

TFS Financial Corporation®

Third Federal®
SAVINGS & LOAN

For the quarter ended
March 31, 2025

TFS Financial Corporation® Overview

1938 Founded by Ben and Gerome Stefanski, parents of our current Chairman and CEO, Marc Stefanski

1997 Organized as a mid-tier stock holding company to own 100% of Third Federal Savings and Loan

2007 First step minority stock offering. Listed as TFSL on NASDAQ April 23

2025 87th year of service

TFSL Shareholder Ownership

	# of shares	% of Ownership
<u>As of April 20, 2007 Minority Offering</u>		
Owned by Third Federal MHC	227,119,132	68.30%
Owned by Minority Shareholders	105,199,618	31.70%
Total shares outstanding	332,318,750	100.00%
<u>As of Mar 31, 2025</u>		
Owned by Third Federal MHC	227,119,132	80.87%
Owned by Minority Shareholders	53,717,816	19.13%
Total shares outstanding	280,836,948	100.00%
<i>Cumulative Minority Shares Repurchased</i>		
<i>(net of benefit plan re-issuance)</i>	51,481,802	48.94%

Financial Summary

	At or For Quarter Ended	
	Mar 31, 2025	Dec 31, 2024
Assets	\$17.11B	\$17.06B
Deposits	\$10.40B	\$10.21B
Shareholders' Equity	\$1.90B	\$1.91B
Tier I Capital to Avg Assets	10.92%	10.89%
Market Capitalization	\$3.48B	\$3.53B
Net Income for Fiscal Quarter	\$21.0M	\$22.4M

TFSL Stock Ownership – Why Invest?

Strong Dividend

- Current annualized dividend of \$1.13 per share represents 9.12% yield based on stock price of \$12.39 at 3/31/25.
- Dividend paid to minority shareholders only, subject to regulation requiring MHC annual dividend waiver vote. On 7/9/24, 58% of MHC eligible votes were cast and 97% approved the dividend waiver through July 9, 2025¹.
- Total dividends paid represents 68.46% and 74.11% of net income for the six months ended 3/31/25 and for the fiscal year ended 9/30/24.

High Capital Levels

- Tier I Capital to Average Assets = 10.92%.
- Total Risk-Based Capital = 19.04%.
- “Well-Capitalized” levels are 5% and 10%, respectively.

Quality Loan Portfolio

- \$199.5 million of First Mortgage Loans originated/acquired at a yield of 6.63% for the quarter ended 3/31/25.
- Unpaid principal balance of mortgage loans serviced for others of \$2.01 billion at 3/31/25.
- Delinquency rate of 0.20% on \$15.34 billion loan portfolio; reported net recoveries in each of last eight fiscal years.
- Average FICO score of 777 and average LTV of 68% for first mortgage loans originated during the quarter ended 3/31/25.
- Geographical diversification by offering products in 27 states and D.C.

MHC Structure² and Value to 19% Minority Shareholders

- GAAP Book Value Per Share³ of \$6.75 but Book Value Per Minority Share⁴ of \$35.31.
- For last 4 quarters, GAAP Earnings Per Share⁵ of \$0.29 but Earnings Per Minority Share⁶ of \$1.52.

1 - Regulation MM requires annual dividend waiver vote subject to annual non-objection by the Federal Reserve Board. The FRB has completed its normal review process for the July 9, 2024 dividend waiver with no objections.

2 - An MHC structure is unique in the banking industry, in that public shareholders own a majority of the outstanding shares publicly issued, whereas the majority shares issued and held by the MHC are still owned by a mutual entity, with such shares not having been purchased by the public, resulting in no contribution to a company's book value or earnings potential. The 227,119,132 shares owned by the MHC have not been offered for sale to the public.

3 - Book value per Share based on Total Shareholders' Equity of \$1.90B divided by the total share count of 280,836,948 at 3/31/25.

4 - Book value per Minority Share based on Total Shareholders' Equity of \$1.90B divided by minority share count of 53,717,816 at 3/31/25.

5 - Earnings per Share based on Total Net Income of \$81.6M for most recent 4 quarters divided by total share count of 280,836,948 at 3/31/25.

6 - Earnings per Minority Share based on Total Net Income of \$81.6M for most recent 4 quarters divided by minority share count of 53,717,816 at 3/31/25.

Our Disciplined Strategy Drives Our Results

Strategic Overview

- **Originate and service** first mortgage loans and home equity loans and lines of credit, funded through retail deposits, FHLB advances and brokered certificates of deposit.
- **Loyal deposit customer base** provides stability to funding approach with 96.4% of the \$10.41 billion in deposits covered by FDIC insurance.
- **High average deposits per branch** (\$281 million) and assets per associate (\$18.3 million) generate efficiencies.
- **Physical presence** in Ohio (21 full-service branches, 2 loan origination offices) and Florida (16 full-service branches), and first mortgage loan origination and home equity products in 27 states and the District of Columbia through our online offering and customer service center.
- **Value-based mission** serves our principal philosophy to create successful home ownership, which is evident by our customers' ability to repay as well as our product offerings and features. Mortgage loans and home equity products are originated using our underwriting standards via a network of non-commissioned Third Federal associates and strategic partnerships.
- **Stringent, conservative lending standards** used for underwriting, which reduces credit risk.
- **Strong capital levels**, combined with managed asset growth, allow us to drive long-term, sustainable earnings and support cash dividends.

Capital & Performance Highlights

	Six Months Ended 3/31/25	Fiscal Year End (as of 09/30)				
		2024	2023	2022	2021	2020
Net Income (in 000s)	\$ 43,447	\$ 79,588	\$ 75,250	\$ 74,565	\$ 81,007	\$ 83,317
Earnings Per Share:						
-GAAP (includes shares held in MHC)	\$ 0.15	\$ 0.28	\$ 0.27	\$ 0.26	\$ 0.29	\$ 0.30
-Non-GAAP Per Minority Share ¹	\$ 0.81	\$ 1.48	\$ 1.40	\$ 1.36	\$ 1.52	\$ 1.59
-Dividends Paid Per Minority Share	\$ 0.57	\$ 1.13	\$ 1.13	\$ 1.13	\$ 1.12	\$ 1.11
Total Dividends Paid as % of Net Income	68%	74%	77%	78%	70%	67%
Book Value Per Share:						
-GAAP (includes shares held in MHC)	\$ 6.75	\$ 6.63	\$ 6.87	\$ 6.57	\$ 6.17	\$ 5.91
-Non-GAAP Per Minority Share ¹	\$ 35.31	\$ 34.70	\$ 36.20	\$ 34.50	\$ 32.29	\$ 31.22
Dividends Paid (in 000s) ^{2,3}	\$ 29,742	\$ 58,980	\$ 58,313	\$ 58,175	\$ 57,101	\$ 55,465
Repurchase of Common Stock (in 000s)	\$ -	\$ -	\$ 5,000	\$ 5,049	\$ -	\$ 378
Total Usage of Capital (in 000s)	\$ 29,742	\$ 118,129	\$ 63,313	\$ 63,224	\$ 57,101	\$ 55,843
First Mortgage Loans Originated and Acquired (in 000s)	\$ 376,007	\$ 854,247	\$ 1,855,045	\$ 3,645,983	\$ 3,627,827	\$ 3,077,798
-Loans sold and commitments to sell loans	\$ 157,500	\$ 237,106	\$ 77,206	\$ 128,118	\$ 762,332	\$ 844,293
Commitments Originated for ELOCS (in 000s)	\$ 1,032,340	\$ 1,913,485	\$ 1,438,576	\$ 2,011,597	\$ 1,653,749	\$ 1,225,829
Equity and Bridge Loan Originations (in 000s)	\$ 163,976	\$ 364,279	\$ 264,930	\$ 144,746	\$ 88,393	\$ 93,628
Tier I Leverage Capital to Net Average Assets:						
- TFS Financial Corporation	10.9%	10.9%	11.0%	11.7%	12.7%	11.9%
- Third Federal Savings (Thrift)	10.1%	10.1%	9.8%	10.3%	11.2%	10.4%
Shares of TFSL Stock Held by:						
Third Federal Savings, MHC ²	227,119,132	227,119,132	227,119,132	227,119,132	227,119,132	227,119,132
Minority Shareholders ³	53,717,816	53,591,722	53,240,041	53,463,609	53,642,167	53,030,874
Total Shareholders	280,836,948	280,710,854	280,359,173	280,582,741	280,761,299	280,150,006

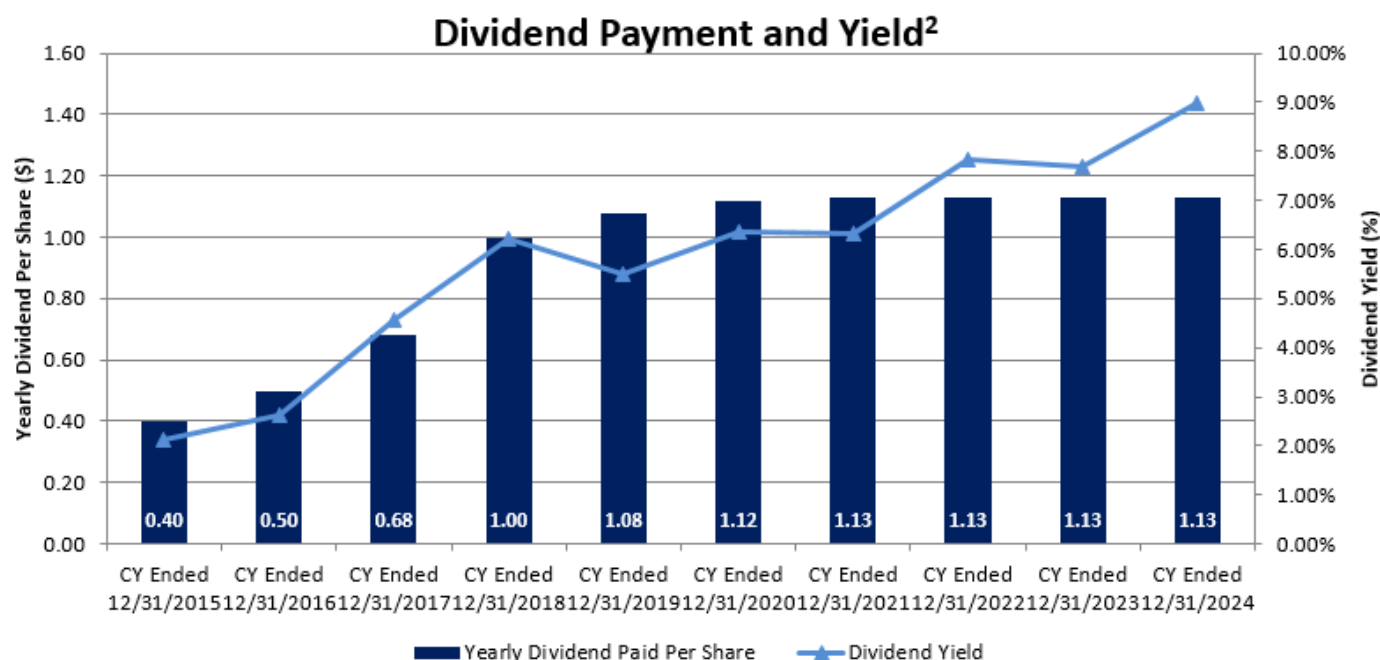
1 - An MHC structure is unique in the banking industry, in that public shareholders own a majority of the outstanding shares publicly issued, whereas the majority shares issued and held by the MHC are still owned by a mutual entity, with such shares not having been purchased by the public, resulting in no contribution to a company's book value or earnings potential. The 227,119,132 shares owned by the MHC have not been offered for sale to the public.

2 - Third Federal Savings, MHC waived its right to receive cash dividends.

3 - Dividends from shares held by ESOP that are not allocated to participants (approximately 3,033,000 shares at 3/31/2025) are applied to the ESOP loan balance.

Capital Deployment

- **Dividends, managed portfolio growth, and strategic share repurchases** will represent the focus for future capital deployment.
- \$199.5 million in First Mortgages, \$561.3 million in Home Equity Lines of Credit, and \$76.0 million in Equity and Bridge Loans were **originated and acquired** during the quarter ended 3/31/25.
- MHC member vote on 7/9/24 **approved dividend waiver** up to \$1.13 through July 9, 2025; 97% of members voting elected "yes" in favor of the dividend waiver¹.
- **8th buyback program** (for 10M shares) began January 2017, and 4,808,049 have been purchased through 3/31/25.
- **Additional capital of \$181.5M** held at TFS Financial Corporation at 3/31/25, which is separate from Thrift.



1 – Regulation MM requires annual dividend waiver vote subject to annual non-objection by the Federal Reserve Board. The FRB has completed its normal review process for the July 9, 2024 dividend waiver with no objections.

2 – Dividend yield based on year-end stock price.

Financial Highlights

(Dollars in Thousands)

	As of or for the three months ended			As of or for the fiscal year ended	
	3/31/2025	12/31/2024	9/30/2024	9/30/2024	9/30/2023
Balance Sheet					
Assets (\$)	17,111,720	17,057,586	17,090,785	17,090,785	16,917,726
Net loans, including held for sale (\$)	15,365,946	15,342,909	15,339,834	15,339,834	15,169,007
Deposits (\$)	10,397,645	10,207,257	10,195,079	10,195,079	9,449,820
Common equity (\$)	1,896,657	1,914,277	1,862,624	1,862,624	1,927,361
Balance Sheet Ratios					
Loans/Deposits (%)	147.78	150.31	150.46	150.46	160.52
Tier I Leverage Capital / Average Assets YTD (%)	10.92	10.89	10.89	10.89	10.96
Return on Average Assets (%)	0.49	0.53	0.43	0.47	0.46
Return on Average Equity (%)	4.35	4.68	3.81	4.12	4.00
Profitability					
Net interest income (\$)	72,049	68,328	68,715	278,458	283,567
Provision (release) for credit losses (\$)	1,500	(1,500)	1,000	(1,500)	(1,500)
Net interest income after provision for credit losses	70,549	69,828	67,715	279,958	285,067
Non-Interest income (\$)	7,068	6,503	6,420	24,702	21,430
Non-interest expense (\$)	(51,088)	(47,941)	(51,084)	(204,347)	(213,130)
Income before income taxes (\$)	26,529	28,390	23,051	100,313	93,367
Income tax expense (\$)	(5,508)	(5,964)	(4,836)	(20,725)	(18,117)
Net income (\$)	21,021	22,426	18,215	79,588	75,250
Net interest margin (%)	1.75	1.66	1.67	1.69	1.80
Non-interest expense to average assets (%)	1.20	1.13	1.20	1.20	1.30
Asset Quality					
Non-Performing Assets/Assets (%)	0.22	0.27	0.20	0.20	0.20
Reserves/Loans (%) ¹	0.65	0.64	0.64	0.64	0.69

1 - The Reserves/Loans ratio at 3/31/25 includes a \$29.4 million liability for unfunded commitments. The total allowance for credit losses was \$99.9 million at 3/31/25.

Loan Performance & Originations

Strong Lending Standards

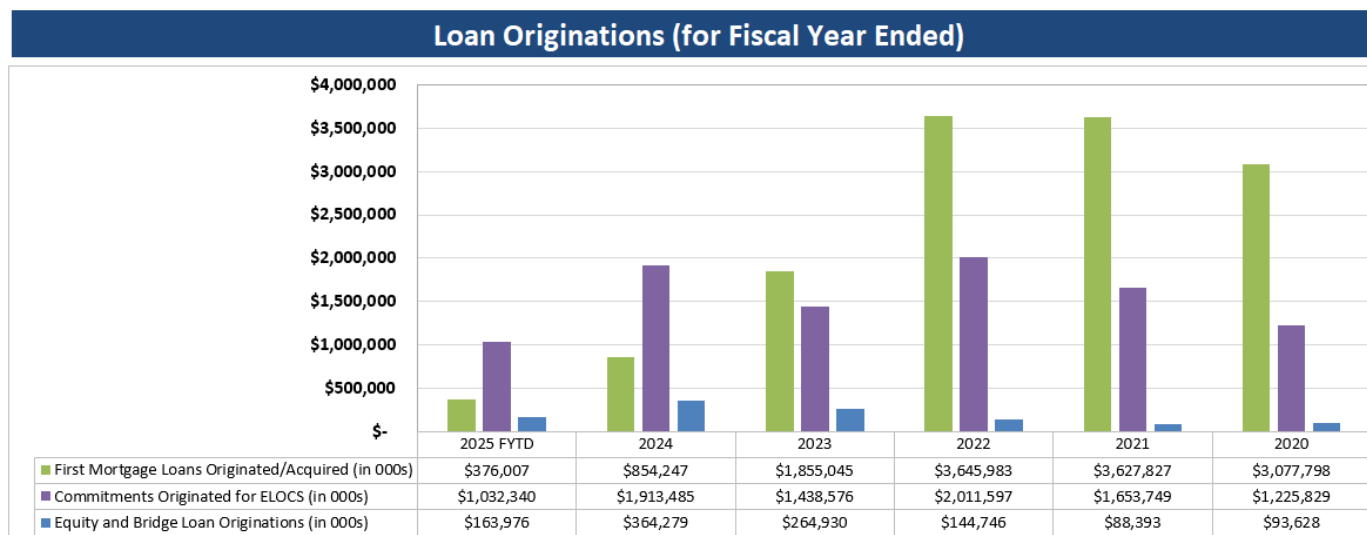
- Net recoveries were recorded each of the past eight fiscal years for a cumulative total of \$46.1 million. Net recoveries were \$4.7 million for the fiscal year ended 9/30/24. Net recoveries of \$6.4 million for FY 2023 compared to \$9.7 million for FY 2022 and \$5.2 million for FY 2021. Net recoveries of \$2.1 million for the six months ended 3/31/25.
- For all active accounts as of 3/31/25, mortgage loans had an average FICO score of 761 and average LTV of 68% and HELOCs had an average FICO score of 768 and average combined LTV of 60%.

Minimal Delinquencies

- Delinquency rate of 0.20% on \$15.34 billion loan portfolio as of 3/31/25.
- The provision for credit losses was \$1.5 million for the three months ended 3/31/25 compared to a release of \$1.5 million for the three months ended 12/31/24. The total allowance for credit losses at 3/31/25 was \$99.9 million, which increased \$2.2 million during the quarter, and includes reserves of \$29.4 million for undrawn commitments. This increase was primarily due to a 40% increase in commitments to originate loans, including residential mortgage loans and equity loans and lines of credit.

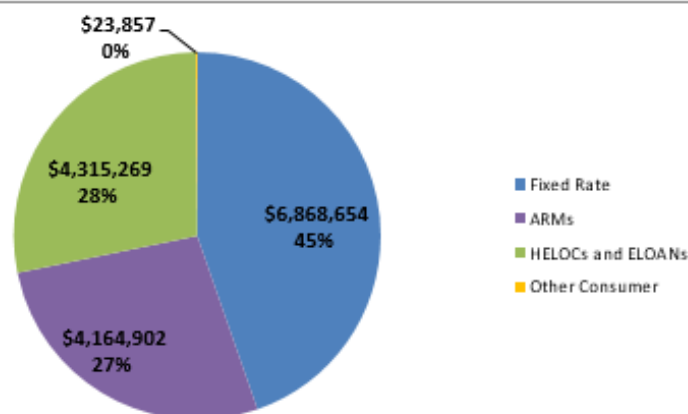
Originated and Acquired History

- First mortgage loans originated and acquired were \$376.0 million for the six months ended 3/31/25, \$854.2 million for the fiscal year ended 9/30/24, \$1.86 billion for FY 2023, and \$3.65 billion for FY 2022.
- Commitments originated for HELOCs were \$1.03 billion for the six months ended 3/31/25, \$1.91 billion for the fiscal year ended 9/30/24, \$1.44 billion for FY 2023, and \$2.01 billion for FY 2022.
- Equity and bridge loan originations were \$164.0 million for the six months ended 3/31/25, \$364.3 million for the fiscal year ended 9/30/24, \$264.9 million for FY 2023, and \$144.7 million for FY 2022.

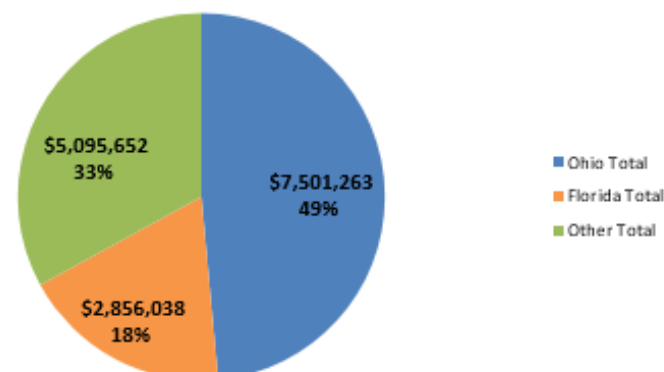


Loan Composition by Product and State

Loan Balances by Product Type (Held for Investment)



Geographic Breakdown of Loan Balances



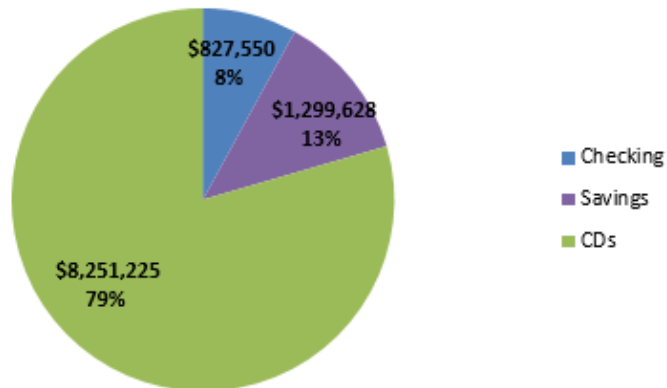
Loan Balance (\$000)	Balance ¹	% of Total	Yield ¹
Fixed Rate			
Terms ≤ 10 yrs	\$ 724,379	4.7%	2.67%
Terms > 10 yrs	\$ 6,144,275	39.9%	4.10%
Total Fixed	\$ 6,868,654	44.6%	3.95%
ARMs	\$ 4,164,902	27.1%	3.50%
HELOCs and ELOANs	\$ 4,315,269	28.1%	6.68%
Other Consumer	\$ 23,857	0.2%	6.53%
Total Loans Receivable (HFI)	\$ 15,372,682	100%	4.60%

Loan Balance (\$000)	Balance ¹	% of Total	Yield ¹
1st Lien Residential			
Ohio	\$ 6,438,820	41.8%	3.91%
Florida	\$ 1,884,816	12.3%	3.58%
widely distributed	\$ 2,709,920	17.6%	3.63%
Total 1st Lien Residential	\$ 11,033,556	71.7%	3.79%
HELOCs and ELOANs:			
Ohio	\$ 968,966	6.3%	6.62%
Florida	\$ 962,857	6.3%	6.63%
California	\$ 738,531	4.8%	6.69%
widely distributed	\$ 1,644,915	10.7%	6.74%
Total HELOCs and ELOANs	\$ 4,315,269	28.1%	6.68%
Other Consumer	\$ 23,857	0.2%	6.53%
Total Loans Receivable (HFI)	\$ 15,372,682	100%	4.60%

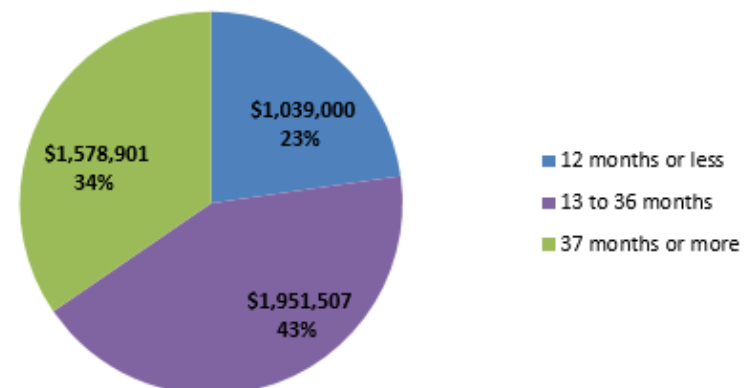
1- As of 3/31/25. Balances exclude loans in process, deferred loan expenses, and the allowance for credit losses on loans.

Strong Deposit Funding Base Supplemented by Wholesale Borrowings

Deposit Composition



Borrowings Composition



Deposit Type (\$000)	Balance ¹	% of Total	Weighted Avg Cost of Funds
Interest Bearing:			
Checking	\$ 827,550	8.0%	0.04%
Savings	\$ 1,299,628	12.5%	0.83%
CDs ^{2,3}	\$ 8,251,225	79.5%	3.71%
Total Deposits⁴	\$10,378,403	100%	3.05%

Borrowings (\$000)	Balance ^{1,2}	% of Total	Weighted Avg Cost of Funds ^{1,2}
Maturing in:			
12 months or less	\$ 1,039,000	22.7%	3.01%
13 to 36 months	\$ 1,951,507	42.7%	3.45%
37 months or more	\$ 1,578,901	34.6%	3.47%
Total Borrowings⁴	\$ 4,569,408	100%	3.36%

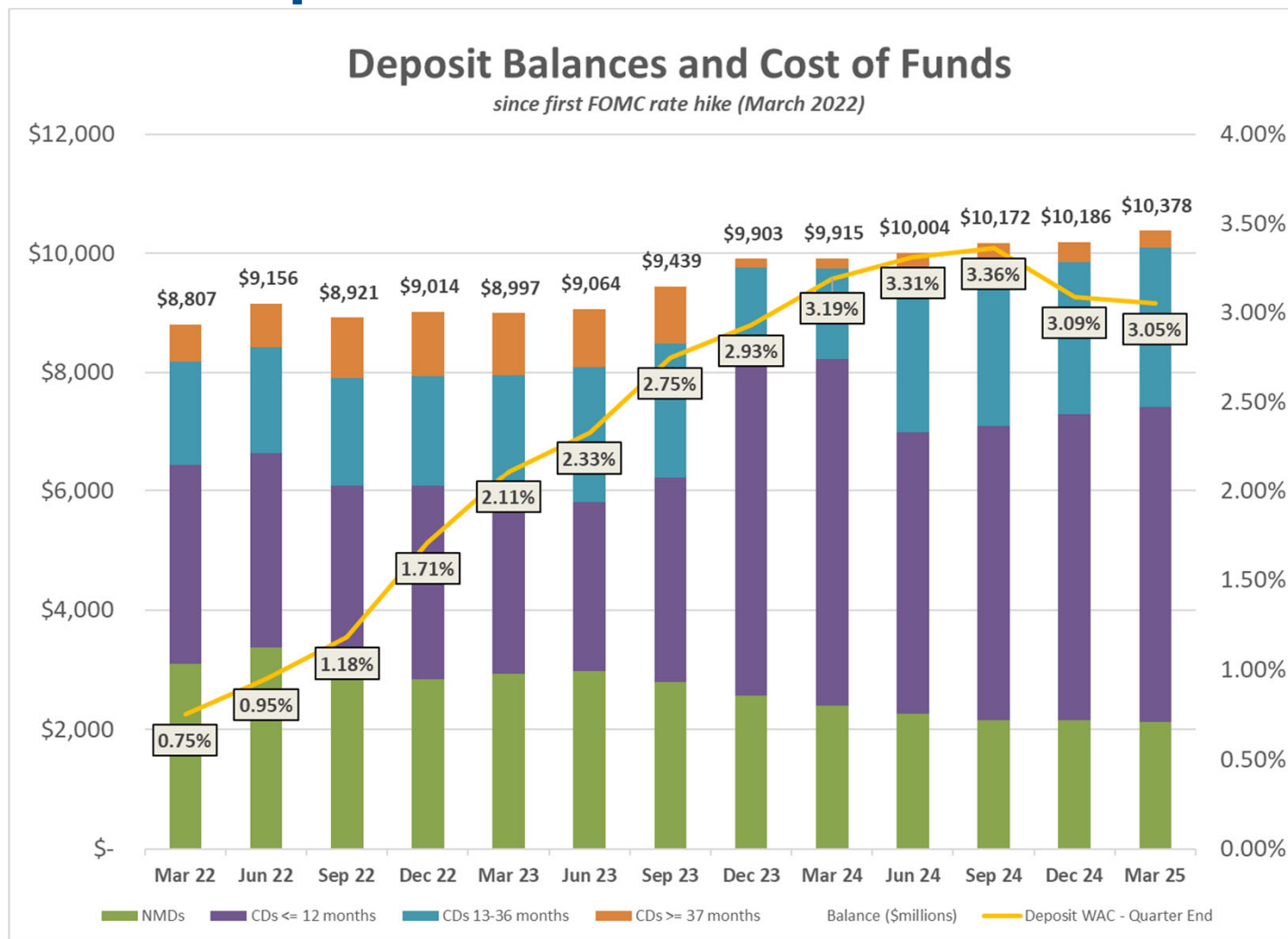
1 - As of 3/31/25.

2 - The blended balance and rate for FHLB borrowings and CDs include the impact of the associated swap hedges. The Swap book holds a notional value of \$3.55 billion with \$2.88 billion hedged by FHLB borrowings and \$675 million by Brokered CDs.

3 - Weighted Average Maturity (WAM) of the CD portfolio, including brokered CDs, was 13.0 months. \$5.28 billion of the CD portfolio matures in the next twelve months.

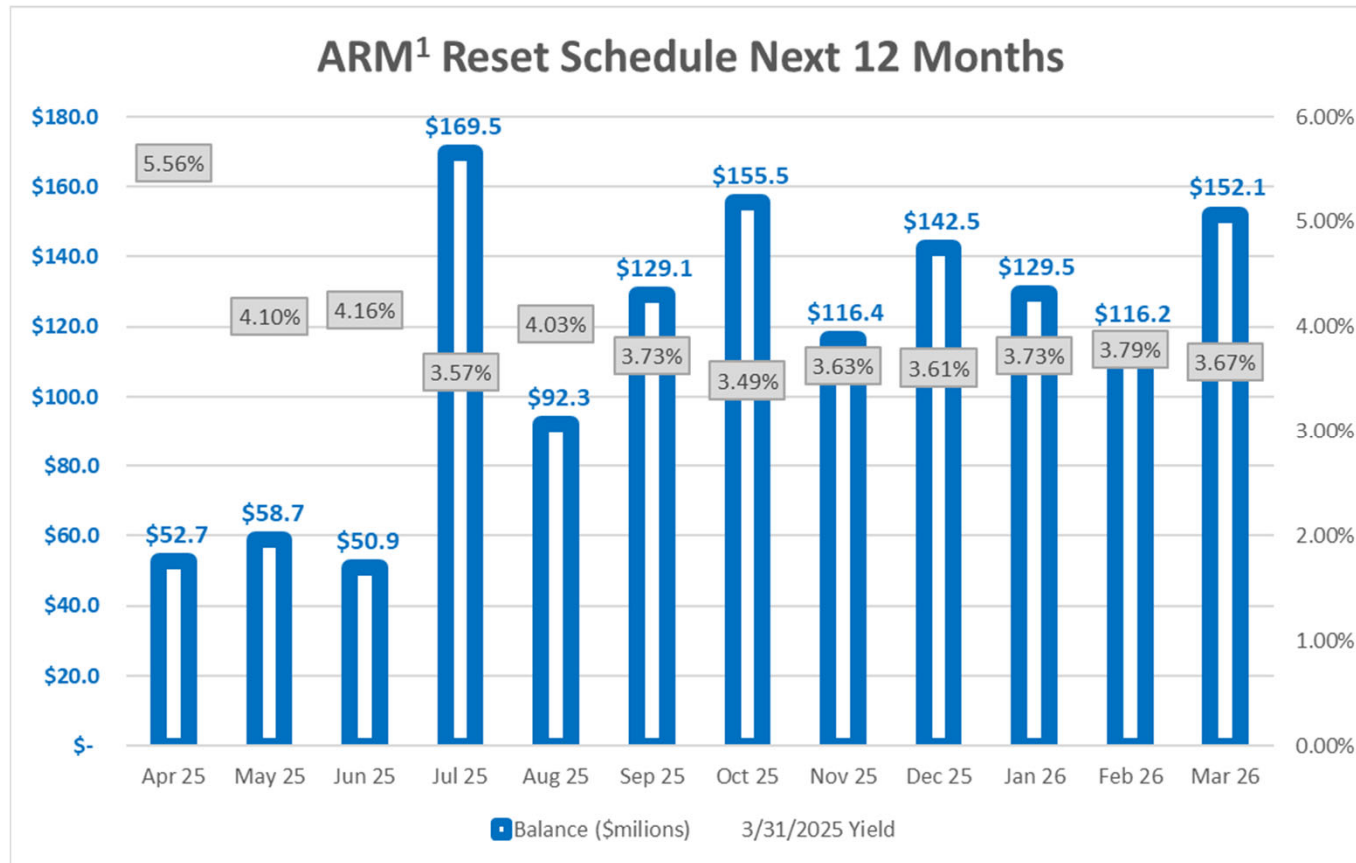
4 - Balances exclude accrued interest.

Historical Deposit Balances and Cost of Funds



- Continued trend of growing balances with recent deposit cost of funds currently below peak established at fiscal year-end.
- Weighted Average Maturity (WAM) of the CD portfolio, including brokered CDs, was 13.0 months at 3/31/2025.
- \$5.28 billion of the CD portfolio matures in the next twelve months.

ARM Interest Rate Reset Outlook



- Total ARMs resetting in the next 12 months is \$1.37 billion with an average yield of 3.78%. The remaining \$2.80 billion of ARMs with an average yield of 3.37% are resetting in 13+ months.
- Smart ARM originations are being priced as follows: 6.45% for 5/1 30 year product and 6.39% for 5/1 15 year product.
- Reset rates are based upon a contractual spread or margin linked to the Prime Rate. The current Prime Rate is 7.50%.
- Recent activity shows approximately 70% of ARMs reset, 20% re-locked, and 10% refinanced (within Third Federal or another institution).

1 - The Smart Rate Adjustable-Rate Mortgage (ARM) loan products amortize over a period of up to 30 years and are fixed for an initial period of three or five years, after which the interest rate generally resets every year based upon a contractual spread or margin linked to the Prime Rate. All ARM loans have initial and periodic caps of two percentage points on interest rate changes, with a cap of six percentage points for the life of the loan. The borrower is allowed to re-lock the rate an unlimited number of times at current lending rates, for another three or five years.

Forward-Looking Statements

This presentation contains forward-looking statements, which can be identified by the use of such words as estimate, project, believe, intend, anticipate, plan, seek, expect and similar expressions. These forward-looking statements include, among other things:

- statements of our goals, intentions and expectations;
- statements regarding our business plans and prospects and growth and operating strategies;
- statements concerning trends in our provision for credit losses and charge-offs on loans and off-balance sheet exposures;
- statements regarding the trends in factors affecting our financial condition and results of operations, including credit quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are subject to significant risks, assumptions and uncertainties, including, among other things, the following important factors that could affect the actual outcome of future events:

- significantly increased competition among depository and other financial institutions, including with respect to our ability to charge overdraft fees;
- inflation and changes in the interest rate environment that reduce our interest margins or reduce the fair value of financial instruments, or our ability to originate loans;
- general economic conditions, either globally, nationally or in our market areas, including employment prospects, real estate values and conditions that are worse than expected;
- the strength or weakness of the real estate markets and of the consumer and commercial credit sectors and its impact on the credit quality of our loans and other assets, and changes in estimates of the allowance for credit losses;
- decreased demand for our products and services and lower revenue and earnings because of a recession or other events;
- changes in consumer spending, borrowing and savings habits, including prepayment speeds on loans;
- adverse changes and volatility in the securities markets, credit markets or real estate markets;
- our ability to manage market risk, credit risk, liquidity risk, reputational risk, and regulatory and compliance risk;
- our ability to access cost-effective funding;
- legislative or regulatory changes that adversely affect our business, including changes in regulatory costs and capital requirements and changes related to our ability to pay dividends and the ability of Third Federal Savings, MHC to waive dividends;
- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board or the Public Company Accounting Oversight Board;
- the adoption of implementing regulations by a number of different regulatory bodies, and uncertainty in the exact nature, extent and timing of such regulations and the impact they will have on us;
- our ability to enter new markets successfully and take advantage of growth opportunities, and the possible short-term dilutive effect of potential acquisitions or de novo branches, if any;
- our ability to retain key employees;
- future adverse developments concerning Fannie Mae or Freddie Mac;
- changes in monetary and fiscal policy of the U.S. Government, including policies of the U.S. Treasury, the Federal Reserve System, Fannie Mae, the OCC, FDIC, and others and the effects of tariffs;
- the continuing governmental efforts to restructure the U.S. financial and regulatory system;
- the ability of the U.S. Government to remain open, function properly and manage federal debt limits;
- changes in policy and/or assessment rates of taxing authorities that adversely affect us or our customers;
- changes in accounting and tax estimates;
- changes in our organization, or compensation and benefit plans and changes in expense trends (including, but not limited to trends affecting non-performing assets, charge-offs and provisions for credit losses);
- the inability of third-party providers to perform their obligations to us;
- the effects of global or national war, conflict or acts of terrorism;
- civil unrest;
- cyber-attacks, computer viruses and other technological risks that may breach the security of our websites or other systems to obtain unauthorized access to confidential information, destroy data or disable our systems; and
- the impact of wide-spread pandemic, including COVID-19, and related government action, on our business and the economy.

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by any forward-looking statements. Any forward-looking statement made by us in this report speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise, except as may be required by law. Please see Part II Other Information Item 1A. Risk Factors in our annual and quarterly reports as filed with the SEC for a discussion of certain risks related to our business.