

TOMPKINS FINANCIAL CORPORATION AUDIT AND RISK COMMITTEE CHARTER

I. PURPOSE:

The Audit and Risk Committee (“Audit Committee”) and its Chair are appointed by the Board of Directors to assist the Board of Directors in fulfilling its oversight responsibilities. At present the Audit Committee’s primary duties and responsibilities are to oversee the quality and integrity of the accounting, financial reporting and internal control functions of the Company and its subsidiaries, as well as oversee risk-management policies of the Company’s operations and the operation of the Company’s risk-management framework.

Related to oversight of audit related activities, this includes but is not limited to the following:

- Oversee the Company’s financial reporting processes and to monitor the integrity of the Company’s financial statements
- Monitor the independence, performance and qualifications of the Company’s independent auditor
- Monitor the independence, performance, and qualifications of the Company’s Internal Audit department
- Provide an avenue of communication among the Company’s independent auditor, management, the internal auditing department, and the Board of Directors
- Oversee the Internal Audit function Prepare and approve final performance appraisals of the Director of Internal Audit Services
- Review, revise, and approve the final Internal Audit Services budget
- Review and approve the Fraud and Whistleblower Protection Policy, as well as the Whistleblower Complaint Handling Procedure, which are both designed to comply with Section 301 of the Sarbanes-Oxley Act (“SOX”)
- Oversee the receipt and investigation of fraud and SOX-related complaints under the Fraud and Whistleblower Protection Policy and monitor follow-up action required, if any

Related to oversight of risk management activities, this includes but is not limited to the following:

- Monitor compliance by the Company with legal and regulatory requirements
- Oversee the Corporate Risk Management function, which includes Enterprise Risk Management, Corporate Compliance, Fair Lending & CRA,BSA/AML, Corporate Security, Model Risk Management and Information Security
- Prepare and approve final performance appraisals of the Chief Risk Officer
- Review, revise, and approve the final Corporate Risk Management budget
- Sponsor Independent Loan Review process using internal or external resources to ensure consistency and accuracy of loan grades for each bank

II. AUDIT COMMITTEE COMPOSITION AND MEETINGS

The Audit Committee shall consist of no fewer than three members. Audit Committee members shall meet the independence and experience requirements of the NYSE American, LLC, Rule 10A-3 of the Securities Exchange Act of 1934 (the “Exchange Act”), and the rules and regulations of the Securities and Exchange Commission (the “Commission”). The Committee shall include at least one “financial expert” as designated by the Board, per SEC regulations.

The Audit Committee shall meet at least quarterly, or more frequently as circumstances dictate. The Audit Committee, or its Chair, shall prepare and/or approve an agenda in advance of each meeting.

The Audit Committee shall hold at least quarterly, separate executive sessions with management, the internal auditor(s) and the Company’s independent auditor.

Audit Committee members may be replaced by the Board of Directors.

III. AUDIT COMMITTEE AUTHORITY, DUTIES AND RESPONSIBILITIES:

The Audit Committee shall be directly responsible for the appointment, compensation, retention (or termination) and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Company’s independent auditor shall report directly to the Audit Committee. The Audit Committee shall have sole authority to appoint, terminate and replace the Company’s independent auditor.

The Audit Committee has the authority to retain independent legal, accounting or other advisers, consultants or experts, as the Audit Committee deems necessary or appropriate in the performance of its duties and responsibilities.

The Company shall provide for appropriate funding, as determined by the Audit Committee, for the payment of:

- Compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company,
- Compensation to any advisers, consultants or experts employed by the Audit Committee, and
- Ordinary administrative expenses of the Audit Committee that is necessary or appropriate in carrying out its duties.

The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting and auditing matters.

The Audit Committee shall pre-approve all auditing services and permitted non-auditing services (including the fees and terms of such services), other than the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit

Committee prior to the completion of the audit, to be provided to the Company by its independent auditor. The Audit Committee may delegate to one or more designated members of the Audit Committee, the authority to grant pre-approvals of audit services and permitted non-audit services, provided that decisions of such designated member(s) to pre-approve one or more such services shall be reported to the full Audit Committee at its next scheduled meeting.

The Audit Committee shall ensure compliance with Part 363/Section 36 of the FDIC regulation at the beginning of each fiscal year by validating that the following, but not limited to, provisions are in place:

- The audit committee must be comprised of outside directors
- The audit committee shall not include any members who are large customers of the subsidiary institution
- The audit committee must include members with banking or related financial management expertise, and must include at least one (1) “audit committee financial expert” as defined in Item 407 of Regulation S-K of the Exchange Act
- The audit committee must have access to its own outside counsel,

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and it has direct access to the Company’s independent auditor as well as to any officer or employee of the Company.

The Audit Committee shall prepare the “Audit Committee Report” as required by the rules and regulations of the Commission to be included in the Company’s annual proxy statement.

The Audit Committee shall make regular reports to the Board of Directors. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval. The Audit Committee shall annually perform a self-assessment of its performance.

The Audit Committee, to the extent it deems necessary or appropriate, shall perform the following Audit oversight activities:

1. Review and discuss with management and the Company’s independent auditor the annual audited financial statements of the Company, including the disclosures made in management’s discussion and analysis.
2. Discuss with the Company’s independent auditor the matters required to be discussed under the auditing standards established from time to time by the Public Company Accounting Oversight Board (PCAOB), relating to the conduct of the audit.
3. Obtain, at least annually, the written disclosures and the letter from the Company’s independent auditor required by the auditing standards established from time to time by the PCAOB and by Commission rules, and discuss with the Company’s independent auditor the auditor’s “independence”, which shall include a discussion of any relationships or services disclosed by the independent auditor and how such relationships and/or services might impact the objectivity and independence of the auditor.

4. Determine whether to recommend, and, if so determined, recommend, to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K.
5. Review and discuss with management and the Company's independent auditor the Company's quarterly financial statements prior to the filing of the Company's Quarterly Reports on Form 10-Q, including the results of the independent auditor's review of the Company's quarterly financial statements.
6. Discuss with management and the Company's independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy and effectiveness of the Company's internal controls and procedures for financial reporting and any corrective actions taken with regard to any significant deficiencies and/or material weaknesses with respect to the same.
7. Review and discuss annually with the Company's independent auditor;
 - All critical accounting policies and practices to be used by the Company,
 - All alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, the ramification of using such alternative disclosures and treatments, and the treatment preferred by the Company's independent auditor, and
 - Other written material communications between management and the Company's independent auditor, such as any management letter and management's response(s) to comment therein or schedule of unadjusted differences; and review and discuss with the Company's independent auditor prior to the filing of the Company's Quarterly Reports on Form 10-Q, any significant or material changes to the foregoing information or any supplementary or updated information with respect to the foregoing.
8. Discuss with the Company's legal counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.
9. Review and discuss disclosures made to the Audit Committee by the Company's principal executive officer and principal financial officer during their certification process for the Company's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q about any significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and/or any material weaknesses in internal controls, and any fraud involving management or other employees who have a significant role in the Company's internal controls.
10. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

11. Discuss with management and the Company's independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
12. Review, as required by the Federal Deposit Insurance Corporation Improvement Act ("FDICIA") Section 112, management's annual assertion with respect to the system of internal controls and independent accountants' reports regarding the same.
13. Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP financial information and other financial information and earnings guidance provide to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
14. Discuss with management and the Company's independent auditor any correspondence with regulators or governmental agencies (including regulatory examination reports and proposed management responses) and any published reports, which raise material issues regarding the Company's financial statements or accounting policies.
15. Meet with the Company's independent auditor prior to the audit to discuss the planning and staffing of the audit.
16. Review any proposed hiring of employees or former employees of the Company's independent auditor who participated in any capacity in the audit of the Company.
17. Confirm with the Company's independent auditor that the auditor has neither detected nor become aware of any information implicated by Section 10A(b) of the Exchange Act.
18. Evaluate, at least annually, the independence, performance, and qualifications of the Company's independent auditor. The Audit Committee shall report its conclusions with respect to the Company's independent auditor to the Board of Directors.
19. Evaluate, at least annually, the independence, performance, and qualifications of the Company's Internal Audit department. The Audit Committee shall report its conclusions with respect to the Company's Internal Audit department to the Board of Directors.
20. Periodically review with the Chief Risk Officer or the Director of Internal Audit Services any significant difficulties, disagreements with management, scope restrictions encountered in the course of the function's work, and review significant reports to management prepared by the internal auditing department and management's responses to the same.
21. Discuss with the Company's independent auditor and management the Internal Audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.
22. Conduct annually and file the Directors' Examination pursuant to Sections 122 and 123 (Format X- Large Institutions) of New York Banking Law for applicable Company bank affiliates.

23. Reviews the external audits of any benefit plans (e.g., 401(k), ESOP, etc.).
24. Establish and maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company and/or any subsidiary regarding questionable accounting or auditing matters.
25. Review and discuss with management, the principal risks of the Company's business and operations, and any other circumstances and events that could have a significant impact on the Company's assets and stakeholders.
26. Review the evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties. The Committee should also review other significant matters arising from Internal Audit or Compliance reviews regarding the company's relationships and transactions with related parties including as outlined in Accounting Standards No. 18, Related Parties.

The Audit Committee, to the extent it deems necessary or appropriate, shall perform the following risk management oversight activities:

1. Approve and periodically review the risk-management policies of the Company's operations (the "Enterprise Risk Management Policy"), including statements of risk appetite, and to adapt the Enterprise Risk Management Policy when and as appropriate to changes in the Company's structure, risk profile, complexity, activities, or size;
2. Oversee the operation of the Company's risk management framework commensurate with the Company's structure, risk profile, complexity, activities, and size;
3. Ensure that the Company's risk management framework includes:
 - a. Appropriate policies and procedures establishing risk management governance, risk management procedures, and risk control infrastructure for the Company's operations;
 - b. Appropriate processes and systems, such as strategic risk assessments and key risk indicators, for identifying and reporting risks and risk management deficiencies (including in connection with emerging risks) and for ensuring effective and timely implementation of actions to address emerging risks and risk management deficiencies for the Company's operations;
 - c. Appropriate processes and systems for establishing managerial and employee responsibility for risk management;
 - d. Appropriate processes and systems for ensuring the independence of the risk management function;
 - e. Appropriate processes and systems for conducting internal loan reviews according to annual or other periodically established plans; and
 - f. Appropriate processes and systems for otherwise implementing and monitoring compliance with the Company's policies and procedures establishing risk management governance, risk management procedures, and risk control infrastructure for its operations;

4. Receive and review reports from the CRO;
5. Receive and review reports from representatives of the Asset and Liability Committee, the Credit Policy Committee, and the Enterprise Risk Committee of the Company and the Bank;
6. Receive and review examination reports and other communications from regulatory agencies that supervise or otherwise exercise authority over the Company or any of its subsidiaries;
7. Ensure that appropriate resources of the Company are allocated to its risk management framework;
8. To investigate or cause the investigation of any matter within the scope of its duties; and
9. To take or cause to be taken all other actions that are necessary, appropriate, or advisable in connection with any of the foregoing or any other duty, right, power, or authority assigned or delegated to the Committee.

In carrying out its duties and responsibilities the Audit and Risk Committee believes its policies and procedures should remain flexible in order that it can best react to changing conditions and a changing environment, and to assure the Board of Directors and the Company's shareholders that the corporate accounting and financial reporting practices of the Company are in accordance with all requirements and are of the highest quality.

While the Audit and Risk Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit and Risk Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the Company's independent auditor.