

TOMPKINS FINANCIAL CORP
Form 10-Q
November 09, 2010
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, 2010

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
(State or other jurisdiction of incorporation or
organization)

16-1482357

(I.R.S. Employer Identification No.)

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

14851
(Zip Code)

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

Former name, former address, 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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). * Yes No . *The registrant has not yet been phased into the interactive data requirements.

Edgar Filing: TOMPKINS FINANCIAL CORP - Form 10-Q

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 November 09, 2010
Common Stock, \$0.10 par value	10,882,620 shares

TOMPKINS FINANCIAL CORPORATION

FORM 10-Q

INDEX

	PAGE
<u>PART I - FINANCIAL INFORMATION</u>	
<u>Item 1 -</u>	<u>Financial Statements (Unaudited)</u>
	<u>Condensed Consolidated Statements of Condition as of September 30, 2010 and December 31, 2009</u>
	3
	<u>Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2010 and 2009</u>
	4
	<u>Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2010 and 2009</u>
	5
	<u>Condensed Consolidated Statements of Changes in Shareholders' Equity for the nine months ended September 30, 2010 and 2009</u>
	6
	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>
	7-24
<u>Item 2 -</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	24-41
<u>Item 3 -</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	41
<u>Item 4 -</u>	<u>Controls and Procedures</u>
	42
<u>PART II - OTHER INFORMATION</u>	
<u>Item 1 -</u>	<u>Legal Proceedings</u>
	42
<u>Item 1A -</u>	<u>Risk Factors</u>
	42
<u>Item 2 -</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
	42
<u>Item 3 -</u>	<u>Defaults Upon Senior Securities</u>
	43
<u>Item 4 -</u>	<u>(Removed and Reserved)</u>
	43
<u>Item 5 -</u>	<u>Other Information</u>
	43

<u>Item 6 -</u>	<u>Exhibits</u>	43
<u>SIGNATURES</u>		44
<u>EXHIBIT INDEX</u>		45

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

TOMPKINS FINANCIAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CONDITION

(In thousands, except share and per share data) (Unaudited)	As of 09/30/2010	As of 12/31/2009
ASSETS		
Cash and noninterest bearing balances due from banks	\$ 59,859	\$ 43,686
Interest bearing balances due from banks	21,138	1,676
Federal funds sold	27,000	0
Money market funds	100	100
Cash and Cash Equivalents	108,097	45,462
Trading securities, at fair value	24,377	31,718
Available-for-sale securities, at fair value	985,569	928,770
Held-to-maturity securities, fair value of \$44,696 at September 30, 2010, and \$46,340 at December 31, 2009	43,092	44,825
Loans and leases, net of unearned income and deferred costs and fees	1,914,064	1,914,818
Less: Allowance for loan and lease losses	28,684	24,350
Net Loans and Leases	1,885,380	1,890,468
FHLB and FRB stock	19,330	20,041
Bank premises and equipment, net	46,261	46,650
Corporate owned life insurance	37,041	35,953
Goodwill	41,589	41,589
Other intangible assets, net	4,316	4,864
Accrued interest and other assets	52,059	62,920
Total Assets	\$ 3,247,111	\$ 3,153,260
LIABILITIES		
Deposits:		
Interest bearing:		
Checking, savings and money market	1,256,812	1,183,145
Time	771,038	794,738
Noninterest bearing	500,678	461,981
Total Deposits	2,528,528	2,439,864
Federal funds purchased and securities sold under agreements to repurchase, including certain amounts at fair value of \$0 at September 30, 2010, and \$5,500 at December 31, 2009	191,596	192,784
Other borrowings, including certain amounts at fair value of \$12,129 at September 30, 2010 and \$11,335 at December 31, 2009	182,779	208,965
Trust preferred debentures	25,059	25,056
Other liabilities	42,654	41,583

Edgar Filing: TOMPKINS FINANCIAL CORP - Form 10-Q

Total Liabilities	\$ 2,970,616	\$ 2,908,252
EQUITY		
Tompkins Financial Corporation shareholders' equity:		
Common Stock - par value \$.10 per share: Authorized 25,000,000 shares; Issued and outstanding: 10,914,723 at September 30, 2010; and 9,785,265 at December 31, 2009		
	1,091	978
Additional paid-in capital	196,898	155,589
Retained earnings	71,254	92,402
Accumulated other comprehensive income (loss)	8,075	(3,087)
Treasury stock, at cost – 90,419 shares at September 30, 2010, and 81,723 shares at December 31, 2009	(2,373)	(2,326)
Total Tompkins Financial Corporation Shareholders' Equity	274,945	243,556
Noncontrolling interests	1,550	1,452
Total Equity	\$ 276,495	\$ 245,008
Total Liabilities and Equity	\$ 3,247,111	\$ 3,153,260

See accompanying notes to unaudited condensed consolidated financial statements.

TOMPKINS FINANCIAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)	Three Months Ended		Nine Months Ended	
	09/30/2010	09/30/2009	09/30/2010	09/30/2009
INTEREST AND DIVIDEND INCOME				
Loans	\$ 26,675	\$ 26,916	\$ 80,044	\$ 80,092
Due from banks	5	3	27	15
Federal funds sold	5	2	14	10
Money market funds	0	7	0	35
Trading securities	255	342	843	1,049
Available-for-sale securities	8,215	8,849	26,009	26,683
Held-to-maturity securities	359	411	1,160	1,397
FHLB and FRB stock	230	28	731	86
Total Interest and Dividend Income	35,744	36,558	108,828	109,367
INTEREST EXPENSE				
Time certificates of deposits of \$100,000 or more	1,035	1,352	3,360	4,157
Other deposits	3,178	4,468	10,506	14,427
Federal funds purchased and repurchase agreements	1,336	1,560	4,069	4,690
Trust preferred securities	407	347	1,210	725
Other borrowings	1,924	2,051	5,770	6,229
Total Interest Expense	7,880	9,778	24,915	30,228
Net Interest Income	27,864	26,780	83,913	79,139
Less: Provision for loan/lease losses	3,483	2,127	7,074	6,530
Net Interest Income After Provision for Loan/Lease Losses	24,381	24,653	76,839	72,609
NONINTEREST INCOME				
Investment services income	3,423	3,287	10,764	9,826
Insurance commissions and fees	3,365	3,198	9,722	9,438
Service charges on deposit accounts	2,115	2,371	6,602	6,861
Card services income	1,105	960	3,147	2,684
Mark-to-market gain on trading securities	177	256	558	354
Mark-to-market (loss) gain on liabilities held at fair value	(323)	73	(940)	761
Other income	1,401	1,497	3,887	4,163
Net other-than-temporary impairment losses ¹	(34)	(146)	(34)	(146)
Net (loss) gain on security transactions	(2)	104	173	130
Total Noninterest Income	11,227	11,600	33,879	34,071
NONINTEREST EXPENSES				

Edgar Filing: TOMPKINS FINANCIAL CORP - Form 10-Q

Salaries and wages	10,611	10,265	31,618	29,862
Pension and other employee benefits	3,616	3,340	10,970	10,086
Net occupancy expense of premises	1,820	1,680	5,427	5,467
Furniture and fixture expense	986	1,117	3,312	3,361
FDIC insurance	978	810	2,747	3,328
Amortization of intangible assets	186	218	586	702
Other operating expense	6,655	6,293	19,202	18,881
Total Noninterest Expenses	24,852	23,723	73,862	71,687
Income Before Income Tax Expense	10,756	12,530	36,856	34,993
Income Tax Expense	3,233	4,037	11,818	11,279
Net Income attributable to Noncontrolling Interests and Tompkins Financial Corporation	7,523	8,493	25,038	23,714
Less: Net income attributable to noncontrolling interests	33	33	98	98
Net Income Attributable to Tompkins Financial Corporation	\$ 7,490	\$ 8,460	\$ 24,940	\$ 23,616
Basic Earnings Per Share	\$ 0.69	\$ 0.79	\$ 2.31	\$ 2.21
Diluted Earnings Per Share	\$ 0.69	\$ 0.79	\$ 2.30	\$ 2.19

Per share data has been retroactively adjusted to reflect 10% stock dividend paid on February 15, 2010

(1) During the three and nine months ended September 30, 2010, net other-than-temporary impairment (“OTTI”) on securities available-for-sale totaling \$385,000 in unrealized gains, and \$872,000 in unrealized gains, respectively, were recognized, which included \$351,000 and \$838,000, respectively, in unrealized gains, recognized in accumulated other comprehensive income (“AOCI”), net of tax and \$34,000 of OTTI losses recognized in earnings. During the three and nine months ended September 30, 2009, \$2.0 million of gross OTTI losses on available-for-sale securities were recognized, of which \$1.9 million were recognized in AOCI, net of tax, and \$146,000 of OTTI losses were recognized in earnings.

See accompanying notes to unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands) (Unaudited)

	09/30/2010	09/30/2009
OPERATING ACTIVITIES		
Net income attributable to Tompkins Financial Corporation	\$ 24,940	\$ 23,616
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan and lease losses	7,074	6,530
Depreciation and amortization of premises, equipment, and software	3,484	3,576
Amortization of intangible assets	586	702
Earnings from corporate owned life insurance	(1,025)	(774)
Net amortization on securities	2,946	1,281
Other-than-temporary impairment loss	34	146
Mark-to-market gain on trading securities	(558)	(354)
Mark-to-market loss (gain) on liabilities held at fair value	940	(761)
Net gain on securities transactions	(173)	(130)
Net gain on sale of loans	(685)	(1,155)
Proceeds from sale of loans	31,501	81,144
Loans originated for sale	(30,376)	(80,521)
Net (gain) loss on sale of bank premises and equipment	(39)	2
Stock-based compensation expense	850	628
Decrease in accrued interest receivable	940	856
Decrease in accrued interest payable	(608)	(897)
Payments/maturities from trading securities	7,767	4,885
Other, net	7,242	(1,748)
Net Cash Provided by Operating Activities	54,840	37,026
INVESTING ACTIVITIES		
Proceeds from maturities of available-for-sale securities	273,384	215,807
Proceeds from sales of available-for-sale securities	13,959	12,491
Proceeds from maturities of held-to-maturity securities	15,496	19,964
Proceeds from sale of held-to-maturity securities	382	0
Purchases of available-for-sale securities	(329,699)	(311,966)
Purchases of held-to-maturity securities	(14,169)	(8,359)
Net increase in loans	(2,426)	(66,660)
Net decrease in FHLB and FRB stock	711	3,544
Proceeds from sale of bank premises and equipment	48	38
Purchases of bank premises and equipment	(2,652)	(3,369)
Other, net	(2,026)	(1,132)
Net Cash Used in Investing Activities	(46,992)	(139,642)
FINANCING ACTIVITIES		
Net increase in demand, money market, and savings deposits	112,364	169,317
Net (decrease) increase in time deposits	(23,700)	94,107
Net decrease in securities sold under agreements to repurchase and Federal funds purchased	(1,334)	(3,961)
Proceeds received from other borrowings	0	5,000
Repayment of other borrowings	(26,980)	(84,479)
Proceeds from issuance of trust preferred debentures, net of issuance costs	0	19,031

Edgar Filing: TOMPKINS FINANCIAL CORP - Form 10-Q

Cash dividends	(10,682)	(9,902)
Cash paid in lieu of fractional shares - 10% stock dividend	(7)	0
Shares issued for dividend reinvestment plan	2,088	0
Shares issued for employee stock ownership plan	1,278	0
Common stock repurchased and returned to unissued status	0	(178)
Net proceeds from exercise of stock options	1,548	931
Tax benefit from stock option exercises	212	150
Net Cash Provided by Financing Activities	54,787	190,016
Net Increase in Cash and Cash Equivalents	62,635	87,400
Cash and cash equivalents at beginning of period	45,462	52,349
Total Cash & Cash Equivalents at End of Period	108,097	139,749
Supplemental Information:		
Cash paid during the year for - Interest	\$ 25,523	\$ 31,125
Cash paid during the year for - Taxes	15,078	13,231
Transfer of loans to other real estate owned	1,845	440

See accompanying notes to unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands, except share data) (Unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non- controlling Interests	Total
Balances at January 1, 2009	\$ 973	\$ 152,842	\$ 73,779	\$ (7,602)	\$ (2,083)	\$ 1,452	\$ 219,361
Comprehensive Income:							
Net income attributable to noncontrolling interests and Tompkins Financial Corporation			23,616			98	23,714
Other comprehensive income				6,943			6,943
Total Comprehensive Income							30,657
Cash dividends (\$0.93 per share)			(9,902)				(9,902)
Exercise of stock options and related tax benefit (30,062 shares, net)	4	1,077					1,081
Common stock repurchased and returned to unissued status (5,000 shares)	(1)	(177)					(178)
Directors deferred compensation plan (2,429 shares, net)		142			(142)		—
Stock-based compensation expense		628					628
Balances at September 30, 2009	\$ 976	\$ 154,512	\$ 87,493	\$ (659)	\$ (2,225)	\$ 1,550	\$ 241,647
Balances at January 1, 2010	\$ 978	\$ 155,589	\$ 92,402	\$ (3,087)	\$ (2,326)	\$ 1,452	\$ 245,008
Comprehensive Income:							
Net income attributable to noncontrolling interests and Tompkins Financial			24,940			98	25,038

Corporation							
Other comprehensive income				11,162			11,162
Total Comprehensive Income							36,200
Cash dividends (\$0.99 per share)				(10,682)			(10,682)
Effect of 10% stock dividend (988,664 shares) ¹	98	35,301		(35,399)			0
Cash paid in lieu of fractional shares				(7)			(7)
Exercise of stock options and related tax benefit (62,638 shares, net)	6	1,754					1,760
Directors deferred compensation plan (812 shares, net)		47		(47)			0
Shares issued for dividend reinvestment plan (51,734 shares)	5	2,083					2,088
Shares issued for employee stock ownership plan (34,436 shares)	4	1,274					1,278
Forfeiture of restricted stock ((330) shares)							
Net shares issued related to restricted stock awards (200)							
Stock-based compensation expense		850					850
Balances at September 30, 2010	\$ 1,091	\$ 196,898	\$ 71,254	\$ 8,075	\$ (2,373)	\$ 1,550	\$ 276,495

¹Cash dividends per share have been retroactively adjusted to reflect 10% stock dividend paid on February 15, 2010. Included in the shares issued for the 10% stock dividend in 2010 were treasury shares of 3,264, and director deferred compensation plan shares of 4,620.

See accompanying 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 conducts its business through its (i) three wholly-owned banking subsidiaries, Tompkins Trust Company, The Bank of Castile and The Mahopac National Bank, (ii) wholly-owned insurance subsidiary, Tompkins Insurance Agencies, Inc., and (iii) wholly-owned investment services subsidiary, AM&M Financial Services, Inc. (“AM&M”). 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 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. Unless the context otherwise requires, the term “Company” refers to Tompkins Financial Corporation 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 NYSE-Amex under the symbol “TMP.”

2. Basis of Presentation

The unaudited condensed consolidated financial statements included in this quarterly report have been prepared in accordance with accounting principles generally accepted in the United States of America and the instructions for Form 10-Q and Rule 10-01 of Regulation S-X. 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, 2010. 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 fiscal year ended December 31, 2009. There have been no significant changes to the Company’s accounting policies from those presented in the 2009 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, Federal funds sold, 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

Accounting Standards Update (ASU) No. 2009-16, "Transfers and Servicing (Topic 860) - Accounting for Transfers of Financial Assets." ASU 2009-16 amends prior accounting guidance to enhance reporting about transfers of financial assets, including securitizations, and where companies have continuing exposure to the risks related to transferred financial assets. ASU 2009-16 eliminates the concept of a "qualifying special-purpose entity" and changes the requirements for derecognizing financial assets. ASU 2009-16 also requires additional disclosures about all continuing involvements with transferred financial assets including information about gains and losses resulting from transfers during the period. The provisions of ASU 2009-16 became effective on January 1, 2010 and did not have a significant impact on the Company's financial statements.

ASU No. 2009-17, "Consolidations (Topic 810) - Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities." ASU 2009-17 amends prior guidance to change how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. ASU 2009-17 requires additional disclosures about the reporting entity's involvement with variable-interest entities and any significant changes in risk exposure due to that involvement as well as its affect on the entity's financial statements. As further discussed below, ASU No. 2010-10, "Consolidations (Topic 810)," deferred the effective date of ASU 2009-17 for a reporting entity's interests in investment companies. The provisions of ASU 2009-17 became effective on January 1, 2010 and did not have a significant impact on the Company's financial statements.

ASU No. 2010-06, "Fair Value Measurements and Disclosures (Topic 820) - Improving Disclosures About Fair Value Measurements." ASU 2010-06 requires expanded disclosures related to fair value measurements including (i) the amounts of significant transfers of assets or liabilities between Levels 1 and 2 of the fair value hierarchy and the reasons for the transfers, (ii) the reasons for transfers of assets or liabilities in or out of Level 3 of the fair value hierarchy, with significant transfers disclosed separately, (iii) the policy for determining when transfers between levels of the fair value hierarchy are recognized and (iv) for recurring fair value measurements of assets and liabilities in Level 3 of the fair value hierarchy, a gross presentation of information about purchases, sales, issuances and settlements. ASU 2010-06 further clarifies that (i) fair value measurement disclosures should be provided for each class of assets and liabilities (rather than major category), which would generally be a subset of assets or liabilities within a line item in the statement of financial position and (ii) companies should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for each class of assets and liabilities included in Levels 2 and 3 of the fair value hierarchy. The disclosures related to the gross presentation of purchases, sales, issuances and settlements of assets and liabilities included in Level 3 of the fair value hierarchy will be required for the Company beginning January 1, 2011. The remaining disclosure requirements and clarifications made by ASU 2010-06 became effective for the Company on January 1, 2010. See Note 11 – Fair Value.

ASU No. 2010-10, "Consolidations (Topic 810) - Amendments for Certain Investment Funds." ASU 2010-10 defers the effective date of the amendments to the consolidation requirements made by ASU 2009-17 to a company's interest in an entity (i) that has all of the attributes of an investment company, as specified under ASC Topic 946, "Financial Services - Investment Companies," or (ii) for which it is industry practice to apply measurement principles of financial reporting that are consistent with those in ASC Topic 946. As a result of the deferral, a company will not be required to apply the ASU 2009-17 amendments to the Subtopic 810-10 consolidation requirements to its interest in an entity that meets the criteria to qualify for the deferral. ASU 2010-10 also clarifies that any interest held by a related party should be treated as though it is an entity's own interest when evaluating the criteria for determining whether such interest represents a variable interest. In addition, ASU 2010-10 also clarifies that a quantitative calculation should not be the sole basis for evaluating whether a decision maker's or service provider's fee is a variable interest. The provisions of ASU 2010-10 became effective for the Company as of January 1, 2010 and did not have a significant impact on the Company's financial statements.

ASU No. 2010-11, "Derivatives and Hedging (Topic 815) - Scope Exception Related to Embedded Credit Derivatives." ASU 2010-11 clarifies that the only form of an embedded credit derivative that is exempt from embedded derivative bifurcation requirements are those that relate to the subordination of one financial instrument to another. As a result, entities that have contracts containing an embedded credit derivative feature in a form other than such subordination may need to separately account for the embedded credit derivative feature. The provisions of ASU 2010-11 were effective for the Company on July 1, 2010 and did not have a significant impact on the Company's financial statements.

ASU No. 2010-20, "Receivables (Topic 310) - Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses." ASU 2010-20 requires entities to provide disclosures designed to facilitate financial statement users' evaluation of (i) the nature of credit risk inherent in the entity's portfolio of financing receivables, (ii) how that risk is analyzed and assessed in arriving at the allowance for credit losses and (iii) the changes and reasons for those changes in the allowance for credit losses. Disclosures must be disaggregated by portfolio segment, the level at which an entity develops and documents a systematic method for determining its allowance for credit losses, and class of financing receivable, which is generally a disaggregation of portfolio segment. The required disclosures include, among other things, a rollforward of the allowance for credit losses as well as information about modified, impaired, non-accrual and past due loans and credit quality indicators. ASU 2010-20 will be effective for the Company's financial statements as of December 31, 2010, as it relates to disclosures required as of the end of a reporting period. Disclosures that relate to activity during a reporting period will be required for the Company's financial statements that include periods beginning on or after January 1, 2011.

4. Securities

Available-for-Sale Securities

The following table summarizes available-for-sale securities held by the Company at September 30, 2010:

September 30, 2010 (in thousands)	Amortized Cost ¹	Available-for-Sale Securities		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
U.S. Treasury securities	\$ 1,973	\$ 107	\$ 0	\$ 2,080
Obligations of U.S. Government sponsored entities	355,421	12,714	0	368,135
Obligations of U.S. states and political subdivisions	62,623	3,471	2	66,092
Mortgage-backed securities – residential, issued by				
U.S. Government agencies	146,527	4,630	51	151,106
U.S. Government sponsored entities	365,350	16,815	60	382,105
Non-U.S. Government agencies or sponsored entities	10,474	10	844	9,640
U.S. corporate debt securities	5,026	221	0	5,247
Total debt securities	947,394	37,968	957	984,405
Equity securities	1,164	0	0	1,164
Total available-for-sale securities	\$ 948,558	\$ 37,968	\$ 957	\$ 985,569

¹ Net of other-than-temporary impairment losses recognized in earnings.

The following table summarizes available-for-sale securities held by the Company at December 31, 2009:

December 31, 2009 (in thousands)	Amortized Cost ¹	Available-for-Sale Securities		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
U.S. Treasury securities	\$ 1,991	\$ 88	\$ 0	\$ 2,079
Obligations of U.S. Government sponsored entities	377,920	3,369	2,274	379,015
Obligations of U.S. states and political subdivisions	61,176	2,537	18	63,695
Mortgage-backed securities – residential, issued by				
U.S. Government agencies	75,714	2,380	39	78,055
U.S. Government sponsored entities	373,307	15,831	278	388,860
Non-U.S. Government agencies or sponsored entities	12,656	0	1,890	10,766
U.S. corporate debt securities	5,032	104	0	5,136

Edgar Filing: TOMPKINS FINANCIAL CORP - Form 10-Q

Total debt securities	907,796	24,309	4,499	927,606
Equity securities	1,164	0	0	1,164
Total available-for-sale securities	\$ 908,960	\$ 24,309	\$ 4,499	\$ 928,770

1 Net of other-than-temporary impairment losses recognized in earnings.

Held-to-Maturity
Securities

The following table summarizes held-to-maturity securities held by the Company at September 30, 2010:

September 30, 2010

(in thousands)	Amortized Cost	Held-to-Maturity Securities		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
Obligations of U.S. states and political subdivisions	\$43,092	\$1,607	\$3	\$44,696
Total held-to-maturity debt securities	\$43,092	\$1,607	\$3	