,000, and \$240,000, respectively. When residential mortgage loans are sold or securitized, the Company typically retains all servicing rights, which provides the Company with a source of fee income. In connection with the sales in 2006, 2005, and 2004, the Company recorded mortgage-servicing assets of \$294,000, \$98,000, and \$95,200, respectively.

Amortization of mortgage servicing assets amounted to \$116,000 in 2006, \$127,000 in 2005 and \$168,000 in 2004. At December 31, 2006 and 2005, the Company serviced residential mortgage loans aggregating \$162.0 million and \$135.6 million, including loans securitized and held as available-for-sale securities. Mortgage servicing rights totaled \$1.1 million and \$949,000 at December 31, 2006 and 2005, respectively. Loans held for sale, which are included in residential real estate in the table above, totaled \$169,000, and \$180,000 at December 31, 2006 and 2005, respectively. Residential mortgage loans secured in 2006 totaled \$32.0 million. No loans were securitized in 2005.

As members of the FHLB, the Company's subsidiary banks may use unencumbered mortgage related assets to secure borrowings from the FHLB. At December 31, 2006, the Company had \$45.2 million in term advances from the FHLB that were secured by residential mortgage loans.

The Company's loan/lease customers are located primarily in the upstate New York communities served by its three subsidiary banks. The Trust Company operates fourteen banking offices in the counties of Tompkins, Cayuga, Cortland, and Schuyler, New York. The Bank of Castile operates fourteen banking offices in towns situated in and around the areas commonly known as the Letchworth State Park area and the Genesee Valley region of New York State. Mahopac National Bank is located in Putnam County, New York, and operates five offices in that county, three offices in neighboring Dutchess County, New York, and one office in Westchester County, New York. Other than general economic risks, management is not aware of any material concentrations of credit risk to any industry or individual borrower.

Directors and officers of the Company and its affiliated companies were customers of, and had other transactions with, the Company's banking subsidiaries in the ordinary course of business. Such loans and commitments were made on substantially the same terms, including interest rates and collateral,

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

as those prevailing at the time for comparable transactions with other persons, and did not involve more than normal risk of collectibility or present other unfavorable features.

Loan transactions with related parties are summarized as follows:

(in thousands)	2006
Balance at beginning of year	\$ 10,854
New Directors/Executive Officers	250
Former Directors/Executive Officers	(336)
New loans and advancements	2,383
Loan payments	(2,120)
Balance at end of year	\$ 11,031

56

Note 5 Allowance for Loan/Lease Losses

Changes in the allowance for loan/lease losses are summarized as follows:

(in thousands)	2006	2005	2004
Allowance at beginning of year	\$ 13,677	\$ 12,549	\$ 11,685
Provisions charged to operations	1,424	2,659	2,860
Recoveries on loans/leases	491	706	794
Loans/leases charged-off	(1,264)	(2,237)	(2,790)
Allowance at end of year	14,328	\$ 13,677	\$ 12,549

The Company's recorded investment in loans/leases that are considered impaired totaled \$2,115,000 at December 31, 2006, and \$2,687,000 at December 31, 2005. The average recorded investment in impaired loans/leases was \$2,047,000 in 2006, \$3,582,000 in 2005, and \$4,274,000 in 2004. The December 31, 2006, recorded investment in impaired loans/leases includes \$1,349,000 of loans/leases that had related allowances of \$322,000. The December 31, 2005, recorded investment in impaired loans/leases includes \$1,660,000 of loans/leases that had related allowances of \$345,000. Interest income recognized on impaired loans/leases, all collected in cash, was \$92,000 for 2006, \$93,000 for 2005, and \$114,000 for 2004.

The principal balances of nonperforming loans/leases, including impaired loans/leases, are detailed in the table below.

(in thousands)	December 31 2006	2005
----------------	---------------------	------

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Loans 90 days past due and accruing	\$	8	\$	12
Nonaccrual loans		2,994		4,072
Troubled debt restructurings not included above		0		50
<hr style="border-top: 1px dashed black;"/>				
Nonperforming loans/leases	\$	3,002	\$	4,134
<hr style="border-top: 1px dashed black;"/>				

The difference between the interest income that would have been recorded if these loans/leases had been paid in accordance with their original terms and the interest income that recorded for the years ended December 31, 2006, 2005, and 2004 was not significant.

Note 6 Goodwill and Other Intangible Assets

On January 6, 2006, the Company completed its acquisition of AM&M Financial Services, Inc. (AM&M), a fee-based financial planning firm headquartered in Pittsford, New York. Under the terms of the Agreement and Plan of Merger dated November 21, 2005 by and between the Company and AM&M, the Company acquired all of the issued and outstanding shares of AM&M stock for an initial merger consideration of \$2,375,000 in cash and 59,377 shares of Tompkins common stock. In addition to the merger consideration paid at closing, additional contingent amounts of up to \$8.5 million (payable one-half in cash and one-half in Tompkins common stock) may be paid over a period of four years from closing, depending on the operating results of AM&M. As of December 31, 2006, AM&M had exceeded the earnings target for 2006, resulting in additional consideration of \$2.5 million (payable one-half in cash and one-half in Tompkins common stock). The transaction resulted in intangible assets of \$7.1 million, including goodwill of \$6.0 million, customer related intangible of \$968,000, and a covenant-not-to-compete of \$108,000. The customer related intangible and the covenant-not-to-compete are being amortized over 15 years and 5 years, respectively.

On March 1, 2006, Tompkins Insurance acquired the Farrell-Messler Agency, an insurance agency in Trumansburg, New York, in a cash transaction. The transaction resulted in goodwill of \$631,000, customer related intangibles of \$159,000 and a covenant-not-to-compete of \$79,000. The customer related intangibles and covenant-not-to-compete are being amortized over 15 and 5 years, respectively.

On April 1, 2006, Tompkins Insurance acquired certain assets of the Potter Enterprises of WNY, Inc., an insurance agency headquartered in Orchard Park, New York, in a cash transaction. Only the operations attributable to the Castile, NY branch were included in this transaction. The transaction resulted in goodwill of \$180,000, customer related intangibles of \$56,000 and a covenant-not-to-compete of \$14,000. The customer related intangibles and covenant-not-to-compete are being amortized over 15 and 4 years, respectively.

On July 1, 2006, Tompkins Insurance acquired the Kemp Agency, an insurance agency with offices in Dansville and Nunda, New York in a stock and cash transaction. The transaction resulted in goodwill of \$611,000, customer related intangibles of \$195,000 and a covenant-not-to-compete of \$65,000. The customer

Note 6 Goodwill and Other Intangible Assets (continued)

related intangibles and covenant-not-to-compete are being amortized over 15 and 5 years, respectively.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Effective December 31, 2006, Tompkins Insurance acquired the Carey McKinney Group, an insurance agency in Ithaca, New York, in a cash and stock transaction. The transaction resulted in goodwill of \$1.5 million, customer related intangibles of \$457,000 and a covenant-not-to-compete of \$246,000. The customer related intangibles and covenant-not-to-compete are being amortized over 15 and 5 years, respectively.

At December 31, 2006, the Company had unamortized goodwill related to its various acquisitions totaling \$21,235,000 compared with \$12,286,000 at December 31, 2005. The increase reflects \$6.0 million of goodwill related to the acquisition of AM&M and \$2.9 million of goodwill related to the four insurance agency acquisitions in 2006.

At December 31, 2006, the Company had core deposit intangible assets related to various acquisitions of \$535,000 compared to \$916,000 at December 31, 2005. The amortization of these intangible assets amounted to \$381,000 in 2006 and \$483,000 in 2005.

At December 31, 2006, other intangible assets, consisting of mortgage servicing rights, customer lists and contracts, and covenants-not-to-compete, totaled \$3,516,000.

The Company reviews its goodwill and intangible assets annually, or more frequently if conditions warrant, for impairment. Based on the Company's 2006 review, there was no impairment of its goodwill or intangible assets.

Information regarding the carrying amount and the amortization expense of the Company's acquired intangible assets are disclosed in the table below.

December 31, 2006 (in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount

Amortized intangible assets:			
Core deposit intangible	\$ 5,459	\$ 4,924	\$ 535
Other intangibles	5,152	1,636	3,516

Subtotal amortized intangible assets	10,611	6,560	4,051
Goodwill	23,259	2,024	21,235

Total intangible assets	\$ 33,870	\$ 8,584	\$ 25,286

Aggregate amortization expense: *			
For the year ended December 31, 2006	\$ 674		
Estimated amortization expense: *			
For the year ended December 31, 2007	661		
For the year ended December 31, 2008	517		
For the year ended December 31, 2009	365		
For the year ended December 31, 2010	259		
For the year ended December 31, 2011	176		
=====			

- o Excludes the amortization of mortgage servicing rights as the amounts are not material. Amortization of mortgage servicing rights was \$116,000, \$127,000, and \$168,000 in 2006, 2005, and 2004, respectively.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

December 31, 2005 (in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:			
Core deposit intangible	\$ 5,459	\$ 4,543	\$ 916
Other intangibles	2,137	893	1,244
Subtotal amortized intangible assets	7,596	5,436	2,160
Goodwill	14,310	2,024	12,286
Total intangible assets	\$ 21,906	\$ 7,460	\$ 14,446

The changes in the carrying amount of goodwill for the year ended December 31, 2006 are as follows:

(in thousands)	Gross Carrying Amount	Net Carrying Amount
Balance as of January 1, 2006	\$ 14,310	\$ 12,286
Goodwill resulting from acquisition of insurance agencies	2,970	2,970
Goodwill resulting from acquisition of AM&M	5,979	5,979
Balance as of December 31, 2006	\$ 23,259	\$ 21,235

58

Note 7 Bank Premises and Equipment

Bank premises and equipment at December 31 were as follows:

(in thousands)	2006	
Land	\$ 7,611	\$ 6,611
Bank premises	41,122	35,122
Furniture, fixtures, and equipment	31,118	27,118
Accumulated depreciation and amortization	(36,578)	(32,578)
Total	\$ 43,273	\$ 36,273

Depreciation and amortization expenses in 2006, 2005, and 2004 are included in operating expenses as follows:

(in thousands)	2006	2005

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Bank premises	\$	1,148	\$	1,056	\$	1
Furniture, fixtures, and equipment		2,390		2,172		2

Total	\$	3,538	\$	3,228	\$	3
=====						

The following is a summary of the future minimum lease payments under non-cancelable operating leases as of December 31, 2006:

(in thousands)

2007	\$ 1,605
2008	1,493
2009	1,224
2010	1,168
2011	753
Thereafter	12,860

Total	\$19,103

The Company leases land, buildings and equipment under operating lease arrangements extending to the year 2090. Total rental expense amounted to \$1.7 million in 2006, \$1.1 million in 2005, and \$813,000 in 2004. Most leases include options to renew for periods ranging from 5 to 20 years. Options to renew are not included in the above future minimum rental commitments. The Company has two land lease commitments with terms expiring in 2042 and 2090.

Note 8 Deposits

The aggregate time deposits of \$100,000 or more were \$313,137,000 at December 31, 2006, and \$296,806,000 at December 31, 2005. Scheduled maturities of time deposits at December 31, 2006, were as follows:

(in thousands)	Less than \$100,000	\$100,000 and over	T

Maturity			
Three months or less	\$ 87,310	\$ 189,452	\$ 276
Over three through six months	95,450	51,519	146
Over six through twelve months	139,663	61,779	201

Total due in 2007	322,423	302,750	625
2008	25,199	7,733	32
2009	5,412	1,437	6
2010	1,244	1,117	2
2011	1,779	100	1
2012 and thereafter	28	0	

Total	\$ 356,085	\$ 313,137	\$ 669
=====			

Note 9 Securities Sold Under Agreements to Repurchase and Federal Funds Purchased

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Securities sold under agreements to repurchase are secured borrowings that typically mature within thirty to ninety days, although the Company has entered into repurchase agreements with the Federal Home Loan Bank ("FHLB") with maturities that extend through 2016. As of December 31, 2006, the Company had \$112.0 million in repurchase agreements with the FHLB that mature over one year. Maturities of advances due over one year include \$20.0 million in 2008, \$12.0 million in 2009, \$5.0 million in 2010, \$10.0 million in 2011, \$5.0 million in 2012, \$15.0 million in 2013, and \$45.0 million in 2016. Securities sold under agreements to repurchase are stated at the amount of cash received in connection with the transaction. The Company may be required to provide additional collateral based on the fair value of the underlying securities. Federal funds purchased are short-term borrowings that typically mature within one to ninety days.

Information regarding securities sold under agreements to repurchase and Federal funds purchased for the years ended December 31, is detailed in the table below:

Securities Sold Under Agreements to Repurchase (dollar amounts in thousands)

	2006	2005
Total outstanding at December 31	\$ 191,490	\$ 152,651
Maximum month-end balance	191,490	172,353
Average balance during the year	158,818	157,646
Weighted average rate at December 31	3.92%	3.21%
Average interest rate paid during the year	3.71%	3.07%

Federal Funds Purchased (dollar amounts in thousands)

	2006	2005
Total outstanding at December 31	\$ 0	\$ 0
Maximum month-end balance	3,500	3,000
Average balance during the year	328	171
Weighted average rate at December 31	N/A	N/A
Average interest rate paid during the year	3.71%	3.25%

Note 10 Other Borrowings

The following table summarizes the Company's borrowings for the years ending December 31, 2006 and 2005.

	2006	
Overnight FHLB advances	\$ 40,500	\$
Term FHLB advances	45,181	63
Other	260	
Total borrowings	\$ 85,941	\$ 63

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

The Company, through its subsidiary banks, had available line-of-credit agreements with banks permitting borrowings to a maximum of approximately \$31,587,000 at December 31, 2006 and \$31,558,000 at December 31, 2005. There were no outstanding advances against those lines at December 31, 2006 or 2005.

As members of the Federal Home Loan Bank (FHLB) each bank subsidiary may apply for advances secured by certain residential mortgage loans and other assets, provided that certain standards for credit worthiness have been met. At December 31, 2006, the Company, through its subsidiary banks, had established unused lines of credit with the FHLB of \$366,056,000. At December 31, 2006, there were \$45,181,000 in term advances from the FHLB, compared to \$63,430,000 at December 31, 2005. Of the \$45,181,000 of term advances, \$5,062,000 are due within one year and have a weighted average rate of 4.41%; and \$40,119,000 are due over one year and have a weighted average rate of 4.47%. Maturities of advances due over one year include \$146,000 in 2008, \$973,000 in 2009, \$10.0 million in 2010, \$14.0 million in 2011, \$5.0 million in 2012, and \$10.0 million in 2015.

60

Note 10 Other Borrowings (continued)

The Company's FHLB borrowings at December 31, 2006 included \$43.0 million in fixed-rate callable borrowings, which can be called by the FHLB if certain conditions are met. Additional details on the fixed-rate callable advances are provided in the following table.

	Current Balance	Rate	Maturity Date	Call Date	Call Frequency
\$ 4,000,000	4.290		January 30, 2007	January 30, 2004	Quarterly
10,000,000	4.945		December 21, 2010	December 21, 2001	Quarterly
3,000,000	5.120		January 31, 2011	January 30, 2004	Quarterly
3,000,000	4.880		January 31, 2011	January 30, 2003	Quarterly
3,000,000	5.120		March 7, 2011	March 5, 2006	Quarterly
5,000,000	4.710		November 28, 2011	November 28, 2006	Quarterly
5,000,000	3.260		September 18, 2012	September 18, 2007	Quarterly
10,000,000	3.850		June 3, 2015	June 3, 2010	One time
----- Total	\$ 43,000,000		----- =====		

Other borrowings included a Treasury Tax and Loan Note account with the Federal Reserve Bank of New York totaling \$100,000 at December 31, 2006 and December 31, 2005. At December 31, 2006 and 2005, Tompkins Insurance had borrowings of \$160,000 and \$142,000, respectively, from unrelated financial institutions.

Note 11 Employee Benefit Plans

The Company maintains a noncontributory defined-benefit retirement and pension plan covering substantially all employees of the Company. The benefits are based on years of service and percentage of the employees' average compensation. Assets of the Company's defined benefit plan are invested in common and preferred stock, U. S. Government securities, corporate bonds and notes, and mutual funds. At December 31, 2006, the plan assets included 38,357 shares of Tompkins common stock that had a fair value of \$1.7 million.

In addition to the Company's noncontributory defined-benefit retirement and

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

pension plan, the Company provides supplemental employee retirement plans (SERP) to certain executives.

The Company amended its plan for post-retirement health benefits in 2005. Employees commencing employment after January 1, 2005 will have no contribution from the Company towards a plan of benefits, after retirement. Retirees and employees who were currently eligible to retire when the plan was amended were unaffected. Generally, all other than current employees were eligible for Health Savings Accounts (HSA's) with an initial balance equal to the amount of the Company's estimated then current liability. Contributions to the plan are limited to an annual contribution of 4% of the total HSA balances. Employees, upon retirement, will be able to utilize their HSA for qualified health costs and deductibles.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans--An Amendment of FASB No. 87, 88, 106 and 132(R)" ("SFAS 158"). Effective for fiscal years ending after December 31, 2006, SFAS 158 requires that the funded status of defined benefit postretirement plans be recognized on the company's balance sheet, and changes in the funded status be reflected in comprehensive income in the year in which the change occurred. However, gains or losses, prior service costs or credits, and transition assets or obligations that have not been included in net periodic benefit cost as of the end of 2006, the year in which SFAS 158 is initially applied were recognized as components of the ending balance of accumulated other comprehensive income(loss), net of tax. Retroactive application of this accounting rule is prohibited; therefore, 2006 is presented as required by SFAS 158 and 2005 is presented as required under the accounting rules prior to SFAS 158. The adoption of SFAS 158 in 2006 has no effect on the computation of net periodic expense for pensions and other post-retirement benefits.

The Company engages independent, external actuaries to compute the amounts of liabilities and expenses relating to these plans, subject to the assumptions that the Company selects. The benefit obligation for these plans represents the liability of the Company for current and retired employees, and is affected primarily by the following:

- o Service cost (benefits attributed to employee service during the period)
- o Interest cost (interest on the liability due to the passage of time)
- o Actuarial gains/losses (experience during the year different from that assumed and changes in plan assumptions)
- o Benefits paid to participants.

61

Note 11 Employee Benefit Plans (continued)

The following table sets forth the changes in the projected benefit obligation for the defined-benefit retirement and pension plan and SERP and the accumulated benefit obligation for the post-retirement plan; and the respective plan assets, and the plans' funded status and amounts recognized in the Company's consolidated statements of condition at December 31, 2006 and 2005 (the measurement dates of the plans).

	Pension Benefits		Life and Health Benefits	
(in thousands)	2006	2005	2006	2005

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Change in benefit obligation:

Benefit obligation at beginning of year	\$	32,947	\$	29,508	\$	4,590	\$	5,495
Service cost		1,577		1,624		108		140
Interest cost		1,865		1,746		260		272
Plan participants' contributions		0		0		70		88
Actuarial (gain)/loss		(1,348)		1,287		(148)		(734)
Benefits paid		(1,306)		(1,218)		(241)		(316)
Business combinations		0		0		472		0
Plan amendments		353		0		0		(355)
=====								
Benefit obligation at end of year	\$	34,088	\$	32,947	\$	5,111	\$	4,590

Change in plan assets

Fair value of plan assets at beginning of year	\$	33,064	\$	31,631	\$	0	\$	0
Actual return on plan assets		3,959		2,151		0		0
Plan participants' contributions		0		0		70		88
Employer contribution		0		500		171		228
Benefits paid		(1,306)		(1,218)		(241)		(316)

Fair value of plan assets at end of year

Fair value of plan assets at end of year	\$	35,717	\$	33,064	\$	0	\$	0

Funded (unfunded) status	\$	1,629	\$	117	\$	(5,111)	\$	(4,590)

The accumulated benefit obligation for the pension plan for 2006 and 2005 was \$34,088,000 and \$32,947,000, respectively. The accumulated benefit obligation for the SERP for 2006 and 2005 was \$5,181,000 and \$4,696,000, respectively.

Effective 2006, SFAS 158 required that companies recognize a balance sheet asset or liability for each of their pension and other post-retirement benefit plans equal to the funded status of the plan. The funded status, or amount by which the benefit obligation exceeds the fair value of plan assets, represents a liability. Conversely, the amount by which the fair value of plan assets exceeds the benefit obligation represents an asset. The funded status of the pension plan of \$1,629,000 is recognized in the accompanying Consolidated Statements of Condition as a prepaid asset. The unfunded status of the life and health benefit plan and the SERP of \$5,111,000 and \$7,767,000, respectively, are recognized in the accompanying Consolidated Statements of Condition as accrued liabilities.

For 2005, a liability was recognized if net periodic pension cost recognized over the life of the plan exceeds amounts the employer had contributed to the plan. An asset was recognized if net periodic pension cost was less than amounts the employer had contributed to the plan.

The following table shows the reconciliation of the funded status of the Company's plans with the amounts recorded in the Consolidated Statements of Condition.

(in thousands)	Pension Benefits		Life and Health Benefits					
	2006	2005	2006	2005				
Funded (unfunded) status	\$	1,629	\$	117	\$	(5,111)	\$	(4,590)
Unrecognized net actuarial loss		0		13,946		0		44
Net transition obligation		0		0		0		520

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Unrecognized prior service cost		0	(1,403)		0		0	
Prepaid (accrued) benefit cost	\$	1,629	\$	13,422	\$	(5,111)	\$	(4,026)

62

Note 11 Employee Benefit Plans (continued)

Weighted-average assumptions used in accounting for the plans were as follows:

	Pension Benefits			Life and Health Benefits		
	2006	2005	2004	2006	2005	2004
Discount rates:						
Benefit Cost for Plan Year	5.75%	6.00%	6.25%	5.75%	6.00%	6.00%
Benefit Obligation at End of Plan Year	6.00%	5.75%	6.00%	6.00%	5.75%	6.00%
Expected long-term return on plan assets:						
Benefit Cost for Plan Year	8.50%	8.50%	8.50%	N/A	N/A	N/A
Benefit Obligation at End of Plan Year	N/A	N/A	N/A	N/A	N/A	N/A
Rate of compensation increase (1)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

(1) The rate of compensation increase for the Trust Company is 4%, and is 5% for all other groups.

Net periodic benefit cost includes the following components:

Components of net periodic benefit cost

(in thousands)	Pension Benefits			Life and Health Benefits		
	2006	2005	2004	2006	2005	2004
Service cost	\$ 1,577	\$ 1,624	\$ 1,382	\$ 108	\$ 140	\$ 140
Interest cost	1,865	1,746	1,634	260	272	312
Expected return on plan assets	(2,754)	(2,647)	(2,338)	0	0	0
Amortization of prior service cost	(107)	(131)	(131)	0	5	5
Recognized net actuarial loss	716	669	673	0	0	0
Amortization of transition liability	0	0	0	67	103	103
Other	N/A	N/A	N/A	N/A	N/A	N/A
Net periodic benefit cost	\$ 1,297	\$ 1,261	\$ 1,220	\$ 435	\$ 520	\$ 563

Tompkins Trust Company offers post-retirement health care benefits, although as previously mentioned, has discontinued adding participants to the plan. The weighted average annual assumed rate of increase in the per capita cost of

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

covered benefits (the health care cost trend rate) is 8.25% beginning in 2007, and is assumed to decrease gradually to 5.0% in 2012 and beyond. For every 1% change in the assumed health care cost trend rate, service and interest costs will change approximately \$16,000 and the Company's benefit obligation will change approximately \$200,000.

The balance as of December 31, 2006 of pre-tax amounts to be amortized in the future that are included in accumulated other comprehensive income (net of tax) (a component of Stockholders' Equity) are listed below:

(in thousands)	Pension	Life and Health Benefits	SERP
Net actuarial loss (gain)	\$ 10,678	\$ (104)	\$ 1,660
Prior service cost (credit)	(944)	0	691
Unrecognized net initial obligation	0	453	0
Total	\$ 9,734	\$ 349	\$ 2,351

63

Note 11 Employee Benefit Plans (continued)

The pre-tax amounts included in accumulated other comprehensive income that are expected to be recognized in net periodic pension cost during the fiscal year ended December 31, 2007 are shown below.

(in thousands)	Pension	Life and Health Benefits	SERP
Actuarial loss	\$ 487	\$ 0	\$ 80
Prior service cost	(107)	0	93
Net initial obligation	0	67	0
Total	\$ 380	\$ 67	\$ 173

The following table illustrates the incremental effect of applying SFAS 158 on individual items on the Company's Consolidated Statements of Condition at December 31, 2006:

(in thousands)	Balance prior to adoption of SFAS 158	Increase/ (decrease) SFAS 158 adoptions adjustments	Ending balance after adoption of SFAS 158
Pension assets	11,363	(9,734)	\$ 1,629

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Deferred tax assets	10,402	4,685	15,087
Total Assets	2,215,886	(5,049)	2,210,837
SERP benefits liability	5,416	2,351	7,767
Post-retirement benefits liability	4,762	349	5,111
Total Liabilities	2,017,065	2,700	2,019,765
Accumulated other comprehensive loss	(4,738)	(7,749)	(12,487)
Total stockholders' equity	197,369	(7,749)	189,620
Total Liabilities and Equity	2,215,886	(5,049)	\$ 2,210,837

Pension Protection Act of 2006

In August 2006, the President of the United States signed the Pension Protection Act of 2006 into law. Included in this legislation were changes to the method of valuing pension plan assets and liabilities for funding purposes, as well as the minimum funding levels required by 2008. The Company feels the new requirements will not have a material impact on the Company's cash flow in 2007, as the plan is currently fully funded. The Company will not be required to make a contribution if plan assets exceed plan obligations and current costs.

Cash Flows

Plan assets are amounts that have been segregated and restricted to provide benefits, and include amounts contributed by the Company and amounts earned from investing contributions, less benefits paid. The Company funds the cost of the SERP and the post-retirement medical and life insurance benefits on a pay-as-you-go basis.

The benefits as of December 31, 2006, expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter were as follows:

(in thousands)	Pension	Life and Health Benefits	SERP
2007	1,452	266	75
2008	1,513	276	236
2009	1,590	295	232
2010	1,769	322	228
2011	1,945	352	392
2012-2016	12,157	1,983	2,058
Total	20,426	3,494	3,221

Note 11 Employee Benefit Plans (continued)

Plan Assets

The Company's pension plan weighted-average asset allocations at December 31, 2006 and 2005, by asset category are as follows:

2006	2005
------	------

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Equity securities	73%	83%
Debt securities	20%	14%
Other	7%	3%

Total Allocation	100%	100%

The Company is not required to make a contribution to its pension plan in 2007; however, the Company may voluntarily contribute to the pension plan in 2007.

To develop the expected long-term rate of return on asset assumption, the Company considered the historical returns and the future expectations for returns for each asset class, as well as target asset allocations of the pension portfolio. Based on this analysis, the Company selected 8.50% as the long-term rate of return on assets assumption.

It is the policy of the Trustees to invest the Pension Trust Fund (the "Fund") for total return. The Trustees seek the maximum return consistent with the interests of the participants and beneficiaries and prudent investment management. The management of the Fund's assets is in compliance with the guidelines established in the Company's Pension Plan and Trust Investment Policy, which is reviewed and approved annually by the Tompkins Board of Directors, and the Pension Investment Review Committee.

The intention is for the Fund to be prudently diversified. The Fund's investments will be invested among the fixed income, equity and cash equivalent sectors. The pension committee will designate minimum and maximum positions in any of the sectors. In no case shall more than 10% of the Fund assets consist of qualified securities or real estate of the Company. In addition, the following investments are prohibited:

1. Restricted stock, private placements, short positions, calls, puts, or margin transactions;
2. Commodities, oil and gas properties, real estate properties, or
3. Any investment that would constitute a prohibited transaction as described in the Employee Retirement Income Security Act of 1974 ("ERISA"), section 407, 29 U.S.C. 1106.

In general, the investment in debt securities is limited to readily marketable debt securities having a Standard & Poor's rating of "A" or Moody's rating of "A", securities of, or guaranteed by the United States Government or its agencies, or obligations of banks or their holding companies that are rated in the three highest ratings assigned by Fitch Investor Service, Inc. In addition, investments in equity securities must be listed on the New York Stock Exchange (NYSE), the American Stock Exchange (AMEX) or are traded on the national Over The Counter market or listed on the NASDAQ. Cash equivalents generally may be United States Treasury obligations, commercial paper having a Standard & Poor's rating of "A-1" or Moody's National Credit Officer rating of "P-1" or higher.

The Company has an Employee Stock Ownership Plan (ESOP) and a 401(k) Investment and Stock Ownership Plan (ISOP) covering substantially all employees of the Company. The ESOP allows for Company contributions in the form of common stock of the Company. Annually, the Tompkins Board of Directors determines a profit-sharing payout to its employees in accordance with a performance-based formula. A percentage of the approved amount is paid in Company common stock into the ESOP. Contributions are limited to a maximum amount as stipulated in the ESOP. The remaining percentage is either paid out in cash or deferred into the ISOP at the direction of the employee. Compensation expense related to the

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

ESOP and ISOP totaled \$1.6 million in 2006 and 2005, and \$1.8 million in 2004.

Under the ISOP, employees may contribute a percentage of their eligible compensation with a Company match of such contributions up to a maximum match of 4%. The Company provided certain matching contributions to the ISOP based upon the amount of contributions made by plan participants. The expense associated with these matching provisions was \$1.0 million in 2006, \$871,000 in 2005, and \$801,000 in 2004.

Life insurance benefits are provided to certain officers of the Company. In connection with these benefits, the Company reflects life insurance assets on its Consolidated Statements of Condition of \$25.6 million at December 31, 2006, and \$27.2 million at December 31, 2005. Proceeds from death benefits are used to provide the life insurance benefits to the officers of the Company. The insurance is carried at its cash surrender value on the Consolidated Statements of Condition. Increases in the cash surrender value of the insurance are reflected as noninterest income, net of any related mortality expense.

65

Note 12 Stock Plans and Stock Based Compensation

The Company's 2001 Stock Option Plan, as amended, (the "Stock Option Plan") authorizes the grant of options to purchase up to 1,131,350 shares of the Company's common stock. At December 31, 2006, there were 456,742 shares available for grant under the 2001 Plan. The Board of Directors of Tompkins may grant stock options to officers, employees and certain other qualified individuals. Stock options are granted at an exercise price equal to the stock's fair market value at the date of grant, may not have a term in excess of ten years, and have vesting periods that range between one and seven years from the grant date. Prior to the adoption of the Stock Option Plan, the Company had similar stock option plans, which remain in effect solely with respect to unexercised options issued under these plans.

The following table presents the activity related to options under all plans for the twelve months ended December 31, 2006.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term

Outstanding at January 1, 2006	628,894	\$ 31.23	
Granted	234,465	42.39	
	(124,879)	25.91	
Exercised			
Expired	(2,178)	39.34	
Forfeited	(35,425)	38.77	

Outstanding at December 31, 2006	700,877	\$ 35.50	6.84 \$
=====			
Exercisable at December 31, 2006	418,480	\$ 31.51	5.65 \$
=====			

The Company's practice is to issue original issue shares of its common stock upon exercise of stock options rather than treasury shares. The Company granted

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

234,465 options to its employees in 2006, 2,200 in 2005, and 240,800 in 2004. The Company uses the Black-Scholes option-valuation model to determine the fair value of each option at the date of grant. This valuation model estimates fair value based on the assumptions listed in the table below. The risk-free interest rate is the interest rate available on zero-coupon U.S. Treasury instruments with a remaining term equal to the expected term of the share option at the time of grant. The expected dividend yield is based on dividend trends and the market price of the Company's stock price at grant. Volatility is largely based on historical volatility of the Company's stock price. Expected term is based upon historical experience of employee exercises and terminations as well as the vesting term of the grants.

		2006		2005
Weighted per share average fair value at grant date	\$	11.48	\$	10.10
Risk-free interest rate		4.32%		4.20%
Expected dividend yield		2.60%		2.60%
Volatility		28.28%		30.00%
Expected life (years)		6.50		5.00

The total intrinsic value, which is the amount by which the fair value of the underlying stock exceeds the exercise price of an option on the exercise date, of options exercised was \$2,279,000 in 2006, \$1,014,000 in 2005 and \$839,000 in 2004.

As of December 31, 2006, unrecognized compensation cost related to unvested stock options totaled \$2,300,000. The cost is expected to be recognized over a weighted average period of 3.0 years. The amount of cash received from the exercise of stock options was \$2,200,000 for 2006, \$825,000 for 2005 and \$781,000 for 2004, respectively. The tax benefit realized from stock options exercised during 2006, 2005, and 2004 was \$410,000, \$239,000, and \$112,000, respectively.

The following summarizes outstanding and exercisable options at December 31, 2006:

	Options Outstanding			Options Exercisable	
	Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable
\$15.10-32.23	269,216	4.64	\$ 26.90	257,900	\$
\$37.32-39.45	212,046	7.35	\$ 39.29	160,580	\$
\$42.39-42.39	219,615	9.06	\$ 42.39	0	\$
	700,877	6.84	\$ 34.35	418,480	\$

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Note 13 Income Taxes

The income tax expense (benefit) attributable to income from operations is summarized as follows:

(in thousands)	Current	Deferred	Total
<hr/>			
2006			
Federal	\$ 13,468	\$ (1,845)	\$ 11,623
State	1,512	(419)	1,093
<hr/>			
Total	\$ 14,980	\$ (2,264)	\$ 12,716
<hr/>			
2005			
Federal	\$ 13,927	\$ (1,843)	\$ 12,084
State	1,502	(379)	1,123
<hr/>			
Total	\$ 15,429	\$ (2,222)	\$ 13,207
<hr/>			
2004			
Federal	\$ 10,655	\$ 276	\$ 10,931
State	1,678	(116)	1,562
<hr/>			
Total	\$ 12,333	\$ 160	\$ 12,493
<hr/>			

The primary reasons for the differences between income tax expense and the amount computed by applying the statutory federal income tax rate to earnings are as follows:

	2006	2005	2004
<hr/>			
Statutory federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	1.8	1.8	2.6
Tax exempt income	(3.6)	(3.6)	(3.5)
All other	(1.8)	(0.9)	(1.3)
<hr/>			
Total	31.4%	32.3%	32.8%
<hr/>			

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31 were as follows:

(in thousands)	2006	2005
<hr/>		

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Deferred tax assets:			
Allowance for loan/lease losses	\$	5,668	\$ 5,422
Compensation and benefits		6,200	5,375
Other		1,712	1,067

Total deferred tax assets	\$	13,580	\$ 11,864

Deferred tax liabilities:			
Prepaid pension	\$	4,521	\$ 5,038
Depreciation		581	792
Intangibles		668	9
Other		567	587

Total deferred tax liabilities	\$	6,337	\$ 6,426

Net deferred tax asset at year-end	\$	7,243	\$ 5,438

Net deferred tax asset at beginning of year	\$	5,438	\$ 3,216

Increase in net deferred tax asset		1,805	2,222
Purchase accounting adjustments, net		459	0

Deferred tax benefit	\$	(2,264)	\$ (2,222)
=====			

This analysis does not include the recorded deferred tax assets of \$3,159,000 as of December 31, 2006 and \$4,206,000 as of December 31, 2005 related to the net unrealized holding loss/gain in the available-for-sale securities portfolio. In addition, the analysis excludes the recorded deferred tax assets of \$4.7 million as of December 31, 2006 related to the reduction of the prepaid pension asset with the adoption of SFAS No. 158.

67

Note 13 Income Taxes (continued)

Realization of deferred tax assets is dependent upon the generation of future taxable income or the existence of sufficient taxable income within the carry-back period. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets will not be realized. In assessing the need for a valuation allowance, management considers the scheduled reversal of the deferred tax liabilities, the level of historical taxable income, and the projected future taxable income over the periods in which the temporary differences comprising the deferred tax assets will be deductible. Based on its assessment, management determined that no valuation allowance is necessary at December 31, 2006 and 2005.

Note 14 Commitments and Contingent Liabilities

The Company, in the normal course of business, is a party to financial instruments with off-balance-sheet risk to meet the financial needs of its customers. These financial instruments include loan commitments, stand-by letters of credit, and unused portions of lines of credit. The contract, or notional amount, of these instruments represents the Company's involvement in particular classes of financial instruments. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized on the consolidated statements of condition.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN No. 45), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Indirect Guarantees of Indebtedness of Others; an Interpretation of FASB Statements No. 5,57 and 107 and rescission of FASB Interpretation No. 34. FIN No. 45 requires certain new disclosures and potential liability recognition for the fair value at issuance of guarantees that fall within its scope. Based upon the Company's interpretation of FIN No. 45, the Company currently does not issue any guarantees that would require liability recognition under FIN No. 45, other than its stand-by letters of credit, the amount of which is not considered significant at December 31, 2006 and 2005.

The Company's maximum potential obligations to extend credit for loan commitments (unfunded loans, unused lines of credit, and stand-by letters of credit) outstanding on December 31 were as follows:

(in thousands)	2006	2005
Loan commitments	\$ 72,504	\$ 69,234
Stand-by letter of credit	53,875	24,695
Undisbursed portion of lines of credit	240,325	229,503
Total	\$ 366,704	\$ 323,432

Commitments to extend credit (including lines of credit) are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Stand-by letters of credit are conditional commitments to guarantee the performance of a customer to a third party. Management uses the same credit policies in making commitments to extend credit and stand-by letters of credit as are used for on-balance-sheet lending decisions. Based upon management's evaluation of the counterparty, the Company may require collateral to support commitments to extend credit and stand-by letters of credit. The credit risk amounts are equal to the contractual amounts, assuming the amounts are fully advanced and collateral or other security is of no value. The Company does not anticipate losses as a result of these transactions. These commitments also have off-balance-sheet interest-rate risk, in that the interest rate at which these commitments were made may not be at market rates on the date the commitments are fulfilled. Since some commitments and stand-by letters of credit are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash flow requirements.

At December 31, 2006, the Company had rate lock agreements associated with mortgage loans to be sold in the secondary market (certain of which relate to loan applications for which no formal commitment has been made) amounting to approximately \$125,000. In order to limit the interest rate risk associated with rate lock agreements, as well as the interest rate risk associated with mortgages held for sale, if any, the Company enters into agreements to sell loans in the secondary market to unrelated investors on a loan-by-loan basis. At December 31, 2006, the Company had approximately \$294,000 of commitments to sell mortgages to unrelated investors on a loan-by-loan basis.

In the normal course of business, the Company is involved in various legal proceedings. In the opinion of management, based upon the review with counsel, the proceedings are not expected to have a material effect on the Company's financial condition or results of operations.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Calculation of basic earnings per share (Basic EPS) and diluted earnings per share (Diluted EPS) is shown below. Per share data has been retroactively adjusted to reflect a 10% stock dividend paid on May 15, 2006.

For year ended December 31, 2006 (in thousands except share and per share data)	Net Income (Numerator)	Weighted Average Shares (Denominator)

Basic EPS:		
Income available to common shareholders	\$ 27,767	9,857,787
Effect of dilutive securities:		
Stock options		130,997
Shares issuable as contingent consideration for acquisition		10,581
Diluted EPS:		
Income available to common shareholders plus assumed conversions	\$ 27,767	9,999,365
=====		

The effect of dilutive securities calculation for the year ended December 31, 2006 excludes stock options of 206,378 because the exercise price of the options was greater than the average market value of the Company's common stock during the period.

For year ended December 31, 2005 (in thousands except share and per share data)	Net Income (Numerator)	Weighted Average Shares (Denominator)

Basic EPS:		
Income available to common shareholders	\$ 27,685	9,852,789
Effect of dilutive securities:		
Stock options		147,511
Diluted EPS:		
Income available to common shareholders plus assumed conversions	\$ 27,685	10,000,300
=====		

The effect of dilutive securities calculation for the year ended December 31, 2005 excludes stock options of 58,776 because the exercise price of the options was greater than the average market value of the Company's common stock during the period.

For year ended December 31, 2004 (in thousands except share and per share data)	Net Income (Numerator)	Weighted Average Shares (Denominator)

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Basic EPS:		
Income available to common shareholders	\$	25,615
		9,851,615
Effect of dilutive securities:		
Stock options		161,275
Diluted EPS:		
Income available to common shareholders plus assumed conversions	\$	25,615
		10,012,890

The effect of dilutive securities calculation for the year ended December 31, 2004 excludes stock options of 101,357 because the exercise price of the options was greater than the average market value of the Company's common stock during the period.

69

Note 16 Fair Value of Financial Instruments

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2006 and 2005. The carrying amounts shown in the table are included in the consolidated statements of condition under the indicated captions.

Estimated Fair Value of Financial Instruments	2006		2005
(in thousands)	Carrying Amount	Fair Value	Carrying Amount
Financial Assets:			
Cash and cash equivalents	\$ 52,174	\$ 52,174	\$ 65,797
Securities - available-for-sale	655,322	655,322	576,242
Securities - held-to-maturity	59,038	59,606	82,658
Loans/leases, net (1)	1,311,970	1,304,968	1,257,672
Accrued interest receivable	11,725	11,725	10,198
Financial Liabilities			
Time deposits	\$ 669,222	\$ 667,298	\$ 634,607
Other deposits	1,040,198	1,040,198	1,048,403
Securities sold under agreements to repurchase	191,490	188,375	152,651
Other borrowings	85,941	85,633	63,673
Accrued interest payable	4,545	4,545	3,291

(1) Lease receivables, although excluded from the scope of SFAS No. 107, are included in the estimated fair value amounts at their carrying value.

The following methods and assumptions were used in estimating fair value disclosures for financial instruments:

CASH AND CASH EQUIVALENTS: The carrying amounts reported in the consolidated statements of condition for cash, noninterest-bearing deposits, and Federal funds sold approximate the fair value of those assets.

SECURITIES: Fair values for securities are based on quoted market prices. When no secondary market exists to quote a market price the fair value is estimated

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

based upon comparable securities, or the carrying amount of the security is used as the estimated fair value. Note 3 discloses the fair values of securities.

LOANS/LEASES: The fair values of fixed rate loans/leases are estimated using discounted cash flow analyses, and interest rates currently offered for loans/leases with similar terms and credit quality.

DEPOSITS: The fair values disclosed for non-interest bearing accounts and accounts with no stated maturities are equal to the amount payable on demand at the reporting date. The fair value of time deposits was estimated by discounting expected monthly maturities at interest rates approximating those currently being offered on time deposits of similar terms.

SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE: The carrying amounts of repurchase agreements and other short-term borrowings approximate their fair values. Fair values of long-term borrowings are estimated using a discounted cash flow approach, based on current market rates for similar borrowings.

OTHER BORROWINGS: The fair values of other borrowings are estimated using discounted cash flow analysis, discounted at the Company's current incremental borrowing rate for similar borrowing arrangements.

OFF-BALANCE-SHEET INSTRUMENTS: The fair values of outstanding loan commitments, including unused lines of credit and stand-by letters of credit are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements, the counterparties' credit standing, and discounted cash flow analyses. In fixed rate loan commitments, fair value estimates also consider the difference between current market rates and the committed rates. At December 31, 2006 and 2005, the fair values of these instruments approximate the value of the related fees and are not significant.

70

Note 17 Regulations and Supervision

The Company and its subsidiary banks are subject to various regulatory capital requirements administered by Federal bank regulatory agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material adverse effect on the Company's business, results of operation and financial condition. Under capital adequacy guidelines and the regulatory framework for prompt corrective action (PCA), banks must meet specific guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classifications of the Company and its subsidiary banks are also subject to qualitative judgments by regulators concerning components, risk weightings, and other factors. Quantitative measures established by regulation to ensure capital adequacy require the maintenance of minimum amounts and ratios (set forth in the table below) of total capital and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital to average assets (as defined). Management believes that the Company and its subsidiary banks meet all capital adequacy requirements to which they are subject.

As of December 31, 2006, the most recent notifications from Federal bank regulatory agencies categorized the Tompkins Trust Company, The Bank of Castile and Mahopac National Bank as "well capitalized" under the regulatory framework for PCA. To be categorized as well capitalized, the Company and its subsidiary banks must maintain total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table below. There are no conditions or events since that notification that management believes have changed the capital category of

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

the Company or its subsidiary banks. Actual capital amounts and ratios of the Company and its subsidiary banks are as follows:

(dollar amounts in thousands)	Actual Amount/Ratio	Require to be Adequately Cap Amount/Ra
December 31, 2006:		
Total Capital (to risk-weighted assets)		
The Company (consolidated)	\$193,830/13.1%	>\$118,458/>
Trust Company	\$101,750/14.9%	>\$54,753/>
Castile	\$46,604/10.7%	>\$34,724/>
Mahopac	\$38,308/10.8%	>\$28,262/>
Tier I Capital (to risk-weighted assets)		
The Company (consolidated)	\$179,502/12.1%	>\$59,229/>
Trust Company	\$95,928/14.0%	>\$27,377/>
Castile	\$41,184/9.5%	>\$17,362/>
Mahopac	\$35,222/10.0%	>\$14,131/>
Tier I Capital (to average assets)		
The Company (consolidated)	\$179,502/8.3%	>\$64,918/>
Trust Company	\$95,928/8.5%	>\$33,815/>
Castile	\$41,184/7.1%	>\$17,320/>
Mahopac	\$35,222/7.5%	>\$14,111/>
=====		
December 31, 2005:		
Total Capital (to risk-weighted assets)		
The Company (consolidated)	\$189,434/13.7%	>\$110,262/>
Trust Company	\$98,370/14.9%	>\$52,931/>
Castile	\$43,865/10.8%	>\$32,461/>
Mahopac	\$35,042/11.2%	>\$24,993/>
Tier I Capital (to risk-weighted assets)		
The Company (consolidated)	\$175,757/12.8%	>\$55,131/>
Trust Company	\$92,407/14.0%	>\$26,465/>
Castile	\$39,122/9.6%	>\$16,231/>
Mahopac	\$32,071/10.3%	>\$12,497/>
Tier I Capital (to average assets)		
The Company (consolidated)	\$175,757/8.5%	>\$62,197/>
Trust Company	\$92,407/8.5%	>\$32,632/>
Castile	\$39,122/7.3%	>\$16,088/>
Mahopac	\$32,071/6.9%	>\$14,024/>
=====		

71

Note 17 Regulations and Supervision (continued)

The above capital ratios exclude the impact of the adoption of SFAS 158, "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans." The federal bank regulatory agencies adopted on December 14, 2006, an interim decision excluding any amounts recorded in accumulated other comprehensive income (loss) resulting from the adoption of SFAS 158.

Generally, dividends from the banking subsidiaries to the Company are limited to retained net profits for the current year and two preceding years, unless specific approval is received from the appropriate bank regulatory authority. At

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

December 31, 2006 the retained net profits of the Company's bank subsidiaries available to pay dividends were \$34.8 million.

Each bank subsidiary is required to maintain reserve balances by the Federal Reserve Bank of New York. At December 31, 2006, and 2005 the reserve requirements for the Company's banking subsidiaries totaled \$3,675,000.

Note 18 Condensed Parent Company Only Financial Statements

Condensed financial statements for Tompkins (the Parent Company) as of December 31 are presented below.

Condensed Statements of Condition

(in thousands)

ASSETS

Cash
 Available-for-sale securities, at fair value
 Investment in subsidiaries, at equity
 Other

Total Assets

LIABILITIES AND SHAREHOLDERS EQUITY

Liabilities
 Shareholders' Equity

Total Liabilities and Shareholders' Equity

Condensed Statements of Income

(in thousands)

2006

Dividends from available-for-sale securities	\$	44
Dividends received from subsidiaries		20,664
Other income		198

Total Operating Income 20,906

Other expenses		2,835
----------------	--	-------

Total Operating Expenses 2,835

Income Before Taxes and Equity in Undistributed

		Earnings of Subsidiaries 18,071
Income tax benefit		1,108
Equity in undistributed earnings of subsidiaries		8,588

Net Income \$ 27,767

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Note 18 Condensed Parent Company Only Financial Statements (continued)

Condensed Statements of Cash Flows (in thousands)	2006
<hr/>	
OPERATING ACTIVITIES	
Net income	\$ 27,767
Adjustments to reconcile net income to net cash provided by operating activities:	
Equity in undistributed earnings of subsidiaries	(8,588)
Tax benefit of stock options exercised	0
Stock-based compensation expense	692
Other, net	(4,232)
<hr/>	
Net Cash Provided by Operating Activities	15,639
<hr/>	
INVESTING ACTIVITIES	
Net cash used in acquisitions	(1,693)
Other, net	(207)
<hr/>	
Net Cash Used in Investing Activities	(1,900)
<hr/>	
FINANCING ACTIVITIES	
Cash dividends	(11,307)
Cash paid in lieu of fractional shares - 10% stock dividend	(10)
Repurchase of common shares	(9,983)
Net proceeds from exercise of stock options	2,251
Tax benefits of stock options exercised	410
<hr/>	
Net Cash Used in Financing Activities	(18,639)
<hr/>	
Net (decrease) increase in cash	(4,900)
Cash at beginning of year	4,911
<hr/>	
Cash at End of Year	\$ 11
<hr/>	

A statement of changes in shareholders' equity has not been presented since it is the same as the Consolidated Statement of Changes in Shareholders' Equity previously presented.

Note 19 Segment and Related Information

The Company manages its operations through two business segments: banking and financial services. Financial services activities consist of the results of the Company's trust, wealth and risk management operations. All other activities, including holding company activities, are considered banking. The Company accounts for intercompany fees and services at an estimated fair value according to regulatory requirements for the services provided. Intercompany items relate primarily to the use of human resources, accounting and marketing services provided by any of the Banks and the holding company. All other accounting policies are the same as those described in the summary of significant accounting policies.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Note 19 Segment and Related Information (continued)

Summarized financial information concerning the Company's reportable segments and the reconciliation to the Company's consolidated results is shown in the following table. Investment in subsidiaries is netted out of the presentations below. The "Intercompany" column identifies the intercompany activities of revenues, expenses and other assets between the banking and financial services segment.

(in thousands)	As of and for the year	
	Banking	Financial Services
Interest income	\$ 120,736	\$ 311
Interest expense	48,179	11
Net interest income	72,557	300
Provision for loan losses	1,424	0
Noninterest income	19,635	21,652
Noninterest expense	56,788	15,318
Income before income taxes	33,980	6,634
Minority interest	131	0
Provision for income taxes	10,470	2,246
Net Income	\$ 23,379	\$ 4,388

Depreciation and amortization	\$ 3,932	\$ 223
Assets	2,183,880	28,455
Goodwill	5,377	15,858
Other intangibles	1,663	2,388
Loans, net	1,308,544	3,551
Deposits	1,708,792	1,984
Equity	168,178	21,442

(in thousands)	As of and for the year	
	Banking	Financial Services
Interest income	\$ 106,395	\$ 320
Interest expense	31,687	7
Net interest income	74,708	313
Provision for loan losses	2,659	0
Noninterest income	17,946	12,885
Noninterest expense	53,546	8,624

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

	Income before income taxes	36,449	4,574
Minority interest		131	0
Provision for income taxes		11,602	1,605
	Net Income	\$ 24,716	\$ 2,969

Depreciation and amortization	\$ 3,665	\$ 160
Assets	2,092,610	15,817
Goodwill	5,377	6,909
Other intangibles	1,865	295
Loans, net	1,253,255	4,417
Deposits	1,683,619	905
Equity	168,503	12,718

74

Note 19 Segment and Related Information (continued)

	For the year ended	
(in thousands)	Banking	Financial Services
Interest income	\$ 94,448	\$ 232
Interest expense	23,325	9
Net interest income	71,123	223
Provision for loan losses	2,860	0
Noninterest income	16,148	11,887
Noninterest expense	50,934	7,346
Income before income taxes	33,477	4,764
Minority interest	133	0
Provision for income taxes	10,778	1,715
Net Income	\$ 22,566	\$ 3,049

Unaudited Quarterly Financial Data

	First		Second	
(in thousands except per share data)				
Interest and dividend income	\$ 29,022	\$ 29,739		
Interest expense	10,303	11,670		
Net interest income	18,719	18,069		
Provision for loan/lease losses	459	74		
Income before income tax	9,211	9,597		
Net income	6,397	6,779		
Net income per common share (basic)	.64	.69		

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Net income per common share (diluted)		.63		.68
=====				
2				

(in thousands except per share data)		First		Second

Interest and dividend income	\$	24,965	\$	26,260
Interest expense		6,542		7,459
Net interest income		18,423		18,801
Provision for loan/lease losses		452		716
Income before income tax		9,505		10,341
Net income		6,413		6,948
Net income per common share (basic)		.72		.78
Net income per common share (diluted)		.70		.77
=====				

Per share data has been retroactively adjusted to reflect a 10% stock dividend paid on May 15, 2006.

75

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. 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 under the Securities Exchange Act of 1934, as amended) (the "Exchange Act") as of December 31, 2006. 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 Form 10-K, the Company's disclosure controls and procedures were effective in providing reasonable assurance that 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.

Management's Annual Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. As of December 31, 2006, management assessed the effectiveness of the Company's internal control over financial reporting based on the framework for effective internal control over financial reporting established in "Internal Control - Integrated Framework," issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on its evaluation under the COSO framework, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2006 to provide reasonable assurance regarding the reliability of financial reporting and the preparation

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

of financial statements for external reporting purposes in accordance with generally accepted accounting principles. The results of management's assessment was reviewed with the Company's Audit Committee of its Board of Directors.

Management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 and the effectiveness of internal control over financial reporting as of December 31, 2006 has been audited by KPMG, LLP, an independent registered public accounting firm, as stated in their attestation report, which is included herein.

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 fourth quarter ended December 31, 2006, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated herein by reference to the material under the captions "Proposal 1 - Election of Directors" and Section 16(a) Beneficial Ownership Reporting Compliance"; the discussion of the Company's code of ethics under the caption "Corporate Governance Matters-Policy Regarding Director Attendance at Annual Meetings"; the discussion of director nominees by stockholders and the Audit/Examining Committee under the caption "Board of Director Meetings and Committees" in the Company's definitive proxy statement relating to its 2007 annual meeting of shareholders to be held May 14, 2007 (the "Proxy Statement"); and the material captioned "Executive Officers of the Registrant" in Part I of this Report on Form 10-K.

76

Item 11. Executive Compensation

The information called for by this item is incorporated herein by reference to the material under the captions, "Executive Compensation", "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" in the Proxy Statement.

The material incorporated herein by reference to the material under the caption "Compensation Committee Report" in the Proxy Statement shall be deemed furnished, and not filed, in this Report on Form 10-K and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, as a result of this furnishing, except to the extent that the Company specifically incorporates it by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information called for by this item is incorporated herein by reference to the material under the captions "Equity Compensation Plan Information" and "Securities Ownership of Certain Beneficial Owners and Management" in the Proxy Statement.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information called for by this item is incorporated herein by reference to the material under the captions "Director Independence" and "Transactions with Related Persons" in the Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information called for by this item is incorporated herein by reference to the material under the caption "Independent Auditors" in the Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

- (a) (1) The following financial statements and accountant's report are included in this Annual Report on Form 10-K:

Consolidated Statements of Condition for the years ended December 31, 2006 and 2005

Consolidated Statements of Income for the years ended December 31, 2006, 2005, and 2004

Consolidated Statements of Cash Flows for the years ended December 31, 2006, 2005, and 2004

Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2006, 2005, and 2004

Notes to Consolidated Financial Statements

Unaudited Quarterly Financial Data

- (a) (2) List of Financial Schedules

Not Applicable.

77

- (a) (3) Exhibits

Item No.	Description
2.1	Agreement and Plan of Reorganization, dated as of March 14, 1995, among the Bank, the Company and the Interim Bank incorporated herein by reference to Exhibit 2 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995, and amended by the Company's Form 8-A/A filed with the Commission of January 22, 1996.
2.2	Agreement and Plan of Reorganization, dated as of July 30, 1999 between the Company and Letchworth, incorporated by reference to Annex A to the Company's Registration Statement of Form S-4 (Registration No. 333-90411), filed with the Commission of November 5, 1999.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

- 3.1 Certificate of Incorporation of the Company, incorporated herein by reference to Exhibit 3.1 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995, as amended by Certificate of Amendment of the Certificate of Incorporation of the Company.
- 3.2 Bylaws of the Company, as amended through and including October 28, 2005, incorporated herein by reference to Exhibit 3(ii) to the Company's Current Report on Form 8-K, filed with the Commission on October 26, 2006.
- 4. Form of Specimen Common Stock Certificate of the Company, incorporated herein by reference to Exhibit 4 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995.
- 10.1* 1992 Stock Option Plan, incorporated herein by reference to Exhibit 10.2 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995.
- 10.2* Stock Retainer Plan for Eligible Directors of Tompkins Trustco, Inc. and Participating Subsidiaries, incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Commission on May 15, 2005.
- 10.3* Form of Director Deferred Compensation Agreement, incorporated herein by reference to Exhibit 10.4 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995.
- 10.4* Deferred Compensation Plan for Senior Officers, incorporated herein by reference to Exhibit 10.5 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995.
- 10.5* Supplemental Executive Retirement Agreement with James J. Byrnes, incorporated herein by reference to Exhibit 10.6 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995.
- 10.6* Severance Agreement with James J. Byrnes, incorporated herein by reference to Exhibit 10.7 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995.
- 10.7* Lease Agreement dated August 20, 1993, between Tompkins County Trust Company and Comex Plaza Associates, relating to leased property at the Rothschilds Building, Ithaca, NY, incorporated herein by reference to Exhibit 10.8 to the Company's Form 10-K, filed with the Commission on March 26, 1996.
- 10.8* Employment Agreement, dated September 12, 1989, by and between Registrant and James W. Fulmer, incorporated by reference to the Registrant's Amendment No. 1 to Form S-18 Registration Statement (Reg. No. 33-3114-NY), filed with the Commission on October 31, 1989 and wherein such Exhibit is designated as Exhibit 10(a).

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

10.9* 2001 Stock Option Plan, incorporated herein by reference to Exhibit 99 to the Company's Registration Statement on Form S-8 (No. 333-75822), filed with the Commission on December 12, 2001.

78

- 10.10* Mahopac National Bank Supplemental Executive Retirement Agreement, dated May 15, 2000, by and between Mahopac National Bank and Stephen E. Garner, incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001, filed with the Commission on March 29, 2002.
- 10.11* Summary of Compensation Arrangements for Named Executive Officers and Directors, incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Commission on January 26, 2007.
- 10.12* Supplemental Executive Retirement Agreement between James W. Fulmer and Tompkins Trustco, Inc., dated December 28, 2005, incorporated herein by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Commission on March 16, 2006.
- 10.13* Supplemental Executive Retirement Agreement between Stephen E. Garner and Tompkins Trustco, Inc., dated December 28, 2005, incorporated herein by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Commission on March 16, 2006.
- 10.14* Supplemental Executive Retirement Agreement between Stephen S. Romaine and Tompkins Trustco, Inc., dated December 28, 2005, incorporated herein by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Commission on March 16, 2006.
- 10.15* Supplemental Executive Retirement Agreement between Francis M. Fetsko and Tompkins Trustco, Inc., dated December 28, 2005, incorporated herein by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Commission on March 16, 2006.
- 10.16* Supplemental Executive Retirement Agreement between David S. Boyce and Tompkins Trustco, Inc., dated December 28, 2005, incorporated herein by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Commission on March 16, 2006.
- 10.17* Supplemental Executive Retirement Agreement between Robert B. Bantle and Tompkins Trustco, Inc., dated December 28, 2005, incorporated herein by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Commission on March 16, 2006.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

- 10.18* Form of Officer Group Term Life Replacement Plan (the "Plan") among Tompkins Trustco, Inc., or Tompkins Trust Company and the Participants in the Plan, including form of Split Dollar Policy Endorsement - Exhibit D to the Plan, including Exhibit D to Officer Group Term Replacement Plan for each executive officer filed individually.
- 10.19* Consulting Agreement between Russell K. Achzet and Tompkins Trustco, Inc., dated January 5, 2006, incorporated herein by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Commission on March 16, 2006.
- 10.20* Amendment to the Tompkins Trustco, Inc. Supplemental Retirement Agreement with James J. Byrnes, incorporated herein by reference to Exhibit 10.1 to the Company's Form 10-Q, filed with the Commission on August 9, 2006.
- 10.21* Tompkins Trustco, Inc. Officer Group Term Replacement Plan, as amended on June 26, 2006, incorporated herein by reference to Exhibit 10.2 to the Company's Form 10-Q, filed with the Commission on August 9, 2006.
- 10.22 Tompkins Trustco, Inc. Code of Ethics For Chief Executive Officer and Senior Financial Officers dated April 25, 2006 (filed herewith).
21. Subsidiaries of Registrant, incorporated by reference to Exhibit 21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003, filed with the Commission on March 15, 2004.
23. Consent of Independent Registered Public Accounting Firm (filed herewith)
24. Power of Attorney, included on page 81 of this Report on Form 10-K.
- 79
- 31.1 Certification of the Chief Executive Officer as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 31.2 Certification of the Chief Financial Officer as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 32.1 Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 32.2 Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- * Management contracts and compensatory plans and arrangements required to be filed as Exhibits to this Report on Form 10-K pursuant to Item 15(c) of the Report.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

80

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TOMPKINS TRUSTCO, INC.

By: /s/ STEPHEN S. ROMAINE

 Stephen S. Romaine
 President and Chief Executive Officer
 (Principal Executive Officer)

Date: March 14, 2007

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints, jointly and severally, Stephen S. Romaine and Frank M. Fetsko, and each of them, as his or her true and lawful attorneys-in-fact and agents, each with full power of substitution, for him or her, and in his or her name, place and stead, in any and all capacities, to sign any amendments to this Report on Form 10-K, and to file the same, with Exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Date	Capacity	Signature
/s/ JAMES J. BYRNES ----- James J. Byrnes	3/14/07 -----	Chairman of the Board	/s/ JAMES R. HARDIE ----- James R. Hardie
/s/ STEPHEN S. ROMAINE ----- Stephen S. Romaine	3/14/07 -----	President and Chief Executive Officer (Principal Executive Officer)	/s/ ELIZABETH W. HARRIS ----- Elizabeth W. Harris
/s/ THOMAS R. SALM ----- Thomas R. Salm	3/14/07 -----	Vice Chairman, Director	/s/ PATRICIA A. JOHNSON ----- Patricia A. Johnson
/s/ JAMES W. FULMER	3/14/07	Vice Chairman, Director	/s/ CARL E. HAYNES

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

----- James W. Fulmer -----	----- 3/14/07 -----	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	----- Carl E. Haynes -----
/s/ FRANCIS M. FETSKO ----- Francis M. Fetsko	3/14/07 -----		/s/ HUNTER R. RAWLINGS ----- Hunter R. Rawlings,
/s/ RUSSELL K. ACHZET ----- Russell K. Achzet	3/14/07 -----	Director	/s/ MICHAEL H. SPAIN ----- Michael H. Spain
/s/ JOHN E. ALEXANDER ----- John E. Alexander	3/14/07 -----	Director	/s/ WILLIAM D. SPAIN ----- William D. Spain
/s/ REEDER D. GATES ----- Reeder D. Gates	3/14/07 -----	Director	/s/ CRAIG YUNKER ----- Craig Yunker

81

Exhibits Index

Item No.	Description
2.1	Agreement and Plan of Reorganization, dated as of March 14, 1995, among the Bank, the Company and the Interim Bank incorporated herein by reference to Exhibit 2 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995, and amended by the Company's Form 8-A/A filed with the Commission of January 22, 1996.
2.2	Agreement and Plan of Reorganization, dated as of July 30, 1999 between the Company and Letchworth, incorporated by reference to Annex A to the Company's Registration Statement of Form S-4 (Registration No. 333-90411), filed with the Commission of November 5, 1999.
3.1	Certificate of Incorporation of the Company, incorporated herein by reference to Exhibit 3.1 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995, as amended by Certificate of Amendment of the Certificate of Incorporation of the Company.
3.2	Bylaws of the Company, as amended through and including October 28, 2005, incorporated herein by reference to Exhibit 3(ii) to the Company's Current Report on Form 8-K, filed with the Commission on October 26, 2006.
4.	Form of Specimen Common Stock Certificate of the Company, incorporated herein by reference to Exhibit 4 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995.
10.1*	1992 Stock Option Plan, incorporated herein by reference to Exhibit 10.2 to the Company's Registration Statement on Form 8-A (No.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

0-27514), filed with the Commission on December 29, 1995.

- 10.2* Stock Retainer Plan for Eligible Directors of Tompkins Trustco, Inc. and Participating Subsidiaries, incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Commission on May 15, 2005.
- 10.3* Form of Director Deferred Compensation Agreement, incorporated herein by reference to Exhibit 10.4 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995.
- 10.4* Deferred Compensation Plan for Senior Officers, incorporated herein by reference to Exhibit 10.5 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995.
- 10.5* Supplemental Executive Retirement Agreement with James J. Byrnes, incorporated herein by reference to Exhibit 10.6 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995.
- 10.6* Severance Agreement with James J. Byrnes, incorporated herein by reference to Exhibit 10.7 to the Company's Registration Statement on Form 8-A (No. 0-27514), filed with the Commission on December 29, 1995.
- 10.7* Lease Agreement dated August 20, 1993, between Tompkins County Trust Company and Comex Plaza Associates, relating to leased property at the Rothschilds Building, Ithaca, NY, incorporated herein by reference to Exhibit 10.8 to the Company's Form 10-K, filed with the Commission on March 26, 1996.
- 10.8* Employment Agreement, dated September 12, 1989, by and between Registrant and James W. Fulmer, incorporated by reference to the Registrant's Amendment No. 1 to Form S-18 Registration Statement (Reg. No. 33-3114-NY), filed with the Commission on October 31, 1989 and wherein such Exhibit is designated as Exhibit 10(a).
- 10.9* 2001 Stock Option Plan, incorporated herein by reference to Exhibit 99 to the Company's Registration Statement on Form S-8 (No. 333-75822), filed with the Commission on December 12, 2001.
- 10.10* Mahopac National Bank Supplemental Executive Retirement Agreement, dated May 15, 2000, by and between Mahopac National Bank and Stephen E. Garner, incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001, filed with the Commission on March 29, 2002.
- 10.11* Summary of Compensation Arrangements for Named Executive Officers and Directors, incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Commission on January 26, 2007.
- 10.12* Supplemental Executive Retirement Agreement between James W. Fulmer and Tompkins Trustco, Inc., dated December 28, 2005, incorporated herein by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Commission on March 16, 2006.

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

- 10.13* Supplemental Executive Retirement Agreement between Stephen E. Garner and Tompkins Trustco, Inc., dated December 28, 2005, incorporated herein by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Commission on March 16, 2006.
- 10.14* Supplemental Executive Retirement Agreement between Stephen S. Romaine and Tompkins Trustco, Inc., dated December 28, 2005, incorporated herein by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Commission on March 16, 2006.
- 10.15* Supplemental Executive Retirement Agreement between Francis M. Fetsko and Tompkins Trustco, Inc., dated December 28, 2005, incorporated herein by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Commission on March 16, 2006.
- 10.16* Supplemental Executive Retirement Agreement between David S. Boyce and Tompkins Trustco, Inc., dated December 28, 2005, incorporated herein by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Commission on March 16, 2006.
- 10.17* Supplemental Executive Retirement Agreement between Robert B. Bantle and Tompkins Trustco, Inc., dated December 28, 2005, incorporated herein by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Commission on March 16, 2006.
- 10.18* Form of Officer Group Term Life Replacement Plan (the "Plan") among Tompkins Trustco, Inc., or Tompkins Trust Company and the Participants in the Plan, including form of Split Dollar Policy Endorsement - Exhibit D to the Plan, including Exhibit D to Officer Group Term Replacement Plan for each executive officer filed individually.
- 10.19* Consulting Agreement between Russell K. Achzet and Tompkins Trustco, Inc., dated January 5, 2006, incorporated herein by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Commission on March 16, 2006.
- 10.20* Amendment to the Tompkins Trustco, Inc. Supplemental Retirement Agreement with James J. Byrnes, incorporated herein by reference to Exhibit 10.1 to the Company's Form 10-Q, filed with the Commission on August 9, 2006.
- 10.21* Tompkins Trustco, Inc. Officer Group Term Replacement Plan, as amended on June 26, 2006, incorporated herein by reference to Exhibit 10.2 to the Company's Form 10-Q, filed with the Commission on August 9, 2006.
- 10.22 Tompkins Trustco, Inc. Code of Ethics For Chief Executive Officer and Senior Financial Officers dated April 25, 2006 (filed herewith).
- 21. Subsidiaries of Registrant, incorporated by reference to Exhibit 21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003, filed with the Commission on March 15, 2004.
- 23. Consent of Independent Registered Public Accounting Firm (filed herewith)

Edgar Filing: TOMPKINS TRUSTCO INC - Form 10-K

- 24. Power of Attorney, included on page 81 of this Report on Form 10-K.

- 31.1 Certification of the Chief Executive Officer as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 31.2 Certification of the Chief Financial Officer as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

- 32.1 Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 32.2 Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

- * Management contracts and compensatory plans and arrangements required to be filed as Exhibits to this Report on Form 10-K pursuant to Item 15(c) of the Report.