



# Tompkins Financial Corporation (TMP)

Updated October 25<sup>th</sup>, 2025, by Josh Arnold

## Key Metrics

Current Price:	\$66	5 Year CAGR Estimate:	15.3%	Market Cap:	\$932 M
Fair Value Price:	\$73	5 Year Growth Estimate:	10.0%	Ex-Dividend Date:	11/07/25
% Fair Value:	90%	5 Year Valuation Multiple Estimate:	2.1%	Dividend Payment Date:	11/14/25
Dividend Yield:	3.9%	5 Year Price Target	\$118	Years Of Dividend Growth:	39
Dividend Risk Score:	A	Sector:	Financials	Rating:	Buy

## Overview & Current Events

Tompkins Financial is a regional financial services holding company headquartered in Ithaca, NY that can trace its roots back more than 180 years. It trades with a market capitalization of \$932 million and has total assets of about \$8 billion, which produce about \$330 million in annual revenue. The company offers a wide range of services, including checking and deposit accounts, time deposits, loans, credit cards, insurance services, and wealth management to its customers in New York and Pennsylvania. Tompkins also sports an extremely impressive 39-year dividend increase streak after boosting its payout for November 2025.

Tompkins posted third quarter earnings on October 24<sup>th</sup>, 2025, and results were better than expected on both the top and bottom lines. Earnings-per-share came to \$1.65, which was 14 cents ahead of estimates. Revenue was up 14% year-on-year to \$87.4 million, beating estimates by \$2.74 million.

Net interest margin was 3.20%, up 12 basis points from the second quarter, and up 41 basis points from the year-ago period. Total loans were \$115 million higher, or 1.9%, compared to Q2. Total loans were up \$407 million, or 6.9%, year-over-year. Total deposits were up \$337 million, or 5%, from Q2. Deposits rose \$475 million, or 7.2%, year-over-year. Total average cost of funds was 1.83%, flat to Q2, but 18 basis points better than last year's Q3. Loan-to-deposit ratio ended the quarter at 89.2%, down from 91.9% in June, and flat to the 89.4% in the year-ago period. That's quite elevated compared to Tompkins' banking peers.

Tompkins boosted its dividend by 4.8% to a new payout of \$2.60 annually, its 39<sup>th</sup> consecutive year of dividend increases.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$3.87	\$3.91	\$4.42	\$5.33	\$5.37	\$5.20	\$6.25	\$5.89	\$4.29	\$4.97	\$6.10	\$9.82
DPS	\$1.70	\$1.77	\$1.82	\$1.94	\$2.02	\$2.10	\$2.19	\$2.31	\$2.40	\$2.44	\$2.60	\$3.82
Shares <sup>1</sup>	14.9	15.1	15.3	15.3	15.0	14.9	14.6	14.4	14.2	14.3	14.2	13.8

As 2018 earnings greatly benefited from the one-time effect of tax reform, it is prudent to focus on historical growth before that point. Excluding the non-recurring write-off of 2017, Tompkins Financial grew its earnings-per-share at a 6.4% average annual rate during 2008-2017 and a 6.5% rate during 2012-2017. However, we are much more cautious on Tompkins' ability to grow in the near-term given the interest rate environment, and other factors, including what we view as unsustainably high earnings for 2021. Earnings in 2021 were boosted by credit loss recoveries that will not reoccur, and 2023 earnings were quite weak. In conjunction with this, we're estimating 10% growth going forward as 2025's base of earnings is still relatively low.

Given the state of the yield curve, we don't see a lot of additional deterioration in margins, but it may take some time before Tompkins sees any material improvement in its lending spreads. We note NIM has moved higher, but Tompkins still has below-peer margins despite its very full loan book. Given this, the outlook for revenue and margins is somewhat

<sup>1</sup> Share count in millions

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unfavorable. The bank's share repurchase program should help, but only with fractional declines in the float annually. Extremely high loan-to-deposit ratios are yet another headwind, remaining elevated in Q3.

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	14.0	17.7	24.2	15.3	15.1	13.2	12.8	13.2	14.0	13.6	<b>10.8</b>	<b>12.0</b>
Avg. Yld.	3.1%	2.6%	2.2%	2.4%	2.5%	3.1%	2.7%	3.0%	4.0%	3.6%	<b>3.9%</b>	<b>3.2%</b>

Tompkins Financial is currently trading at a price-to-earnings ratio of 10.8, which is well below where we see fair value at 12 times earnings. With shares trading at 90% of our estimate of fair value, Tompkins' value proposition is slightly better than our prior update. The yield is 3.9% now, and we see it potentially declining to 3.2% over time as the share price should move higher more quickly than the dividend if our growth forecast comes to fruition.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	44%	45%	53%	36%	38%	40%	35%	39%	56%	49%	<b>43%</b>	<b>39%</b>

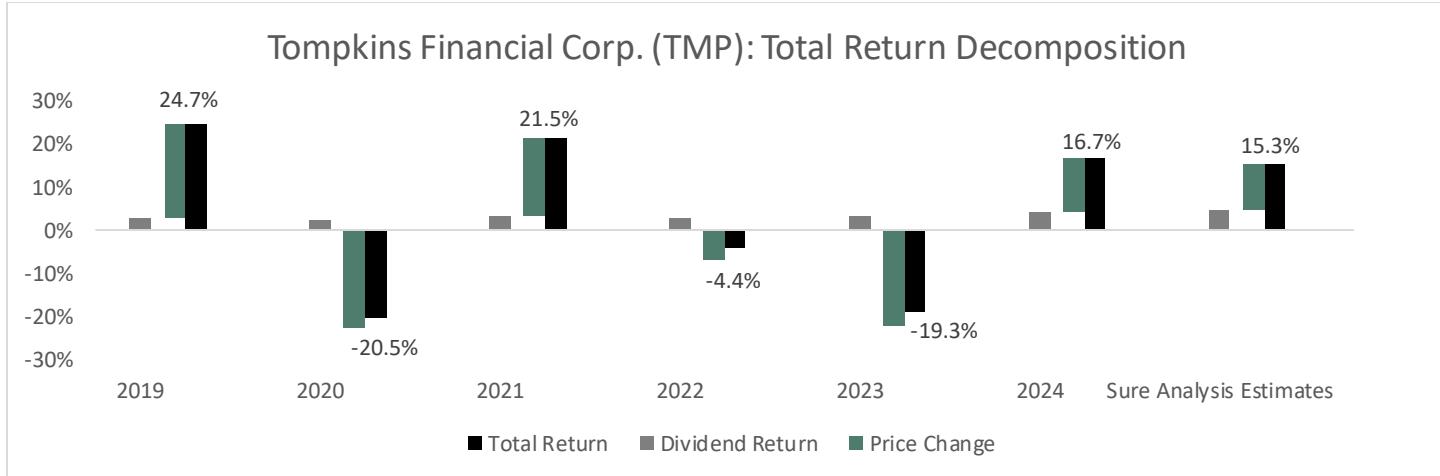
Tompkins Financial has raised its dividend for 39 consecutive years, and we don't see this streak in jeopardy by any means. Due to its modest payout ratio, it has ample room to keep growing its dividend, even with weak earnings growth. We do note that the payout ratio continues to rise given negative earnings growth in recent years, which is something for investors to keep an eye on going forward.

The company also exhibited remarkable resilience in the Great Recession. In the worst financial crisis of the last 90 years, when most banks incurred losses or saw their earnings collapse, Tompkins Financial grew its earnings-per-share 17%, from \$2.53 in 2008 to \$2.96 in 2009. The defensive behavior of Tompkins Financial during economic downturns is particularly important. Tompkins' competitive advantage, if it has one, is its focus on targeted local markets in the Northeast U.S. The local bank feel is something consumers in small communities gravitate towards, which benefits Tompkins. Tompkins performed well in 2020, but credit quality did deteriorate some during the year, unsurprisingly.

## Final Thoughts & Recommendation

We have concerns about Tompkins' ability to grow longer-term, but it is also seeing a number of earnings tailwinds presently. The valuation is below fair value, and the yield is 3.9%. With 10% earnings growth forecast, we see 15.3% total returns ahead. With total prospective returns higher from our last update, we are reiterating the stock at a buy rating following Q3 results.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenue</b>	238	247	267	283	283	296	303	308	220	299
<b>SG&amp;A Exp.</b>	103	112	119	126	129	136	120	123	125	128
<b>D&amp;A Exp.</b>	8	9	10	11	12	12	12	12	12	10
<b>Net Profit</b>	58	59	52	82	82	78	89	85	10	71
<b>Net Margin</b>	24.6%	24.0%	19.7%	29.1%	28.9%	26.2%	29.5%	27.6%	4.3%	23.7%
<b>Free Cash Flow</b>	76	75	51	89	96	97	116	95	82	89
<b>Income Tax</b>	29	27	43	22	21	20	25	25	2	22

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Assets</b>	5,690	6,237	6,648	6,758	6,726	7,622	7,820	7,671	7,820	8,109
<b>Cash &amp; Equivalents</b>	58	64	84	80	138	388	63	78	80	134
<b>Accounts Receivable</b>	82	84	83	82	101	110	116	181	---	---
<b>Goodwill &amp; Int. Ass.</b>	104	104	102	100	99	97	96	95	95	95
<b>Total Liabilities</b>	5,174	5,687	6,072	6,138	6,063	6,904	7,091	7,053	7,150	7,396
<b>Long-Term Debt</b>	574	922	1,088	1,093	675	278	124	291	602	790
<b>Shareholder's Equity</b>	515	548	575	619	662	716	728	616	669	713
<b>LTD/E Ratio</b>	1.11	1.68	1.89	1.76	1.02	0.39	0.17	0.47	0.90	1.11

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Return on Assets</b>	1.1%	1.0%	0.8%	1.2%	1.2%	1.1%	1.2%	1.1%	0.1%	0.9%
<b>Return on Equity</b>	11.6%	11.2%	9.4%	13.8%	12.8%	11.3%	12.4%	12.7%	1.5%	10.2%
<b>ROIC</b>	5.9%	4.6%	3.3%	4.9%	5.4%	6.6%	9.7%	9.7%	0.9%	5.1%
<b>Shares Out.</b>	14.9	15.1	15.3	15.3	15.0	14.9	14.6	14.4	14.3	14.3
<b>Revenue/Share</b>	15.99	16.53	17.72	18.70	18.88	20.07	20.66	21.4	15.4	21.0
<b>FCF/Share</b>	5.14	4.99	3.37	5.89	6.38	6.57	7.95	6.61	5.75	6.22

*Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.*

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