TFS Financial Corporation®

Third Federal®
SAVINGS & LOAN

For the quarter ended
September 30, 2022

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

2022 85th 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 Sep 30, 2022</u>		
Owned by Third Federal MHC	227,119,132	80.95%
Owned by Minority Shareholders	53,463,609	19.05%
Total shares outstanding	**280,582,741**	**100.00%**
Cumulative Minority Shares Repurchased	***51,736,009***	***49.18%***
(net of benefit plan re-issuance)		

Financial Summary

	At or For Quarter Ended	
	Sep 30, 2022	**Jun 30, 2022**
Assets	$15.79B	$15.41B
Deposits	$8.92B	$9.16B
Shareholders' Equity	$1.84B	$1.81B
Tier I Capital to Avg Assets	11.66%	12.11%
Market Capitalization	$3.65B	$3.85B
Net Income for Fiscal Quarter	$25.4M	$17.1M

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TFSL Stock Ownership – Why Invest?

Strong Dividend

- Current annualized dividend of $1.13 per share represents 8.69% yield based on stock price of $13.00 at 9/30/22.
- Dividend paid to minority shareholders only, subject to regulatory required MHC annual dividend waiver vote. On 7/12/22, 61% of MHC eligible votes were cast and 97% approved the dividend waiver through July 12, 2023[1].
- Total dividends paid represents 78.02% and 70.49% of net income for the fiscal year ended 9/30/22 and for the fiscal year ended 9/30/21.

High Capital Levels

- Tier I Capital to Average Assets = 11.66%.
- Total Risk-Based Capital = 21.06%.
- "Well-Capitalized" levels are 5% and 10%, respectively.

Quality Growth

- Loan growth of $361.2 million and $1.75 billion for the quarter and fiscal year ended 9/30/22.
- Unpaid principal balance of mortgage loans serviced for others of $2.05 billion for the fiscal year ended 9/30/22.
- Delinquency rate of 0.15% on $14.34 billion loan portfolio; reported net recoveries in each of last five fiscal years.
- Average FICO score of 775 and average LTV of 63% for first mortgage loans originated in fiscal year 2022.
- Geographical diversification by offering products in 25 states and D.C.

MHC Structure[2] and Value to 19% Minority Shareholders

- GAAP Book Value Per Share of $6.57 but Book Value Per Minority Share[3] of $34.50.
- For last 4 quarters, GAAP Earnings Per Share of $0.27 but Earnings Per Minority Share[4] of $1.39.

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 12, 2022 dividend waiver with no objections.

2 - In a mutual holding company structure where only the minority shares are publically held, many investors focus on the level of shareholders' equity and net income per minority share outstanding, which is a non-GAAP measure.

3 - Book value per Minority Share based on Total Shareholders' Equity divided by minority share count at 9/30/22.

4 - Earnings per Minority Share based on Total Net Income for most recent 4 quarters divided by minority share count at 9/30/22.

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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.
- **High average deposits per branch** ($241 million) and assets per associate ($15 million) generate efficiencies.
- **Physical presence** in Ohio (21 full-service branches, 5 loan origination offices) and Florida (16 full-service branches), and first mortgage loan origination and home equity loan products to 25 states and the District of Columbia through our online offering and customer service center.
- **Non-commissioned Third Federal associates** underwrite and process the requests to generate mortgage loans and home equity products. Our principal philosophy has been to create successful homeownership, which is evident in our customers' ability to repay as well as our product offerings and their features.
- **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.

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Capital & Performance Highlights

	Fiscal Year End 2022	\---Fiscal Year End (as of 09/30)--- 2021	2020	2019	2018	2017/
Net Income (in 000s)	**$ 74,565**	**$ 81,007**	$ 83,317	$ 80,237	$ 85,407	$ 88,877
Earnings Per Share:						
-GAAP	$ 0.27	$ 0.29	$ 0.30	$ 0.29	$ 0.30	$ 0.32
-Non-GAAP Per Minority Share [1]	$ 1.39	$ 1.51	$ 1.57	$ 1.52	$ 1.61	$ 1.64
-Dividends Paid Per Minority Share	**$ 1.13**	**$ 1.123**	$ 1.110	$ 1.020	$ 0.760	$ 0.545
Total Dividends Paid as % of Net Income	**78%**	**70%**	67%	63%	44%	31%
Book Value Per Share:						
-GAAP	$ 6.57	$ 6.17	$ 5.91	$ 6.06	$ 6.27	$ 6.01
-Non-GAAP Per Minority Share [1]	$ 34.50	$ 32.29	$ 31.22	$ 32.11	$ 33.06	$ 31.20
Dividends Paid (in 000s) [2,3]	$ 58,175	$ 57,101	$ 55,465	$ 50,464	$ 37,630	$ 27,709
Repurchase of Common Stock (in 000s)	$ 5,049	$ -	$ 378	$ 9,063	$ 19,674	$ 52,540
Total Usage of Capital (in 000s)	$ 63,224	$ 57,101	$ 55,843	$ 59,527	$ 57,304	$ 80,249
First Mortgage Loan Originations (in 000s)	**$ 3,645,983**	**$ 3,627,827**	$ 3,077,798	$ 1,811,554	$ 2,308,085	$ 2,701,617
-Loans sold and commitments to sell loans	$ 128,118	$ 762,332	$ 844,293	$ 117,346	$ 400,136	$ 249,426
Commitments Originated for ELOCS (in 000s)	**$ 2,011,597**	**$ 1,653,749**	$ 1,225,829	$ 1,553,337	$ 1,378,144	$ 919,400
Tier I Leverage Capital to Net Average Assets:						
- TFS Financial Corporation	11.7%	12.7%	11.9%	12.0%	12.3%	12.4%
- Third Federal Savings (Thrift)	10.3%	11.2%	10.4%	10.5%	10.9%	11.2%
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]	53,463,609	53,642,167	53,030,874	52,843,645	53,191,938	54,172,618
Total Shareholders	280,582,741	280,761,299	280,150,006	279,962,777	280,311,070	281,291,750

1 - In a mutual holding company structure where only the minority shares are publically held, many investors focus on the level of shareholders' equity and net income per minority share outstanding, which is a non-GAAP measure. Non-GAAP calculation uses Total Net Income or Shareholders' Equity divided by minority shares at end of respective period.

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 3,467,000 shares at 9/30/2022) are applied to the ESOP loan balance.

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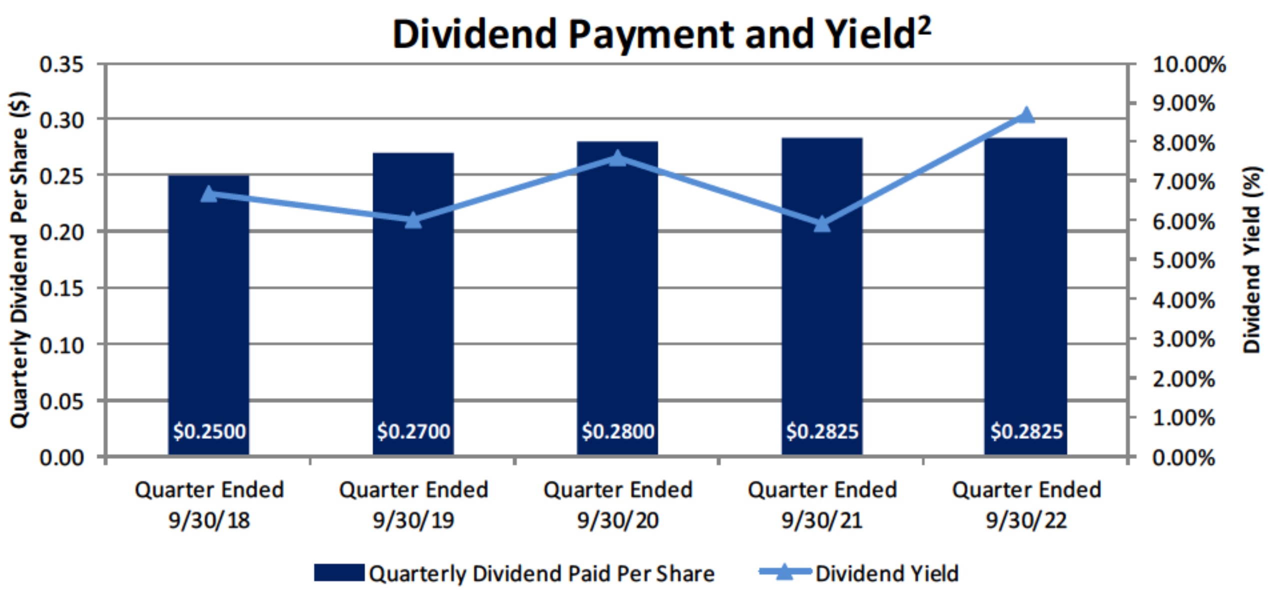
Capital Deployment

- **Dividends, managed portfolio growth, and strategic share repurchases** will represent the focus for future capital deployment.
- **Quality loan growth** of $1.75B through the fiscal year ended 9/30/22.
- MHC member vote on 7/12/22 **approved dividend waiver** up to $1.13 through July 12, 2023; 97% of members voting elected "yes" in favor of the dividend waiver[1].
- **8th buyback program** (for 10M shares) began January 2017, and 4,446,180 have been purchased through 9/30/22.
- **Additional capital of $238.7M** held at TFS Financial Corporation at 9/30/22, 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 12, 2022 dividend waiver with no objections.
2 – Dividend yield based on quarter-end stock price.

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Financial Highlights

(Dollars in Thousands)	As of and for the three months ended			As of and for the fiscal year ended	
	9/30/2022	6/30/2022	9/30/2021	9/30/2022	9/30/2021
Balance Sheet					
Assets ($)	15,790,198	15,405,209	14,057,450	15,790,198	14,057,450
Net loans, including held for sale ($)	14,266,728	13,897,142	12,517,883	14,266,728	12,517,883
Deposits ($)	8,921,107	9,157,648	8,993,605	8,921,107	8,993,605
Common equity ($)	1,844,339	1,813,054	1,732,280	1,844,339	1,732,280
Balance Sheet Ratios					
Loans/Deposits (%)	159.92	151.75	139.19	159.92	139.19
Tier I Leverage Capital / Average Assets YTD (%)	11.66	12.11	12.65	11.66	12.65
Return on Average Assets (%)	0.65	0.46	0.48	0.51	0.56
Return on Average Equity (%)	5.53	3.75	3.94	4.14	4.77
Profitability					
Net interest income ($)	75,509	71,302	57,398	267,396	231,630
(Provision) release for credit losses ($)	-	(4,000)	2,000	(1,000)	9,000
Net interest income after provision for credit losses ($)	75,509	67,302	59,398	266,396	240,630
Non-Interest income ($)	4,382	5,677	8,681	23,804	55,299
Non-interest expense ($)	(48,742)	(51,756)	(47,446)	(198,146)	(195,835)
Income before income taxes ($)	31,149	21,223	20,633	92,054	100,094
Income tax expense ($)	(5,716)	(4,076)	(3,618)	(17,489)	(19,087)
Net income ($)	25,433	17,147	17,015	74,565	81,007
Net interest margin (%)	2.00	1.97	1.68	1.88	1.66
Non-interest expense to average assets (%)	1.24	1.39	1.33	1.34	1.35
Asset Quality					
Non-Performing Assets/Assets (%)	0.23	0.25	0.32	0.23	0.32
Reserves/Loans (%)[1]	0.70	0.70	0.71	0.70	0.71

1 - The Reserves/Loans ratio at 9/30/22 includes a $27.0 million liability for unfunded commitments. The total allowance for credit losses was $99.9 million at 9/30/22.

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Loan Performance & Originations

Strong Lending Standards

- Net recoveries were recorded each of the past five fiscal years for a cumulative total of $30.8 million thru 9/30/22. Net recoveries were $9.7 million for the fiscal year ended 9/30/22. Net recoveries of $5.2 million for FY 2021 compared to $5.0 million for FY 2020 and $6.5 million for FY 2019.
- For all active accounts as of 9/30/22 first mortgage loans had an average FICO score of 761 and average LTV of 66% and HELOCs had an average FICO score of 770 and average combined LTV of 60%.

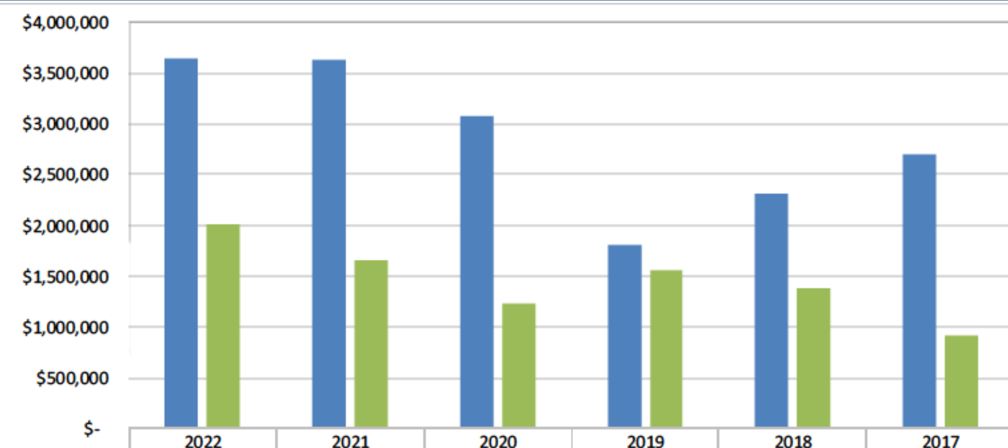
Minimal Delinquencies

- Delinquency rate of 0.15% on $14.34 billion loan portfolio as of 9/30/22.
- The provision to the allowance for credit losses was a provision of $0 for the three months ended 9/30/22 and a provision of $1 million for the fiscal year ended 9/30/22. The total allowance for credit losses at 9/30/22 was $99.9 million, which includes reserves of $27.0 million for undrawn commitments.

Strong Originations

- First mortgage loan originations were $3.65 billion for the fiscal year ended 9/30/22, $3.63 billion for FY 2021 and $3.08 billion for FY 2020.
- Commitments originated for HELOCS were $2.01 billion for the fiscal year ended 9/30/22, $1.65 billion for FY 2021 and $1.23 billion for FY 2020.
- Strong growth in both the core residential and HELOC portfolios was the primary reason for the increase in the provision.

Loan Originations (for Fiscal Year Ended)



	2022	2021	2020	2019	2018	2017
First Mortgage Loan Originations (in 000s)	$3,645,983	$3,627,827	$3,077,798	$1,811,554	$2,308,085	$2,701,617
Commitments Originated for ELOCS (in 000s)	$2,011,597	$1,653,749	$1,225,829	$1,553,337	$1,378,144	$919,400

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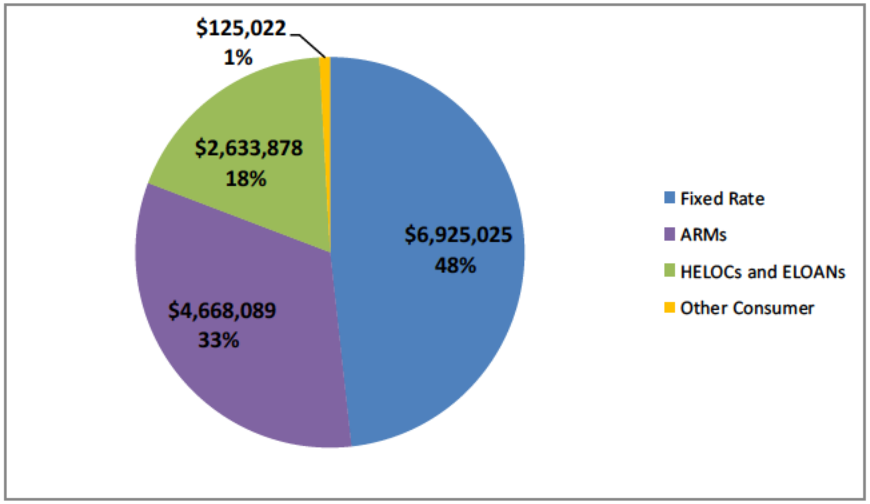
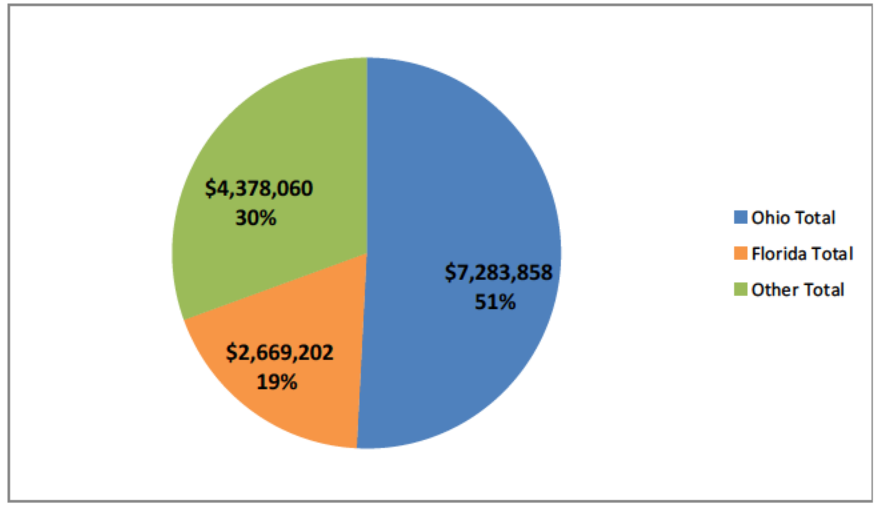
Loan Composition by Product and State

Loan Balances by Product Type (Held for Investment)



Geographic Breakdown of Loan Balances



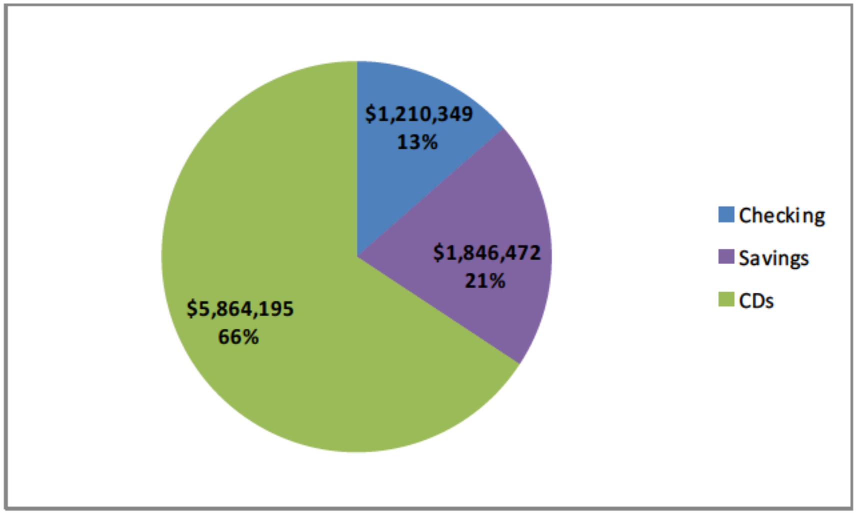
Loan Balance ($000)	Balance[1]	% of Total	Yield[1]
Fixed Rate			
Terms ≤ 10 yrs	$ 1,350,436	9.4%	2.62%
Terms > 10 yrs	$ 5,574,589	38.8%	3.51%
Total Fixed	$ 6,925,025	48.2%	3.34%
ARMs	$ 4,668,089	32.5%	2.75%
HELOCs and ELOANs	$ 2,633,878	18.4%	5.30%
Other Consumer	$ 125,022	0.9%	3.32%
Total Loans Receivable (HFI)	**$ 14,352,014**	**100%**	**3.51%**

Loan Balance ($000)	Balance[1]	% of Total	Yield[1]
1st Lien Residential			
Ohio	$ 6,483,740	45.2%	3.30%
Florida	$ 2,123,113	14.8%	3.00%
widely distributed	$ 2,986,261	20.8%	2.73%
Total 1st Lien Residential	$ 11,593,114	80.8%	3.11%
HELOCs and ELOANs:			
Ohio	$ 706,641	4.9%	5.30%
Florida	$ 537,724	3.7%	5.25%
California	$ 432,540	3.0%	5.25%
widely distributed	$ 956,973	6.7%	5.35%
Total HELOCs and ELOANs	$ 2,633,878	18.3%	5.30%
Other Consumer	$ 125,022	0.9%	3.32%
Total Loans Receivable (HFI)	**$ 14,352,014**	**100%**	**3.51%**

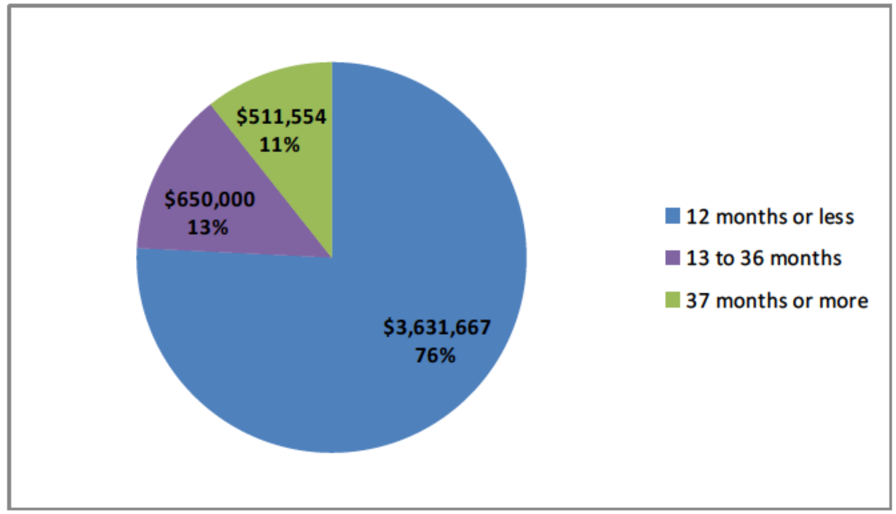
1 - As of 9/30/22. Balances exclude loans in process, deferred loan expenses, and the allowanance for credit losses on loans

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	$ 1,210,349	13.6%	0.81%
Savings	$ 1,846,472	20.7%	0.83%
CDs[3]	$ 5,864,195	65.7%	1.37%
Total Deposits[4]	**$ 8,921,017**	**100%**	**1.18%**

Borrowings ($000)	Balance[1,2]	% of Total	Weighted Avg Cost of Funds[1,2]
Maturing in:			
12 months or less[2]	$ 3,631,667	75.7%	3.04%
13 to 36 months	$ 650,000	13.6%	1.54%
37 months or more	$ 511,554	10.7%	2.48%
Total Borrowings[4]	**$ 4,793,221**	**100%**	**2.78%**

1 - As of 9/30/22.

2 - The blended balance and rate for FHLB borrowings include the impact of the associated swap hedges. Notional value of the swap portfolio was $1.55 billion at 9/30/22.

3 - Weighted Average Maturity (WAM) of the CD portfolio, including brokered CDs, was 17.48 months and $3.02 billion of the CD portfolio matures in the next twelve months.

4 - Balances exclude deferred repayment penalties and accrued interest.

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 asset 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, 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;
- 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 and the FRS and changes in the level of government support of housing finance;
- 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;
- civic 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.

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