

TOMPKINS FINANCIAL CORP
Form 10-Q
November 09, 2015

United States

Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number **1-12709**

Tompkins Financial Corporation

(Exact name of registrant as specified in its charter)

New York

16-1482357

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

The Commons, P.O. Box 460, Ithaca, NY 14851

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(888) 503-5753**

Former name, former address, and former fiscal year, if changed since last report: NA

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 No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company) Smaller Reporting Company

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

Indicate the number of shares of the Registrant's Common Stock outstanding as of the latest practicable date:

Class	Outstanding as of October 30, 2015
Common Stock, \$0.10 par value	<u>14,901,276</u> shares

TOMPKINS FINANCIAL CORPORATION

FORM 10-Q

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**TOMPKINS
FINANCIAL
CORPORATION
CONDENSED
CONSOLIDATED
STATEMENTS
OF CONDITION**

(In thousands, except share and per share data) (Unaudited)

	As of 09/30/2015	As of 12/31/2014
ASSETS		
Cash and noninterest bearing balances due from banks	\$ 105,074	\$ 53,921
Interest bearing balances due from banks	2,019	2,149
Cash and Cash Equivalents	107,093	56,070
Trading securities, at fair value	7,749	8,992
Available-for-sale securities, at fair value (amortized cost of \$1,378,138 at September 30, 2015 and \$1,397,458 at December 31, 2014)	1,388,283	1,402,236
Held-to-maturity securities, at amortized cost (fair value of \$149,112 at September 30, 2015 and \$89,036 at December 31, 2014)	146,300	88,168
Originated loans and leases, net of unearned income and deferred costs and fees	3,149,386	2,839,974
Acquired loans and leases, covered	15,576	19,319
Acquired loans and leases, non-covered	469,351	533,995
Less: Allowance for loan and lease losses	30,965	28,997
Net Loans and Leases	3,603,348	3,364,291
FDIC indemnification asset	334	1,903
Federal Home Loan Bank stock	23,562	21,259
Bank premises and equipment, net	60,060	59,800
Corporate owned life insurance	75,368	73,725
Goodwill	92,243	92,243
Other intangible assets, net	13,028	14,649
Accrued interest and other assets	77,350	86,225
Total Assets	\$5,594,718	\$5,269,561
LIABILITIES		
Deposits:		
Interest bearing:		
Checking, savings and money market	2,447,841	2,247,708
Time	877,422	898,081
Noninterest bearing	1,111,810	1,023,365
Total Deposits	4,437,073	4,169,154
Federal funds purchased and securities sold under agreements to repurchase	134,941	147,037
Other borrowings, including certain amounts at fair value of \$10,736 at September 30, 2015 and \$10,961 at December 31, 2014	398,946	356,541
Trust preferred debentures	37,466	37,337
Other liabilities	68,333	69,909

Total Liabilities	\$5,076,759	\$4,779,978
EQUITY		
Tompkins Financial Corporation shareholders' equity:		
Common Stock - par value \$.10 per share: Authorized 25,000,000 shares; Issued: 14,941,486 at September 30, 2015; and 14,931,354 at December 31, 2014	1,494	1,493
Additional paid-in capital	350,397	348,889
Retained earnings	190,175	165,160
Accumulated other comprehensive loss	(22,028)	(24,011)
Treasury stock, at cost - 113,787 shares at September 30, 2015, and 111,436 shares at December 31, 2014	(3,629)	(3,400)
Total Tompkins Financial Corporation Shareholders' Equity	516,409	488,131
Noncontrolling interests	1,550	1,452
Total Equity	\$517,959	\$489,583
Total Liabilities and Equity	\$5,594,718	\$5,269,561

*See notes to
consolidated
financial
statements*

TOMPKINS FINANCIAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

<i>(In thousands, except per share data) (Unaudited)</i>	Three Months Ended		Nine Months Ended	
	09/30/2015	09/30/2014	09/30/2015	09/30/2014
INTEREST AND DIVIDEND INCOME				
Loans	\$39,235	\$ 38,298	\$114,670	\$112,601
Due from banks	1	0	3	2
Trading securities	86	102	270	321
Available-for-sale securities	7,031	7,718	22,219	23,637
Held-to-maturity securities	915	288	2,185	626
Federal Home Loan Bank stock and Federal Reserve Bank stock	262	212	834	616
Total Interest and Dividend Income	47,530	46,618	140,181	137,803
INTEREST EXPENSE				
Time certificates of deposits of \$250,000 or more	369	387	1,058	1,022
Other deposits	2,284	2,439	6,837	7,324
Federal funds purchased and securities sold under agreements to repurchase	685	683	2,020	2,263
Trust preferred debentures	583	573	1,726	1,714
Other borrowings	1,223	961	3,596	3,362
Total Interest Expense	5,144	5,043	15,237	15,685
Net Interest Income	42,386	41,575	124,944	122,118
Less: Provision for loan and lease losses	281	(59)	1,412	751
Net Interest Income After Provision for Loan and Lease Losses	42,105	41,634	123,532	121,367
NONINTEREST INCOME				
Insurance commissions and fees	7,564	7,520	22,341	21,823
Investment services income	3,674	3,636	11,518	11,549
Service charges on deposit accounts	2,410	2,506	6,812	7,010
Card services income	2,001	1,936	5,844	5,968
Mark-to-market loss on trading securities	(69)	(87)	(206)	(181)
Mark-to-market gain on liabilities held at fair value	81	132	226	260
Other income	1,669	1,892	6,390	6,129
Gain on sale of available-for-sale securities	92	20	1,105	151
Total Noninterest Income	17,422	17,555	54,030	52,709
NONINTEREST EXPENSES				
Salaries and wages	18,357	17,553	54,319	51,859
Pension and other employee benefits	5,368	4,941	10,843	15,964
Net occupancy expense of premises	2,891	2,969	9,303	9,296
Furniture and fixture expense	1,532	1,451	4,465	4,247
FDIC insurance	729	682	2,218	2,228
Amortization of intangible assets	496	518	1,503	1,570
Other operating expense	8,509	10,423	27,841	30,511
Total Noninterest Expenses	37,882	38,537	110,492	115,675
Income Before Income Tax Expense	21,645	20,652	67,070	58,401
Income Tax Expense	7,115	6,897	22,405	18,951

Net Income attributable to Noncontrolling Interests and Tompkins Financial Corporation	14,530	13,755	44,665	39,450
Less: Net income attributable to noncontrolling interests	33	33	98	98
Net Income Attributable to Tompkins Financial Corporation	\$14,497	\$ 13,722	\$44,567	\$39,352
Basic Earnings Per Share	\$0.97	\$ 0.92	\$2.98	\$2.65
Diluted Earnings Per Share	\$0.96	\$ 0.92	\$2.96	\$2.64

See notes to consolidated financial statements

Consolidated Statements of Comprehensive Income

	Three Months Ended	
<i>(In thousands) (Unaudited)</i>	09/30/2015	09/30/2014
Net income attributable to noncontrolling interests and Tompkins Financial Corporation	\$14,530	\$ 13,755
Other comprehensive income, net of tax:		
Available-for-sale securities:		
Change in net unrealized gain (loss) during the period	5,515	(4,123)
Reclassification adjustment for net realized gain on sale of available-for-sale securities included in net income	(55)	(12)
Employee benefit plans:		
Amortization of net retirement plan actuarial gain	122	159
Amortization of net retirement plan prior service cost	11	1
Other comprehensive income (loss)	5,593	(3,975)
Subtotal comprehensive income attributable to noncontrolling interests and Tompkins Financial Corporation	20,123	9,780
Less: Net income attributable to noncontrolling interests	(33)	(33)
Total comprehensive income attributable to Tompkins Financial Corporation	\$20,090	\$ 9,747

See notes to unaudited condensed consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Nine Months Ended	
<i>(In thousands) (Unaudited)</i>	09/30/2015	09/30/2014
Net income attributable to noncontrolling interests and Tompkins Financial Corporation	\$44,665	\$ 39,450
Other comprehensive income, net of tax:		
Available-for-sale securities:		
Change in net unrealized gain during the period	3,883	7,918
Reclassification adjustment for net realized gain on sale of available-for-sale securities included in net income	(663)	(90)
Employee benefit plans:		
Recognized actuarial gain due to curtailment	(3,196)	0
Net retirement plan loss	1,170	0

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Amortization of net retirement plan actuarial gain	999	479
Amortization of net retirement plan prior service cost	(210)	2
Other comprehensive income	1,983	8,309
Subtotal comprehensive income attributable to noncontrolling interests and Tompkins Financial Corporation	46,648	47,759
Less: Net income attributable to noncontrolling interests	(98)	(98)
Total comprehensive income attributable to Tompkins Financial Corporation	\$46,550	\$ 47,661

See notes to unaudited condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands) (Unaudited)	09/30/2015	09/30/2014
OPERATING ACTIVITIES		
Net income attributable to Tompkins Financial Corporation	\$44,567	\$39,352
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan and lease losses	1,412	751
Depreciation and amortization of premises, equipment, and software	4,834	4,203
Amortization of intangible assets	1,503	1,570
Earnings from corporate owned life insurance	(1,643)	(1,431)
Net amortization on securities	9,011	7,824
Amortization/accretion related to purchase accounting	(4,348)	(6,147)
Mark-to-market loss on trading securities	206	181
Mark-to-market gain on liabilities held at fair value	(226)	(260)
Net gain on securities transactions	(1,105)	(151)
Net gain on sale of loans originated for sale	(21)	(345)
Proceeds from sale of loans originated for sale	1,402	19,007
Loans originated for sale	(1,784)	(18,357)
Gain on conversion of deposits	0	(140)
Net loss on sale of bank premises and equipment	24	2
Gain on pension curtailment	(6,003)	0
Stock-based compensation expense	1,410	1,081
(Increase) decrease in accrued interest receivable	(920)	92
Increase (decrease) in accrued interest payable	84	(294)
Proceeds from maturities and payments of trading securities	1,026	1,323
Other, net	11,242	9,494
Net Cash Provided by Operating Activities	60,671	57,755
INVESTING ACTIVITIES		
Proceeds from maturities, calls and principal paydowns of available-for-sale securities	181,015	157,157
Proceeds from sales of available-for-sale securities	115,800	48,005
Proceeds from maturities, calls and principal paydowns of held-to-maturity securities	10,567	10,325
Purchases of available-for-sale securities	(285,625)	(219,695)
Purchases of held-to-maturity securities	(68,939)	(38,981)
Net increase in loans	(237,574)	(60,416)
Net (increase) decrease in Federal Home Loan Bank stock	(2,303)	10,203
Proceeds from sale of bank premises and equipment	73	172
Purchases of bank premises and equipment	(4,621)	(7,445)
Purchase of corporate owned life insurance	0	(2,500)
Net cash used in acquisition	0	(415)
Other, net	514	386
Net Cash Used in Investing Activities	(291,093)	(103,204)
FINANCING ACTIVITIES		
Net increase in demand, money market, and savings deposits	288,578	200,550
Net (decrease) increase in time deposits	(19,559)	66,568
Net decrease in Federal funds purchases and securities sold under agreements to repurchase	(11,247)	(38,507)

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Increase in other borrowings	285,960	149,845
Repayment of other borrowings	(243,330)	(314,606)
Cash dividends	(18,827)	(17,781)
Common stock issued	50	50
Repurchase of common stock	(3,279)	(2,932)
Shares issued for dividend reinvestment plan	0	2,186
Shares issued for employee stock ownership plan	1,595	1,528
Net shares issued related to restricted stock awards	(195)	64
Net proceeds from exercise of stock options	1,469	633
Tax benefit from stock option exercises	230	84
Net Cash Provided by Financing Activities	281,445	47,682
Net Increase in Cash and Cash Equivalents	51,023	2,233
Cash and cash equivalents at beginning of period	56,070	82,884
Total Cash & Cash Equivalents at End of Period	107,093	85,117

See notes to unaudited condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands) (Unaudited)	09/30/2015	09/30/2014
Supplemental Information:		
Cash paid during the year for - Interest	\$ 16,253	\$ 18,033
Cash paid during the year for - Taxes	15,102	3,258
Transfer of loans to other real estate owned	1,046	4,697

See notes to unaudited condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

<i>(In thousands except share and per share data)</i>	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Non- controlling Interests	Total
Balances at January 1, 2014	\$ 1,479	\$ 346,096	\$ 137,102	\$ (25,119)	\$ (3,071)	\$ 1,452	\$ 457,939
Net income attributable to noncontrolling interests and Tompkins Financial Corporation			39,352			98	39,450
Other comprehensive income				8,309			8,309
Total Comprehensive Income							47,759
Cash dividends (\$1.20 per share)			(17,781)				(17,781)
Net exercise of stock options and related tax benefit (36,885 shares)	4	713					717
Stock-based compensation expense		1,081					1,081
Common stock repurchased and returned to unissued status (65,059 shares)	(7)	(2,925)					(2,932)
Shares issued for dividend reinvestment plan (46,081 shares)	4	2,182					2,186
Shares issued for employee stock ownership plan (31,192 shares)	3	1,525					1,528
Directors deferred compensation plan (3,339 shares)		206			(206)		0
Common stock issued for purchase acquisition (1,080 shares)		50					50
Restricted stock activity ((5,184) shares)		64					64
Balances at September 30, 2014	\$ 1,483	\$ 348,992	\$ 158,673	\$ (16,810)	\$ (3,277)	\$ 1,550	\$ 490,611
Balances at January 1, 2015	\$ 1,493	\$ 348,889	\$ 165,160	\$ (24,011)	\$ (3,400)	\$ 1,452	\$ 489,583
Net income attributable to noncontrolling interests and Tompkins Financial Corporation			44,567			98	44,665
Other comprehensive income				1,983			1,983
Total Comprehensive Income							46,648
Cash dividends (\$1.26 per share)			(18,827)				(18,827)
Net exercise of stock options and related tax benefit (59,973 shares)	6	1,693					1,699
Common stock repurchased and returned to unissued status (63,181 shares)	(6)	(3,273)					(3,279)

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Stock-based compensation expense		1,410				1,410
Shares issued for employee stock ownership plan (29,575 shares)	3	1,592				1,595
Directors deferred compensation plan (2,351 shares)		229		(229)		0
Restricted stock activity ((17,195) shares)	(2)	(193)				(195)
Common stock issued for purchase acquisition (960 shares)		50				50
Adoption of ASU 2014-01 Investments Accounting for Investments in Qualified Affordable Housing Projects			(725)			(725)
Balances at September 30, 2015	\$ 1,494	\$ 350,397	\$ 190,175	\$ (22,028)	\$ (3,629)	\$ 1,550
						\$ 517,959

See notes to unaudited condensed consolidated financial statements

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Business

Tompkins Financial Corporation (“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 is a locally oriented, community-based financial services organization that offers a full array of products and services, including commercial and consumer banking, leasing, trust and investment management, financial planning and wealth management, and insurance services. At September 30, 2015, the Company’s subsidiaries included: four wholly-owned banking subsidiaries, Tompkins Trust Company (the “Trust Company”), The Bank of Castile (DBA Tompkins Bank of Castile), Mahopac Bank (formerly known as Mahopac National Bank, DBA Tompkins Mahopac Bank), VIST Bank (DBA Tompkins VIST Bank); and a wholly-owned insurance agency subsidiary, Tompkins Insurance Agencies, Inc. (“Tompkins Insurance”). The trust division of the Trust Company provides a full array of investment services, including investment management, trust and estate, financial and tax planning as well as life, disability and long-term care insurance services. The Company’s principal offices are located at The Commons, Ithaca, New York, 14851, and its telephone number is (888) 503-5753. The Company’s common stock is traded on the NYSE MKT LLC under the Symbol “TMP.”

As a registered financial holding company, the Company is regulated under the Bank Holding Company Act of 1956 (“BHC Act”), as amended and is subject to examination and comprehensive regulation by the Federal Reserve Board (“FRB”). The Company is also subject to the jurisdiction of the Securities and Exchange Commission (“SEC”) and is subject to disclosure and regulatory requirements under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. The Company is subject to the rules of the NYSE MKT LLC for listed companies.

The Company’s banking subsidiaries are subject to examination and comprehensive regulation by various regulatory authorities, including the Federal Deposit Insurance Corporation (“FDIC”), the New York State Department of Financial Services (“NYSDFS”), and the Pennsylvania Department of Banking and Securities (“PDBS”). 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 trust division of Tompkins Trust Company is subject to examination and comprehensive regulation by the FDIC and NYSDFS.

The Company's insurance subsidiary is subject to examination and regulation by the NYSDFS and the Pennsylvania Insurance Department.

2. Basis of Presentation

The unaudited consolidated financial statements included in this quarterly report do not include all of the information and footnotes required by GAAP for a full year presentation and certain disclosures have been condensed or omitted in accordance with rules and regulations of the SEC. In the application of certain accounting policies, management is required to make assumptions regarding the effect of matters that are inherently uncertain. These estimates and assumptions affect the reported amounts of certain assets, liabilities, revenues, and expenses in the unaudited condensed consolidated financial statements. Different amounts could be reported under different conditions, or if different assumptions were used in the application of these accounting policies. The accounting policies that management considers critical in this respect are the determination of the allowance for loan and lease losses, the expenses and liabilities associated with the Company's pension and post-retirement benefits, and the review of its securities portfolio for other than temporary impairment.

In management's opinion, the unaudited condensed consolidated financial statements reflect all adjustments of a normal recurring nature. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year ended December 31, 2015. The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 2014. Other than ASU 2014-01, "Investments, Accounting for Investments in Qualified Affordable Housing Projects", there have been no significant changes to the Company's accounting policies from those presented in the 2014 Annual Report on Form 10-K. Refer to Note 3- "Accounting Standards Updates" of this Report for a discussion of recently issued accounting guidelines.

Cash and cash equivalents in the consolidated statements of cash flow include cash and noninterest bearing balances due from banks, interest-bearing balances due from banks, and money market funds. Management regularly evaluates the credit risk associated with the counterparties to these transactions and believes that the Company is not exposed to any significant credit risk on cash and cash equivalents.

The Company has evaluated subsequent events for potential recognition and/or disclosure, and determined that no further disclosures were required.

The consolidated financial information included herein combines the results of operations, the assets, liabilities, and shareholders' equity of the Company and its subsidiaries. Amounts in the prior periods' unaudited condensed consolidated financial statements are reclassified when necessary to conform to the current periods' presentation. All significant intercompany balances and transactions are eliminated in consolidation.

3. Accounting Standards Updates

ASU 2014-01, "*Investments (Topic 323), Accounting for Investments in Qualified Affordable Housing Projects.*" The amendments in this ASU provide guidance on accounting for investments by a reporting entity in flow-through limited liability entities that manage or invest in affordable housing projects that qualify for the low-income housing tax credit. The amendments permit reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognize the net investment performance in the income statement as a component of income tax expense (benefit). The amendments in this ASU became effective for the Company for annual periods beginning January 1, 2015 and if material will be applied retrospectively to all periods presented. A reporting entity that uses the effective yield method to account for its investments in qualified affordable housing projects before the date of adoption may continue to apply the effective yield method for those preexisting investments.

The Company previously accounted for its investments in qualified affordable housing projects under the cost method; however, the Company determined that its investments in its qualified affordable housing projects meet the conditions set forth in ASU 2014-01 to account for these investments under the proportional amortization method. The Company believes that amortizing its investments in qualified affordable housing projects as a component of income tax expense rather than as a component of operating expenses better reflects the nature and intent of these investments. As a result of adopting ASU 2014-01, the Company recognized additional income tax expense attributable to the amortization of investments in qualified affordable housing projects of \$0.1 million and \$0.3 million during the three and nine months ended September 30, 2015, respectively. While the adoption of ASU 2014-01 requires retrospective application to all periods presented, the Company did not restate income tax expense for the three and nine months ended September 30, 2014 as the amount of additional income tax expense attributable to the amortization of

investments in qualified affordable housing projects was not considered material. The net effect of adoption is \$725,000 and is reported in the Statement of Changes in Shareholder's Equity for the nine months ended September 30, 2015. The Company's remaining investment in qualified affordable housing projects, net of amortization totaled \$2.7 million and \$3.9 million at September 30, 2015 and December 31, 2014, respectively.

ASU 2014-12 "*Compensation—Stock Compensation*" (*Topic 718*): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period, a consensus of the FASB Emerging Issues Task Force (ASU 2014-12). ASU 2014-12 requires that a performance target that affects vesting of share-based payment awards and that could be achieved after the requisite service period be treated as a performance condition. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the periods for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. ASU 2014-12 is effective for all entities for interim and annual periods beginning after December 15, 2015, with early adoption permitted. An entity may apply the amendments in ASU 2014-12 either (i) prospectively to all awards granted or modified after the effective date or (ii) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. The adoption of ASU 2014-12 is not expected to have a material impact on the Company's consolidated financial condition or results of operations because the Company has not historically granted performance-based stock compensation.

4. Securities

Available-for-Sale Securities

The following table summarizes available-for-sale securities held by the Company at September 30, 2015:

September 30, 2015	Available-for-Sale Securities			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
<i>(in thousands)</i>				
Obligations of U.S. Government sponsored entities	\$548,390	\$ 9,103	\$ 222	\$557,271
Obligations of U.S. states and political subdivisions	73,585	1,000	180	74,405
Mortgage-backed securities residential, issued by U.S. Government agencies	100,448	1,878	772	101,554
U.S. Government sponsored entities	652,015	5,153	5,423	651,745
Non-U.S. Government agencies or sponsored entities	200	3	0	203
U.S. corporate debt securities	2,500	0	338	2,162
Total debt securities	1,377,138	17,137	6,935	1,387,340
Equity securities	1,000	0	57	943
Total available-for-sale securities	\$1,378,138	\$ 17,137	\$ 6,992	\$1,388,283

The following table summarizes available-for-sale securities held by the Company at December 31, 2014:

December 31, 2014	Available-for-Sale Securities			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
<i>(in thousands)</i>				
Obligations of U.S. Government sponsored entities	\$553,300	\$ 6,222	\$ 1,702	\$557,820
Obligations of U.S. states and political subdivisions	70,790	999	279	71,510
Mortgage-backed securities residential, issued by U.S. Government agencies	108,931	2,339	1,344	109,926
U.S. Government sponsored entities	660,195	7,309	8,384	659,120
Non-U.S. Government agencies or sponsored entities	267	4	0	271

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U.S. corporate debt securities	2,500	0	338	2,162
Total debt securities	1,395,983	16,873	12,047	1,400,809
Equity securities	1,475	0	48	1,427
Total available-for-sale securities	\$1,397,458	\$ 16,873	\$ 12,095	\$1,402,236

Held-to-Maturity Securities

The following table summarizes held-to-maturity securities held by the Company at September 30, 2015:

September 30, 2015	Held-to-Maturity Securities			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
<i>(in thousands)</i>				
Obligations of U.S. Government sponsored entities	\$ 132,577	\$ 2,455	\$ 70	\$ 134,962
Obligations of U.S. states and political subdivisions	\$ 13,723	\$ 427	\$ 0	