

TFS Financial CORP
Form 10-Q
May 15, 2007
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period ended March 31, 2007

or

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For transition period from _____ to _____

Commission File Number 001-33390

TFS FINANCIAL CORPORATION

(Exact Name of Registrant as Specified in its Charter)

United States
(State or Other Jurisdiction of Incorporation or Organization)

52-2054948
(I.R.S. Employer Identification No.)

7007 Broadway Avenue

Cleveland, Ohio
(Address of Principal Executive Offices)

44105
(Zip Code)

(216) 441-6000

Registrant's telephone number, including area code:

Edgar Filing: TFS Financial CORP - Form 10-Q

Not Applicable

(Former name or former address, if changed since last report)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate the number of shares outstanding of each of the Registrant's classes of common stock as of the latest practicable date.

As of May 7, 2007 there were 332,318,750 shares of the Registrant's common stock, par value \$0.01 per share, outstanding, of which 227,119,132 shares, or 68.34% of the Registrant's common stock, were held by Third Federal Savings & Loan Association of Cleveland, MHC, the Registrant's mutual holding company.

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

Table of Contents

TFS Financial Corporation

INDEX

	Page
PART I FINANCIAL INFORMATION	
Item 1. Financial Statements	
<u>Consolidated Statements of Condition March 31, 2007 (unaudited) and September 30, 2006</u>	3
<u>Consolidated Statements of Income (unaudited) Three and six months ended March 31, 2007 and 2006</u>	4
<u>Consolidated Statements of Shareholder s Equity (unaudited) Three and six months ended March 31, 2007 and 2006</u>	5
<u>Consolidated Statements of Cash Flows (unaudited) Six months ended March 31, 2007 and 2006</u>	6
<u>Notes to Unaudited Interim Consolidated Financial Statements</u>	7
Item 2. <u>Management s Discussion and Analysis of Financial Condition and Results of Operations</u>	17
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	31
Item 4. <u>Controls and Procedures</u>	35
Part II OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	35
Item 1A. <u>Risk Factors</u>	35
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	35
Item 3. <u>Defaults Upon Senior Securities</u>	36
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	36
Item 5. <u>Other Information</u>	36
Item 6. <u>Exhibits</u>	36
<u>SIGNATURES</u>	37

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****TFS FINANCIAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CONDITION**

(In thousands, except share data)

	March 31, 2007 (unaudited)	September 30, 2006
ASSETS		
Cash and due from banks	\$ 252,678	\$ 42,021
Interest bearing deposits at other financial institutions	17,548	122,006
Federal funds sold	1,135,100	88,900
Cash and cash equivalents	1,405,326	252,927
Investment securities:		
Available for sale (amortized cost \$63,108 and \$64,753, respectively)	62,336	63,655
Held to maturity (fair value \$417,272 and \$67,386, respectively)	416,412	67,319
Mortgage loans held for sale, at lower of cost or market	129,504	314,956
Loans held for investment, net:		
Mortgage loans	7,478,148	7,487,975
Other loans	18,483	28,469
Deferred loan fees, net	(18,001)	(18,698)
Allowance for loan losses	(22,813)	(20,705)
Loans, net	7,455,817	7,477,041
Mortgage loan servicing assets, net	42,044	40,366
Federal Home Loan Bank stock, at cost	34,231	73,125
Real estate owned	6,995	6,895
Premises, equipment, and software, net	81,650	82,067
Accrued interest receivable	43,447	41,994
Bank owned life insurance contracts	142,060	139,260
Other assets	30,342	35,962
TOTAL ASSETS	\$ 9,850,164	\$ 8,595,567
LIABILITIES AND SHAREHOLDER'S EQUITY		
Deposits	\$ 7,688,832	\$ 7,401,077
Stock subscription proceeds	944,520	
Federal Home Loan Bank advances	25,106	25,103
Borrowers' advances for insurance and taxes	31,594	38,279
Principal, interest, and related escrow owed on loans serviced	78,034	74,910
Accrued expenses and other liabilities	23,392	26,184
Deferred income taxes	17,718	17,420
Total liabilities	8,809,196	7,582,973
Commitments and contingent liabilities		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, none issued and outstanding		

Edgar Filing: TFS Financial CORP - Form 10-Q

Common stock, \$0.01 par value, 700,000,000 shares authorized as of January 16, 2007, previously, 300,000,000 shares authorized, 1,000 shares issued and outstanding		
Paid-in capital	627,979	627,979
Retained earnings substantially restricted	423,710	395,892
Accumulated other comprehensive loss	(10,721)	(11,277)
Total shareholder s equity	1,040,968	1,012,594
TOTAL LIABILITIES AND SHAREHOLDER S EQUITY	\$ 9,850,164	\$ 8,595,567

See accompanying notes to interim consolidated financial statements.

Table of Contents