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THE SUPPORTING FINANCIAL DATA OF
THIS EXHIBIT 99.3 TO THE REGISTRANT'S FORM S-1 IS BEING
FILED IN PAPER PURSUANT TO A CONTINUING
HARDSHIP EXEMPTION**



SECURITIES AND EXCHANGE COMMISSION

SEC
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Washington, DC 20549

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FORM SE

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121**

**FORM FOR SUBMISSION OF PAPER FORMAT EXHIBITS
BY ELECTRONIC FILERS**

Charter Financial Corporation
(Exact Name of Registrant as Specified in Charter)

0001478726
(Registrant's CIK Number)

Exhibit 99.3 to the Form S-1
(Electronic Report, Schedule or Registration Statement of Which the Documents Are a Part
(Give Period of Report))

To Be Obtained
(SEC File Number, if Available)


Not Applicable
(Name of Person Filing the Document
(If Other Than the Registrant))

333-1641027

SIGNATURES

The Registrant has duly caused this form to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of West Point, State of Georgia, on December 24, 2009.

CHARTER FINANCIAL CORPORATION

By: 
Robert L. Johnson
Chairman, President and Chief Executive Officer

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Section

PRO FORMA VALUATION REPORT

DEC 24 2009

CHARTER FINANCIAL CORPORATION
West Point, Georgia

Washington, DC
121

PROPOSED HOLDING COMPANY FOR:
CHARTERBANK
West Point, Georgia

Dated As Of:
December 4, 2009

Prepared By:

RF[®] Financial, LC.
1100 North Glebe Road
Suite 1100
Arlington, Virginia 22201

December 4, 2009

Boards of Directors
First Charter, MHC
Charter Financial Corporation
CharterBank
1233 O.G. Skinner Drive
West Point, Georgia 31833

Members of the Boards of Directors:

At your request, we have completed and hereby provide an independent appraisal ("Appraisal") of the estimated pro forma market value of the common stock to be issued by Charter Financial Corporation, West Point, Georgia ("Charter Financial" or the "Company") in connection with the mutual-to-stock conversion of First Charter, MHC (the "MHC"). The MHC currently has a majority ownership interest in, and its principal asset consists of, approximately 85.4% of the common stock of Charter Financial (the "MHC Shares"), the mid-tier holding company for CharterBank, West Point, Georgia (the "Bank"). The remaining 14.6% of Charter Financial's common stock is owned by public stockholders. Charter Financial, which completed its initial public stock offering in October 2001, owns 100% of the common stock of the Bank. It is our understanding that Charter Financial will offer its stock, representing the majority ownership interest held by the MHC, in a subscription offering to Eligible Account Holders, Tax Qualified Plans, Supplemental Eligible Account Holders and Other Members. To the extent that shares remain available for purchase after satisfaction of all subscriptions received in the subscription offering, the shares may be offered for sale in a community offering to members of the local community with a preference given first to natural persons residing in Georgia and Alabama and then to Charter Financial public stockholders.

This Appraisal is furnished pursuant to the requirements of the Code of Federal Regulations 563b.7 and has been prepared in accordance with the "Guidelines for Appraisal Reports for the Valuation of Savings and Loan Associations Converting from Mutual to Stock Form of Organization" of the Office of Thrift Supervision ("OTS"), which have been adopted in practice by the Federal Deposit Insurance Corporation ("FDIC").

Plan of Conversion and Stock Issuance

On December 14, 2009, the respective Boards of Directors of the MHC, the Company and the Bank adopted a Plan of Conversion and Reorganization (the "Plan of Conversion"), pursuant to which the mutual holding company will convert to the stock form of organization. Pursuant to the Plan of Conversion, (i) the MHC will convert to stock form, (ii) the MHC and the Company will merge into the Bank and the Bank will become a wholly owned subsidiary of a newly chartered stock company (the "Company"), (iii) the shares of common stock of the Company held by persons other than the MHC will be converted into shares of common stock of the Company pursuant to an exchange ratio designed to preserve the percentage ownership

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interests of such persons, and (iv) the Company will offer and sell shares of its common stock to certain depositors of the Bank, residents of Bank's local community and shareholders of the Company and others in the manner and subject to the priorities set forth in the Plan of Conversion. As of December 4, 2009, the MHC's ownership interest in Charter Financial approximated 85.4%. The Company will also issue shares of its common stock to the public stockholders of Charter Financial pursuant to an exchange ratio that will result in the public shareholders owning the same aggregate percentage of the newly issued Charter Financial common stock as owned immediately prior to the conversion. As of December 4, 2009, the public stockholders' ownership interest in Charter Financial approximated 14.6%.

RP® Financial, LC.

RP® Financial, LC. ("RP Financial") is a financial consulting firm serving the financial services industry nationwide that, among other things, specializes in financial valuations and analyses of business enterprises and securities, including the pro forma valuation for savings institutions converting from mutual-to-stock form. The background and experience of RP Financial is detailed in Exhibit V-1. We believe that, except for the fee we will receive for our appraisal, we are independent of the Company, the Bank, the MHC and the other parties engaged by the Bank or the Company to assist in the stock conversion process.

Valuation Methodology

In preparing our Appraisal, we have reviewed the regulatory applications of Charter Financial, the Bank and the MHC, including the prospectus as filed with the OTS and the Securities and Exchange Commission ("SEC"). We have conducted a financial analysis of Charter Financial, the Bank and the MHC that has included a review of audited financial information for fiscal years ended September 30, 2005 through 2009, and due diligence related discussions with Charter Financial's management; Dixon Hughes, PLLC, the Company's independent auditor; Luse Gorman Pomerenk & Schick, P.C., Charter Financial's conversion counsel; and Stifel, Nicolaus & Company, Incorporated, the Company's financial and marketing advisor in connection with the stock offering. All assumptions and conclusions set forth in the Appraisal were reached independently from such discussions. In addition, where appropriate, we have considered information based on other available published sources that we believe are reliable. While we believe the information and data gathered from all these sources are reliable, we cannot guarantee the accuracy and completeness of such information.

We have investigated the competitive environment within which Charter Financial operates and have assessed Charter Financial's relative strengths and weaknesses. We have kept abreast of the changing regulatory and legislative environment for financial institutions and analyzed the potential impact on Charter Financial and the industry as a whole. We have analyzed the potential effects of the stock conversion on Charter Financial's operating characteristics and financial performance as they relate to the pro forma market value of Charter Financial. We have analyzed the assets held by the MHC, which will be consolidated with Charter Financial's assets and equity pursuant to the completion of conversion. We have reviewed the economic and demographic characteristics of the Company's primary market area. We have compared Charter Financial's financial performance and condition with selected publicly-traded thrifts in accordance with the Valuation Guidelines, as well as all publicly-traded

thrifts and thrift holding companies. We have reviewed the current conditions in the securities markets in general and the market for thrift stocks in particular, including the market for existing thrift issues, initial public offerings by thrifts and thrift holding companies, and second-step conversion offerings. We have excluded from such analyses thrifts subject to announced or rumored acquisition, and/or institutions that exhibit other unusual characteristics.

The Appraisal is based on Charter Financial's representation that the information contained in the regulatory applications and additional information furnished to us by Charter Financial and its independent auditor, legal counsel and other authorized agents are truthful, accurate and complete. We did not independently verify the financial statements and other information provided by Charter Financial, or its independent auditor, legal counsel and other authorized agents nor did we independently value the assets or liabilities of Charter Financial. The valuation considers Charter Financial only as a going concern and should not be considered as an indication of Charter Financial's liquidation value.

Our appraised value is predicated on a continuation of the current operating environment for Charter Financial and for all thrifts and their holding companies. Changes in the local, state and national economy, the legislative and regulatory environment for financial institutions and mutual holding companies, the stock market, interest rates, and other external forces (such as natural disasters or significant world events) may occur from time to time, often with great unpredictability and may materially impact the value of thrift stocks as a whole or the value of Charter Financial's stock alone. It is our understanding that there are no current plans for selling control of Charter Financial following completion of the second-step stock offering. To the extent that such factors can be foreseen, they have been factored into our analysis.

The estimated pro forma market value is defined as the price at which Charter Financial's common stock, immediately upon completion of the second-step stock offering, would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

Valuation Conclusion

It is our opinion that, as of December 4, 2009, the estimated aggregate pro forma valuation of the shares to be issued in the conversion of the MHC, including: (1) newly-issued shares representing the MHC's ownership interest in Charter Financial, and (2) exchange shares issued to existing public shareholders of Charter Financial, was equal to \$114,220,010 at the midpoint, equal to 11,422,001 shares at \$10.00 per share.

Establishment of the Exchange Ratio

OTS regulations provide that in a conversion of a mutual holding company, the minority stockholders are entitled to exchange the public shares for newly issued shares of Charter Financial stock as a fully converted company. The Board of Directors of the MHC has independently determined the exchange ratio. The determined exchange ratio has been designed to preserve the current aggregate percentage ownership in Charter Financial equal to 14.64% as of September 30, 2009. The exchange ratio to be received by the existing minority shareholders of Charter Financial will be determined at the end of the offering, based on the total number of shares sold in the subscription and community offerings. Based upon this

calculation, and the valuation conclusion and offering range concluded above, the exchange ratio would be 0.5226 shares, 0.6148 shares, 0.7071 shares and 0.8131 shares of newly issued shares of Charter Financial stock for each share of stock held by the public shareholders at the minimum, midpoint, maximum and supermaximum of the offering range, respectively. RP Financial expresses no opinion on the proposed exchange of newly issued Company shares for the shares held by the public stockholders or on the proposed exchange ratio. The resulting range of value pursuant to regulatory guidelines, the corresponding number of shares based on the Board approved \$10.00 per share offering price, and the resulting exchange ratios are shown below.

	<u>Total Shares</u>	<u>Offering Shares</u>	<u>Exchange Shares Issued to the Public Shareholders</u>	<u>Exchange Ratio</u> (x)
<u>Shares</u>				
Super Maximum	15,105,596	12,894,375	2,211,221	0.8131
Maximum	13,135,301	11,212,500	1,922,801	0.7071
Midpoint	11,422,001	9,750,000	1,672,001	0.6148
Minimum	9,708,701	8,287,500	1,421,201	0.5226

Distribution of Shares

Super Maximum	100.00%	85.36%	14.64%
Maximum	100.00%	85.36%	14.64%
Midpoint	100.00%	85.36%	14.64%
Minimum	100.00%	85.36%	14.64%

Aggregate Market Value(1)

Super Maximum	\$151,055,960	\$128,943,750	\$22,112,210
Maximum	\$131,353,010	\$112,125,000	\$19,228,010
Midpoint	\$114,220,010	\$97,500,000	\$16,720,010
Minimum	\$97,087,010	\$82,875,000	\$14,212,010

(1) Based on offering price of \$10.00 per share.

Limiting Factors and Considerations

Our valuation is not intended, and must not be construed, as a recommendation of any kind as to the advisability of purchasing shares of the common stock. Moreover, because such valuation is necessarily based upon estimates and projections of a number of matters, all of which are subject to change from time to time, no assurance can be given that persons who purchase shares of common stock in the conversion will thereafter be able to buy or sell such shares at prices related to the foregoing valuation of the estimated pro forma market value thereof. The appraisal reflects only a valuation range as of this date for the pro forma market value of Charter Financial immediately upon issuance of the stock and does not take into

account any trading activity with respect to the purchase and sale of common stock in the secondary market following the completion of the second-step offering.

RP Financial's valuation was based on the financial condition, operations and shares outstanding of Charter Financial as of September 30, 2009, the date of the financial data included in the prospectus. The proposed exchange ratio to be received by the current public stockholders of Charter Financial and the exchange of the public shares for newly issued shares of Charter Financial common stock as a full public company was determined independently by the Boards of Directors of the MHC, Charter Financial and the Bank. RP Financial expresses no opinion on the proposed exchange ratio to public stockholders or the exchange of public shares for newly issued shares.

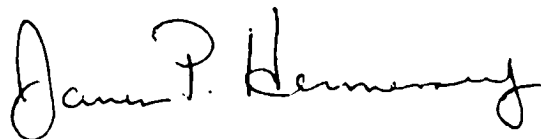
RP Financial is not a seller of securities within the meaning of any federal and state securities laws and any report prepared by RP Financial shall not be used as an offer or solicitation with respect to the purchase or sale of any securities. RP Financial maintains a policy which prohibits RP Financial, its principals or employees from purchasing stock of its client institutions.

This valuation will be updated as provided for in the conversion regulations and guidelines. These updates will consider, among other things, any developments or changes in the financial performance and condition of Charter Financial, management policies, and current conditions in the equity markets for thrift shares, both existing issues and new issues. These updates may also consider changes in other external factors which impact value including, but not limited to: various changes in the legislative and regulatory environment for financial institutions, the stock market and the market for thrift stocks, and interest rates. Should any such new developments or changes be material, in our opinion, to the valuation of the shares, appropriate adjustments to the estimated pro forma market value will be made. The reasons for any such adjustments will be explained in the update at the date of the release of the update. The valuation will also be updated at the completion of Charter Financial's stock offering.

Respectfully submitted,
RP® FINANCIAL, LC.



William E. Pommerening
Chief Executive Officer and
Managing Director



James P. Hennessey
Director

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CHARTERBANK
West Point, Georgia

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I. OVERVIEW AND FINANCIAL ANALYSIS

Introduction

CharterBank (the "Bank"), organized in 1954, is a federally chartered stock savings bank headquartered in West Point, Georgia. The Bank serves the I-85 corridor in western Georgia and eastern Alabama through 13 full-service branches, its corporate office and three loan production offices ("LPOs"). CharterBank's parent is Charter Financial Corporation ("Charter Financial" or the "Company") which is 85.4% owned by First Charter MHC ("First Charter" or the "MHC") and 14.6% owned by public shareholders.

On October 16, 2001, CharterBank converted from a federally-chartered mutual savings and loan association into a three-tiered mutual holding company structure. CharterBank was the wholly-owned subsidiary of Charter Financial (the mid-tier holding company), and Charter Financial was the majority owned subsidiary of First Charter. Through a public offering the same year, Charter Financial sold 3,964,481 shares of its common stock to the public, representing 20% of the outstanding shares, at \$10.00 per share and received net proceeds of \$37.2 million. Charter Financial contributed 50% of the net proceeds from the initial public offering to CharterBank. An additional 15,857,924 shares, or 80% of the outstanding shares of Charter Financial, were issued to First Charter. An Employee Stock Ownership Plan ("ESOP") was established and the ESOP acquired 317,158 shares of Charter Financial common stock in the offering, using the proceeds of a loan from Charter Financial. The net proceeds, adjusted for the ESOP, totaled approximately \$34 million.

Pursuant to a tender offer transaction completed in fiscal 2007, the Company repurchased 508,842 shares of its common stock and deregistered with the Securities and Exchange Commission ("SEC"). In conjunction with the deregistration, the Company moved the trading of its stock from NASDAQ to the Over-the-Counter Bulletin Board ("OTCBB"), where it is now quoted under the symbol CHFN.OB. Both the Company and the MHC earn interest income on a small balance of liquidity investments and there are no other significant activities conducted by the Company or the MHC. The most significant asset of the Company is its equity investment in the Bank; in addition, the Company has extended a loan to the Bank's employee stock ownership plan ("ESOP").

As of September 30, 2009, the Company had \$936.9 million in assets, \$597.6 million in deposits and total equity of \$98.3 million, or 10.5% of total assets. The Company's audited

financial statements are included by reference as Exhibit I-1 and a summary of key operating ratios are included in Exhibit I-2. The Bank is a member of the Federal Home Loan Bank ("FHLB") system, and its deposits are insured up to the regulatory maximums by the Federal Deposit Insurance Corporation ("FDIC").

Plan of Conversion and Reorganization

On December 14, 2009, Charter Financial announced that the Boards of Directors of First Charter, Charter Financial and the Bank unanimously adopted a Plan of Conversion and Reorganization (the "Plan of Conversion"), pursuant to which Charter Financial will convert from the three-tier MHC structure to the full stock holding company structure and concurrently conduct a second-step conversion offering ("Second Step Conversion" or "Offering") that will include the sale of the MHC's ownership interest in Charter Financial. Pursuant to the Plan of Conversion, Charter Financial will be succeeded by a new Maryland chartered stock corporation named Charter Financial Corporation (hereinafter, "Charter Financial" or the "Company"). The Company will also issue exchange shares of its common stock to the public shareholders pursuant to an exchange ratio that will result in the same aggregate ownership percentage as immediately before the Offering.

Purpose of the Reorganization

The Second Step Conversion will increase the capital level to support further expansion, improve the overall competitive position of Charter Financial in the local market area, enhance profitability and reduce interest rate risk. Importantly, the additional equity will provide a larger capital base for continued growth and diversification, as well as increase the lending capability including the funds available for lending. Future growth opportunities are expected through the current branch network as well as through de novo branching in the regional markets served. Additionally, the Company believes that there may be additional opportunities to complete transactions with FDIC financial assistance similar to the acquisition of certain assets and liabilities of Neighborhood Community Bank ("NCB"), Newnan, Georgia, which the Company completed as of June 26, 2009 and which will be more fully described herein. Moreover, management perceives the ability to grow through acquisition of financial institutions on an unassisted basis will be enhanced through increased capital as well as the ability to use common stock as merger consideration. Further, the Second Step Conversion will increase the public ownership, which is expected to improve the liquidity of the common stock. The projected use of stock proceeds is highlighted below.

- The Company. The Company is expected to retain up to 50% of the net conversion proceeds. At present, Company funds, net of the loan to the ESOP, are expected to be invested initially into high quality investment securities with short- to intermediate-term maturities, generally consistent with the current investment mix. Over time, Company funds are anticipated to be utilized for various corporate purposes, possibly including acquisitions, infusing additional equity into the Bank, repurchases of common stock, and the payment of regular and/or special cash dividends.
- The Bank. The balance of the net offering proceeds will be infused into the Bank. Cash proceeds (i.e., net proceeds less deposits withdrawn to fund stock purchases) infused into the Bank are anticipated to become part of general operating funds, and are expected to initially be invested in short-term investments pending longer term deployment, i.e., funding lending activities, general corporate purposes and/or expansion and diversification.

The Company expects to continue to pursue a controlled growth strategy, seeking to diminish the wholesale elements of the balance sheet (i.e., investment in wholesale investment and mortgage-backed securities funded by brokered and credit union CDs as well as borrowed funds). Growth may be facilitated by branch or whole bank acquisitions including assisted transaction similar to the NCB acquisition but none are contemplated at this time. Over the long term, the Company will seek to leverage its strong capital through such growth and may also consider various capital management strategies to assist in the long-run objective of increasing return on equity.

Strategic Overview

Charter Financial is a community-oriented financial institution, with the primary focus on meeting the borrowing needs of its local retail and commercial customers in the markets served by its branches and other nearby areas. Over much of its existence, Charter Financial pursued a traditional thrift operating strategy, with 1-4 family loans and retail deposits making up the majority of the balance sheet. Beginning in the late 1980s, however, Charter Financial began to pursue alternative strategies that impacted the current size and composition of the balance sheet.

Freddie Mac Stock. The economy in Charter Financial's market area in the West Point area has historically been a low growth rural market which, coupled with a relatively competitive marketplace, prompted management in the late 1980s to search for alternative investment vehicles. The Company realized significant appreciation in the value of its Freddie Mac Stock

investment, which was valued at nearly \$350 million at its peak level which provided for a more than \$200 million after tax gain. The value of the Company's Freddie Mac stock fluctuated through 2007 both as a result in changes in the market price (the investment was classified as available for sale and marked-to-market for financial reporting purposes) but gradually diminished as a result of periodic divestitures. In this regard, the Bank sold shares of Freddie Mac stock in fiscal 2007 to generate approximately \$70.6 million of cash in connection with the repurchase of 508,842 shares of Charter Financial common stock as it sought to deregister with the SEC. The value of the Freddie Mac stock investment fell sharply in fiscal 2008 as the financial crisis erupted and Freddie Mac required Federal financial assistance to remain solvent. Charter Financial disposed of its remaining ownership of Freddie Mac Stock in fiscal 2008. The financial problems of Freddie Mac and the erosion of its stock price has been the principal factor in the diminishment of the Company's capital from a fiscal year end peak level of \$267.7 million in 2006 to \$98.8 million as of the fiscal 2009 year end. Moreover, the Freddie Mac stock supported the Company's earnings through fiscal 2008, both through dividends received, the sale of covered call option contacts on Freddie Mac stock and through gains on sale realized through periodic sales of shares Freddie Mac stock.

Balance Sheet Leverage. In response to the growth in equity resulting from the appreciation in the value of Freddie Mac stock, the infusion of the net proceeds of the minority stock offering completed in 2001, and owing to the limited retail growth opportunities in the Company's traditional markets in eastern Alabama and western Georgia, Charter Financial pursued a wholesale leveraging strategy whereby the Company utilized borrowings and wholesale deposits (i.e., brokered deposits and credit union CDs) to fund the purchase of investment securities. The purpose of this strategy was to supplement the growth provided by retail operations to generate net interest income from the yield-cost spread realized on the new assets and liabilities. Primarily as a result of this strategy, total assets grew from \$352 million in 1996 to a peak level of \$1.1 billion in fiscal 2006. As the Company's equity has diminished since fiscal 2006, Charter Financial has intensified efforts to grow within profitable niches in targeted areas of retail banking.

Retail Banking Operations. The Company has been seeking to build its retail banking operations to offset the loss of income from the Freddie Mac stock investment and the limited profitability of the wholesale leveraging strategy referenced above. In this regard, Charter Financial has been seeking to expand its retail banking footprint within the I-85 corridor in eastern Alabama and western Georgia both through de novo branching and through acquisition

(the Company has completed three acquisitions since 1999 and the most recent acquisition of NCB with FDIC assistance was the most significant and will be more fully described in a section to follow).

Overall, the Company is seeking to reduce the wholesale component of its operations by seeking to focus on the building of a retail deposit base and funding of local loans. To this end, Charter Financial is positioning itself as a full-service community bank that offers both retail and commercial loan and deposit products to all the markets currently served by the Company, within the I-85 corridor. From the standpoint of its lending operations, Charter Financial's lending operations consist of four major segments: (1) residential mortgage lending for portfolio; (2) commercial and multi-family mortgage lending; (3) construction lending and (4) secondary market operations where Charter Financial originates loans for resale (servicing has been retained by the Bank in the past but currently loans are generally sold with the servicing rights released). The core banking strategy also includes a focus on retail deposit funding including higher balance and/or low-cost transaction accounts that management anticipates will reduce Charter Financial's funding and/or operating costs while stabilizing overall funding operations. The Company's core business operations also include an effort to improve service and increase efficiency in the core banking operations

Growth Through Acquisition. In view of the small size and limited growth of the Company's markets, management has pursued growth through acquisition by completing three acquisitions since 1999. Specifically, the Company acquired Citizens BancGroup, Inc., Valley Alabama ("Citizens") in 1999, in an all cash acquisition which added approximately \$45 million and \$42 million of assets and deposits, respectively, to the Company's balance sheet and added three offices in Valley and one office in Lannett (one office has subsequently been closed). In 2003, the Company acquired EBA Bancshares ("EBA") and its Eagle Bank subsidiary operating in the Auburn/Opelika market with a total of three branches. The \$8.4 million acquisition price consisted solely of cash and added approximately \$77 million of assets to the Company's balance sheet. The Company's most recent acquisition was also its largest. On June 26, 2009, Charter Financial entered into a purchase and assumption agreement with loss share with the FDIC to assume all of the deposits and certain assets of NCB. The acquisition of NCB expanded the Company's market presence along the I-85 corridor through acquisition of NCB's four full service branches (one office has subsequently been closed). Pursuant to the transaction, Charter Financial assumed approximately \$137 million of the retail deposits of NCB and \$44 million of wholesale deposits and did not pay a deposit premium to the

FDIC. Additionally, Charter Financial purchased approximately \$159.9 million in loans and \$17.7 million of real estate owned ("REO"). The FDIC entered into a loss-share agreement on approximately \$178.5 million of NCB's assets which included loans and real estate owned ("REO") purchased at an aggregate discount of \$26.9 million relative to the historical cost basis.

The loans, commitments and REO purchased are covered by a loss share agreement ("Covered Assets") between the FDIC and Charter Financial which affords Charter Financial significant protection from loss. Under the agreement, the FDIC has agreed to cover 80% of the losses on the loans, commitments and REO up to \$82 million and 95% of losses that exceed that amount. In addition, Charter Financial also purchased cash equivalents and investment securities of NCB valued at \$23.3 million, supplemented by \$19.4 million of cash assistance received from the FDIC, and assumed \$13.0 million in Federal Home Loan Bank advances. Management recently closed one of the acquired NCB offices leaving a total of three offices.

As a result of the NCB acquisition, Charter Financial determined current fair value accounting estimates of the assumed assets and liabilities in accordance with FASB Statement No. 141 (R), *Business Combinations*. Management has indicated that it expects that the Company will have sufficient non-accretable discounts to cover the estimated losses under its 20% share of losses under the FDIC agreement. Furthermore, Charter Financial expects to have accretable discounts to effectively provide for a periodic return on acquired NCB loans and REO as the discounts are accreted into income. In addition to the fair value discounts, Charter Financial recorded an indemnification asset from the FDIC in the amount of \$50.0 million as part of the loss share agreement;

Business Plan

The Company's business plan for the future is focused on integrating NCB over the near term and building the retail banking franchise over the longer term. Specific strategic objectives include the following:

1. Effective Integration of the NCB Acquisition. Management is seeking to integrate NCB's operations and infrastructure into Charter Financial as seamlessly and efficiently as possible, while minimizing customer and employee disruption. To date, the Company's management estimates that more than 90% of the acquired deposit relationships have been retained. Over the longer term, the Company will seek to build on the NCB franchise in the Atlanta metropolitan area through expanded products and services, including expanded branch hours, potential de novo branching in the region and possibly additional acquisitions of financial institutions or branch offices.

2. Reduce Acquired Delinquent Loans and Repossessed Assets. As of September 30, 2009, the Company had approximately \$25.4 million of non-performing loans 90 days or more delinquent as well as \$10.7 million of real estate owned ("REO") which were acquired with NCB (all with FDIC loss share coverage). Additionally, a significant portion of the remaining balance of acquired assets have significant credit risk exposure given the deficiencies in underwriting which led NCB's failure. Furthermore, the Company has \$18.1 million of non-performing assets ("NPAs") which are unrelated to the NCB acquisition in its own portfolio. Charter Financial's management has sought to take an aggressive stance with respect to the resolution of acquired delinquent loans and REO recognizing that the timely resolution of NPAs will be a key factor in realizing the potential benefits of the Acquisition. Accordingly, the Company has established a team of four Charter Financial employees led by a senior loan officer to be solely dedicated to the resolution of problem assets.
3. Strengthen and Solidify Community Bank Profile. The Company will continue to build its retail banking profile while diminishing the wholesale banking emphasis. In this regard, Charter Financial is seeking to build a diversified balance sheet, positioning the Company as a full-service community bank that offers both retail and commercial loan and deposit products to all the markets currently served by Charter Financial within the I-85 corridor.
4. Growth Strategy. The Company will be seeking to take advantage of the profitable growth opportunities presented within its current market, capitalizing on the expanded retail footprint acquired through NCB. It is believed that the increased capitalization of the Company following completion of the Second Step Conversion coupled with the possible retrenchment by many competing banks in Charter Financial's markets owing to asset quality problems will facilitate the ability to undertake moderate retail-oriented growth. Moreover, the Company will seek to supplement retail growth through de novo branching and acquisition. In this regard, Management has indicated that there remain numerous federally-insured banks and thrifts in troubled financial condition (i.e., high NPAs, operating at a loss, weak capital ratios, etc.) and the Company further believes that federally assisted resolutions will continue. Coupled with the Company's strong pro forma capitalization, Charter Financial believes there may be significant additional opportunities to complete whole bank acquisition transactions with FDIC financial assistance under terms which may be favorable.

Balance Sheet Trends

Table 1.1 shows the Company's historical balance sheet data for the past five fiscal years and as of September 30, 2009. From September 30, 2005 through September 30, 2009, Charter Financial's assets decreased at 2.1% compounded annual rate to equal \$936.9 million as of September 30, 2009. However, a more detailed balance sheet analysis suggests that a significant portion of the asset trends have been driven by the valuation of Freddie Mac stock. Specifically, total assets increased \$76.8 million in fiscal 2006 to a level of \$1.1 billion supported by a \$39.5 million increase in the value of Freddie Mac stock. Total assets subsequently declined by \$295.8 million through the end of fiscal 2008 driven by a nearly equal reduction in

the investment in Freddie Mac Stock. Total assets increased between the end of fiscal 2008 and the end of fiscal 2009 reflecting the impact of assets acquired with NCB, net of the impact of the runoff of a portion of the Company's wholesale funds.

Loans have realized a faster growth rate than total assets and thus increased in proportion to total assets from 35.0% at September 30, 2005, to 58.9% at September 30, 2009. Specifically, loans increased at an 11.5% rate over the period from the end of fiscal 2005 through September 30, 2009, while investment securities diminished over the corresponding timeframe, both in dollar terms and in proportion to total assets. Loan growth between fiscal 2005 and 2008, equal to \$71.6 million or 20.1%, reflects the Company's efforts to expand lending on a retail basis primarily in the markets where it maintains a retail branch banking footprint. The loan portfolio increased more substantially in fiscal 2009, by 28.9% to equal \$552.6 million primarily as a result of the NCB acquisition, which added loans with a net book value of approximately \$94.7 million after the recording of all fair value mark-to-market adjustments.

The Company's assets are funded through a combination of deposits, borrowings and retained earnings. Deposits have always comprised the majority of funding liabilities for the Company, and recent growth has been supported by the utilization of brokered CDs and deposit funds obtained from credit unions at highly competitive rates ("Credit Union CDs"). The Company is seeking to build the retail deposit base to reduce the reliance on these more volatile funding sources, and deposit growth of \$177.5 million in fiscal 2009 was largely generated through deposits acquired with NCB net of runoff of a portion of the Company's brokered deposits and Credit Union CDs. Similarly, the level of borrowed funds has diminished over the timeframe shown in Table 1.1 (by 12.2% compounded annually).

The Company's stockholders' equity decreased at a 20.2% compounded annual rate, primarily as a result of the repurchase of 500,000 shares in connection with a going private transaction completed in fiscal 2007 and the decline in value of Charter Financial's Freddie Mac stock investment. The Freddie Mac stock investment, which was the most significant element of

Table L1
Charter Financial Corporation
Historical Balance Sheets
(Amount and Percent of Assets)(1)

	As of the Year Ended September 30,												Annual Growth Rate Pct (%)			
	2005			2006			2007			2008				2009		
	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)		Amount (\$000)	Pct (%)	
Total Amount of:																
Assets	\$1,020,570	100.0%	\$1,097,322	100.0%	\$1,021,856	100.0%	\$801,500	100.0%	\$936,860	100.0%						
Cash and Cash Equivalents	20,864	2.0%	24,421	2.2%	64,671	6.3%	14,639	1.8%	53,840	5.7%						
Freddie Mac Stock	254,776	25.0%	294,339	26.8%	200,782	19.6%	0	0.0%	0	0.0%						
MBS/CMOs (AFS)	358,461	35.1%	308,150	28.1%	263,351	25.8%	242,848	30.3%	201,626	21.5%						
Other Investment Securities	17,712	1.7%	37,582	3.4%	31,792	3.1%	34,291	4.3%	4,435	0.5%						
FHLB stock	14,869	1.5%	15,981	1.5%	13,668	1.3%	13,606	1.7%	14,035	1.5%						
Loans Held For Sale	1,234	0.1%	909	0.1%	921	0.1%	1,292	0.2%	1,123	0.1%						
Non-Covered Loans Receivable, net	356,808	35.0%	374,727	34.1%	405,553	39.7%	428,472	53.5%	462,787	49.4%						
Covered Loans Receivable, net	0	0.0%	0	0.0%	0	0.0%	0	0.0%	88,764	9.5%						
Loans Receivable, net	356,808	35.0%	374,727	34.1%	405,553	39.7%	428,472	53.5%	552,551	59.0%						
Non-Covered Real Estate Owned	1,120	0.1%	460	0.0%	180	0.0%	2,680	0.3%	4,778	0.5%						
Covered Real Estate Owned	0	0.0%	0	0.0%	0	0.0%	0	0.0%	10,681	1.1%						
Total Real Estate Owned	1,120	0.1%	460	0.0%	180	0.0%	2,680	0.3%	15,459	1.7%						
Goodwill and Other Intangible Assets	5,766	0.6%	5,599	0.5%	5,451	0.5%	5,314	0.7%	5,180	0.6%						
BOLI	0	0.0%	12,266	1.1%	12,857	1.3%	28,916	3.6%	30,186	3.2%						
FDIC Indemnification Asset	0	0.0%	0	0.0%	0	0.0%	0	0.0%	26,481	2.8%						
Retail Deposits	250,391	24.5%	321,279	29.3%	378,463	37.0%	356,237	44.4%	463,556	49.5%						
Brokered Deposits and Credit Union CDs	69,738	6.8%	50,778	4.6%	52,220	5.1%	63,938	8.0%	134,078	14.3%						
Total Deposits	320,129	31.4%	372,057	33.9%	430,683	42.1%	420,175	52.4%	597,634	63.8%						
Borrowings	382,336	37.5%	337,928	30.8%	272,058	26.6%	267,000	33.3%	227,000	24.2%						
Accumulated Comprehensive Income	149,405	14.6%	172,489	15.7%	116,886	11.4%	(6,849)	-0.9%	(8,277)	-0.9%						
Total Stockholders' Equity	243,230	23.8%	267,709	24.4%	225,072	22.0%	102,302	12.8%	98,257	10.5%						
Branch Offices	9		9		9		10		13							

(1) Ratios are as a percent of ending assets.

Source Charter Financial Corporation's prospectus. SNL Financial and RP® Financial, LC. calculations.

volatility in Charter Financial's equity account, has been liquidated so that future changes in the Company's equity position will largely be driven by the retention of earnings net of the impact of any capital management strategies (i.e., stock repurchases, dividends, etc.).

The Company's loan portfolio composition reflects efforts to diversify the loan portfolio to include both loans which are higher yielding and/or have shorter durations than the long-term fixed rate mortgage loans which historically comprised the majority of loans in the loan portfolio. Moreover, the loan portfolio changed in the most recent fiscal year owing to the NCB acquisition as NCB's portfolio was oriented towards commercial mortgage and construction loans which accelerated the growth of those portfolios. Accordingly, the loan portfolio composition has changed during the review period. Residential mortgage loans comprised 21.7% of loans outstanding at September 30, 2009, versus 40.8% of total loans outstanding at the fiscal 2004 year end. Commercial mortgage loans, including multi-family loans, have increased from 41.5% of total loans at year end 2005 to 46.6% of total loans at September 30, 2009. Other loans including construction, commercial non-mortgage loans ("C&I loans") and consumer loans comprise the balance of the loan portfolio and are at comparatively modest levels in relation to the residential and commercial mortgage portfolios.

The Company has segregated its loan portfolio into "Non-Covered Loans" that are not subject to any guarantee and "Covered Loans" that were acquired with NCB. The Covered Loans are subject to loss sharing agreements with the FDIC. Pursuant to those agreements, the FDIC will assume 80% of losses and share 80% of loss recoveries on the first \$82 million of losses on the acquired loans and other real estate owned, and assume 95% of losses and share 95% of loss recoveries on losses exceeding \$82 million. Loans, including commitments and other real estate owned covered under the loss sharing agreement with the Federal Deposit Insurance Corporation are referred to as "Covered Loans" and "Covered REO," respectively. The loss sharing agreements cover losses on single-family residential mortgage loans for ten years and all other losses for five years. As of September 30, 2009, the balance of Covered Loans was \$89.8 million.

Owing to the factors cited in the strategic discussion, Charter Financial pursued a wholesale leverage strategy designed to enhance its return on equity and overall profitability. As a result, from the mid-1990s through fiscal 2007, investment securities and Freddie Mac stock comprised the majority of the Company's assets. The Company has intensified efforts to

expand its retail banking profile by increasing whole loans and via branching as well as through the acquisition of NCB. As a result, the loan portfolio has increased as a percent of total assets and cash and investments have reduced commensurately. However, cash, cash equivalents and investment securities remain a significant component of the asset portfolio.

The Company's portfolio of mortgage-backed securities ("MBS") including collateralized mortgage obligations ("CMOs") equaled \$201.6 million, or 21.5% of total assets, as of September 30, 2009, while other investment securities totaled \$4.4 million, or 0.5% of assets, and cash and interest bearing deposits and term deposits totaled \$53.8 million, or 5.7% of assets. As of September 30, 2009, the cash and investments portfolio consisted of cash, interest-earning deposits in other financial institutions, U.S. government agency obligations, and MBS and CMOs issued by Ginnie Mae, Fannie Mae, Freddie Mac and private issuers. Additionally, the Company maintains permissible equity investments such as FHLB stock with a fair value of \$14.0 million as of September 30, 2009. All of the Company's investment securities are classified available for sale ("AFS") as of September 30, 2009 (see Exhibit I-3 for the investment portfolio composition).

As of September 30, 2009, included in Charter Financial's investment portfolio were CMOs issued by private entities with a gross book value of \$71.2 million and an estimated fair value of \$56.9 million, indicating a gross unrealized loss of \$14.3 million. Credit ratings by third party ratings agencies included securities rated AAA (\$46.9 million amortized cost), rated A (\$11.8 million), rated B (\$9.6 million and rated CCC (\$2.8 million). The Company continually evaluates the securities for other than temporary impairment ("OTTI") but believes that the principal is likely to be collectible and thus, an impairment charge is not warranted. At the same time, because they are held in AFS status, the unrealized loss on the privately issued CMOs is reflected in the Company's equity on an after-tax basis. No major changes to the composition and practices with respect to the management of the investment portfolio are anticipated over the near term. It is the Company's intent to focus on building the retail banking profile including whole loans funded by retail deposits to the extent possible. At the same time, the level of cash and investments is anticipated to increase initially following the Second Step Conversion, pending the targeted longer term redeployment into higher yielding loans.

The Company also maintains an investment in bank-owned life insurance ("BOLI") policies, which cover the lives of some of the Company's officers. The purpose of the BOLI program is to help defray the rising costs of employee benefits. The life insurance policies earn

tax-exempt income through cash value accumulation and death proceeds. As of September 30, 2009, the cash surrender value of the Company's BOLI equaled \$30.2 million.

Charter Financial maintained goodwill \$4.3 million, equal to 0.5% of assets, and other acquisition-related intangibles totaling \$855,000, or 0.1% of assets, at September 30, 2009. Goodwill is tested for impairment at least annually.

As a result of the NCB acquisition, Charter Financial recorded an asset receivable representing the estimated future cash payments under the FDIC assistance agreement with the Company. As of the transaction date, the FDIC assistance receivable totaled \$49.3 million. This asset has been reduced to \$26.5 million as of September 30, 2009, as the Company received cash under the assistance agreement. The FDIC assistance receivable will continue to diminish in the future as Charter Financial resolves the acquired assets of NCB covered under the FDIC loss share agreement.

The Company's funding structure reflects a mix of retail deposits and various wholesale funding sources including brokered and credit union CDs as well as FHLB advances. In this regard, Charter Financial pursued a wholesale leveraging strategy whereby the Company utilized borrowings and wholesale deposits (i.e., brokered deposits and credit union CDs) to fund the purchase of investment securities. The purpose of this strategy was to supplement the growth provided by retail operations to generate net interest income from the yield-cost spread realized on the new assets and liabilities. Importantly, the returns on the wholesale leveraging are modest and have not been consistently positive. Moreover, the wholesale funds are a relatively costly funding source in comparison with rates typically paid to attract core retail deposits.

In aggregate, deposits have increased at a 16.9% compounded annual rate with the NCB acquisition representing a significant component of the growth. As of September 30, 2009, retail deposits totaled \$463.6 million, equal to 77.6% of total deposits while the balance of deposit funds were wholesale in nature (i.e., primarily brokered and Credit Union CDs and totaled \$134.1 million, equal to 22.4% of deposits. While wholesale deposit sources increased in the most recent fiscal year, a portion of the growth was utilized to fund the repayment of FHLB advances whose balance diminished. Overall, savings and transaction accounts totaled \$216.9 million, equal to 36.3% of total deposits as of September 30, 2009, while the balance of deposit funds were comprised of CDs, which totaled \$380.7 million, equal to 63.7% of total

deposits. Jumbo CDs, those with balances of \$100,000 or more, equaled \$196.2 million or 32.8% of total deposits and 51.5% of CDs.

FHLB advances represent the remainder of the Company's interest-bearing liabilities and equaled \$227.0 million as of September 30, 2009, equal to 24.2% of total assets. The Company has been repaying FHLB advances as they mature and if it has sufficient liquidity to fund the repayment. The Company is seek to build the retail deposit base both through acquisition (i.e., NCB and potentially other transactions in the future), and the retirement of borrowed funds will continue to be a long term objective of management. However, owing to the lengthy maturities of a portion of the Company's borrowings, the targeted reduction will necessarily be gradual. The maturing of relatively high cost advances will also provide an earnings benefit in the future. In this regard, the Company has \$102 million of advances maturing in the first quarter of calendar 2011 at a weighted average cost of 5.64% which could be replaced with term funds at a rate of at least 3% to 4% lower in today's lower rate environment.

Trends with respect to Charter Financial's equity position have largely been a function of the valuation of the Company's Freddie Mac stock investment. Accordingly, the Company's equity increased during the fiscal 2005 to 2007 timeframe, reflecting the underlying valuation trends for the Freddie Mac shares, while decreasing significantly in fiscal 2008 as the factors leading to the worldwide financial crisis gained momentum and the trading price of Freddie Mac diminished. As of the end of fiscal 2008, the Company's stockholders' equity equaled \$102.3 million equal to 12.8% of total assets. The Company's stockholders' equity continued to diminish in fiscal 2009 as earnings were more than offset by the payment of dividends to the minority shareholders and continued decline in value of privately issued CMOs. As of September 30, 2009, Charter Financial's stockholders' equity totaled \$98.3 million, equal to 10.5% of total assets.

The Bank maintained strong surpluses relative to its regulatory capital requirements at September 30, 2009, and thus qualified as a "well capitalized" institution. The offering proceeds will serve to further strengthen the Company's regulatory capital position and support further growth, including the ability to complete additional acquisitions in the regional market area. The post-offering equity growth rate is expected to be impacted by a number of factors including the higher level of capitalization, the reinvestment of the offering proceeds, the expense of the stock benefit plans and the potential impact of dividends and stock repurchases.

Income and Expense Trends

Table 1.2 shows Charter Financial's historical income statements for the past five fiscal years. The Company's profitability over this period ranged from a high of 4.81% of average assets during 2007 to a low of \$2.3 million, equal to 0.27% of assets for the most recent 2009 fiscal year. The Company's earnings over the period through fiscal 2008 have been significantly influenced by the Company's Freddie Mac stock investment, both through gains on sale of shares and through dividends paid by Freddie Mac. Since all the Freddie Mac stock was sold in 2008, the Company's 2009 earnings primarily reflect the results of Charter Financial's core banking operations. However, the impact of the NCB acquisition completed in 2009 has not been fully reflected since the acquisition was completed at the end of June 2009 and only three months of merged operations were reflected in the 2009 fiscal year figures.

The key components of the Company's core earnings are net interest income non-interest income and operating expenses. Non-recurring income items, consisting of gains and losses on sale and a FHLB prepayment penalty, have had a varied impact on the earnings over the review period. From a valuation perspective, such non-recurring income and expense items will be eliminated in determining the valuation earnings base.

The level of net interest income has largely paralleled trends with respect to the size of the underlying asset and funding bases over the period reflected in Table 1.2. Specifically, net interest income peaked in fiscal 2006 at \$26.0 million, equal to 2.38% of average assets and has subsequently declined in each fiscal year to equal \$18.0 million, or 2.09% of average assets in fiscal 2009. In this regard, the diminishing level of dividend income (primarily on Freddie Mac stock) has been a significant component of the reduction of net interest income as dividends on equity securities totaled \$9.2 million in fiscal 2006 and were negligible in the most recent fiscal year. The modest level of net interest income generated by Charter Financial relative to many financial institutions is the result of several factors. First, the Company's efforts to leverage capital through wholesale investments funded both with wholesale deposit funds and borrowings have limited spreads. Specifically, the Company's interest rate spread amounted to only 2.08% in fiscal 2009 (see Exhibit I-4). The spread for the most recent fiscal year is an improvement relative to spreads for fiscal 2007 and fiscal 2008, or 1.00% and 1.47% respectively, the current level nonetheless is remains low in comparison to many financial

Table 1.2
Charter Financial Corporation
Historical Income Statements
(Amount and Percent of Average Assets)(1)

	As of the Fiscal Year Ended September 30,				
	2005	2006	2007	2008	2009
	Amount (\$000)	Amount (\$000)	Amount (\$000)	Amount (\$000)	Amount (\$000)
	Pct(1) (%)	Pct(1) (%)	Pct(1) (%)	Pct(1) (%)	Pct(1) (%)
Interest Income	\$44,689	\$53,802	\$54,646	\$46,377	\$40,559
Interest Expense	(21,782)	(27,801)	(29,827)	(26,771)	(22,599)
Net Interest Income	\$22,908	\$26,001	\$24,819	\$19,607	\$17,961
Provision for Loan Losses	(75)	0	0	(3,250)	(4,550)
Net Interest Income after Provisions	\$22,833	\$26,001	\$24,819	\$16,357	\$13,411
Other Operating Income	4,881	6,058	7,471	9,394	7,545
Operating Expense	(18,270)	(21,130)	(21,926)	(20,284)	(21,173)
Net Operating Income	\$ 9,444	\$10,929	\$10,364	\$ 5,467	\$ (217)
Prepayment Penalty on FHLB Advance	-	-	-	-	(1,408)
Net Gain(Loss) on Sale of Property	-	-	-	-	2,086
Net Gain(Loss) on Sale of Freddie Mac Stock	6,085	4,769	69,453	9,557	-
Net Gain(Loss) on Sale of Other Inv. Sec.	-	-	-	-	2,161
Total Non-Operating Income/(Expense)	\$ 6,085	\$ 4,769	\$69,453	\$ 9,557	\$ 2,839
Net Income Before Tax	\$15,529	\$15,698	\$79,817	\$15,023	\$ 2,622
Income Taxes	(4,116)	(2,353)	(28,877)	(4,491)	(306)
Net Income (Loss) Before Extraord. Items	\$11,413	\$13,344	\$50,940	\$10,532	\$ 2,316
Estimated Core Net Income	\$11,413	\$13,344	\$50,940	\$10,532	\$ 2,316
Net Income	(6,085)	(4,769)	(69,453)	(9,557)	(2,839)
Addback(Deduct): Non-Recurring (Inc)/Exp	2,349	1,841	26,809	3,689	1,096
Tax Effect (2)	\$ 7,677	\$10,416	\$ 8,295	\$ 4,664	\$ 573
Estimated Core Net Income					
Memo:					
Expense Coverage Ratio (3)	125.39%	123.05%	113.19%	96.66%	84.83%
Efficiency Ratio (4)	65.74%	65.91%	67.90%	69.94%	83.01%
Effective Tax Rate	26.51%	14.99%	36.18%	29.89%	11.66%

(1) Reflects income and expense as a percent of average assets.
 (2) Assumes a 38.6% effective tax rate for federal & state income taxes.
 (3) Net interest income divided by operating expenses.
 (4) Operating expenses as a percent of the sum of net interest income and other operating income (excluding gains on sale).

Source: Charter Financial Corporation's prospectus, SNL Financial, and RP® Financial, LC. calculations.

institutions with a greater proportion of whole loans and/or which derive funds through a greater proportion of retail deposits. Additionally, a portion of the term borrowings taken down in prior periods have relatively high interest rates relative to the lower market rates available in today's low interest rate environment.

Loan loss provisions had a limited impact on earnings over the fiscal 2005 to fiscal 2007 period, totaling only \$75,000 in fiscal 2005 while the Company did not establish any loan loss provisions in fiscal 2006 and fiscal 2007. Loan loss provisions were comparatively modest over this timeframe as Charter Financial's non-performing assets ("NPAs") and classified assets were at comparatively low levels consistent with the historical trend. Loan loss provisions have increased materially since the end of fiscal 2007, to equal \$3.3 million, or 0.36% of average assets in fiscal 2008, and \$4.6 million, equal to 0.53% of average assets in fiscal 2009. The increase in the level of provisions over the last several fiscal years is both the result of an increasing level of NPAs for the Company and a higher level of loan chargeoffs, both of which are the result of the recessionary economic environment including deterioration of the local real estate markets. At September 30, 2009, the Company maintained valuation allowances of \$9.3 million, equal to 1.69% of total loans and 54.2% of non-covered non-performing assets. Exhibit I-5 sets forth the Company's loan loss allowance activity during the review period.

Other income has shown an upward trend in dollar terms and as a percent of average assets since fiscal 2005, from \$4.9 million (0.45% of average assets) to \$9.4 million (1.03% of average assets) for the fiscal year ended September 30, 2008, reflecting Charter Financial's balance sheet growth, expansion of overall business volumes and continued growth of fee generating products. Additionally, the Company earned material levels of income through the sale of covered call options on Freddie Mac stock through the end of fiscal 2008; income on the sale of covered call options equaled \$1.7 million, equal to 18% of total non-interest income in fiscal 2008. The reduction of non-interest income in fiscal 2009 to \$7.5 million (\$1.8 million reduction relative to the fiscal 2008 level), equal to 0.90% of assets in fiscal 2009 largely reflects the elimination of this income item.

The Company's operating expenses have remained relatively stable in recent years in dollar terms but have increased as a percent of average assets as the total asset balance has declined. Specifically, operating expenses have fluctuated in a range between \$18.3 million (fiscal 2005), and \$22.0 million (fiscal 2007), and equaled \$21.2 million or 2.47% of average assets in fiscal 2009. Importantly, like the other components of core earnings, operating

expenses do not fully reflect the impact of the incremental costs of the NCB acquisition. Such future expenses will not only include the costs of operating the three remaining acquired NCB branches but also the staffing and management costs related to the resolution of acquired credit impaired loans and REO. At the same time, the historical operations of the Company do not reflect the anticipated earnings benefits of the acquired NCB asset portfolio including the accretion of mark-to-market discounts on the portfolio of acquired credit-impaired assets.

Operating expenses are expected to increase on a post-offering basis as a result of the expense of the additional stock-related benefit plans, as well as the planned branching and growth initiatives which are currently underway. At the same time, continued balance sheet growth and reinvestment of the offering proceeds should offset at least a portion of the anticipated expense increase.

Non-operating income and expenses have been a significant contributor to the Company's income, primarily consisting of gains on the sale of Freddie Mac stock for the fiscal 2005 to fiscal 2008 period. Pre-tax gains on sale of Freddie Mac stock shares ranged from a low of \$4.8 million (0.44% of average assets) in fiscal 2006, to a high of \$69.5 million (6.56% of average assets) in fiscal 2007. The high level of gains reported in fiscal 2007 reflects the sale of a large number of shares used to generate \$70.6 million of cash proceeds which the Company utilized to delist its common stock from the Nasdaq Global Market and deregister its common stock with the Securities and Exchange Commission. The Company sold its remaining investment in Freddie Mac stock in fiscal 2008 thus eliminating the potential for gains on sale from this source in the future. In fiscal 2009, net non-operating income totaled \$2.3 million and consisted of four components as follows: (1) prepayment penalty expense of \$1.4 million on FHLB advances; (2) a gain on the sale of property of \$2.2 million; and (3) gains on the sale of investment securities totaling \$2.2 million.

The Company's average tax rate has ranged between 14.99% and 29.89% over the last five fiscal years and equaled 11.66% in fiscal 2009. The Company's tax rate has been below the statutory rate of 38.6% (combined effective federal and state tax rate) owing to the tax advantaged treatment of cash dividends on the Freddie Mac stock investment through fiscal 2008 and as a result of income on BOLI, which is tax exempt.

The Company's efficiency ratio fluctuated in a narrow range from 65.7% to 69.9% over the fiscal 2005 to 2008 period, while subsequently increasing (i.e., becoming less favorable) in fiscal 2009. The significant increase in the efficiency ratio from fiscal 2008 to fiscal 2009, from

69.9% to 83.0%, reflects the deterioration in the Company's core earnings components (i.e. net interest income after loan loss provisions declined, other operating income diminished, and operating expenses increased). In the future, the efficiency ratio and the underlying core earnings rate may be subject to increase as Charter Financial's management believes that the NCB acquisition will be accretive to the Company's earnings. Moreover, on a post-offering basis, the efficiency ratio may show some improvement from the benefit of reinvesting the proceeds from the Offering. However, a portion of the benefit is expected to be offset by the increased expense of the stock benefit plans.

Accounting for the NCB Acquisition

Charter Financial determined current fair value accounting estimates of the assumed assets and liabilities in accordance with FASB Statement No. 141 (R), Business Combinations. It is expected that Charter Financial will have sufficient non-accretable discounts to cover the estimated losses under its 20% share of losses. Furthermore, CharterBank will have accretable discounts to provide for market yields on acquired NCB loans. No goodwill was recorded in the transaction. In connection with the acquisition, the Company had a gain of \$779 thousand, reflecting the recognition of the negative goodwill created into income.

Table 1.3 shows adjustments to the fair value of the assets and liabilities acquired and the resulting gain from the acquisition as of June 26, 2009.

Table 1.3
Charter Financial Corporation
Fair Value Adjustments of the NCB Acquisition

	As Recorded by NCB	Fair Value Adjustments		Recorded by CharterBank
Assets:				
Cash and due from banks	\$ 10,602,000	\$ 19,415,000 (1)	\$	30,017,000
Securities	12,763,000	(14,000) (2)		12,749,000
FHLB stock	1,158,000	—		1,158,000
Loans, net of unearned income	159,901,000	(65,195,000) (3)		94,706,000
Other real estate owned	17,676,000	(10,240,000) (4)		7,436,000
FDIC receivable for loss sharing agreements	—	49,991,000 (6)		49,991,000
Other assets	692,000	—		692,000
Total assets acquired	<u>\$ 202,792,000</u>	<u>\$ (6,043,000)</u>	\$	<u>196,749,000 (5)</u>
Liabilities:				
Deposits	\$ 181,326,000	\$ 912,000 (7)	\$	182,238,000
FHLB advances	13,000,000	78,000 (8)		13,078,000
Other liabilities	981,000	453,000 (9)		1,434,000
Total liabilities assumed	<u>195,307,000</u>	<u>1,443,000</u>		<u>196,749,000</u>
Excess of assets acquired over liabilities assumed	<u>\$ 7,485,000</u>			
Aggregate fair value adjustments		<u>\$ 7,485,000</u>		
Gain on acquisition				

- (1) Reflects the initial funds received from the Federal Deposit Insurance Corporation on the acquisition date.
- (2) Reflects fair value adjustments based on Charter's evaluation of the acquired investment securities portfolio.
- (3) Reflects fair value adjustments based on Charter's evaluation of the acquired loan portfolio. The fair value adjustment includes adjustments for estimated credit losses, liquidity, market yield and servicing costs.
- (4) Reflects the estimated other real estate owned losses based on Charter's evaluation of the acquired other real estate owned portfolio.
- (5) The carrying value of certain long-term assets, primarily the estimated fair value of acquired core deposit intangible of \$1.1 million, was reduced to zero by the excess of the fair value of net assets acquired over liabilities assumed in the acquisition.
- (6) Reflects the estimated fair value of payments Charter will receive from the Federal Deposit Insurance Corporation under the loss sharing agreements.
- (7) Reflects fair value adjustments based on Charter's evaluation of the acquired time deposit portfolio.
- (8) This adjustment is required because rates on Federal Home Loan Bank advances were higher than rates available on similar borrowings as of the acquisition date.
- (9) Adjustments reflect estimated qualifying acquisition costs in the transaction.

Source: Charter Financial's offering prospectus.

Interest Rate Risk Management

In recent years, the Company has pursued several strategies to manage interest rate risk. These strategies include:

- Investing in 1-4 family adjustable rate loans (subject to constrained customer demand) which more closely match the repricing of the Company's funding base compared to fixed rate loans;
- Selling longer term fixed rate mortgage loans to generate fee income without incurring the interest risk of holding longer term fixed rate mortgage loans;
- Diversifying into other types of short-term or adjustable rate lending, including primarily commercial, construction, and consumer lending, including home equity lending;
- Building a community bank orientation so as to facilitate an increase in core deposit funds with a longer duration and non-interest fee income;;
- Maintaining an investment portfolio, comprised of high quality, liquid securities and maintaining an ample balance of securities classified as available for sale;
- Maintaining a strong capital position, which provides for a favorable level of interest-earning assets relative to interest-bearing liabilities; and
- Emphasizing strong underwriting to maintain asset quality.

The rate shock analysis as of September 30, 2009 (see Exhibit I-6) as prepared by OTS for the Bank, reflects a liability sensitive position with the net portfolio value ("NPV") declining by 124 basis points pursuant to a positive 200 basis point instantaneous and permanent rate shock, resulting in a post-shock NPV ratio equal to 8.43%. In addition to modeling the NPV ratio as performed by the OTS, the Company also projects the potential changes to its net income ("NII") for the following 12 month period under rising and falling interest rate scenarios to assess its interest rate risk exposure. Pursuant to a positive 200 basis point instantaneous and permanent rate shock, the Company's net interest income is projected to decrease by 56.4% within a 12 month period, providing further evidence of a liability sensitive position over the short term.

One factor impacting the Company's interest rate risk which is particularly difficult to quantify is the degree to which deposits will reprice in a response to a change in interest rates. Several factors potentially make the Company's deposit costs somewhat more volatile than many similar institutions. Specifically, the Company prices its deposits in the upper end of the competitive range which may result in a more rate sensitive depositor base. Additionally, the

Company has a high level of brokered and credit union CDs which are particularly sensitive with regard to the offered deposit rate.

Lending Activities and Strategy

The Company's lending activities have been focused on three principal elements as follows: (1) commercial and multi-family mortgage lending; (2) residential mortgage lending for portfolio; and (3) secondary market operations where Charter Financial originates loans for resale (servicing has been retained by the Company in the past but recent activity has consisted of selling loans with the servicing rights released). The Company also maintains smaller balances of construction and development loans as well as consumer loans (including home equity loans as well as other forms of consumer installment credit), and commercial business loans. The Company has pursued loan diversification with the objective of enhancing yields and overall earnings levels while also improving the interest sensitivity of assets. Charter Financial will also initiate retail and commercial lending in the markets served by NCB branches, in Coweta and Fayette Counties. In this regard, the Company intends to employ one commercial and one consumer loan officer in these markets to facilitate management's lending objectives.

The foregoing strategy is consistent with Charter Financial's community bank orientation and is evidenced in the Company's loan portfolio composition. Details regarding the Company's loan portfolio composition and characteristics are included in Exhibits I-7 and I-8. As of September 30, 2009, commercial and multi-family mortgage loans comprised the largest segment of the loan portfolio and totaled \$270.1 million, equal to 46.6% of gross loans. Permanent mortgage loans secured by 1-4 family properties totaled \$126.1 million, or 21.7% of total loans. The balance of the loan portfolio is comprised of smaller balance of commercial non-mortgage, construction and consumer loans as well loans with loss share coverage with the FDIC. With regard to the latter component of the loan portfolio, acquired loans with FDIC loss share coverage totaled \$106.8 million, equal to 18.4% of the gross loan portfolio. The acquired NCB loan portfolio is in runoff mode, particularly with regard to the non-performing segment of the portfolio which the Company is seeking to resolve as quickly as possible.

Commercial and multi-family mortgage lending has become an integral part of the Company's operating strategy and one area of lending that the Company will continue to grow and emphasize, especially with the plan to hire an additional commercial lender for the new markets of Coweta and Fayette Counties. Charter Financial began pursuing income property

lending due to the market opportunity, management expertise, and as substantial residential mortgage lending competition had reduced the profitability of 1-4 family lending. Additionally, such loans typically carry superior yields, better interest rate risk characteristics and larger loan balances relative to residential mortgage loans. Commercial and multi-family mortgage lending has also been an attractive way for Charter Financial to broaden its range of customer relationships. Commercial and multi-family mortgage loans are generally made to Georgia or Alabama entities and are secured by properties in the same states. Commercial real estate/multi-family loans are generally extended up to an 80% LTV ratio and require a debt-coverage ratio of at least 1.15 times. Multi-family mortgage loans are originated for both new and existing properties and cover apartments for a wide range of tenant income levels. Commercial mortgage loans originated by Charter Financial are typically secured by offices, hotels, strip shopping centers, land, convenience stores, etc, principally within Georgia and Alabama.

Commercial real estate lending involves additional risks as compared with one-to-four family residential lending. Therefore, the commercial real estate loans generally have higher rates and shorter maturities than the Company's residential mortgages. The Company offers commercial real estate mortgages at fixed rates and adjustable rates tied to the prime rate. However, a portion of the commercial real estate portfolio is tied to yields on US Treasury securities or LIBOR. The Company currently offers fixed rate terms of 3 to 7 years; however, in prior years the Company had fixed rate loans with maturities of up to 25 years. Charter Financial's commercial/nonresidential lending is virtually all real estate based. Underwriting criteria include loan-to-value, debt coverage, secondary source of repayment, guarantors, net worth of borrower and quality of cash flow stream. In the future, predicated on an improving credit and market environment, management is targeting to increase the portfolio. In this regard, the retrenchment of many competing lenders from this segment of the market is believed to provide Charter Financial with an opportunity to expand the portfolio while realizing strong risk-adjusted returns.

As of September 30, 2009, 1-4 family permanent residential mortgage loans equaled \$126.1 million, or 21.7% of total loans. The Company currently originates mortgages at all offices of the Company, but utilizes the Company's LPOs as centralized origination and processing centers. Charter Financial originates both fixed rate and adjustable rate one-to-four family loans with conforming loans with maturities in excess of 15 years originated for resale into the secondary market, generally on a servicing released basis. The Company originates

one- to four-family loans with LTV ratios up to 95% and are generally subject to a maximum LTV ratio of 80%, with private mortgage insurance ("PMI") being required for loans in excess of this LTV ratio. The substantial portion of one- to four-family mortgage loans originated is secured by residences in Georgia and Alabama. As of September 30, 2009, approximately 46% of the portfolio was comprised of fixed rate mortgage loans and 54% was comprised of either adjustable rate mortgage loans ("ARMS") or hybrid loans with fixed rates for the first one, three, five or seven years of the loans and adjustable thereafter. After the initial term, the interest rate generally adjusts on an annual basis at a fixed spread over the monthly average yield on United States Treasury securities, the Wall Street Journal Prime, or LIBOR. The interest rate adjustments are generally subject to a maximum increase of 2% per adjustment period and the aggregate adjustment is generally subject to a maximum increase of 6% over the life of the loan. Charter Financial generally retains for their portfolio conforming loans with maturities shorter than 15 years or that have interest rate resets or balloon terms, as well as nonconforming loans. Nonconforming loans generally have interest rate resets or maturities of less than 30 years. Management's current strategy is to sell loans with servicing released instead of retaining the servicing owing to profitability considerations.

Traditionally, the Company has sought to differentiate itself in the area of non-conforming lending programs and while the risks of non-conforming lending may be somewhat higher, Charter Financial believes it is more than compensated for the risk in terms of the yield earned and the shorter repricing structure of the loans it originates and places into portfolio. Additionally, while Charter Financial makes non-conforming loans, the credit quality of the loan portfolio is largely unaffected (vis-à-vis a typical conforming portfolio) as the majority of the non-conforming loans originated are non-conforming due to factors unrelated to credit quality (i.e., high acreage, leased land or multiple structures, newly self employed, etc.). The loans may also be non-conforming as a result of a credit record which reflects some blemish, but which Charter Financial's management does not believe impairs the borrower's ability to repay the loan. Thus, the non-conforming loans Charter Financial is originating are generally not subprime loans.

Consistent with the Company's community bank strategy, lending on construction and development loans has been an integral part of Charter Financial's lending strategy and such loans totaled \$44.0 million, equal to 7.6% of total loans. While current market conditions have suppressed demand for construction and development loans, the Company sees opportunities in the market to lend to strong borrowers as many previously active construction lenders are

focused on addressing asset quality issues on poorly underwritten loans (a widespread issue in the Company's markets). The reduction of construction lenders has dramatically reduced the supply of construction loans and there is the opportunity to lend to borrowers with superior liquidity, capital and management skills. Charter Financial intends to remain an active participant in this segment of the lending market, primarily through its LPO in Norcross, Georgia. Construction lending activity is largely for the construction of one- to four-family residences, with lesser activity for multi-family and nonresidential real estate projects on a select basis. The Company offers two principal types of construction loans: builder loans, including both speculative (unsold) and pre-sold loans to pre-approved local builders and construction/permanent loans to property owners which are converted to permanent loans at the end of the construction phase. The number of speculative loans extended to a builder at one time is dependent upon the financial strength and credit history of the builder. The Company generally limits speculative loans to builders with superior liquidity, capital and management skills and limits the number of outstanding loans on unsold homes under construction within a specific area. Development loans are primarily originated for the development of residential properties.

To a much lesser extent, Charter Financial originates non-mortgage loans, including commercial and consumer loans, which in the aggregate totaled \$32.9 million, or 5.7% of total loans as of September 30, 2009. The majority of Charter Financial's non-mortgage loans consist of consumer loans including loans on deposit, second mortgages, home equity lines of credit, auto loans and various other installment loans. The Company primarily offers consumer loans (excluding second mortgage loans and home equity lines of credit) as an accommodation to customers. Charter Financial's consumer lending generally follows accepted industry standards for non sub-prime lending, including credit scores and debt to income ratios. Additionally, the underwriting standards applicable to home equity credit lines are similar to those applicable to one-to-four family first mortgage loans, and slightly more stringent credit-to-income and credit score requirements. The Company plans to employ a consumer lender to initiate retail lending in the expanded market while helping former NCB customers become familiar with the expanded product offerings available to them through Charter Financial.

The Company's commercial lending is generally limited to terms of five years or less. The Company typically collateralizes these loans with a lien on commercial real estate, or very rarely, with a lien on business assets and equipment. The Company also generally requires the personal guarantee of the business owner. Interest rates on commercial loans generally have

higher yields than residential or commercial real estate loans due to the risk inherent in this type of loan. The majority of the Company's commercial loans are secured by a security interest with some real estate in addition to inventory, accounts receivable, machinery, vehicles or other assets of the borrower. The Company carefully analyzes the capacity of the borrower to repay before granting a commercial loan. In addition, the liquidity and adequacy of collateral, if any, is considered.

Asset Quality

The Company's asset quality has historically been strong but the level of non-performing assets ("NPAs") has been trending upward in recent periods reflecting weakness in the local real estate market. Additionally, the Company acquired credit impaired assets as a result of the NCB acquisition which increased the reported balance of NPAs and delinquent loans. Importantly, the acquired credit-impaired assets are covered under the FDIC loss sharing agreement and have also been marked-to-market creating significant purchase discounts including a portion which is accretable. Management believes that the accretion of the purchase discounts coupled with the presence of fair value non-accretable discounts to account for the current market value of the assets minimize the risk of the acquired assets to the Company's equity and earnings.

In order to maximize the potential recoveries in acquired distressed assets and to increase the benefit of the NCB acquisition to the Company, Charter Financial has taken an aggressive stance with respect to the resolution of nonperforming assets and classified assets related to the NCB acquisition, including the following actions:

- Establishment of a loan resolution group to manage the distressed NCB loan portfolio. The four employee resolution group is headed by an experienced banker who has served as the Company's senior loan administrator and most recently as president of the LaGrange region.
- Retaining NCB's senior loan administrator and two loan officers to assist the resolution group in working out of the problem NCB assets as quickly as possible, while minimizing the resolution costs to both Charter Financial and the FDIC.
- Review of all nonperforming loans by CharterBank's counsel to assist in establishing a foreclosure strategy. As of September 30, 2009, foreclosure proceedings have been aggressively pursued for delinquent NCB loans.

A thorough review of the performing loan portfolio is also being prepared with the objective of and comprehensive and aggressively classifying all loans appropriately such that resolution plans can be established to return the delinquent assets to an earning form. The balance of the foregoing analysis of the will focus on the Company's non-covered assets, the majority of which were originated or purchased by Charter Financial. As reflected in Exhibit I-9, the non-covered NPA balance was \$18.1 million, equal to 2.16% of non-covered assets. The balance of valuation allowance totaled \$9.3 million and the ratio of allowances to total non-covered loans equaled 1.98% while reserve coverage in relation to non-covered NPAs was 51.58%.

The Company has established detailed asset classification policies and procedures which are consistent with regulatory guidelines. Detailed asset classifications are reviewed monthly by senior management and the Board. Additionally, the Company performs a review of major loans at least annually while also performing reviews of randomly selected homogenous loans. Pursuant to these procedures, when needed, the Company establishes additional valuation allowances to cover anticipated losses in classified or non-classified assets. Such reserve adequacy reviews are conducted by management on at least a quarterly basis.

Funding Composition and Strategy

Charter Financial funded operations with a combination of retail and wholesale deposits, as well as borrowings. As noted earlier, transitioning the funding liabilities to a retail-oriented deposit base is an important strategic objective of the Company. As of September 30, 2009, deposits totaled \$597.6 million, which reflects the addition of \$181.3 million of deposits inclusive of \$44 million of brokered and other wholesale deposits. Approximately \$32 million of the acquired wholesale funds have matured and were repaid with available liquidity.

As of September 30, 2009, retail deposits totaled \$463.6 million, equal to 77.6% of total deposits while the balance of deposit funds were wholesale in nature (i.e., primarily brokered and credit union CDs and totaled \$134.1 million, equal to 22.4% of deposits). Lower costing savings and transaction accounts totaling \$216.9 million and comprised approximately 36.3% of the Company's deposits at September 30, 2009 (see Exhibit I-10). The proportion of savings and transaction accounts reflects a modest increase over the last several fiscal years as the Company has intensified its marketing efforts in this regard and owing to the acquisition of NCB's deposit base which included some savings and transaction accounts. The balance of the

deposit base is comprised of CDs (\$380.7 million equal to 63.7% of total deposits), the 83.7% of which have remaining maturities of one year or less (see Exhibit I-11). As of September 30, 2009, CDs with balances equal to or in excess of \$100,000 equaled \$196.2 million, equal to 51.5% of total CDs and 32.8% of total deposits.

Borrowings have been utilized primarily as a supplemental funding source and as a source of utilized to fund the Company's wholesale leveraging strategies (see Exhibit I-12). As of September 30, 2009, the Company's borrowings consisted solely of FHLB advances and totaled \$227.0 million, equal to 24.4% of total assets. Most FHLB advances have maturities of five years or less and \$65 million are structured borrowings which can be called at the option of the FHLB. Importantly, the weighted average rate of Charter Financial's was 4.82% as of September 30, 2009 which is substantially above the prevailing market rate, and the maturing of high cost advances including \$102 million of advances maturing in the first quarter of calendar 2011 at a weighted average cost of 5.64% may potentially benefit the Company's spreads and earnings in the future.

Subsidiary

Charter Financial Corporation has no direct or indirect subsidiaries other than CharterBank. The Bank currently does not operate any wholly-owned subsidiaries.

Legal Proceedings

On September 11, 2009, Mike Horton, a shareholder of Charter Financial Corporation, filed a shareholder derivative action (Civil Action File No. 09-CV-1277) in the Superior Court of Troup County, State of Georgia, on behalf of Charter Financial Corporation and Charter Bank. The complaint names the current directors and one former director of Charter Financial Corporation and Charter Bank as defendants (the "Individual Defendants") and also names Charter Financial Corporation and Charter Bank as derivative defendants. The complaint generally alleges that the Individual Defendants acted negligently, breached their fiduciary duties, and acted with bad faith in connection with Charter Financial Corporation's and Charter Bank's investments in stock of Freddie Mac, including their decisions as to whether and when to sell such stock. The complaint seeks monetary damages from the Individual Defendants in an amount to be determined and other unspecified relief for the benefit of Charter Financial Corporation and Charter Bank. The Individual Defendants have answered, denying liability, and

have filed motions to dismiss. The Individual Defendants believe that the allegations of wrongdoing are without merit and intend to defend the lawsuit vigorously.

II. MARKET AREA ANALYSIS

Introduction

Charter Financial conducts operations along the I-85 corridor in western Georgia and eastern Alabama through the main office in West Point, Georgia (Troup County), two branches in Valley, Alabama (Chambers County), three branches in LaGrange, Georgia (Troup County), two branches in Newnan, Georgia (Coweta County), one branch in Norcross, Georgia (Gwinnett County), one branch in Opelika, Alabama (Lee County), three branch offices in Auburn, Alabama (Lee County), for a total of 13 full service offices. The Company recently acquired four branches in Georgia, along the I-85 corridor, through the NCB acquisition, including two branches in Coweta County and two branches in Fayette County. Subsequent to the NCB acquisition, management closed one of the Fayette County offices (Peachtree City) consolidating it with a nearby office.

The main office in West Point and the two Valley, Alabama offices serve the Valley area consisting of West Point, Georgia, Lanett, Alabama and Valley, Alabama. The LaGrange branches serve an adjacent community on the I-85 corridor and four branches serve the western portions of the market area in Auburn-Opelika/Lee County, Alabama area. The Company also operates LPOs in Columbus and Norcross, Georgia. Geographic expansion through LPOs has benefited the Company by extending the reach of its lending market without incurring the significant costs associated with retail branch banking. The LPOs have provided the Company with a market entrée at a limited upfront cost as the Company sought to expand the market area to nearby counties along the I-85 corridor, which is anchored by Auburn, Alabama and Atlanta and Columbus, Georgia. The NCB Acquisition also gave the Company the ability to expand into non-overlapping, yet complementary markets, as these locations are close enough to be operationally efficient, but don't significantly overlap the Company's existing retail banking footprint.

Future business and growth opportunities will be partially influenced by economic and demographic characteristics of the markets served by the Company, particularly the future growth and stability of the regional economy, demographic growth trends, and the nature and intensity of the competitive environment for financial institutions. These factors have been examined to help determine the growth potential that exists for the Company and the relative economic health of the Company's market area.

National Economic Factors

The business potential of a financial institution is partially dependent on the future operating environment and growth opportunities for the banking industry and the economy as a whole. The national economy has experienced a severe downturn in the most recent 12-18 months, as the fallout of the housing crisis has caused the wider economy to falter, with most significant indicators of economy activity declining by substantial amounts. The overall economic recession has been the worst since the great depression of the 1930s. Total U.S. employment has decreased by 7.2 million jobs in two years, as consumers have cut back on spending, causing a reduction in the need for many products and services. Total personal wealth has declined notably due to the housing crisis and drop in real estate values. The nation's gross domestic product grew at an annualized rate of 2.8% in the third quarter of 2009, compared to a 0.7% annualized decline in the second quarter of 2009. Notably, a large portion of GDP growth in the third quarter was generated through federal stimulus programs, bringing into question the sustainability of the recovery without government support.

The economic recession has caused the inflation rate to decrease notably during the first ten months of 2009. Inflation averaged 3.85% for all of 2008, and averaged a negative 0.86% for the ten months ended October 31, 2009, indicating a deflationary period. The reduction in employment has also led to fears of a prolonged period of economic stagnation, as consumers will be unwilling or unable to increase spending. The unemployment rate increased to 10.0% as of November 2009, more than doubled from 4.9% when the recession began and an increase from 6.8% in November 2008. There remains significant uncertainty about the near term future, particularly in terms of the speed at which the economy will recover, the impact of the housing crisis on longer term economic growth, and the near-term future performance of the real estate industry, including both residential and commercial real estate prices, all of which have the potential to impact future economic growth. The current and projected size of government spending and deficits also has the ability to impact the longer-term economic performance of the country.

The major stock exchange indices have reflected this downturn in the national economy, reporting significant volatility and a strong downward trend during the beginning of the most recent 12 month period, with an upward trend in the last nine months. As an indication of the changes in the nation's stock markets over the last 12 months, as of December 4, 2009, the Dow Jones Industrial Average closed at 10,388.9, an increase of 24.0% from December 4,

2008, while the NASDAQ Composite Index stood at 2,194.35, an increase of 51.8% over the same time period. The Standard & Poors 500 Index totaled 1,105.98 as of December 4, 2009, an increase of 30.8% from December 4, 2008.

Regarding factors that most directly impact the banking and financial services industries, in the past year the number of housing foreclosures have reached historical highs, medium home values have declined by double digits in most areas of the country, and the housing construction industry has been decimated. These factors have led to substantial losses at many financial institutions, and subsequent failures of institutions. Commercial lending trends are showing weakness, particularly in the area of refinancing of existing debt, leading to uncertainty for the coming periods.

In terms of interest rates, through the first half of 2004, in a reaction to try to avoid a significant slowdown of the economy, the Federal Reserve lowered key market interest rates to historical lows not seen since the 1950s, with the federal funds rate equal to 1.00% and the discount rate equal to 2.00%. Beginning in June 2004, the Fed began slowly, but steadily increasing the federal funds and overnight interest rates in order to ward off any possibility of inflation. Through June 2006, the Fed had increased interest rates a total of 17 times, and as of June 2006, the Fed Funds rate was 5.25%, up from 1.00% in early 2004, while the Discount Rate stood at 6.25%, up from 2.00% in early 2004. The Fed then held these two interest rates steady until mid-2007, at which time the downturn in the economy was evident, and the Fed began reacting to the increasingly negative economic news. Beginning in August 2007 and through December 2008, the Fed decreased market interest rates a total of 12 times in an effort to stimulate the economy, both for personal and business spending.

As of December 2008, the Discount Rate had been lowered to 0.50%, and the Federal Funds rate target was 0.00% to 0.25%. These historically low rates were intended to enable a faster recovery of the housing industry, while at the same time lower business borrowing costs, and such rates have remained in effect through December 4, 2009. The effect of the interest rate decreases since mid-2008 has been most evident in short term rates, which decreased more than longer term rates, increasing the slope of the yield curve. As of December 4, 2009, one- and ten-year U.S. government bonds were yielding 0.36% and 3.48%, respectively, compared to 0.61% and 2.55%, respectively, as of December 4, 2008. This has had a positive impact on the net interest margins of many financial institutions, as they rely on a spread between the yields on longer term assets and the costs of shorter term funding sources.

However, institutions who originate substantial volumes of prime-based loans have given up some of this pickup in yield as the prime rate declined from 4.00% as of December 4, 2008 to 3.25% as of December 4, 2009. Exhibit II-1 provides historical interest rate trends.

Market Area Demographics

The following section presents demographic details regarding Charter Financial's market area. Demographic and economic growth trends, measured by changes in population, number of households, per capita income and median household income, provide key insight into the health of the Company's market area (see Table 2.1).

Demographic statistics reflect that the markets in the Valley area where the Company has historically been based (i.e., Troup County, Georgia and Chambers County, Alabama) indicate that these markets possess small population bases (65,000 for Troup County and 35,000 for Chambers County). Moreover, population growth in these markets where the Company generates a significant portion of its retail deposits have been limited, at levels below the recent historical average for the State of Georgia.

In view of the foregoing, the Company has sought to expand outside of the Troup and Chambers County market areas, both through acquisition and de novo branching, focusing on areas within the targeted I-85 corridor which are either larger in terms of the total population and/or which possess more favorable growth trends. The characteristics for markets such as Gwinnett, Coweta and Chambers Counties are evidenced in the demographic data in Table 2.1 and reflect that all three have either greater population bases or more favorable growth trends than the Company's markets in the Valley area. Importantly, the extent to which the growth trends for these markets may be impacted by the severe recession being experienced in the Company's Georgia and Alabama markets is unknown at this time.

Income statistics further reflect the limited opportunity available for a financial institution in Troup and Chambers Counties. Specifically, income levels and income growth rates as measured by median household income and per capita income statistics are comparatively low in relation to the state and national aggregates. Moreover, income levels are generally low

Table 2.1
Charter Financial Corporation
Summary Demographic Data

	Year			Growth Rate	Growth Rate
	2000 (000)	2009 (000)	2014 (000)	2000-2009 (%)	2009-2014 (%)
<u>Population(000)</u>					
United States	281,422	309,732	324,063	1.1%	0.9%
Georgia	8,186	9,933	10,861	2.2%	1.8%
Gwinnett County	588	829	954	3.9%	2.9%
Troup County	59	65	68	1.2%	0.7%
Coweta County	89	127	148	4.0%	3.1%
Lee County, Alabama	115	135	146	1.8%	1.6%
Chambers County, Alabama	37	35	34	-0.5%	-0.6%
<u>Households(000)</u>					
United States	105,480	116,523	122,109	1.1%	0.9%
Georgia	3,006	3,648	3,994	2.2%	1.8%
Gwinnett County	202	280	320	3.7%	2.8%
Troup County	22	24	25	1.2%	0.8%
Coweta County	31	45	52	4.0%	3.1%
Lee County, Alabama	46	56	61	2.2%	1.8%
Chambers County, Alabama	15	14	14	-0.2%	-0.4%
<u>Median Household Income(\$)</u>					
United States	\$42,164	\$54,719	\$56,938	2.9%	0.8%
Georgia	42,686	56,761	58,593	3.2%	0.6%
Gwinnett County	60,523	82,550	87,684	3.5%	1.2%
Troup County	35,428	42,902	43,813	2.1%	0.4%
Coweta County	52,874	67,450	71,905	2.7%	1.3%
Lee County, Alabama	31,022	36,635	38,387	1.9%	0.9%
Chambers County, Alabama	29,633	34,801	36,539	1.8%	1.0%
<u>Per Capita Income(\$)</u>					
United States	\$21,587	\$27,277	\$28,494	2.6%	0.9%
Georgia	21,154	26,980	28,427	2.7%	1.1%
Gwinnett County	25,006	33,983	35,044	3.5%	0.6%
Troup County	17,626	20,316	20,835	1.6%	0.5%
Coweta County	21,949	27,762	28,684	2.6%	0.7%
Lee County, Alabama	17,158	19,861	20,587	1.6%	0.7%
Chambers County, Alabama	15,147	17,645	18,247	1.7%	0.7%
<u>2009 HH Income Dist.(%)</u>					
	<u>\$25,000</u>	<u>50,000</u>	<u>\$100,000</u>	<u>\$100,000 +</u>	
United States	20.9%	24.5%	35.3%	19.3%	
Georgia	20.7%	23.1%	36.8%	19.4%	
Gwinnett County	7.3%	14.1%	41.3%	37.3%	
Troup County	29.9%	27.6%	33.2%	9.4%	
Coweta County	13.9%	20.1%	41.4%	24.7%	
Lee County, Alabama	38.8%	22.9%	29.3%	8.9%	
Chambers County, Alabama	37.3%	29.4%	28.7%	4.6%	

Source: SNL Financial, LC.

relative to markets where the Company has recently expanded (Gwinnett and Coweta Counties) which are proximate to Atlanta with its higher paying jobs.

Household income distribution measures further imply that the Company's market area closer to Atlanta contains higher overall income levels, while the more rural areas contain lower income levels, as the income distribution measures indicated significantly higher percentages of households with incomes above \$50,000 for Gwinnett and Coweta Counties, compared to the state and the nation. Conversely, the proportion of households with income levels with below \$50,000 was 57.5% in Troup County and 66.7% in Chambers County.

Regional/Local Economic Factors

Real Estate Market/Bank Failures

Like many markets nationwide, Charter Financial's market area along the I-85 corridor has been impacted by the recessionary environment. The real estate market has been particularly impacted as the high growth Georgia market became overbuilt resulting in the boom turning to bust. For the third quarter of 2009, Georgia maintained the seventh highest foreclosure rate in the United States and posted the seventh highest number of foreclosure filings nationwide. The mounting foreclosures on top of an already overbuilt market have brought Georgia to the top of the list in bank failures.

A total of 149 banks and thrifts have failed nationwide since 2008, with 124 occurring in 2009 alone. The State of Georgia, while home to just 4% of all U.S. banks, reported 17% of the nation's bank failures since the beginning of 2009. More banks have collapsed in Georgia than in any other U.S. state, even compared to California and Florida, who have higher foreclosure rates and posted more foreclosure filings, as of September 2009. Twenty-one Georgia banks have been seized by regulators this year, with defaulting construction and development loans playing a significant role in many of the failures.

Given the high level of delinquent loans haunting the remaining Georgia-based banks, more financial institution failures are expected. Approximately 30 banks in the state are at risk of failing, according to one regulatory source. Poorly underwritten loans to builders and developers in the Atlanta area seem to be at the root of many of the failures. Most of the failed Georgia institutions made outsized bets during the real estate boom on residential and commercial construction projects in the Atlanta area. Additionally, a weakened commercial real

estate market which has increased delinquencies rates in those portfolios has also contributed to the growing number of problem institutions. The Company recognizes that the overbuilt nature of the real estate market in some areas will also impact the Company, both from an ability to lend over the near term and workout the Company's non-performing assets, specifically the acquired NCB non-performing assets.

Importantly, Charter Financial believes that the current market dislocation represents an opportunity for the Company. First, the level of competition presented by many banks may diminish both from a lending and deposit perspective as competing institutions are forced to retrench in many cases. Second, more bank failures will present the Company with additional acquisition opportunities and the potential to continue to expand its retail depository franchise at relatively low cost.

Unemployment Trends

Rising unemployment rates in the Georgia market are indicative of the weakened economic fundamentals of the Georgia economy. In this regard, the unemployment rate in October 2009 was equal to 10.2% which represents an increase from 6.6% a year prior and equals the October 2009 national average of 10.2%. Job losses have occurred across the full business spectrum and not just in the construction arena, as trade, manufacturing, and the professional and business services sectors have experienced rising unemployment, as well.

Comparative unemployment rates for Georgia, the Company's market area counties, as well as for the U.S., are shown in Table 2.2. All of the Company's market area counties reported unemployment rates above the national and state aggregates, with the exception of Gwinnett County, Georgia (9.4%) and Lee County, Alabama (8.8%). The market area unemployment rates ranged from a low of 8.8% in Lee County, Alabama to 19.9% in the more rural Chambers County, as compared to the State of Georgia at 10.2% and the national unemployment rate reported at 9.5%. Unemployment rates in the Company's market as well as on a state and national basis have been trending upward for the most recent 12 month period for which data is available, as the regional and national economies have been responding to the troubled housing, credit, and financial sectors that have caused many employers to cut down on employees or limit hiring.

Table 2.2
Charter Financial Corporation
Market Area Unemployment Trends

<u>Region</u>	<u>October 2008 Unemployment</u>	<u>October 2009 Unemployment</u>
United States	6.6%	10.2%
Georgia	7.0	10.2
Gwinnett County	6.4	9.4
Troup County	8.9	12.6
Coweta County	6.3	10.5
Lee County, Alabama	4.7	8.8
Chambers County, Alabama	15.2	19.9

Source: U.S. Bureau of Labor Statistics.

Market Area Deposit Characteristics

Competition among financial institutions in the Company's market area is also significant, as larger institutions compete for market share to achieve economies of scale while smaller community banks seek to carve out their respective market niches. Among the Company's competitors are larger and more diversified institutions such as Bank of America and Wells Fargo Bank. Other regional financial institution competitors include a number of smaller locally based commercial banks and savings institutions.

Table 2.3 displays deposit market trends for the Company's market area counties and the State of Georgia as of June 30, 2005 and June 30, 2009. Deposits have increased at an annual rate of 5.4% in Georgia over the time period, with commercial banks deposits increasing at a faster rate than the statewide average, and savings institutions losing deposits over that time period. The loss of deposits by savings institutions is primarily due to the failure of Netbank. As of June 30, 2009, commercial banks held 97.2% of total financial institution deposits in Georgia, an increase four years earlier. The total number of banking institution branch offices in Georgia also increased over the four year period. Annual deposit growth from 2005 to 2009 in the Company's market area counties ranged from a high of 10.0% in Coweta County to a low of 2.8% in Chambers County, Alabama. The market is dominated by commercial banks in all of the market area counties.

As of June 30, 2009, the Company was the only locally owned and operated savings institution in Troup County, Georgia and Lee and Chambers Counties in Alabama.

Table 2.3
Charter Financial Corporation
Deposit Summary

	As of June 30,						Deposit Growth Rate 2005-2009 (%)
	2005			2009			
	Deposits	Market Share	Number of Branches (Dollars In Thousands)	Deposits	Market Share	No. of Branches	
Deposit Summary							
State of Georgia	\$149,442,000	100.0%	2,643	\$184,318,000	100.0%	2,839	5.4%
Commercial Banks	143,154,000	95.8%	2,481	179,195,000	97.2%	2,694	5.8%
Savings Institutions	6,288,000	4.2%	162	5,123,000	2.8%	145	-5.0%
Gwinnett County	\$9,344,042	100.0%	192	\$11,099,232	100.0%	215	4.4%
Commercial Banks	9,022,283	96.6%	171	10,765,639	97.0%	193	4.5%
Savings Institutions	321,759	3.4%	21	333,593	3.0%	22	0.9%
CharterBank	0	0.0%	0	23,724	0.2%	1	-
Troup County	\$874,420	100.0%	21	\$1,121,782	100.0%	25	6.4%
Commercial Banks	703,074	80.4%	18	859,801	76.6%	21	5.2%
Savings Institutions	171,346	19.6%	3	261,981	23.4%	4	11.2%
CharterBank	171,346	19.6%	3	261,981	23.4%	4	11.2%
Coweta County	\$1,054,068	100.0%	46	\$1,545,340	100.0%	35	10.0%
Commercial Banks	1,048,653	99.5%	44	1,363,180	88.2%	32	6.8%
Savings Institutions	5,415	0.5%	2	182,160	11.8%	3	140.8%
CharterBank	0	0.0%	0	181,502	11.7%	2	-
Lee County, AL	\$1,407,180	100.0%	36	\$1,904,122	100.0%	40	7.9%
Commercial Banks	1,342,940	95.4%	32	1,808,185	95.0%	36	7.7%
Savings Institutions	64,240	4.6%	4	95,937	5.0%	4	10.5%
CharterBank	64,240	4.6%	4	95,937	5.0%	4	10.5%
Chambers County, AL	\$272,296	100.0%	10	\$304,287	100.0%	10	2.8%
Commercial Banks	201,543	74.0%	8	230,477	75.7%	8	3.4%
Savings Institutions	70,753	26.0%	2	73,810	24.3%	2	1.1%
CharterBank	70,753	26.0%	2	73,810	24.3%	2	1.1%

Source: FDIC.

The Company's reported deposit market shares ranged from a low of 0.2% in Gwinnett County to 24.3% in Chambers County, Alabama. The low deposit market share in Gwinnett County is indicative of the competitive situation in the Atlanta MSA, while the higher deposit market shares reveal the smaller more rural areas of the Company's market, more distant from Atlanta.

The Company will continue to evaluate opportunities to increase deposit market share through other acquisitions of financial institutions or establishing additional branch sites, both in existing and contiguous markets. The Company's growth may be facilitated by branch or whole bank acquisitions including assisted transaction similar to the NCB acquisition but none are contemplated at this time.

III. PEER GROUP ANALYSIS

This chapter presents an analysis of Charter Financial's operations versus a group of comparable publicly-traded financial institutions (the "Peer Group") selected from the universe of all publicly-traded financial institutions in a manner consistent with the regulatory valuation guidelines and other regulatory guidance. The basis of the pro forma market valuation of Charter Financial is derived from the pricing ratios of the Peer Group institutions, incorporating valuation adjustments for key differences in relation to the Peer Group. Since no Peer Group can be exactly comparable to Charter Financial, key areas examined for differences are: financial condition; profitability, growth and viability of earnings; asset growth; primary market area; dividends; liquidity of the shares; marketing of the issue; management; and effect of government regulations and regulatory reform.

Peer Group Selection

The Peer Group selection process is governed by the general parameters set forth in the regulatory valuation guidelines and other regulatory guidance. The Peer Group is comprised of only those publicly-traded thrifts whose common stock is either listed on a national exchange (NYSE or AMEX) or is NASDAQ listed, since their stock trading activity is regularly reported and generally more frequent than non-publicly traded and closely-held institutions. Non-listed institutions are inappropriate since the trading activity for thinly-traded or closely-held stocks is typically highly irregular in terms of frequency and price and thus may not be a reliable indicator of market value. We have also excluded from the Peer Group those companies under acquisition or subject to rumored acquisition, mutual holding companies and recent conversions, since their pricing ratios are subject to unusual distortion and/or have limited trading history. A recent listing of the universe of all publicly-traded savings institutions is included as Exhibit III-1.

Ideally, the Peer Group should be comprised of locally or regionally-based institutions with comparable resources, strategies and financial characteristics. There are approximately 148 publicly-traded institutions nationally, which includes approximately 40 publicly-traded MHCs. Given this limited number of public full stock thrifts, it is typically the case that the Peer Group will be comprised of institutions which are not directly comparable, but the overall group will still be the "best fit" group. To the extent that differences exist between the converting institution and the Peer Group, valuation adjustments will be applied to account for the

differences. Since Charter Financial will be a full public company upon completion of the offering, we considered only full stock companies to be viable candidates for inclusion in the Peer Group.

Based on the foregoing, from the universe of 108 fully converted publicly-traded thrifts, we selected ten institutions with characteristics similar to those of Charter Financial. The selection process applied is first described below, and then each member is briefly described.

- Southeast Institutions with assets of less than \$5 billion. There were a total of eleven full stock publicly-traded Southeast U.S. thrifts with total assets below \$5 billion that met this screen. Two institutions, FirstFed Bankshares of Arkansas and Superior Bancorp of Arkansas were excluded from the Peer Group as a result of their high ratio of NPAs to assets equal to 13.7% and 6.7% of assets, respectively, and their significant operating losses owing to the establishment of substantial loan loss provisions. We included the remaining nine institutions in the Peer Group.

In order to round out the Peer Group to a total of ten institutions, we expanded our search to adjacent regional markets and included ESB Financial Corp. of PA in the Peer Group. ESB Financial Corp operates in a low growth western Pennsylvania market that is similar to the Company, and the ESB Financial Corp balance sheet composition consisting of a high level of investments funded by borrowed funds is also similar to that of the Company. The combination of ESB Financial Corp. and the nine Southeast U.S. institutions comprised our Peer Group. Table 3.1 shows the general characteristics of each of the Peer Group companies. While there are expectedly some differences between the Peer Group companies and Charter Financial, we believe that the Peer Group companies, on average, provide a good basis for valuation subject to valuation adjustments. The following sections present a comparison of Charter Financial's financial condition, income and expense trends, loan composition, interest rate risk and credit risk versus the Peer Group as of the most recent publicly available date. A summary description of the key characteristics of each of the Peer Group companies is detailed below.

- **Citizens South Banking Corporation of North Carolina.** Citizens South Banking Corporation ("Citizens South") is a savings and loan holding company based in Gastonia, South Carolina. Citizens South conducts operations from 16 retail banking offices in and around the Charlotte MSA. Citizens South has focused its efforts on building a community bank operating strategy with a range of products and services offered by larger regional and superregional banking institutions while seeking to provide a high level of service. Citizens South has expanded through several acquisitions completed earlier this decade. Citizens South has also stated its intent to pursue acquisitions in the current

Table 3.1
Peer Group of Publicly-Traded Thrifts
December 4, 2009

<u>Ticker</u>	<u>Financial Institution</u>	<u>Exchange</u>	<u>Primary Market</u>	<u>Operating Strategy(1)</u>	<u>Total Assets(2)</u>	<u>Offices</u>	<u>Fiscal Year</u>	<u>Conv. Date</u>	<u>Stock Price (\$)</u>	<u>Market Value (\$Mil)</u>
FFCH	First Financial Holdings Inc. of SC	NASDAQ	Charleston, SC	Thrift	\$3,510	53	09-30	11/83	\$12.99	\$207
ESBF	ESB Financial Corp. of PA	NASDAQ	Ellwood City, PA	Thrift	\$1,979	23	12-31	06/90	\$12.90	\$156
CSBC	Citizens South Banking Corp. of NC	NASDAQ	Gastonia, NC	Thrift	\$821	14	12-31	10/02	\$5.50	\$41
TSH	Teche Holding Co. of N. Iberia LA	AMEX	New Iberia, LA	Thrift	\$790 J	20	09-30	04/95	\$31.66	\$66
JFBI	Jefferson Bancshares Inc. of TN	NASDAQ	Morristown, TN	Thrift	\$654	5	06-30	07/03	\$5.00	\$34
CFFC	Community Financial Corp. of VA	NASDAQ	Staunton, VA	Thrift	\$541	10	03-31	03/88	\$4.75	\$21
HBCP	Home Bancorp Inc. Lafayette LA	NASDAQ	Lafayette, LA	Thrift	\$533	11	12-31	10/08	\$12.35	\$110
FABK	First Advantage Bancorp of TN	NASDAQ	Clarksville, TN	Thrift	\$353	4	12-31	11/07	\$10.59	\$47
LABC	Louisiana Bancorp. Inc. of LA	NASDAQ	Metairie, LA	Thrift	\$332	3	12-31	07/07	\$14.50	\$75
GSLA	GS Financial Corp. of LA	NASDAQ	Metairie, LA	Thrift	\$271	5	12-31	04/97	\$13.38	\$17

NOTES: (1) Operating strategies are: Thrift=Traditional Thrift, M.B.=Mortgage Banker, R.E.=Real Estate Developer, Div.=Diversified and Ret.=Retail Banking.

(2) Most recent quarter end available (E=Estimated and P=Pro Forma).

Source: SNL Financial, LC.

environment including acquisitions with FDIC financial assistance. Notwithstanding a recent increase in NPAs which have diminished core earnings, Citizens South's capital ratio remains strong, equal to 9.0% of assets on a tangible basis. Citizens South completed its second-step conversion in October 2002. At September 30, 2009, Citizens South had total assets of \$821 million, and deposits of \$601.6 million. For the twelve months ended September 30, 2009, Citizens South reported earnings of \$754,000 for a return on average assets of 0.08%. Citizens South had a market capitalization of \$41 million at December 4, 2009.

- **Community Financial Corporation of Virginia.** Community Financial Corporation ("Community Financial") is a savings and loan holding company based in Staunton, Virginia. Community Financial conducts operations from 11 retail banking offices in western Virginia. Community Financial maintains a very high proportion of assets invested in loans, including a diverse mix of residential and commercial mortgage loans. Relatively high asset yields coupled with a favorable cost of funds supports its 1.07% ROA, which is the highest of any of the Peer Group companies. At September 30, 2009, Community Financial had total assets of \$541.1 million, deposits of \$389.0 million and a tangible equity-to-assets ratio of 8.8%. For the twelve months ended September 30, 2009, Community Financial reported earnings of \$5.5 million for a return on average assets of 1.07%. Community Financial had a market capitalization of \$21 million at December 4, 2009.
- **ESB Financial Corp. of Pennsylvania.** ESB Financial Corp. is the savings and loan holding company for ESB Bank, headquartered in Ellwood, Pennsylvania. Importantly, while ESB Financial Corp. operates in western Pennsylvania outside of the southeast region of the U.S., the growth and income characteristics are relatively comparable to Charter Financial's slow growth and moderate income markets. Moreover, the fact that ESB Financial's balance sheet reflects a significant wholesale component with the investment portfolio exceeding the loan portfolio and the funding composition reflecting nearly equal amounts of deposits and borrowed funds enhances the comparability to the Company. Growth of ESB Financial has been the result of both internal growth and five prior acquisitions dating back to the early 1990s, two of which were completed earlier in this decade. At September 30, 2009, ESB Financial reported \$2.0 billion of assets, deposits of \$926.5 million and a tangible equity-to-assets ratio of 6.3%. For the twelve months ended September 30, 2009, ESB Financial reported earnings of \$11.9 million for a return on average assets of 0.60%. ESB Financial had a market capitalization of \$156 million at December 4, 2009.
- **First Advantage Bancorp of Tennessee.** First Advantage Bancorp, Inc. ("First Advantage") is the savings and loan holding company of First Federal Savings Bank, which operates through 5 offices in northcentral Tennessee. First Advantage completed its conversion from mutual-to-stock form in November 2007, which increased its tangible equity-to-assets ratio to a level in excess of 20% of assets. First Advantage's asset investment strategy is primarily focused on mortgage lending while it also maintains a significant investment portfolio, the majority of which are held as available for sale ("AFS"). Asset quality is relatively strong but earnings comparatively modest, notwithstanding the strong capital ratio, as a result of the high operating expense ratio. At September 30, 2009,

First Advantage Bancorp had total assets of \$352.7 million, deposits of \$207.9 million and a tangible equity-to-assets ratio of 20.1%. For the twelve months ended September 30, 2009, First Advantage Bancorp reported earnings of \$999,000 for a return on average assets of 0.29%. First Advantage Bancorp had a market capitalization of \$47 million at December 4, 2009.

- **First Financial Holdings, Inc. of South Carolina.** First Financial Holdings, Inc. ("First Financial") is a savings and loan holding company based in Charleston, South Carolina and operating through a total of 65 offices in South Carolina and North Carolina. First Financial recently completed a FDIC assisted transaction with loss share coverage involving \$303.0 million of deposits and covered assets of \$395.4 million, realizing a \$28.9 million gain. The recent transaction enhances the comparability to Charter Financial. At September 30, 2009, First Financial had total assets of \$3.5 billion, deposits of \$2.3 billion and a tangible equity-to-assets ratio of 8.9%. For the twelve months ended September 30, 2009, First Financial reported earnings of \$29.3 million for a return on average assets of 0.90%. First Financial had a market capitalization of \$207 million at December 4, 2009.
- **GS Financial Corp. of Louisiana.** GS Financial Corp. ("GS Financial") is a savings and loan holding company which operates through a total of 5 branch offices covering the southeast corner of Louisiana. The composition of the assets and liability bases is predominated by whole loans and deposits, respectively, which stands in contrast to the Company's asset and liability composition which has a greater wholesale component. GS Financial has a comparable NPA ratio to Charter Financial excluding covered assets. At September 30, 2009, GS Financial had total assets of \$271 million which makes it the smallest Peer Group Company, deposits of \$199.1 million and a tangible equity-to-assets ratio of 10.5%. For the twelve months ended September 30, 2009, GS Financial reported earnings of \$815,000 for a return on average assets of 0.33%. GS Financial had a market capitalization of \$17 million at December 4, 2009.
- **Home Bancorp, Inc. of Louisiana.** Home Bancorp, Inc. of Louisiana ("Home Bancorp") is a savings and loan holding company operating nine full service banking offices in the Acadiana region of Louisiana and two full service banking offices and a loan production office in Baton Rouge, Louisiana. Home Bancorp maintains a broadly diversified loan portfolio primarily focused on mortgage loans (both residential and commercial) and funds operations primarily with deposits as borrowed funds have been limited. Asset quality is strong with NPAs below the Peer Group average while the tangible equity/assets ratio is in excess of any Peer Group member on an individual basis as a result of the completion of its standard conversion transaction in October 2008. At September 30, 2009, Home Bancorp had total assets of \$533.4 million, deposits of \$376.6 million and a tangible equity-to-assets ratio of 24.9%. For the twelve months ended September 30, 2009, Home Bancorp reported earnings of \$3.9 million for a return on average assets of 0.74%. Home Bancorp had a market capitalization of \$110 million at December 4, 2009.
- **Jefferson Bancshares, Inc. of Tennessee.** Jefferson Bancshares, Inc. ("Jefferson Bancshares") is a savings and loan holding company based in

Morristown, Tennessee which is located in the northeastern portion of the Tennessee. Enhancing the comparability to the Company, Jefferson Bancshares recently completed an acquisition transaction on an unassisted basis but at a nominal purchase price effectively doubling the branch structure to a total of 12 offices. As a result, Jefferson Bancshares has substantially leveraged the capital raised in its second step conversion which was completed in 2003. The ratio of NPAs approximates the Peer Group average and the loan portfolio reflects a broad mix of mortgage loans and comparatively smaller balances of non-mortgage loans. At September 30, 2009, Jefferson Bancshares had total assets of \$654.4 million, deposits of \$463.1 million and a tangible equity-to-assets ratio of 8.9%. For the twelve months ended September 30, 2009, Jefferson Bancshares reported earnings of \$2.6 million for a return on average assets of 0.42%. Jefferson Bancshares had a market capitalization of \$34 million at December 4, 2009.

- **Louisiana Bancorp of Louisiana.** Louisiana Bancorp operates through a total of 3 offices in the New Orleans metropolitan area. As a result of its conversion to a stock company in 2007, Louisiana Bancorp maintains a very strong capital position in excess of 20% of assets. Wholesale investments comprise a significant portion of the interest-earning asset portfolio with a significant investment in MBS. Asset quality ratios are favorable in relation to the Peer Group average reflecting the high proportion of investments in low risk residential mortgages (inclusive of agency MBS) which, coupled with Louisiana Bancorp's strong capital position, supports an ROA which is at the upper end of the Peer Group range. At September 30, 2009, Louisiana Bancorp had total assets of \$332.2 million, deposits of \$186.6 million and a tangible equity-to-assets ratio of 23.8%. For the twelve months ended September 30, 2009, Louisiana Bancorp reported earnings of \$2.6 million for a return on average assets of 0.82%. Louisiana Bancorp had a market capitalization of \$75 million at December 4, 2009.
- **Teche Holding Company of Louisiana.** Teche Holding Company ("Teche") operates through a total of 20 offices in southern Louisiana. Teche is primarily a residential mortgage lender with modest balances of other mortgage and non-mortgage loans comprising the loan portfolio. While Teche operates with a relatively high operating expense ratio, their earnings impact is offset by the relatively high levels of non-interest fee income generated through the depository operations. At June 30, 2009, Teche had total assets of \$789.5 million, deposits of \$585.5 million and a tangible equity-to-assets ratio of 8.4%. For the twelve months ended June 30, 2009, Teche Holding Company reported earnings of \$7.3 million for a return on average assets of 0.93%. Teche Holding Company had a market capitalization of \$66 million at December 4, 2009.

In aggregate, the Peer Group companies maintain a higher equity level as the industry average (13.02% of assets versus 10.10% for all public companies) and generate a higher level of core profitability (0.52% for the Peer Group versus a loss of 0.35% for all public companies). Accordingly, the Peer Group companies have a positive ROE whereas all public companies have a negative ROE (positive ROE of 4.55% for the Peer Group versus negative 2.12% for all

public companies). Overall, the Peer Group's pricing ratios were at a modest premium to all publicly traded thrift institutions on a P/TB basis but were discounted to the Peer Group's Price/Core earnings multiples (many public companies did not have meaningful core earnings multiples owing to their trailing loss position).

	<i>All Publicly-Traded</i>	<i>Peer Group</i>
<u>Financial Characteristics (Averages)</u>		
Assets (\$Mil)	\$2,909	\$978
Market Capitalization (\$Mil)	\$313	\$77
Tangible Equity/Assets (%)	10.10%	13.02%
Core Return on Average Assets (%)	(0.35%)	0.52%
Core Return on Average Equity (%)	(2.12%)	4.55%
<u>Pricing Ratios (Averages)(1)</u>		
Price/Core Earnings (x)	16.58x	14.25x
Price/Tangible Book (%)	76.50%	80.77%
Price/Assets (%)	7.57%	9.89%

(1) Based on market prices as of December 4, 2009.

Sources: Tables 3.2 and 4.1.

The companies selected for the Peer Group were relatively comparable to Charter Financial on average, and are considered to be the "best fit" Peer Group. While there are many similarities between Charter Financial and the Peer Group on average, there are some differences as well. The following comparative analysis highlights key similarities and differences relative to the Peer Group.

Financial Condition

Table 3.2 shows comparative balance sheet measures for Charter Financial and the Peer Group, reflecting balances as of September 30, 2009 for the Company and either June 30, 2009 or September 30, 2009 for the Peer Group. On a reported basis, Charter Financial's equity-to-assets ratio of 10.5% was below the Peer Group's average equity/assets ratio of 14.0%. Tangible equity-to-assets ratios for the Company and the Peer Group equaled 9.9% and 12.9%, respectively. The smaller differential in the tangible equity ratios reflects the higher proportion of goodwill and other intangible assets for the Peer Group on average in comparison to Charter Financial. On a pro forma basis, Charter Financial's equity ratio will likely exceed both the Peer Group averages and median ratios based on current market conditions. Both the

Table 3.2
Balance Sheet Composition and Growth Rates
Comparable Institution Analysis
As of September 30, 2009

	Balance Sheet as a Percent of Assets				Balance Sheet Annual Growth Rates										Regulatory Capital							
	Equity	MBS & Investments	BOJ	Loans	Deposits	Borrowed Funds	Subordinated Debt	Net Worth	Goodwill & Intangibles	Trp Net Worth	Assets	MBS Investments	Cash & Treasuries	Loans	Deposits	Borrowed Funds	Net Worth	Trp Net Worth	Tangible	Core	Reg Cap	
Charter Financial Corporation September 30, 2009	5.7%	23.5%	3.2%	59.0%	63.8%	24.2%	0.0%	10.5%	0.6%	9.9%	16.86%	-10.30%	28.96%	42.23%	-14.96%	-3.95%	-4.03%	9.30%	9.30%	9.30%	15.71%	
All Public Companies																						
Averages	4.3%	20.7%	1.3%	69.0%	70.3%	16.6%	0.5%	11.4%	0.9%	10.5%	6.61%	15.01%	3.66%	12.45%	-12.58%	3.50%	4.65%	9.11%	9.84%	9.84%	18.02%	
Medians	3.3%	18.6%	1.4%	70.3%	71.8%	14.9%	0.0%	10.2%	0.0%	9.4%	4.28%	8.55%	2.21%	9.18%	-13.26%	1.82%	1.96%	9.11%	9.05%	9.05%	13.56%	
State of CA																						
Averages	5.9%	20.9%	2.8%	65.6%	66.0%	22.6%	0.0%	10.2%	0.1%	10.0%	-5.96%	3.68%	-8.43%	-2.73%	-14.59%	-11.19%	-9.91%	9.80%	9.80%	9.80%	15.45%	
Medians	5.9%	20.9%	2.8%	65.6%	66.0%	22.6%	0.0%	10.2%	0.1%	10.0%	-5.96%	3.68%	-8.43%	-2.73%	-14.59%	-11.19%	-9.91%	9.80%	9.80%	9.80%	15.45%	
Comparable Group																						
Averages	4.6%	23.5%	0.8%	65.6%	66.6%	17.8%	0.7%	14.0%	1.1%	12.9%	18.18%	8.67%	17.90%	15.55%	-2.69%	10.47%	10.47%	12.13%	12.10%	12.10%	20.56%	
Medians	4.5%	17.7%	1.0%	70.5%	71.2%	16.8%	0.0%	11.4%	0.2%	9.0%	8.99%	3.96%	10.73%	10.63%	-8.01%	5.50%	3.74%	10.96%	10.96%	10.96%	17.36%	
Comparable Group																						
CSBC Citizens South Banking Corp of NC	5.5%	11.5%	2.1%	74.0%	73.3%	11.6%	1.9%	12.7%	3.7%	9.0%	-0.29%	10.27%	-2.28%	2.85%	-24.95%	25.55%	41.22%	NA	NA	NA	NA	
CFRC Community Financial Corp of VA	0.6%	1.5%	1.1%	92.5%	71.9%	18.8%	0.0%	8.6%	0.0%	8.6%	10.23%	8.78%	9.22%	10.63%	-5.07%	NM	NM	8.36%	8.26%	8.26%	10.56%	
ESBF ESB Financial Corp of PA	1.8%	57.7%	1.5%	33.8%	46.8%	41.2%	2.3%	8.5%	2.2%	6.3%	0.87%	3.96%	-1.61%	6.13%	-9.01%	32.30%	49.97%	NA	NA	NA	NA	
FABK First Advantage Bancorp of TN	5.0%	33.0%	0.1%	57.4%	59.0%	20.1%	0.0%	20.1%	0.0%	20.1%	7.75%	-4.40%	21.86%	20.55%	-14.78%	3.74%	3.74%	12.05%	12.05%	12.05%	17.53%	
FECH First Financial Holdings Inc of SC	2.2%	16.0%	0.0%	74.6%	65.6%	21.4%	1.3%	10.0%	1.1%	8.9%	18.03%	34.59%	12.24%	24.45%	-10.66%	NM	NM	NA	NA	NA	NA	
GSLS GS Financial Corp of LA	8.7%	19.4%	0.0%	67.5%	73.5%	15.0%	0.0%	10.5%	0.0%	10.5%	24.88%	32.52%	22.38%	44.12%	-18.62%	3.57%	3.57%	9.87%	9.87%	9.87%	17.36%	
HBCF Home Bancorp Inc Lafayette LA	9.2%	22.1%	1.0%	63.6%	70.6%	3.7%	0.0%	24.9%	0.0%	24.9%	6.04%	3.15%	7.47%	6.55%	25.47%	NM	NM	NA	NA	NA	NA	
JFB Jefferson Bancshares Inc of TN	5.7%	9.2%	0.9%	73.6%	72.3%	14.0%	1.1%	12.3%	3.8%	8.6%	98.09%	NM	67.97%	NM	NM	10.35%	-23.36%	NA	NA	NA	NA	
LABC Louisiana Bancorp Inc of LA	3.9%	51.3%	0.0%	43.4%	56.2%	18.5%	0.0%	23.8%	0.0%	23.8%	14.53%	1.94%	36.35%	25.17%	21.32%	-7.72%	-7.72%	18.22%	18.22%	18.22%	44.73%	
TSH Teche Holding Co of N Iberia LA (1)	2.7%	13.5%	1.6%	77.5%	76.7%	13.5%	0.0%	8.9%	0.5%	8.4%	1.65%	-10.74%	5.27%	-0.48%	11.08%	5.50%	5.90%	NA	NA	NA	12.72%	

(1) Financial information is for the quarter ending June 30, 2009.
Source: SNL Financial, LC and RP Financial, LC calculations. The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

Company and the Peer Group currently maintain surpluses with respect to their respective regulatory capital requirements.

The increase in Charter Financial's pro forma equity position will be favorable from an interest rate risk perspective and in terms of posturing for future earnings growth as the net proceeds are reinvested and leveraged. The Company's business plan is focused on increasing earnings through internal growth and external expansion, possibly through acquisition of regionally based insolvent institutions with FDIC financial assistance and asset guarantees. Several of the Peer Group companies have completed acquisition transactions in recent periods and others may likely be seeking undertake acquisitions subject to the restraints imposed by a competitive bidding process and available opportunities.

The interest-earning asset ("IEA") composition for the Company and the Peer Group reflects material differences in terms of the proportion of loans, as Charter Financial's ratio of loans/assets of 59.0% falls below the Peer Group average ratio of 65.8%. At the same time, Charter Financial's level of cash and investments, equal to 29.2% of assets, slightly exceeds the comparable Peer Group average of 28.1%. Overall, Charter Financial's interest-earning assets amounted to 88.2% of assets, which was modestly below the Peer Group's average ratio of 93.9%. Both the Company's and the Peer Group's IEA ratios exclude BOLI as an interest-earning asset. On a pro forma basis immediately following the Second Step Conversion, a portion of the proceeds will initially be invested into shorter term investment securities and/or MBS increasing the relative proportion of cash and investments for the Company in comparison to the Peer Group over the short term.

The Company's deposits equaled 63.8% of assets, which was below the Peer Group average of 66.6%. A unique aspect of the Company's deposit base in comparison to the Peer Group is the large balance of jumbo deposits, including brokered and credit union CDs. The Company has utilized borrowings to a greater extent than the Peer Group, on average, at 24.2% and 18.5% of assets (includes subordinated debt), respectively. The Company did not have any subordinated debt while funds derived from this source averaged 0.7% of assets for the Peer Group. Total interest-bearing liabilities ("IBL") maintained by Charter Financial and the Peer Group, equaled 88.0% and 85.1% of assets, respectively. The ratio of IBL will be reduced on a post-offering basis as the Company funds a greater portion of its operations with equity.

A key measure of balance sheet strength for a financial institution is the IEA/IBL ratio, with higher ratios often facilitating stronger profitability levels, depending on the overall

asset/liability mix. Presently, the Company's IEA/IBL ratio of 100.2% is below the Peer Group's average ratio of 110.3%. Importantly, the shortfall is partially attributable to the Company's significant investment in BOLI, which generates fee income as the cash surrender value increases, and the presence of the FDIC indemnification asset which will diminish over time as cash is received from the FDIC pursuant to the loss share coverage agreement. Moreover, the additional capital realized from stock proceeds will considerably increase the IEA/IBL ratio, as the net proceeds realized from Charter Financial's stock offering are expected to be reinvested into interest-earning assets and the increase in the Company's equity position will result in a lower level of interest-bearing liabilities funding assets.

The growth rate section of Table 3.2 shows growth rates for key balance sheet items for the most recent s for which data is available. Charter Financial's assets increased by 16.9% versus asset growth of 18.2% for the Peer Group on average and 9.0% based on the median. Importantly, the Peer Group's asset growth was skewed up by two companies which had very strong growth rates reflecting in part, their completion of acquisition transactions during the trailing twelve month period (First Financial of SC and Jefferson Bancshares of TN). At the same time, the median asset growth for the Peer Group companies was lower, equal to 9.0%. Select other growth measures for the Company also exceeded the Peer Group averages owing to the completion of the NCB acquisition including the loan growth rate (28.96% for the Company versus an average of 17.90% for the Peer Group) and the deposit growth rate (42.23% for the Company versus an average of 15.55% for the Peer Group). Charter Financial's borrowed funds shrank by 14.98%, partially utilizing liquidity generated through the NCB acquisition, while the Peer Group's borrowings shrank by a comparatively modest amount, equal to 2.69%. Similarly, the Company's MBS and investments portfolio also diminished by 10.3% as the proceeds were employed to fund the reduction in wholesale funding sources while cash and investments increased for the Peer Group by an average of 8.7%. Equity diminished for the Company by 3.95%, notwithstanding interim earnings, as a result of dividends paid to shareholders and owing to valuation adjustments on AFS securities net of deferred taxes. In contrast, the Peer Group reported positive equity growth which equaled 10.47% on average but which increased at a lower 5.50% rate based on the median.

Income and Expense Components

Table 3.3 shows comparative income statement measures for Charter Financial and the Peer Group, reflecting earnings for the twelve months ended September 30, 2009 for Charter Financial and as of June 30, 2009 or September 30, 2009, for the Peer group. Charter Financial reported a net income to average assets ratio of 0.27% versus the Peer Group's ratio of 0.62% based on the average and 0.67% based on the median. Importantly, the impact of the NCB acquisition completed in 2009 has not been fully reflected into the Company's earnings since the NCB acquisition was completed at the end of June 2009 and thus, the 2009 fiscal year earnings include only three months of the earnings benefits resulting from the NCB acquisition. On a historical basis, incorporating approximately one quarter of the Company's combined operations with NCB as noted above, the Company's lower ROA was principally the result of lower net interest income and higher loan loss provisions.

The impact of the wholesale elements of the Company's balance sheet (i.e., a high level of securities funded to a greater extent by borrowings and brokered and credit union CDs) is reflected in the Company's lower net interest income as a percent of average assets. Specifically, the Company's ratio of net interest income to average assets equal 2.09% which was more than 100 basis points lower than the 3.22% average ratio reported by the Peer Group. Moreover, the ratio of interest income to average assets and interest expense to average assets were both less favorable than the Peer Group.

The Company's lower interest income ratio was attributable to its lower yield on interest-earning assets (5.30% versus 5.69% for the Peer Group), as well the Company's lower loans/assets ratio and higher level of non-interest earning assets. Charter Financial's higher interest expense ratio was the result of its higher cost of funds than the Peer Group (3.22% for Charter Financial versus 2.48% for the Peer Group on average), which is reflective of both the higher ratio of borrowed funds and the high ratio of brokered deposits and credit union CDs which typically entail an interest cost above retail CDs and other retail-oriented deposit accounts.

From the perspective of core earnings, the impact of the Company's comparatively weaker net interest margin was mitigated to an extent by Charter Financial's lower operating expense ratio and higher level of non-interest income. For the period covered in Table 3.3, the

Table 3.3
Income as Percent of Average Assets and Yields, Costs, Spreads
Comparable Institution Analysis
For the 12 Months Ended September 30, 2009

	Net Interest Income				Other Income				G&A/Other Exp.		Non-Op. Items			Yields, Costs, and Spreads			MEMO Effective Tax Rate			
	Income	Expense	NI	Loss	NI	Provs.	After	Loan	R.E.	Other	Total	G&A	Goodwill	Net	Extra.	Yield		Cost	Yld-Cost	Spread
	Income	Expense	NI	on IEA	NI	Provs.	Fees	Oper.	Income	Income	Income	Expense	Amort.	Gain	Items	On Assets	Of Funds	Spread	FTE Emp.	
Charter Financial Corporation September 30, 2009	0.27%	4.73%	2.64%	2.05%	0.53%	1.56%	0.00%	0.00%	0.88%	0.88%	0.88%	2.45%	0.02%	0.33%	0.00%	5.30%	3.22%	2.08%	\$4,482	11.66%
All Public Companies																				
Averages	-0.23%	5.07%	2.24%	2.84%	0.85%	1.99%	0.02%	-0.05%	0.75%	0.72%	0.72%	2.65%	0.15%	-0.14%	0.04%	5.39%	2.56%	2.83%	\$6,146	31.09%
Medians	0.23%	5.06%	2.25%	2.85%	0.40%	2.32%	0.00%	0.00%	0.57%	0.57%	0.57%	2.65%	0.00%	-0.03%	0.00%	5.38%	2.58%	2.84%	\$5,036	30.95%
State of GA																				
Averages	-1.14%	5.05%	2.50%	2.55%	1.67%	0.88%	0.04%	-0.18%	1.43%	1.29%	1.29%	3.19%	0.14%	-0.06%	0.00%	5.47%	2.82%	2.65%	\$4,572	5.95%
Medians	-1.14%	5.05%	2.50%	2.55%	1.67%	0.88%	0.04%	-0.18%	1.43%	1.29%	1.29%	3.19%	0.14%	-0.06%	0.00%	5.47%	2.82%	2.65%	\$4,572	5.95%
Comparable Group																				
Averages	0.62%	5.34%	2.12%	3.22%	0.49%	2.73%	0.05%	-0.01%	0.72%	0.76%	0.76%	2.78%	0.02%	-0.03%	0.09%	5.69%	2.48%	3.21%	\$5,037	29.79%
Medians	0.67%	5.35%	2.09%	3.21%	0.19%	2.90%	0.01%	0.00%	0.54%	0.63%	0.63%	2.75%	0.00%	-0.05%	0.00%	5.79%	2.48%	3.20%	\$4,680	32.08%
Comparable Group																				
CSCB Citizens South Banking Corp. of NC	0.08%	4.72%	2.20%	2.53%	1.00%	1.53%	0.17%	-0.02%	0.61%	0.76%	0.76%	2.27%	0.04%	0.04%	0.00%	5.19%	2.52%	2.67%	\$5,621	NM
CFFC Community Financial Corp. of VA	1.07%	5.41%	1.96%	3.44%	0.86%	2.58%	0.05%	0.00%	0.71%	0.76%	0.76%	2.74%	0.00%	-0.14%	0.00%	5.69%	2.16%	3.53%	\$3,491	NM
ESBF ESB Financial Corp. of PA	0.60%	4.78%	2.93%	1.85%	0.06%	1.78%	0.00%	0.00%	0.33%	0.33%	0.33%	1.24%	0.03%	-0.09%	0.00%	5.14%	3.21%	1.93%	\$7,917	14.58%
FAIK First Advantage Bancorp of TN	0.29%	5.05%	1.94%	3.11%	0.19%	2.92%	0.00%	-0.01%	0.41%	0.40%	0.40%	3.19%	0.00%	0.34%	0.00%	5.31%	2.47%	2.85%	\$4,249	37.09%
FFCH First Financial Holdings Inc. of SC	0.90%	5.78%	2.05%	3.72%	2.05%	1.68%	0.13%	-0.07%	1.87%	1.93%	1.93%	3.44%	0.02%	-0.12%	0.86%	6.15%	2.27%	3.89%	NM	NM
GSLA GS Financial Corp. of LA	0.33%	5.63%	2.52%	3.11%	0.08%	3.03%	0.00%	-0.02%	-0.12%	-0.14%	-0.14%	2.77%	0.00%	0.30%	0.00%	5.89%	2.88%	3.02%	\$6,451	33.50%
HBCF Home Bancorp Inc. Lafayette LA	0.74%	5.76%	1.26%	4.50%	0.19%	4.31%	0.00%	0.00%	0.68%	0.67%	0.67%	3.41%	0.00%	-0.49%	0.00%	6.06%	1.68%	4.40%	\$3,441	28.74%
JFBI Jefferson Bancshares Inc. of TN	0.42%	5.27%	2.22%	3.05%	0.18%	2.87%	0.10%	0.00%	0.48%	0.58%	0.58%	2.65%	0.09%	-0.02%	0.00%	5.94%	2.57%	3.37%	\$4,015	32.08%
LABC Louisiana Bancorp. Inc. of LA	0.82%	5.30%	1.99%	3.31%	0.04%	3.27%	0.00%	0.00%	0.19%	0.19%	0.19%	2.14%	0.00%	-0.02%	0.00%	5.37%	2.74%	2.63%	\$5,111	33.58%
TSH Teche Holding Co. of N. Iberia LA (1)	0.93%	5.74%	2.12%	3.62%	0.24%	3.38%	0.01%	0.00%	2.09%	2.11%	2.11%	3.94%	0.01%	-0.16%	0.00%	6.13%	2.35%	3.79%	NM	28.96%

(1) Financial information is for the quarter ending June 30, 2009.

Source: SNL Financial, LC, and RP® Financial, LC, calculations. The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

Company and the Peer Group reported operating expense to average assets ratios of 2.47% and 2.80%, respectively (inclusive of the amortization and impairment expense of intangible assets). In general, the Company's lower operating expense ratio is indicative of its asset investment and funding strategies which focused more heavily on investments and wholesale borrowings and deposits which are less expensive to acquire and service.

The Company also benefited from a comparatively high level of non-interest income, which equaled 0.88% of average assets, which is above both the Peer Group average (0.76% of average assets) and the average for all publicly-traded thrifts (0.72% of average assets). The high ratio is the result of both deposit account service charges and insufficient funds fees imposed on the Company's deposit accounts as well as to other miscellaneous income items such as brokerage commission and BOLI income.

Charter Financial's efficiency ratio (operating expenses as a percent of the sum of non-interest operating income and net interest income) of 83.0% is less favorable than the Peer Group's ratio of 70.4%. On a post-offering basis, the efficiency ratio and the underlying core earnings rate may be subject to increase as Charter Financial's management believes that the NCB acquisition will be accretive to the Company's earnings as the benefits of the transaction are fully realized. Moreover, the Company's earnings will also benefit from the reinvestment of the offering proceeds net of the incremental expenses incurred as a result of the increased expense attributable to the stock benefit plans.

Loan loss provisions reflect an increasing trend for the Company and equaled 0.53% of average assets for Charter Financial for the twelve months ended September 30, 2009, versus an average of 0.49% for the Peer Group. While the Company is anticipating that its loan loss provisions may be lower in the future, estimating the level of future loan loss provisions is difficult in the current operating environment and may be predicated on the stabilization of Charter Financial's credit quality ratios, both on assets originated by Charter Financial and assets acquired from NCB.

Non-operating income totaled 0.33% for Charter Financial versus an average expense of 0.03% for the Peer Group. Typically, such gains and losses are discounted in valuation analyses as they tend to have a relatively high degree of volatility, and thus are not considered part of core operations. In this appraisal, for both Charter Financial's and the Peer Group, we have considered earnings and profitability before and after such net gains and losses.

The Company's effective tax rate for the last s of 11.66% is lower than the Peer Group average tax rate of 29.79%. The Company's relatively low tax rate is partially the result of BOLI and other tax exempt income. In the event the future level of earnings increases for the Company, taxable income may likely comprise a greater proportion of net income and the Company's average tax rate could be higher.

Loan Composition

Table 3.4 presents the most recent data related to the Company's and the Peer Group's loan portfolio compositions, as well as data pertaining to investment in mortgage-backed securities, loans serviced for others, and risk-weighted assets. Importantly, the loan portfolio composition for the Company includes all loans acquired with NCB segregated into the appropriate loan categories, which we believe is appropriate for purposes of this specific analysis, while the prospectus disclosure for loans aggregates all loans covered by FDIC loss sharing together.

The Company's loan portfolio composition reflected a lower concentration of 1-4 family permanent mortgage loans and mortgage-backed securities than maintained by the Peer Group (35.0% of assets versus 45.3% for the Peer Group). The Company's investment in residential loans was supported by a higher concentration of mortgage-backed securities (21.5% for the Company versus an average of 16.1% for the Peer Group), as the Company's ratio of 1-4 family permanent mortgage loans was substantially lower than the Peer Group average (13.5% for Charter Financial versus an average of 29.2% of assets for the Peer Group). Loans serviced for others and mortgage servicing assets are limited for Charter Financial

The Company's lending activities show greater diversification in multi-family and commercial mortgage lending. Specifically, multi-family and commercial mortgage loans represented 37.3% of assets, which was greater than the 18.6% average ratio for the Peer Group. The Peer Group maintained construction loan (9.7% of assets), business loan (4.8% of assets) and consumer loan (3.8%) portfolios, while these portfolios were modestly smaller for the Company, with Charter Financial reporting 7.1% of assets in construction loans, 2.8% in commercial business loans and 3.7% in consumer loans. Overall, the Company's and Peer Group's risk-weighted assets-to-assets ratio were relatively similar, equal to 64.04% and 65.77%, respectively.

Table 3.4
Loan Portfolio Composition and Related Information
Comparable Institution Analysis
As of September 30, 2009

Institution	Portfolio Composition as a Percent of Assets							RWA/ Assets (%)	Serviced For Others (\$000)	Servicing Assets (\$000)
	MBS (%)	1-4 Family (%)	Constr. & Land (%)	5+Unit Comm (%)	RE Business (%)	Consumer (%)				
Charter Financial Corporation	21.52%	13.46%	7.11%	37.27%	2.80%	3.67%	64.04%	\$11,341	\$0	
All Public Companies										
Averages	13.11%	34.83%	5.80%	22.16%	4.67%	2.30%	66.89%	\$611,735	\$5,606	
Medians	11.16%	35.02%	4.23%	20.32%	3.28%	0.61%	67.64%	\$43,205	\$130	
State of GA										
Averages	14.04%	33.00%	5.81%	13.66%	5.65%	8.69%	68.58%	\$1,445	\$0	
Medians	14.04%	33.00%	5.81%	13.66%	5.65%	8.69%	68.58%	\$1,445	\$0	
Comparable Group										
Averages	16.05%	29.20%	9.73%	18.56%	4.81%	3.80%	65.77%	\$139,855	\$1,246	
Medians	13.74%	28.20%	9.80%	18.89%	4.40%	2.19%	64.77%	\$7,155	\$7	
Comparable Group										
CSCB Citizens South Banking Corp. of NC	5.01%	24.38%	17.88%	27.10%	4.95%	0.53%	76.50%	\$0	\$0	
CFBC Community Financial Corp. of VA	0.00%	35.00%	16.55%	23.14%	9.96%	8.58%	86.35%	\$4,700	\$0	
ESBF ESB Financial Corp. of PA	40.55%	20.51%	2.09%	5.52%	1.43%	3.68%	49.29%	\$9,610	\$38	
FABK First Advantage Bancorp of TN	20.88%	17.45%	13.80%	19.40%	6.31%	1.09%	60.88%	\$1,240	\$0	
FFCH First Financial Holdings Inc. of SC	13.64%	38.87%	10.62%	12.39%	2.86%	11.22%	77.39%	\$1,220,700	\$11,166	
GSLA GS Financial Corp. of LA	13.84%	32.92%	8.97%	23.64%	1.87%	0.56%	59.75%	\$68,850	\$758	
HBOP Home Bancorp Inc. Lafayette LA	15.45%	28.37%	7.98%	18.38%	6.44%	3.11%	62.96%	\$29,360	\$8	
JFBI Jefferson Bancshares Inc. of TN	3.49%	24.22%	11.97%	26.53%	10.26%	1.27%	78.60%	\$0	\$0	
LABC Louisiana Bancorp. Inc. of LA	39.79%	28.03%	0.29%	14.93%	0.14%	0.38%	39.39%	\$3,250	\$5	
TSH Teche Holding Co. of N. Iberia LA (1)	7.86%	42.21%	7.14%	14.61%	3.85%	7.57%	66.57%	\$60,840	\$482	

(1) Financial information is for the quarter ending June 30, 2009.

Source: SNL Financial LC. and RP® Financial, LC. calculations. The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

Credit Risk

The Company acquired a large balance of poorly underwritten and otherwise credit impaired assets as a result of the NCB acquisition which increased the balance of NPAs and delinquent loans. Importantly, the acquired credit-impaired assets are covered under the FDIC loss sharing agreement and have also been marked-to-market creating significant purchase discounts (i.e., both fair value discounts to cover future losses upon disposition and accretable discounts to provide a periodic return on acquired NCB assets until their ultimate resolution or disposition). Charter Financial's management believes that the accretion of the purchase discounts coupled with the presence of fair value non-accretable discounts to account for the current market value of the assets minimize the risk of the acquired assets to the Company's equity and earnings.

Accordingly, the analysis herein assesses the Company's credit risk exposure relative to the Peer Group focuses on the Company's non-covered assets, the majority of which were originated or purchased by Charter Financial. On this basis, the ratio of NPAs/assets equaled 1.93% for the Company versus an average of 1.39% for the Peer Group as shown in Table 3.5. The modestly higher ratio of NPAs reported by the Company was the result of both a higher ratio of non-performing loans/loans and REO/assets. The Company maintained a lower level of loss reserves as a percent of non-covered non-performing loans (70.10% versus 107.30% for the Peer Group) while reserves in comparison to NPAs was modestly lower (51.58% versus an average of 90.60% for the Peer Group) and reserves to total loans were higher (1.69% versus an average of 1.32% for the Peer Group). Chargeoffs equaled 0.71% of loans for the Company and 0.62% of loans for the Peer Group.

Interest Rate Risk

Table 3.6 reflects various key ratios highlighting the relative interest rate risk exposure of the Company versus the Peer Group. In terms of balance sheet composition, Charter Financial's pro forma interest rate risk characteristics were considered to be slightly more favorable than those of the Peer Group. While the Company's operates with lower tangible equity-to-assets and IEA/IBL ratios, the infusion of stock proceeds should serve to improve these ratios relative to the Peer Group. Moreover, the shortfall in these ratios is partially attributable to the Company's significant investment in BOLI, which generates fee income as the cash surrender value increases, and the presence of the FDIC indemnification asset. The non-

Table 3.5
Credit Risk Measures and Related Information
Comparable Institution Analysis
As of September 30, 2009 or Most Recent Date Available

Institution	REO Assets (%)	NPA's & 90+Del Assets (%)	NFLs/Loans (%)	Reserves/Loans (%)	Reserves/NFLs (%)	Reserves & NPA's & 90+Del (%)	Net Loan Chargeoffs (\$000)	NLCs/Loans (%)
Charter Financial Corporation (2)	0.51%	1.93%	2.41%	1.69%	70.10%	51.58%	\$3,463	0.71%
<u>All Public Companies</u>								
Averages	0.43%	2.91%	3.27%	1.54%	74.55%	60.19%	\$1,540	0.75%
Medians	0.17%	1.54%	2.36%	1.20%	54.58%	46.36%	\$482	0.20%
<u>State of GA</u>								
Averages	0.26%	4.85%	6.70%	2.45%	43.09%	40.50%	\$1,984	1.23%
Medians	0.26%	4.85%	6.70%	2.45%	43.09%	40.50%	\$1,984	1.23%
<u>Comparable Group</u>								
Averages	0.30%	1.39%	1.52%	1.32%	107.30%	90.60%	\$1,323	0.62%
Medians	0.31%	1.19%	1.25%	1.22%	92.11%	70.70%	\$313	0.33%
<u>Comparable Group</u>								
CSBC Citizens South Banking Corp. of NC	0.42%	NA	NA	1.54%	NA	NA	\$3,161	2.03%
CFBC Community Financial Corp. of VA	0.49%	2.87%	2.54%	1.28%	50.32%	41.76%	\$230	0.18%
ESBF ESB Financial Corp. of PA	0.03%	0.27%	0.68%	0.92%	135.07%	117.72%	\$192	0.11%
FABK First Advantage Bancorp of TN	0.01%	0.29%	0.48%	1.29%	266.26%	255.92%	\$25	0.05%
FFCH First Financial Holdings Inc. of SC	0.63%	2.92%	2.99%	2.55%	85.13%	66.77%	\$7,307	1.10%
GSLA GS Financial Corp. of LA	0.68%	2.21%	2.24%	1.46%	65.14%	45.11%	\$143	0.31%
HBCP Home Bancorp Inc. Lafayette LA	0.00%	0.66%	1.03%	0.96%	93.11%	93.11%	\$37	0.04%
JFBI Jefferson Bancshares Inc. of TN	0.36%	1.42%	1.43%	0.95%	66.07%	49.42%	\$427	0.35%
LABC Louisiana Bancorp. Inc. of LA	0.17%	0.72%	1.25%	1.15%	92.11%	70.70%	\$396	1.12%
TSH Teche Holding Co. of N. Iberia LA (1)	0.26%	1.19%	1.02%	1.14%	112.53%	74.86%	\$1,316	0.86%

(1) Financial information is for the quarter ending June 30, 2009.

(2) Adjusted to exclude the impact of covered assets consistent with the prospectus disclosure.

Source: SNL Financial, LC, and RP[®] Financial, LC, calculations. The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

Table 3.6
Interest Rate Risk Measures and Net Interest Income Volatility
Comparable Institution Analysis
As of September 30, 2009 or Most Recent Date Available

Institution	Balance Sheet Measures		Quarterly Change in Net Interest Income					
	Tangible Assets (%)	Non-Earn. Assets/BL (%)	9/30/2009	3/31/2009	12/31/2008	9/30/2008	6/30/2008	
Charter Financial Corporation	9.9%	100.2%	43	-21	-6	3	-18	-7
All Public Companies	10.5%	107.9%	7	1	-5	-3	8	12
State of GA	10.0%	104.4%	26	-8	11	-30	-10	10
<u>Comparable Group</u>								
Averages	12.9%	111.1%	4	14	-5	-2	6	13
Medians	9.0%	105.0%	4	15	1	-1	4	14
<u>Comparable Group</u>								
CSBC Citizens South Banking Corp. of NC	9.0%	104.9%	14	14	-11	-14	16	1
CFFC Community Financial Corp. of VA	8.8%	104.5%	42	16	2	-4	2	2
ESBF ESB Financial Corp. of PA	6.3%	103.3%	10	10	5	4	11	18
FABK First Advantage Bancorp of TN	20.1%	120.7%	18	-7	-15	-22	-17	25
FFCH First Financial Holdings Inc. of SC	8.9%	105.1%	-35	72	11	7	-3	24
GSLA GS Financial Corp. of LA	10.5%	108.0%	4	-15	-1	-23	18	25
HBCP Home Bancorp Inc. Lafayette LA	24.9%	127.7%	-2	18	8	66	NA	NA
JFBI Jefferson Bancshares Inc. of TN	8.6%	101.3%	-7	16	-47	-39	20	-6
LABC Louisiana Bancorp. Inc. of LA	23.8%	132.1%	-10	-6	-4	2	0	10
TSH Teche Holding Co. of N. Iberia LA (1)	8.4%	103.8%	NA	19	6	4	4	14

(1) Financial information is for the quarter ending June 30, 2009.
NA=Change is greater than 100 basis points during the quarter.

Source SNL Financial LLC and RP[®] Financial, LC. calculations. The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

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interest

earning FDIC indemnification asset will be diminishing over time as cash is received from the FDIC pursuant to the loss share coverage agreement thereby reducing the level of non-interest earning assets to an extent.

To analyze interest rate risk associated with the net interest margin, we reviewed quarterly changes in net interest income as a percent of average assets for Charter Financial and the Peer Group. In general, the relative fluctuations in the Company's and the Peer Group's net interest income to average assets ratios were considered to be slightly greater than the Peer Group average but well within the range of the Peer Group companies individually and, thus, based on the interest rate environment that prevailed during the period analyzed in Table 3.5, Charter Financial's and the Peer Group were viewed as maintaining a similar degree of interest rate risk exposure in their respective net interest margins. The stability of the Company's net interest margin should be enhanced by the infusion of stock proceeds, as the increase in capital will reduce the level interest rate sensitive liabilities funding Charter Financial's assets.

Summary

Based on the above analysis and the criteria employed in the selection of the companies for the Peer Group, RP Financial concluded that the Peer Group forms a reasonable basis for determining the pro forma market value of Charter Financial. Such general characteristics as asset size, equity position, IEA composition, funding composition, core earnings measures, loan composition, credit quality and exposure to interest rate risk all tend to support the reasonability of the Peer Group from a financial standpoint. Those areas where differences exist will be addressed in the form of valuation adjustments to the extent necessary.

IV. VALUATION ANALYSIS

Introduction

This section presents the valuation analysis and methodology used to determine Charter Financial's estimated pro forma market value of the common stock to be issued in conjunction with the Second Step Conversion transaction. The valuation incorporates the appraisal methodology promulgated by the Federal and state banking agencies for standard conversions and mutual holding company offerings, particularly regarding selection of the Peer Group, fundamental analysis on both the Company and the Peer Group, and determination of the Company's pro forma market value utilizing the market value approach.

Appraisal Guidelines

The OTS written appraisal guidelines, originally released in October 1983 and updated in late-1994, and adopted in practice by the Department and the FDIC, specify the market value methodology for estimating the pro forma market value of an institution. The OTS written appraisal guidelines specify the market value methodology for estimating the pro forma market value of an institution pursuant to a mutual-to-stock conversion. Pursuant to this methodology: (1) a peer group of comparable publicly-traded institutions is selected; (2) a financial and operational comparison of the subject company to the peer group is conducted to discern key differences; and (3) a valuation analysis in which the pro forma market value of the subject company is determined based on the market pricing of the peer group as of the date of valuation, incorporating valuation adjustments for key differences. In addition, the pricing characteristics of recent conversions, both at conversion and in the aftermarket, must be considered.

RP Financial Approach to the Valuation

The valuation analysis herein complies with such regulatory approval guidelines. Accordingly, the valuation incorporates a detailed analysis based on the Peer Group, discussed in Section III, which constitutes "fundamental analysis" techniques. Additionally, the valuation incorporates a "technical analysis" of recently completed stock conversions, including closing pricing and aftermarket trading of such offerings. It should be noted that these valuation

analyses cannot possibly fully account for all the market forces which impact trading activity and pricing characteristics of a particular stock on a given day.

The pro forma market value determined herein is a preliminary value for the Company's to-be-issued stock. Throughout the conversion process, RP Financial will: (1) review changes in Charter Financial's operations and financial condition; (2) monitor Charter Financial's operations and financial condition relative to the Peer Group to identify any fundamental changes; (3) monitor the external factors affecting value including, but not limited to, local and national economic conditions, interest rates, and the stock market environment, including the market for thrift and bank stocks; and (4) monitor pending conversion offerings, particularly second step conversion (including those in the offering phase), both regionally and nationally, if any. If material changes should occur during the second step conversion process, RP Financial will evaluate if updated valuation reports should be prepared reflecting such changes and their related impact on value, if any. RP Financial will also prepare a final valuation update at the closing of the offering to determine if the prepared valuation analysis and resulting range of value continues to be appropriate.

The appraised value determined herein is based on the current market and operating environment for the Company and for all thrifts. Subsequent changes in the local and national economy, the legislative and regulatory environment, the stock market, interest rates, and other external forces (such as natural disasters or major world events), which may occur from time to time (often with great unpredictability) may materially impact the market value of all thrift stocks, including Charter Financial's value, or Charter Financial's value alone. To the extent a change in factors impacting the Company's value can be reasonably anticipated and/or quantified, RP Financial has incorporated the estimated impact into the analysis.

Valuation Analysis

A fundamental analysis discussing similarities and differences relative to the Peer Group was presented in Chapter III. The following sections summarize the key differences between the Company and the Peer Group and how those differences affect the pro forma valuation. Emphasis is placed on the specific strengths and weaknesses of the Company relative to the Peer Group in such key areas as financial condition, profitability, growth and viability of earnings, asset growth, primary market area, dividends, liquidity of the shares, marketing of the issue, management, and the effect of government regulations and/or regulatory reform. We

have also considered the market for thrift stocks, in particular new issues, to assess the impact on value of the Company coming to market at this time.

1. Financial Condition

The financial condition of an institution is an important determinant in pro forma market value because investors typically look to such factors as liquidity, capital, asset composition and quality, and funding sources in assessing investment attractiveness. The similarities and differences in the Company's and the Peer Group's financial strengths are noted as follows:

- Overall Asset/Liability Composition. Loans and investments funded by retail deposits were the primary components of the Company's and Peer Group's balance sheets. The Company's interest-earning asset composition exhibited a lower concentration of loans with a greater concentration of multi-family and commercial mortgage loans while the Peer Group's loan portfolio was more heavily oriented toward residential mortgage lending inclusive of their investment in MBS. The Company's funding base is somewhat different than the Peer Group's as it relies more heavily on higher cost borrowings and jumbo brokered CDs and credit union CDs. The Company maintained a lower IEA/IBL ratio of 100.2%, versus 110.3% for the Peer Group on average. The anticipated use of proceeds should improve the Company's IEA/IBL ratio, minimizing the disparity with the Peer Group.
- Credit Risk Profile. In comparison to the Peer Group, the Company maintained higher levels of NPAs and non-performing loans. Loss reserves maintained as a percent of total loans were higher for the Company while reserves in comparison to NPAs were lower. Importantly, the foregoing credit quality ratios in comparison to the Peer Group do not include the impact of non-performing covered assets where the risk of loss to the Company has been substantially diminished as a result of FDIC loss sharing and the establishment of fair value discounts on estimated losses not covered under loss sharing agreements with the FDIC.
- Balance Sheet Liquidity. For the most recent period, the Company maintained a higher level of cash and investment securities relative to the Peer Group. Following the infusion of stock proceeds, the Company's cash and investments ratio is expected to increase as a portion of the proceeds will be initially retained in cash equivalent instruments such as Federal funds with the remaining balance invested into MBS or loans (immediately or shortly following the offering). The Company's future borrowing capacity was considered to be more limited than the Peer Group's capacity based on its current higher utilization of borrowings in comparison to the Peer Group.
- Funding Liabilities. The Company's interest-bearing funding composition reflected a lower concentration of deposits and a higher concentration of borrowings relative to the comparable Peer Group ratios. In total, the Company maintained a higher level of interest-bearing liabilities than the Peer

Group which, coupled with the higher cost of funds owing to the large balances of borrowed funds and jumbo CDs, contributed to Charter Financial's high ratio of net interest expense to average assets. Following the stock offering, the increase in the Company's equity position should serve to reduce the level of interest-bearing liabilities funding assets to a ratio more closely approximating the Peer Group's ratio.

- Equity. The Company maintains a tangible equity-to-assets ratio which fell below the Peer Group's average and median on a pre-conversion basis. However, following the stock offering, Charter Financial's pro forma capital position will exceed the Peer Group's tangible equity-to-assets ratio. The increase in the Company's pro forma capital position will result in greater leverage potential and reduce the level of interest-bearing liabilities utilized to fund assets. At the same time, the Company's more significant capital surplus will likely suppress the pro forma ROE over the short to intermediate term until earnings growth and leveraging of the capital surplus can be achieved.

On balance, a slight upward adjustment was determined to be appropriate for financial condition, attributable primarily to the Company's stronger pro forma balance sheet liquidity and capital position.

2. Profitability, Growth and Viability of Earnings

Earnings are a key factor in determining pro forma market value, as the level and risk characteristics of an institution's earnings stream and the prospects and ability to generate future earnings heavily influence the multiple that the investment community will pay for earnings. The major factors considered in the valuation are described below.

- Reported Profitability. On a historical basis, the Company reported lower earnings than the Peer Group based on a return on average assets ("ROAA") measures equal to 0.27% percent for the Company and 0.62% for the Peer Group. A weaker net interest margin and higher loan loss provisions were the primary factors leading to the shortfall as Charter Financial's earnings were supported to a greater extent by non-operating gains and the Company operated with favorable ratios of non-interest income and operating expenses. Reinvestment of the net conversion proceeds into interest-earning assets will increase the Company's profitability, after taking into account the additional expenses related to the new stock benefit plans that will be implemented in connection with or after the second-step offering (6.0% ESOP, 4.0% RRP and 10.0% stock options with the percentages reflecting the amount in relation to the shares sold to the public).
- Core Profitability. As referenced above, the Company's earnings were supported by non-operating gains to a greater extent than the Peer Group's earnings. The Company's higher efficiency ratio (83.0% for Charter Financial

versus 70.4% for the Peer Group) is indicative of the lower core earnings rate based on historical earnings.

- Interest Rate Risk. Quarterly changes in the Company's and the Peer Group's net interest income to average assets ratios indicated the degree of volatility associated with the Company's and the Peer Group's net interest margins fell within the range exhibited by the Peer Group. Other measures of interest rate risk such as the capital and the IEA/IBL ratio were less favorable for the Company, thereby indicating that the Company maintained a higher dependence on the yield-cost spread to sustain net interest income. On a pro forma basis, the Company's capital position and IEA/IBL ratio will be enhanced by the infusion of stock proceeds and, thus, diminish the Peer Group's relative advantage in this regard.
- Credit Risk. Loan loss provisions were a more significant factor in the Company's earnings in comparison to the Peer Group. In terms of the future exposure to credit-related losses, the Company's credit risk exposure was similar based on the level of NPAs and reserve coverage ratios (i.e., reserve coverage in relation to total loans was higher than the Peer Group while reserves as a percent of NPAs was lower). The credit risk of the acquired NCB assets in relation to the Peer Group has been diminished by the presence of the FDIC loss sharing agreement and the mark-to-market purchase accounting adjustment applied by the Company.
- Earnings Growth Potential. Several factors were considered in assessing earnings growth potential. First, the infusion of stock proceeds will increase the Company's earnings growth potential with respect to increasing earnings through leverage. Secondly, the fiscal 2009 earnings results do not fully reflect the impact of the NCB acquisition which should benefit the Company over the long term in a number of ways including the market expansion, earnings on acquired assets and the ability to fund operations with retail deposits to a greater extent. Third, the Company's market area provides opportunities for growth through acquisition because many competing financial institutions have been forced to retrench their operations in the face of asset quality problems and operating losses. As a result, growth opportunities (both organic growth and through acquisition) have been enhanced as a result. And fourth, the Company has stated its intention to pursue such growth opportunities, including seeking additional FDIC assisted transactions, based on their availability.
- Return on Equity. The Company's pro forma return on equity based on reported core earnings (excluding net non-operating expenses but including trailing twelve month loan loss provisions) will be lower than the Peer Group average and median. The ROE may be subject to increase over the near term as the earnings benefits of the NCB acquisition are realized into earnings and over the longer term if the Company can successfully execute its earnings growth strategies.

Overall, we concluded that a moderate upward adjustment for profitability, growth and viability of earnings was appropriate, primarily in view of the potential for earnings growth as the

benefits of the NCB acquisition are realized and based on the potential for the Company to execute other earnings growth strategies predicated, in part, on market opportunity.

3. Asset Growth

The Company recorded stronger asset growth than the Peer Group, primarily owing to the completion of the NCB acquisition. On a pro forma basis, the Company's tangible equity-to-assets ratio will exceed the Peer Group's ratio, indicating greater leverage capacity for the Company. The Company's post-conversion business plan is to leverage pro forma capital through a combination of organic growth and complementary acquisitions, focusing on expanding the retail banking operations. Given the uncertainty associated with de novo branching and acquisition related growth, the Company's ability to leverage capital in a timely and effective manner involves a certain degree of execution risk. At the same time, the current market environment in Georgia is favorable for a well capitalized institution to grow but this is also true for the well-capitalized Peer Group companies, most of which are based in the southeast region of the U.S. On balance, we have applied a slight upward valuation adjustment was warranted for this factor.

4. Primary Market Area

The general condition of a financial institution's market area has an impact on value, as future success is in part dependent upon opportunities for profitable activities in the local market area. Operating in the I-85 corridor from suburban Atlanta to eastern Alabama, the Company faces significant competition for loans and deposits from larger financial institutions, which provide a broader array of services and have significantly larger branch networks.

Demographic and economic trends and characteristics in the Company's primary market area are mixed, but the Troup and Chambers County markets where Charter Financial has historically been based and where the largest portion of its deposit base is gathered are small markets with limited growth potential (see Exhibit III-3). Moreover, favorable growth trends for other markets where Charter Financial maintains a more limited presence, such as Coweta and Gwinnett Counties in the Atlanta metropolitan area, may be impacted by the severe recession being experienced in the Georgia market. Income levels in the Company's markets cover a broad range but are generally modest in the Troup and Chambers County markets.

The deposit market share exhibited by the Company fell within the Peer Group range. As shown in Exhibit III-3, the Company maintains a relatively strong market share in the Troup

and Chambers County markets in comparison to the Peer Group averages and medians but its market share is comparatively lower in most other markets. Troup and Chambers Counties also have relatively high unemployment rates in relation to the Peer Group average and median.

On balance, we concluded that a no adjustment was appropriate for the Company's market area.

5. Dividends

Charter Financial Corporation has paid a quarterly cash dividend since September 2002. As of September 30, 2009, Charter Financial Corporation paid a quarterly cash dividend of \$0.25 per share, which equals \$1.00 per share on an annualized basis. After the conversion, the Board of Directors has indicated that the dividend rate and the continued payment of dividends will depend on a number of factors, including the Company's capital requirements, acquisition opportunities, financial condition and results of operations, tax considerations, statutory and regulatory limitations, and general economic conditions. The Board has further indicated that it expects that the dividend will be significantly reduced or eliminated in the future.

Seven of the ten Peer Group companies pay regular cash dividends, with implied dividend yields ranging from 1.54% to 4.49%. The average dividend yield on the stocks of the Peer Group institutions was 1.93% as of December 4, 2009, representing an average payout ratio of 23.48% of earnings. As of December 4, 2009, approximately 70% of all fully-converted publicly-traded thrifts had adopted cash dividend policies (see Exhibit IV-1), exhibiting an average yield of 2.30%. The dividend paying thrifts generally maintain higher than average profitability ratios, facilitating their ability to pay cash dividends.

While the Company has not established a definitive dividend policy prior to converting, the Company will have the capacity to pay a dividend comparable to the Peer Group's average dividend yield based on pro forma earnings and capitalization. Because of the Company's comparable dividend paying capacity, we concluded that no adjustment was warranted for this factor.

6. Liquidity of the Shares

The Peer Group is by definition composed of companies that are traded in the public markets. Nine of the ten Peer Group members trade on the NASDAQ while one company trades on the AMEX. Typically, the number of shares outstanding and market capitalization

provides an indication of how much liquidity there will be in a particular stock. The market capitalization of the Peer Group companies ranged from \$16.8 million to \$206.5 million as of December 4, 2009, with average and median market values of \$77.3 million and \$56.5 million, respectively. The shares issued and outstanding to the public shareholders of the Peer Group members ranged from 1.3 million to 15.9 million, with both average and median shares outstanding of 6.8 million and 6.0 million, respectively. The Company's pro forma market value and shares outstanding for the Company will modestly exceed the Peer Group average and median, but fall within the Peer Group range. Like all but one of the Peer Group companies, the Company's stock will be quoted on the NASDAQ following the stock offering. Based on the foregoing, we have applied a slight upward adjustment for this factor.

7. Marketing of the Issue

We believe that three separate markets exist for thrift stocks, including those coming to market such as Charter Financial: (a) the after-market for public companies, in which trading activity is regular and investment decisions are made based upon financial condition, earnings, capital, ROE, dividends and future prospects; (b) the new issue market in which converting thrifts are evaluated on the basis of the same factors, but on a pro forma basis without the benefit of prior operations as a fully-converted publicly-held company and stock trading history; (c) the acquisition market for thrift and bank franchises in Georgia; and (d) the market for the public stock of Charter Financial. All of these markets were considered in the valuation of the Company's to-be-issued stock.

a. The Public Market

The value of publicly-traded thrift stocks is easily measurable, and is tracked by most investment houses and related organizations. Exhibit IV-1 provides pricing and financial data on all publicly-traded thrifts. In general, thrift stock values react to market stimuli such as interest rates, inflation, perceived industry health, projected rates of economic growth, regulatory issues and stock market conditions in general. Exhibit IV-2 displays historical stock market trends for various indices and includes historical stock price index values for thrifts and commercial banks. Exhibit IV-3 displays historical stock price indices for thrifts only.

In terms of assessing general stock market conditions, the performance of the overall stock market has been mixed in recent quarters. Stocks started 2009 on an upswing for the first two trading days in 2009 which was followed by a one day decline of 245 points in the

Dow Jones Industrial Average ("DJIA"). Profit warnings and more evidence of rising unemployment were factors that contributed to the sell-off. Growing concern that the bear market wasn't over and the start of an expected dismal fourth quarter earnings season accelerated the slide in the broader stock market going into mid-January. The downturn in stocks continued into the second half of January, led by a sell-off in bank stocks amid multi-billion dollar fourth quarter losses posted by some large banks both in the U.S. and Europe. Following a brief rebound in late-January, more weak economic data pushed stocks lower at the close of January providing for the worst January performance in the DJIA on record.

Stocks traded unevenly in early-February 2009 and then plunged to new bear market lows in mid-February, based on growing fears of a meltdown in the broader global economy. The negative sentiment in stocks generally continued to prevail through the balance of February and into the start of March, as investors around the globe bet on a prolonged recession and a sustained earnings downturn with the DJIA tumbling below 7000 in early-March for the first time in twelve years. With growing concerns of Citigroup becoming nationalized, the DJIA was down by 25% for the year through the first week of March. Stocks rebounded heading in mid-March on rekindled hopes that banks would weather the financial crisis and positive economic data showing a pick up in new home construction in February. The broader stock market advance strengthened in late-March, as stocks soared after the White House unveiled its plan to clean up banks' balance sheets. Strong demand in an auction of seven year Treasury notes helped to push the DJIA into bull market territory in late-March, which was followed by a pullback as the U.S. Government threatened bankruptcy for GM and Chrysler. Overall, the first quarter was the sixth straight losing quarter for the DJIA, although the DJIA was up 7.7% in March.

A positive report on manufacturing activity in March and an easing of mark-to-market accounting rules on troubled assets fueled gains in the broader stock market at the start of the second quarter of 2009. For most of April, there were no sustained trends in the broader stock market as investors evaluated signs of an economic recovery and a mix of positive and negative first quarter earnings reports. Overall, strong earnings from some bellwether companies supported a 7.4% increase in the DJIA for the month of April. Stocks generally trended higher in early-May on some positive economic signs, which included April employment data that showed the pace of layoffs slowed. Mixed economic data and profit taking provided day-to-day fluctuations in the broader stock market through the balance of May, with the DJIA posting a 2.9 % gain for the month. The broader stock market traded in a relatively narrow

range during the first half June, which was followed by a pullback in mid-June as hopes for a quick economic recovery faded. The global economy continued to weigh down stocks heading into late-June, with the DJIA moving back into negative territory for 2009. More attractive valuations and gains in the energy sector helped to end the broader market downturn in late-June.

The downward trend in the broader market resumed in-early July 2009, with the DJIA falling to its lowest level in more than two months amid anxiety about second quarter earnings and a June employment report which showed more job losses than expected. Stocks rallied in mid-July on strong second quarter earnings reports, which included better-than-expected earnings posted by some bank bellwethers. The DJIA moved past 9000 going into late-July on more favorable earnings reports and a positive report for new home sales in June. Fueled by a growing belief that the recession was over and favorable unemployment data for July, the DJIA moved to a new high for 2009 in the first week of August. The broader stock market fluctuated in a narrow range through mid-August, reflecting uncertainty over the sustainability of the economic recovery. Better-than-expected economic data for housing and consumer confidence sustained a positive trend in the stock market in late-August, the DJIA moving to new highs for the year.

The broader stock market faltered at the start of September 2009, as investors worried the summer rally would give way to a correction. Encouraging economic data led a rebound in the stock moving into mid-September, which was followed by a pullback on disappointing housing data for August. Stocks spiked higher in late-September on news of some large merger deals. Despite closing lower at the end of September, the Dow Jones Industrial Average ("DJIA") had its best third quarter since 1939 with a 15% for the quarter. Stocks started October with a sell-off, as investors reacted negatively to economic data showing a slowdown in manufacturing activity from August to September and more job losses than expected for September. Energy and material stocks led a stock market rally heading into mid-October, as stock markets rallied around the world. Good earnings reports from J.P. Morgan Chase and Intel pushed the DJIA lifted the DJIA above a 10000 close in mid-October. Mixed economic data and concerns of the sustainability of the recovery following the removal of the federal stimulus programs provided for volatile trading at the close of October. Stocks moved higher in early-November, with the DJIA topping 10000 again on renewed optimism about the economy aided by a report that manufacturing activity rose around the world in October. Expectations that interest rates and inflation would remain low, following a weaker than

expected employment report for October, sustained the rally heading into mid-November. The DJIA hit new highs for the year in mid-November, as investors focused on upbeat earnings from major retailers, signs of economic growth in Asia and the Federal Reserve's commitment to low interest rates. Stocks traded unevenly through the second half of November, reflecting investor uncertainty over the strength of the economic recovery and Dubai debt worries. On December 4, 2009, the DJIA closed at 10388.9, an increase of 20.3% from one year ago and an increase of 18.4% year-to-date, and the NASDAQ closed at 2194.5, an increase of 45.4% from one year ago and an increase of 39.1% year-to-date. The Standard & Poor's 500 Index closed at 1105.98 on December 4, 2009, a decrease of 26.2% from one year ago and an increase of 22.4% year-to-date.

The market for thrift stocks has been mixed as well in recent quarters, but in general has underperformed the broader stock market. Financial stocks continued to weigh heavily on the performance of the broader stock market during the first quarter of 2009, with the deepening recession extending the financial crisis into 2009. A gloomy economic outlook by the Federal Reserve and indications that the December employment report would show mounting job losses pressured financial stocks lower at the start of 2009. Bank of America and Citigroup led a downturn in financial stocks going into mid-January, as both companies reported significant fourth quarter losses. Mounting concerns over the health of the banking system pushed bank and thrift stocks sharply lower going in the second half of January, with some of the nation's largest banks trading down 30% to 50% in one day amid worse than expected credit quality deterioration reflected in fourth quarter earnings reports. Oversold thrift stocks bounced higher in late-January and then followed the broader stock market lower to close out January. After trading in a narrow range in early-February, financial stocks led the market lower into mid-February. More bad economic data and the lack of detail in the Treasury's rescue plan for financial institutions contributed to the sell-off in financial stocks. Counter to the broader market, thrift stocks rebounded slightly at the end of February, which was followed by a sell-off in financial stocks in early-March on growing fears of Citigroup becoming nationalized and the implications of further credit quality deterioration amid the prolonged recession. Bank and thrift stocks led a rally in the broader market in mid-March, as investors reacted favorably to a Federal Reserve initiative to provide greater support to the mortgage lending and housing markets through the purchase of \$750 billion of agency mortgage-backed securities. The rebound in financial stocks accelerated in late-March, with the release of further details of the U.S. Treasury's plan to partner with private investors to purchase troubled assets serving as the

catalyst to an explosive one day rally. Following a brief pullback, bank and thrift stocks closed out the first quarter with gains on encouraging signs that bank and thrift stocks may have bottomed out.

Thrift stocks underperformed the broader stock market during the second quarter of 2009, with credit quality concerns continuing to weigh on the sector in the face of declining home prices and rising commercial vacancy rates. Following a neutral start to the second quarter, thrift stocks move higher along with financial stocks in general on Wells Fargo's mid-April announcement that it would book record first quarter earnings. Thrift stocks retreated heading into late-April, as investors reacted negatively to first quarter earnings reports showing credit losses growing at Bank of America and Citigroup. Comments from the Treasury Secretary indicating that the large majority of banks have more capital than they need and a rally in the broader market provided a slight boost to the thrift sector in late-April, which was followed by the thrift sector settling into a narrow trading range during the first half of May. Thrift stocks dipped along with the broader market heading into second half of May, amid concerns about prolonged economic weakness and Standard & Poor's warning that it may downgrade its rating of the United Kingdom. A healthy gain in the May Consumer Confidence Index and a well received auction of seven-year Treasury notes helped thrift stocks to close out May in a positive trend, which continued into the first part of June. Following a couple weeks of stability in the thrift sector, thrift stocks pulled back along with the broader market on economic and currency concerns. Another successful Treasury auction helped thrift stocks to rebound modestly in late-June.

Thrift stocks followed the broader market lower at the start of the third quarter of 2009, as a disappointing June employment report and uncertainty over forthcoming second quarter earnings reports weighed on the sector. Better-than-expected second quarter earnings results posted by some of the large banks fueled a mid-July rally in thrift stocks. Thrift stocks traded unevenly heading into late-July, as trading for the sector was impacted by a mix of favorable and disappointing second quarter earnings reports. News that sales of new single-family houses were up in June boosted thrift stocks in late-July, with the upward trend being sustained into early-August on a more optimistic outlook for financial stocks as the economy showed more signs of pulling out of the recession. Thrift stocks pulled back in mid-August on profit taking and worries that earnings improvement may subside for financial stocks in general. Signs that the housing market was improving boosted thrifts stocks heading into late-August.

This was followed by a slight pull back for the sector on concerns of more credit losses for thrifts and banks due to erosion in the commercial real estate market.

A sell-off in the broader stock market and concerns of more credit losses for thrifts and banks due to erosion in the commercial real estate market pressured thrift stocks lower at the start of September 2009. Thrift stocks rebounded in mid-September on some positive comments regarding the level of loan loss reserves maintained by thrifts generally being in good shape. Concerns about the effects of a possible tightening by the Federal Reserve provided for a modest decline in thrift stocks heading into the close of the third quarter. Some disappointing economic data pushed thrift stocks along with the broader market lower at the beginning of October. Thrift stocks rebounded modestly through mid-October, aided by a rally in the broader stock market and a strong earnings report from J.P. Morgan Chase. Concerns of more loan losses and a disappointing report on September new home sales provided for a modest retreat in thrift prices in late-October. After bouncing higher on a better-than-expected report for third quarter GDP growth, financial stocks led the broader market low at the end of October in the face of a negative report on consumer spending. In contrast to the broader market, thrift stocks edged lower following the Federal Reserve's early-November statement that it would leave the Fed Funds rate unchanged. Thrift stocks rebounded along with the broader market going into mid-November, following positive reports on the economy and comments from the Federal Reserve that interest rates would remain low amid concerns that unemployment and troubles in commercial real estate would weigh on the economic recovery. Fresh economic data that underscored expectations for a slow economic recovery and Dubai debt worries pushed thrift stocks lower during the second half of November. Financial stocks led a broader market rebound at the close of November and into early-December, which was supported by a favorable report for home sales in October and expectations that the Dubai debt crisis would have a limited impact on U.S. banks. On December 4, 2009, the SNL Index for all publicly-traded thrifts closed at 564.1, a decrease of 13.7% from one year ago and a decrease of 13.8% year-to-date.

b. The New Issue Market

In addition to thrift stock market conditions in general, the new issue market for converting thrifts is also an important consideration in determining the Company's pro forma market value. The new issue market is separate and distinct from the market for seasoned thrift stocks in that the pricing ratios for converting issues are computed on a pro forma basis, specifically: (1) the numerator and denominator are both impacted by the conversion offering

amount, unlike existing stock issues in which price change affects only the numerator; and (2) the pro forma pricing ratio incorporates assumptions regarding source and use of proceeds, effective tax rates, stock plan purchases, etc. which impact pro forma financials, whereas pricing for existing issues are based on reported financials. The distinction between pricing of converting and existing issues is perhaps no clearer than in the case of the price/book ("P/B") ratio in that the P/B ratio of a converting thrift will typically result in a discount to book value whereas in the current market for existing thrifts the P/B ratio may reflect a premium to book value. Therefore, it is appropriate to also consider the market for new issues, both at the time of the conversion and in the aftermarket

The marketing for converting thrift issues continued to be affected by the overall weak market for thrift stocks, as only four conversion offerings have been completed since the beginning of 2009. Moreover, there has been only one second step conversion completed since 2008, and that transaction was completed early in 2008 or nearly two years ago.

Two small standard conversion offerings were completed in the first quarter of 2009 and Territorial Bancorp's standard conversion offering was completed on July 14, 2009. Territorial Bancorp's offering was well received, as the offering was closed at the top of the super range with gross proceeds totaling \$122.3 million resulting in a pro forma price/tangible book ratio of 59.4% at closing. Territorial Bancorp's trading price closed 47.5% above its IPO price after its first week of trading. On December 4, 2009, Territorial Bancorp closed 71.7% above its IPO price. The success of Territorial Bancorp's offering, in what is still considered to be a fairly weak market for thrift IPOs, is believed to be related to the specific attributes of Territorial Bancorp's offering as opposed to a broader market trend. Territorial Bancorp is the largest thrift based in Hawaii and, counter to industry trends in general, has maintained strong earnings and very favorable measures for credit quality during a period when most institutions have reported depressed earnings and increases in loan delinquencies.

The only offering that has been completed during the last three month period was a small minority stock offering by a mutual holding company in Alabama, which is not particularly relevant to the Company's offering owing to its location, small size and MHC ownership structure on a post-offering basis.

c. The Acquisition Market

Also considered in the valuation was the potential impact on Charter Financial stock price of recently completed and pending acquisitions of other savings institutions and

banks operating in Georgia and Alabama. As shown in Exhibit IV-4, there were 22 Georgia and Alabama thrift and bank acquisitions completed from the beginning of 2007 through year-to-date 2009, and there is one currently pending acquisition. The recent acquisition activity involving Georgia and Alabama savings institutions and banks may imply a certain degree of acquisition speculation for the Company's stock. To the extent that acquisition speculation may impact the Company's offering, we have largely taken this into account in selecting companies for the Peer Group which have comparable sized regional Company franchises that would tend to be subject to a comparable level of acquisition activity and acquisition speculation as the Company's stock. However, since converting thrifts are subject to a three-year regulatory moratorium from being acquired, acquisition speculation involving Charter Financial stock would tend to be less compared to the more seasoned stocks of the Peer Group companies.

d. Trading in Charter Financial Stock

Since Charter Financial's minority stock currently trades under the symbol "CHFNI" on the OTC Bulletin Board, RP Financial also considered the recent trading activity in the valuation analysis. Charter Financial had a total of 18,577,356 shares issued and outstanding at December 4, 2009, of which 2,719,432 shares were held by public shareholders and traded as public securities. As of December 4, 2009, the Company's closing stock price was \$11.88 per share, implying an aggregate value of \$220,698,989. There are significant differences between the Company's minority stock (currently being traded) and the conversion stock that will be issued by the Company. Such differences include different liquidity characteristics, a different return on equity for the conversion stock, the stock is currently traded based on speculation of a range of exchange ratios and dividend payments will be made on all shares outstanding; thereby, requiring a higher payout ratio to sustain the current level of dividends paid to non-MHC shareholders. Since the pro forma impact has not been publicly disseminated to date, it is appropriate to discount the current trading level. As the pro forma impact is made known publicly, the trading level will become more informative.

* * * * *

In determining our valuation adjustment for marketing of the issue, we considered trends in both the overall thrift market, the new issue market including the new issue market for thrift conversions and the local acquisition market for thrift stocks. Taking these factors and trends into account, RP Financial concluded that a slight downward adjustment was appropriate in the valuation analysis for purposes of marketing of the issue.

8. Management

Charter Financial management team appears to have experience and expertise in all of the key areas of the Company's operations. Exhibit IV-5 provides a listing of Charter Financial Board of Directors and senior management. The Company's management and Board of Directors have been effective in implementing an operating strategy that can be well managed by the Company's present organizational structure as indicated by the financial characteristics of the Company. Currently, the Company has no vacancies in executive management positions. Similarly, the returns, capital positions, and other operating measures of the Peer Group companies are indicative of well-managed financial institutions, which have Boards and management teams that have been effective in implementing competitive operating strategies. Therefore, on balance, we concluded no valuation adjustment relative to the Peer Group was appropriate for this factor.

9. Effect of Government Regulation and Regulatory Reform

In summary, as a fully-converted OTS regulated institution, Charter Financial will operate in substantially the same regulatory environment as the Peer Group members -- all of whom are adequately capitalized institutions and are operating with no apparent restrictions. Exhibit IV-6 reflects the Company's pro forma regulatory capital ratios. On balance, no adjustment has been applied for the effect of government regulation and regulatory reform.

Summary of Adjustments

Overall, based on the factors discussed above, we concluded that the Company's pro forma market value should reflect the following valuation adjustments relative to the Peer Group:

<u>Key Valuation Parameters:</u>	<u>Valuation Adjustment</u>
Financial Condition	Slight Upward
Profitability, Growth and Viability of Earnings	Moderate Upward
Asset Growth	Slight Upward
Primary Market Area	No Adjustment
Dividends	No Adjustment
Liquidity of the Shares	Slight Upward
Marketing of the Issue	Slight Downward
Management	No Adjustment
Effect of Govt. Regulations and Regulatory Reform	No Adjustment

Valuation Approaches

In applying the accepted valuation methodology promulgated by the OTS and adopted by the FDIC, i.e., the pro forma market value approach, including the fully-converted analysis described above, we considered the three key pricing ratios in valuing the Company's to-be-issued stock – price/earnings (“P/E”), price/book (“P/B”), and price/assets (“P/A”) approaches – all performed on a pro forma basis including the effects of the stock proceeds. In computing the pro forma impact of the Second Step Conversion and the related pricing ratios, we have incorporated the valuation parameters disclosed in the Company's prospectus for offering expenses, reinvestment rate, effective tax rate and stock benefit plan assumptions (summarized in Exhibits IV-7 and IV-8). In our estimate of value, we assessed the relationship of the pro forma pricing ratios relative to the Peer Group and recent conversion offerings.

RP Financial's valuation placed an emphasis on the following:

- P/E Approach. The P/E approach is generally the best indicator of long-term value for a stock and we have given it the most significant weight among the valuation approaches. Given certain similarities between the Company's and the Peer Group's earnings composition and overall financial condition, the P/E approach was carefully considered in this valuation. At the same time, recognizing that (1) the earnings multiples will be evaluated on a pro forma fully-converted basis for the Company as well as for the Peer Group; and (2) the Peer Group on average has had the opportunity to realize the benefit of reinvesting and leveraging the offering proceeds, we also gave weight to the other valuation approaches.
- P/B Approach. P/B ratios have generally served as a useful benchmark in the valuation of thrift stocks, particularly in the context of an initial public offering, as the earnings approach involves assumptions regarding the use of proceeds. RP Financial considered the P/B approach to be valuable as an indicator of pro forma value taking into account the pricing ratios under the P/E and P/A approaches. We have also modified the P/B approach to exclude the impact of intangible assets (i.e., price/tangible book value or “P/TB”), in that the investment community frequently makes this adjustment in its evaluation of this pricing approach.
- P/A Approach. P/A ratios are generally a less reliable indicator of market value, as investors typically assign less weight to assets and attribute greater weight to book value and earnings. Furthermore, this approach as set forth in the regulatory valuation guidelines does not take into account the amount of stock purchases funded by deposit withdrawals, thus understating the pro forma P/A ratio. At the same time, the P/A ratio is an indicator of franchise value, and, in the case of highly capitalized institutions, high P/A ratios may limit the investment community's willingness to pay market multiples for earnings or book value when ROE is expected to be low.

- Trading of CHFEN stock. Converting institutions generally do not have stock outstanding. Charter Financial, however, has public shares outstanding due to the mutual holding company form of ownership. Since Charter Financial is currently traded on the OTC Bulletin Board, it is an indicator of investor interest in the Company's conversion stock and therefore received some weight in our valuation. Based on the December 4, 2009, stock price of \$11.88 per share and the 18,577,356 shares of Charter Financial stock outstanding, the Company's implied market value of \$220.7 million was considered in the valuation process. However, since the conversion stock will have different characteristics than the minority shares, and since pro forma information has not been publicly disseminated to date, the current trading price of Charter Financial stock was somewhat discounted herein but will become more important towards the closing of the offering.

The Company has adopted Statement of Position ("SOP") 93-6, which causes earnings per share computations to be based on shares issued and outstanding excluding unreleased ESOP shares. For purposes of preparing the pro forma pricing analyses, we have reflected all shares issued in the offering, including all ESOP shares, to capture the full dilutive impact, particularly since the ESOP shares are economically dilutive, receive dividends and can be voted. However, we did consider the impact of SOP 93-6 in the valuation.

In preparing the pro forma pricing analysis we have taken into account the pro forma impact of the MHC net liabilities that will be consolidated with the Company and thus will increase equity and earnings. At September 30, 2009, the MHC had unconsolidated net liabilities of \$782 thousand, which was principally the result of a \$2.1 million accrued benefit plan obligation net of the cash balance of approximately \$1.3 million. These entries have been added to the Company's September 30, 2009 reported financial information to reflect the consolidation of the MHC into the Company's operations.

Based on the application of the three valuation approaches, taking into consideration the valuation adjustments discussed above, RP Financial concluded that as of December 4, 2009, the aggregate pro forma market value of Charter Financial conversion stock equaled \$114,220,010 at the midpoint, equal to 11,422,001 shares at \$10.00 per share. The \$10.00 per share price was determined by the Charter Financial Board. The midpoint and resulting valuation range is based on the sale of an 85.36% ownership interest to the public which provides for a \$97,500,000 public offering at the midpoint value.

1. Price-to-Earnings ("P/E"). The application of the P/E valuation method requires calculating the Company's pro forma market value by applying a valuation P/E multiple to the pro forma earnings base. In applying this technique, we considered both reported earnings and

a recurring earnings base, that is, earnings adjusted to exclude any one-time non-operating items, plus the estimated after-tax earnings benefit of the reinvestment of the net proceeds. The reinvestment rate of 2.92% was based on the Company's business plan for reinvestment of the net proceeds, which assumes that the net proceeds will be invested in a mix of 15 year MBS (75% of total proceeds) and U.S. Treasury securities with a weighted average maturity of one year (25% of total proceeds). In deriving Charter Financial's estimated core earnings for purposes of the valuation, adjustments made to reported net income included elimination of FHLB prepayment penalties, securities gains and gains on the sale of property, and elimination of the income recognition of negative goodwill. As shown below, on a tax-effected basis, assuming an effective marginal tax rate of 38.6%, the Company's core earnings were calculated at \$0.6 million for the twelve months ended September 30, 2009 (Note: see Exhibit IV-9 for the adjustments applied to the Peer Group's earnings in the calculation of core earnings).

	12 Mos. Ended 9/30/09 <u>Amount</u> (in millions)
Reported Net Income	\$2.3
Addback: Prepayment Penalties on Advances	1.4
Deduct: Net Gain on Sale of Property	(2.1)
Deduct: Net Gain on Sale of Investment Securities	(2.2)
Tax effect on adjustments @ 38.6% effective rate	<u>1.1</u>
Core earnings estimate	0.6

Based on the Company's reported and estimated core earnings, and incorporating the impact of the pro forma assumptions discussed previously, the Company's pro forma reported and core P/E multiples at the \$114.2 million midpoint value equaled 43.44 times and 128.85 times, respectively, indicating premiums of 175.5% and 804.2% relative to the Peer Group's average reported and core earnings multiples of 15.77 times and 14.25 times, respectively (see Table 4.1). The significant premiums for the Company's earnings multiples are also relatively large in comparison to the Peer Group medians. The Company's pro forma P/E ratios based on reported earnings at the minimum and the super maximum are 37.66 times and 55.14 times, respectively, and based on core earnings at the minimum and the super maximum are 116.24 times and 151.59 times, respectively.

Table 4.1
Public Market Pricing
Charter Financial Corporation and the Comparables
As of December 4, 2009

Company	Market Capitalization				Per Share Data			Dividends (1)			Pricing (Basis 3)			Financial Characteristics (1, 6)					2nd Step Offering Amount (\$MM)						
	Price (\$)	Market Value (\$MM)	12 Month EPS (\$)	Book Value (\$)	12 Month Dividend (\$)	Yield (%)	Amount (\$)	Share (\$)	Payout (Basis 5)	Dividend Yield (%)	Dividend Payout (\$MM)	Dividend Yield (%)	Total Assets (\$MM)	Equity Assets (%)	Total Assets (\$MM)	Equity Assets (%)	Total Assets (\$MM)	Equity Assets (%)		ROA (%)	ROE (%)	Core ROE (%)	Exchange Ratio		
Charter Financial Corporation	\$10.00	\$151.06	\$0.07	\$13.83	\$5.14	73.37%	14.48%	75.24%	151.58	\$0.00	0.00%	0.00%	\$1,045	19.71%	\$1,045	19.31%	1.46%	0.26%	1.33%	1.40%	1.30%	0.10%	0.48%	0.8131	\$ 128.94
Superior	\$10.00	\$131.35	\$0.07	\$14.56	\$4.00	68.54%	12.75%	70.47%	140.06	\$0.00	0.00%	0.00%	\$1,030	18.60%	\$1,030	18.18%	1.48%	0.26%	1.40%	1.40%	1.40%	0.49%	0.7071	\$ 112.13	
Mitsubishi	\$10.00	\$114.22	\$0.08	\$15.68	\$3.44	63.78%	11.22%	65.86%	128.85	\$0.00	0.00%	0.00%	\$1,018	17.60%	\$1,018	17.18%	1.50%	0.26%	1.47%	1.47%	1.47%	0.09%	0.49%	0.6148	\$ 97.50
Mitsubishi	\$10.00	\$87.06	\$0.06	\$17.16	\$3.66	58.28%	9.66%	60.13%	116.24	\$0.00	0.00%	0.00%	\$1,005	16.58%	\$1,005	16.14%	1.52%	0.26%	1.55%	1.55%	1.55%	0.50%	0.5228	\$ 82.88	
All Non-MHC Public Companies (1)	\$9.79	\$312.66	\$0.45	\$13.50	\$5.79	67.42%	7.57%	78.50%	16.58	\$0.26	2.36%	36.83%	\$2,909	10.85%	\$2,909	10.10%	3.24%	-0.38%	-1.03%	2.46%	-0.35%	-2.12%			
Averages	\$8.56	\$45.82	\$0.16	\$12.89	\$3.82	68.30%	5.70%	73.04%	13.54	\$0.20	2.25%	0.00%	\$699	8.92%	\$699	8.32%	2.19%	0.16%	2.46%	2.46%	0.11%	1.17%			
Comparable Group Averages	\$12.36	\$77.31	\$0.80	\$16.53	\$5.77	71.25%	9.80%	80.77%	14.25	\$0.29	1.93%	23.48%	\$978	14.04%	\$978	13.02%	1.30%	0.56%	5.40%	5.40%	0.52%	4.55%			
Mediterranean	\$12.63	\$56.48	\$0.45	\$15.04	\$3.34	68.92%	7.04%	80.43%	12.55	\$0.18	2.15%	22.28%	\$598	11.40%	\$598	9.18%	1.19%	0.80%	3.27%	3.27%	0.54%	3.24%			
Comparable Group	\$5.50	\$41.40	\$0.04	\$11.09	\$0.49	49.59%	5.04%	77.79%	\$0	\$0.16	2.91%	\$0	\$827	12.88%	\$827	9.32%	\$4	-0.01%	-0.08%	-0.08%	-0.08%	-0.04%	-0.30%		
CSBC - Citizens South Bmg Corp of NC	\$4.75	\$20.72	\$1.25	\$8.19	\$4.11	58.02%	3.83%	58.00%	\$0.00	\$0.00	0.00%	0.00%	\$541	8.84%	\$541	8.84%	2.87%	0.96%	11.40%	11.40%	1.05%	12.50%			
CPFC - Community Fin Corp of VA	\$2.90	\$55.54	\$1.08	\$13.87	\$3.16	83.01%	7.88%	125.24%	\$1.94	\$0.40	3.10%	40.82%	\$1,919	20.48%	\$1,919	20.48%	6.45%	0.27%	7.69%	7.69%	0.66%	8.81%			
ESBF - ESB Financial Corp of VA	\$10.98	\$48.53	\$0.05	\$16.10	\$0.58	65.78%	3.10%	65.78%	\$0.00	\$0.20	1.80%	\$0.20	\$353	8.08%	\$353	8.08%	2.09%	0.30%	1.44%	1.44%	0.08%	0.31%			
FABK - First Advantage Bancorp of TN	\$12.98	\$208.50	\$0.01	\$18.03	\$1.87	72.25%	5.86%	83.26%	\$0.00	\$0.20	1.54%	12.12%	\$3,510	10.02%	\$3,510	10.02%	2.92%	0.80%	10.07%	10.07%	0.00%	-0.00%			
FIOH - First Fin Holdings Inc of SC	\$13.38	\$16.83	\$0.26	\$22.52	\$2.58	59.41%	6.21%	59.41%	\$0.00	\$0.40	2.99%	61.54%	\$271	10.46%	\$271	10.46%	2.21%	0.33%	2.93%	2.93%	0.13%	1.17%			
GBLA - GS Bancorp Corp of LA	\$12.35	\$10.25	\$0.62	\$14.85	\$2.72	83.16%	25.67%	83.16%	19.92	\$0.00	0.00%	0.00%	\$533	24.85%	\$533	24.85%	0.66%	0.73%	3.36%	3.36%	0.05%	4.85%			
HBCP - Home Bancorp Inc Lafayette LA	\$5.00	\$33.53	\$0.38	\$12.03	\$3.51	41.56%	5.12%	59.88%	\$1.61	\$0.12	2.40%	32.43%	\$654	12.33%	\$654	12.33%	8.89%	1.42%	3.18%	3.18%	0.43%	3.20%			
JFB - Jefferson Bancshares Inc of TN	\$14.50	\$75.40	\$0.51	\$15.22	\$2.99	95.27%	22.72%	95.27%	28.43	\$0.20	0.00%	0.00%	\$332	23.82%	\$332	23.82%	0.72%	0.82%	3.16%	3.16%	0.83%	3.22%			
LABC - Louisiana Bancorp Inc of LA	\$31.96	\$68.39	\$3.85	\$33.41	\$1.12	94.76%	8.41%	100.00%	\$2.21	\$1.42	4.49%	40.92%	\$790	8.97%	\$790	8.97%	1.19%	0.93%	10.54%	10.54%	0.34%	11.74%			

1. Average of High/Low or Bid/Ask price per share.
 2. EPS (earnings per share) is based on actual trailing 12 month data, adjusted to one non-operating item or a non-related basis, and is shown on a pro forma basis where appropriate.
 3. PE = Price to earnings; PB = Price to book; P/B = Price to book; P/B = Price to tangible book value and P/B = Price to core earnings.
 4. Indicated 12 month dividend based on last quarterly dividend declared.
 5. Indicated 12 month dividend as a percent of trailing 12 month estimated core earnings.
 6. ROA (return on assets) and ROE (return on equity) are indicated ratios based on trailing 12 month common earnings and average common equity and total assets balances.
 7. Excludes from averages and medians those companies the subject of actual or rumored acquisition activities or unusual operating characteristics.
 Source: Corporate reports, offering circulars and RP Financial, LC calculations. The information provided in this report has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.
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Importantly, we believe the significant premiums in the Company's pro forma earnings multiples in comparison to the Peer Group are warranted based on the discounted P/B and P/TB multiples discussed below and owing to the Company's earnings growth potential. With regard to this latter factor, we believe that the Company's earnings may be subject to increase over the near term as the earnings benefits of the NCB acquisition are fully realized into trailing twelve month earnings and owing to other factors which may facilitate future earnings growth including the repricing of high cost borrowings and CDs to lower market rates and the targeted transition of deposits to a greater retail orientation. Additionally, the Company believes there may likely be additional acquisition opportunities locally given the large number of distressed financial institutions and management has indicated the intent to pursue growth through acquisition to leverage its strong pro forma capital position if such acquisitions are estimated to be accretive to earnings.

2. Price-to-Book ("P/B"). The application of the P/B valuation method requires calculating the Company's pro forma market value by applying a valuation P/B ratio, derived from the Peer Group's P/B ratio, to the Company's pro forma book value. The Company's pre-conversion equity of \$98.8 million was adjusted to include the impact of MHC's net liabilities of \$782 thousand, which will be consolidated with the Company's financial statements as the result of the Second Step Conversion. In applying the P/B approach, we considered both reported book value and tangible book value. Based on the \$114.2 million midpoint valuation, Charter Financial's pro forma P/B and P/TB ratios equaled 63.78% and 65.66%, respectively. In comparison to the respective average P/B and P/TB ratios indicated for the Peer Group of 71.26% and 80.77%, the Company's ratios reflected discounts of 10.5% and 18.7%, respectively. In comparison to the Peer Group's median P/B and P/TB ratios of 68.92% and 80.43%, respectively, the Company's pro forma P/B and P/TB ratios at the midpoint value reflected discounts of 7.5% and 18.4%, respectively. The Company's pro forma P/B ratios at the minimum and the super maximum equaled 58.28% and 73.37%, respectively. The Company's pro forma P/TB ratios at the minimum and the super maximum are 60.13% and 75.24%, respectively. RP Financial considered the discounts under the P/B approach to be reasonable in light of the valuation adjustments referenced earlier.

3. Price-to-Assets ("P/A"). The P/A valuation methodology determines market value by applying a valuation P/A ratio to the Company's pro forma asset base, conservatively

assuming no deposit withdrawals are made to fund stock purchases. In all likelihood there will be deposit withdrawals, which results in understating the pro forma P/A ratio computed herein. At the midpoint of the valuation range, Charter Financial's value equaled 11.22% of pro forma assets. Comparatively, the Peer Group companies exhibited an average P/A ratio of 9.89%, which implies a premium of 13.4% has been applied to the Company's pro forma P/A ratio. In comparison to the Peer Group's median P/A ratio of 7.04%, the Company's pro forma P/A ratio at the midpoint value indicated a premium of 59.4%. The Company's P/A ratios at the minimum and the super maximum equaled 9.66% and 14.46%, respectively.

Comparison to Recent Offerings

As indicated at the beginning of this chapter, RP Financial's analysis of recent conversion offering pricing characteristics at closing and in the aftermarket has been limited to a "technical" analysis and, thus, the pricing characteristics of recent conversion offerings can not be a primary determinate of value. Particular focus was placed on the P/TB approach in this analysis, since the P/E multiples do not reflect the actual impact of reinvestment and the source of the stock proceeds (i.e., external funds vs. deposit withdrawals). As discussed previously, Territorial Bancorp was the most recent standard conversion offering completed. In comparison to Territorial Bancorp's pro closing forma P/TB ratio of 59.4%, the Company's P/TB ratio of 100.3% at the midpoint value reflects an implied premium of 68.9%. Territorial Bancorp's current P/TB ratio, based on closing stock prices as of December 4, 2009, equaled 97.3%. In comparison to Territorial Bancorp's current P/TB ratio, the Company's P/TB ratio at the midpoint value reflects a premium of 47.9%.

Importantly, there have been no conversion offerings completed in the last three months except for one very small mutual holding company offering in Alabama. Accordingly, the guidance provided by recent offerings with respect to the Company's pro forma value is limited.

Valuation Conclusion

Based on the foregoing, it is our opinion that, as of December 4, 2009, the estimated aggregate pro forma valuation of the shares of the Company to be issued and outstanding at the end of the conversion offering including (1) newly-issued shares representing the MHC's current ownership interest in Company, and (2) exchange shares issued to existing public shareholders of the Company and was \$114,220,010 at the midpoint, equal to 11,422,001 shares at \$10.00 per share. Based on the pro forma valuation and the percent ownership

interest represented by the MHC Shares, the number of shares of common stock offered for sale will range from a minimum of 8,287,500 shares to a maximum of 11,212,500 shares, with a midpoint offering of 9,750,000 shares. Based on an offering price of \$10.00 per share, the amount of the offering will range from a minimum of \$82,875,000 to a maximum of \$112,125,000 with a midpoint of \$97,500,000. If market conditions warrant, the number of shares offered can be increased to an adjusted maximum of 12,894,375 shares (the "supermaximum") equal to an offering of \$128,943,750 at the offering price of \$10.00 per share. The pro forma figures for shares outstanding, aggregate market value and exchange ratio at each point in the valuation range are shown below. The pro forma valuation calculations relative to the Peer Group are shown in Table 4.1 and are detailed in Exhibits IV-7 and IV-8.

	<u>Total Shares</u>	<u>Offering Shares</u>	<u>Exchange Shares Issued to the Public Shareholders</u>	<u>Exchange Ratio</u> (x)
<u>Shares</u>				
Super Maximum	15,105,596	12,894,375	2,211,221	0.8131
Maximum	13,135,301	11,212,500	1,922,801	0.7071
Midpoint	11,422,001	9,750,000	1,672,001	0.6148
Minimum	9,708,701	8,287,500	1,421,201	0.5226
<u>Distribution of Shares</u>				
Super Maximum	100.00%	85.36%	14.64%	
Maximum	100.00%	85.36%	14.64%	
Midpoint	100.00%	85.36%	14.64%	
Minimum	100.00%	85.36%	14.64%	
<u>Aggregate Market Value(1)</u>				
Super Maximum	\$151,055,960	\$128,943,750	\$22,112,210	
Maximum	\$131,353,010	\$112,125,000	\$19,228,010	
Midpoint	\$114,220,010	\$97,500,000	\$16,720,010	
Minimum	\$97,087,010	\$82,875,000	\$14,212,010	

(1) Based on offering price of \$10.00 per share.

Establishment of the Exchange Ratio

OTS regulations provide that in a conversion of a mutual holding company, the minority stockholders are entitled to exchange the public shares for newly issued shares in the fully converted company. The Board of Directors of Charter Financial has independently determined the exchange ratio, which has been designed to preserve the current aggregate percentage ownership in the Company. The exchange ratio to be received by the existing minority shareholders of the Company will be determined at the end of the offering, based on the total number of shares sold in the subscription and syndicated offerings and the final appraisal. Based on the valuation conclusion herein, the resulting offering value and the \$10.00 per share offering price, the indicated exchange ratio at the midpoint is 0.6148 shares of the Company for every one public share of stock held by public shareholders. Furthermore, based on the offering range of value, the indicated exchange ratio is 0.5226 at the minimum, 0.7071 at the maximum and 0.8131 at the supermaximum. RP Financial expresses no opinion on the proposed exchange of newly issued Company shares for the shares held by the public stockholders or on the proposed exchange ratio.

EXHIBITS

LIST OF EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
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EXHIBIT I-1

**Charter Financial Corporation
Audited Financial Statements**

[Incorporated by Reference]

EXHIBIT I-2

**Charter Financial Corporation
Key Operating Ratios**

Exhibit I-2
Charter Financial Corporation
Key Operating Ratios

	At or For the Years Ended September 30,				
	2009	2008	2007	2006	2005
Selected Financial Ratios and Other Data:					
Performance Ratios:					
Return on average assets (ratio of net income to average total assets)	0.27	1.16%	4.81%	1.22%	1.06%
Return on average equity (ratio of net income to average equity)	2.25%	6.23%	20.30%	5.10%	4.23%
Interest rate spread (1)	2.08%	1.47%	0.99%	1.10%	0.96%
Net interest margin (2)	2.35%	2.32%	2.46%	2.48%	2.18%
Efficiency ratio (3)	75.90%	52.61%	21.55%	57.73%	53.93%
Non-interest expense to average total assets	2.67%	2.23%	2.07%	1.94%	1.69%
Average interest-earning assets as a ratio of average interest-bearing liabilities	1.09x	1.27x	1.50x	1.52x	1.59x
Average equity to average total assets	12.12%	18.56%	23.70%	23.60%	24.97%
Asset Quality Ratios:					
Covered Assets (4):					
Non-performing loans to covered loans	23.37%	N/A	N/A	N/A	N/A
FDIC loss-sharing coverage plus non-accretable credit risk discounts as a percentage of covered assets (5)	85.93%	N/A	N/A	N/A	N/A
Non-covered Assets (4):					
Non-performing assets to total assets	2.16%	1.63%	0.72%	0.30%	0.49%
Non-performing loans to total loans	2.82%	2.35%	1.74%	0.74%	1.12%
Allowance for loan losses as a ratio of non-performing loans	0.81x	0.80x	0.84x	2.15x	1.51x
Allowance for loan losses to total loans	1.98%	1.89%	1.46%	1.59%	1.69%
Net (charge-offs) as a percentage of average non-covered loans outstanding	(0.71)%	(0.24)%	(0.02)%	(0.02)%	(0.16)%
Bank Regulatory Capital Ratios:					
Total capital (to risk-weighted assets)	15.71%	18.15%	24.18%	26.21%	27.62%
Tier I capital (to risk-weighted assets)	14.65%	16.90%	12.57%	13.11%	14.69%
Tier I capital (to average assets)	9.30%	10.51%	9.43%	9.71%	9.86%
Consolidated Capital Ratio:					
Total equity to total assets	10.49%	12.76%	22.03%	24.40%	23.15%
Other Data:					
Number of full service offices	14	10	9	9	9
Full time equivalent employees	209	178	173	179	169

- (1) The average interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the period.
- (2) The net interest margin represents net interest income as a percent of average interest-earning assets for the period.
- (3) The efficiency ratio represents non-interest expense divided by the sum of net interest income and non-interest income.
- (4) Covered assets consist of assets acquired from the Federal Deposit Insurance Corporation subject to a loss sharing agreement. Non-covered assets consist of assets other than covered assets. See Note 8 to the Notes to Consolidated Financial Statements.
- (5) This ratio has been computed based on a minimum 80% Federal Deposit Insurance Corporation loss sharing coverage. If cumulative losses exceed \$82 million, Federal Deposit Insurance Corporation loss sharing coverage will increase to 95% of losses exceeding \$82 million. If the recovery of losses on covered assets was limited solely to amounts to be received under the loss sharing agreements with the Federal Deposit Insurance Corporation, we have estimated that our maximum loss exposure, net of established non-accretable discounts, as of September 30, 2009, would approximate \$6.3 million. At such date, remaining accretable discounts exceeded such estimated maximum loss exposure.

EXHIBIT I-3

**Charter Financial Corporation
Investment Portfolio Composition**

Exhibit I-3
Charter Financial Corporation
Investment Portfolio Composition

	At September 30,					
	2009		2008		2007	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(In thousands)						
Investment securities:						
U.S. Government sponsored	\$ 4,157	\$ 4,435	\$ 34,351	\$ 34,291	\$ 30,879	\$ 30,785
Municipal bonds	—	—	—	—	1,001	1,007
Total investment securities	<u>4,157</u>	<u>4,435</u>	<u>34,351</u>	<u>34,291</u>	<u>31,880</u>	<u>31,792</u>
Mortgage-backed and mortgage-related securities:						
Fannie Mac	53,593	53,975	95,183	94,669	87,996	85,471
Ginnie Mac	5,745	5,979	9,323	9,378	10,676	10,794
Freddie Mac	<u>27,438</u>	<u>27,679</u>	<u>6,384</u>	<u>6,358</u>	<u>9,451</u>	<u>9,350</u>
Total mortgage-backed and mortgage-related securities	<u>86,776</u>	<u>87,633</u>	<u>110,890</u>	<u>110,405</u>	<u>108,123</u>	<u>105,615</u>
Collateralized mortgage obligations:						
Fannie Mac	37,302	37,706	20,786	20,055	35,370	34,003
Ginnie Mac	—	—	998	999	997	972
Freddie Mac	19,206	19,380	28,712	28,213	33,846	33,068
Other	<u>71,160</u>	<u>56,908</u>	<u>92,529</u>	<u>83,176</u>	<u>90,919</u>	<u>89,693</u>
Total collateralized mortgage obligations	<u>127,668</u>	<u>113,994</u>	<u>143,025</u>	<u>132,443</u>	<u>161,132</u>	<u>157,736</u>
Total mortgage-backed securities and collateralized mortgage obligations	214,444	201,627	253,915	242,848	269,255	263,351
Freddie Mac common stock	—	—	—	—	4,725	200,782
Total	<u>\$ 218,601</u>	<u>\$ 206,062</u>	<u>\$ 288,266</u>	<u>\$ 277,139</u>	<u>\$ 305,860</u>	<u>\$ 495,925</u>

EXHIBIT I-4

**Charter Financial Corporation
Yields and Costs**

Exhibit I-4
Charter Financial Corporation
Yields and Costs

At September 30, 2009	For the Year Ended September 30, 2009			
	Yield/Rate(1)	Average Outstanding Balance	Interest	Yield/Rate
(Dollars in thousands)				
Interest-earning assets:				
Loans (2)(3):				
One- to four-family residential real estate	5.25%	\$ 133,382	\$ 7,566	5.67%
Commercial real estate	4.75	259,050	16,888	6.52
Real estate construction	5.50	49,853	2,278	4.57
Commercial	4.75	23,243	1,139	4.90
Consumer and other loans	7.50	<u>25,336</u>	<u>1,441</u>	5.69
Total loans	5.10	490,864	29,312	5.97
Securities (3):				
Mortgage-backed securities and collateralized mortgage obligations	3.93	223,851	10,700	4.78
Municipal bonds	—	—	—	—
FHLB common stock and other equity securities	—	13,572	29	0.21
Other securities	4.96	<u>21,419</u>	<u>484</u>	2.26
Total securities	3.70	258,842	11,213	4.33
Freddie Mac common stock	—	—	—	—
Interest-bearing deposits in other financial institutions	—	<u>14,915</u>	<u>34</u>	0.23
Total interest-earning assets including Freddie Mac common stock	4.62	764,621	40,359	5.30
Noninterest-earning assets	—	<u>78,030</u>	—	—
Total assets	—	<u>\$ 842,651</u>	—	—
Interest-bearing liabilities:				
Savings accounts	0.25%	\$ 12,842	33	0.26%
Certificates of deposit	2.44	291,760	8,741	3.00
Money market accounts	0.65	80,759	935	1.16
Demand and NOW accounts	0.75	<u>55,553</u>	<u>391</u>	0.70
Total deposits	1.89	440,914	10,100	2.29
Federal Home Loan Bank Advances	4.82	260,158	12,499	4.80
Securities sold under agreements to repurchase	—	—	—	—
Other borrowings	—	—	—	—
Total interest-bearing liabilities	2.75	<u>701,072</u>	<u>22,599</u>	3.22
Non-interest-bearing liabilities	—	<u>38,864</u>	—	—
Total liabilities	—	739,936	—	—
Equity	—	<u>102,715</u>	—	—
Total liabilities and equity	—	<u>\$ 842,651</u>	—	—
Net interest income	—	—	<u>\$ 17,960</u>	—
Net interest rate spread (4)	1.87%	—	—	2.08%
Net interest-earning assets (3)	—	<u>\$ 63,744</u>	—	—
Net interest margin (5)	2.01%	—	—	2.35%
Average interest-earning assets to interest-bearing liabilities	105.23%	109.09%	—	—

(footnotes on following page)

Exhibit I-4 (continued)
Charter Financial Corporation
Yields and Costs

For the Years Ended September 30,

	2008			2007		
	Average Outstanding Balance	Interest	Yield/Rate	Average Outstanding Balance	Interest	Yield/Rate
(Dollars in thousands)						
Interest-earning assets:						
Loans (2)(3):						
One- to four-family residential real estate.....	\$ 136,445	\$ 7,994	5.86%	\$ 140,984	\$ 8,209	5.82%
Commercial real estate.....	200,863	14,944	7.44	171,879	13,609	7.92
Real estate construction.....	45,411	3,130	6.89	47,594	4,007	8.42
Commercial.....	18,585	1,182	6.36	19,317	1,322	6.84
Consumer and other loans.....	<u>22,213</u>	<u>1,622</u>	7.30	<u>20,881</u>	<u>1,737</u>	8.32
Total loans.....	423,517	28,872	6.82	400,655	28,884	7.21
Securities(3):						
Mortgage-backed securities and collateralized mortgage obligations.....	257,462	12,210	4.74	284,543	13,788	4.85
Municipal bonds.....	173	7	—	880	39	—
FHLB common stock and other equity securities.....	13,026	670	5.14	15,107	859	5.69
Other securities.....	<u>32,208</u>	<u>1,190</u>	3.67	<u>33,394</u>	<u>1,760</u>	5.27
Total securities.....	302,869	14,070	4.65	333,924	16,446	4.93
Freddie Mac common stock.....	92,992	2,499	2.69	235,240	7,305	3.11
Interest-bearing deposits in other financial institutions.....	<u>27,240</u>	<u>936</u>	3.44	<u>39,232</u>	<u>2,010</u>	5.12
Total interest-earning assets including Freddie Mac common stock.....	<u>846,618</u>	<u>46,377</u>	5.48	<u>1,009,051</u>	<u>54,645</u>	5.42
Noninterest-earning assets.....	64,636			49,941		
Total assets.....	<u>\$ 911,254</u>			<u>\$ 1,058,992</u>		
Interest-bearing liabilities:						
Savings accounts.....	\$ 11,616	\$ 28	0.24%	\$ 12,571	\$ 31	0.25%
Certificates of deposit.....	256,037	11,287	4.41	207,068	9,742	4.70
Money market accounts.....	94,838	2,644	2.79	94,810	4,495	4.74
Demand and NOW accounts.....	<u>49,051</u>	<u>566</u>	1.15	<u>49,689</u>	<u>920</u>	1.85
Total deposits.....	411,542	14,525	3.53	364,138	15,188	4.17
Federal Home Loan Bank advances.....	251,028	12,025	4.79	293,302	13,679	4.66
Securities sold under agreement to repurchase.....	4,712	219	4.65	17,377	960	5.53
Other borrowings.....	<u>—</u>	<u>—</u>	—	<u>—</u>	<u>—</u>	—
Total interest-bearing liabilities.....	<u>667,282</u>	<u>26,769</u>	4.01	<u>674,817</u>	<u>29,827</u>	4.42
Non-interest-bearing liabilities.....	<u>74,842</u>			<u>133,210</u>		
Total liabilities.....	742,124			808,027		
Equity.....	<u>169,130</u>			<u>250,965</u>		
Total liabilities and equity.....	<u>\$ 911,254</u>			<u>\$ 1,058,992</u>		
Net interest income.....		<u>\$ 19,608</u>			<u>\$ 24,818</u>	
Net interest rate spread (4).....			1.47%			1.00%
Net interest-earning assets (5).....	<u>\$ 179,336</u>			<u>\$ 334,234</u>		
Net interest margin (6).....			2.32%			2.46%
Average of interest-earning assets to interest-bearing liabilities.....	126.88%			149.30%		

(1) Includes net loan fees deferred and accreted pursuant to accounting requirements

(2) Interest income on loans is interest income as recorded in the income statement and, therefore, does not include interest income on non-accrual loans.

(3) Tax exempt or tax-advantaged securities and loans are shown at their contractual yields and are not shown at a tax equivalent yield.

Exhibit I-4 (continued)
Charter Financial Corporation
Yields and Costs

- (4) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest bearing liabilities.
 - (5) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
 - (6) Net interest margin represents net interest income as a percentage of average interest-earning assets
-

EXHIBIT I-5

**Charter Financial Corporation
Loan Loss Allowance Activity**

Exhibit I-5
Charter Financial Corporation
Loan Loss Allowance Activity

	At or For the Years Ended September 30,				
	2009	2008	2007	2006	2005
Balance at beginning of period.....	\$ 8,244	\$ 6,013	\$ 6,086	\$ 6,160	\$ 6,623
Charge-offs:					
One- to four-family residential real estate.....	(648)	(348)	(107)	(180)	(57)
Commercial real estate.....	(2,961)	(42)	(17)	--	(222)
Real estate construction.....	(31)	(424)	--	--	(319)
Commercial.....	(119)	(136)	(40)	--	--
Consumer and other loans.....	(55)	(97)	(28)	(62)	(61)
Total charge-offs.....	(3,814)	(1,047)	(192)	(242)	(659)
Recoveries					
One- to four-family residential real estate.....	41	1	30	33	18
Commercial real estate.....	300	--	--	--	--
Real estate construction.....	--	--	--	--	--
Commercial.....	2	11	56	65	24
Consumer and other loans.....	9	16	33	70	79
Total recoveries.....	352	28	117	168	121
Net (charge-offs) recoveries.....	(3,462)	(1,019)	(75)	(74)	(538)
Provision (recovery to allowance) for loan losses.....	4,550	3,250	--	--	75
Balance at end of year.....	\$ 9,332	\$ 8,244	\$ 6,013	\$ 6,086	\$ 6,160
Ratios					
Net (charge-offs) recoveries as a percentage of average non-covered loans outstanding.....	(0.71)%	(0.24)%	(0.02)%	(0.02)%	(0.16)%
Allowance for loan losses as a percentage of non-covered non-performing loans at year end.....	70.1%	77.0%	76.0%	187%	146%
Allowance for loan losses as a percentage of total non-covered loans receivable at year end (1).....	1.98%	1.89%	1.48%	1.60%	1.69%

(1) Does not include loans held for sale or deferred fees.

EXHIBIT I-6

**Charter Financial Corporation
Interest Rate Risk Analysis**

Exhibit I-6
Charter Financial Corporation
Interest Rate Risk Analysis

Change in Interest Rates (bp) (1)	Estimated NPV (2)	Estimated Increase (Decrease) in NPV	Percentage Change in NPV	NPV Ratio as a Percent of Present Value of Assets (3)(4)	Increase (Decrease) in NPV Ratio as a Percent of Present value of Assets (3)(4)
(Dollars in thousands)					
+300	\$ 70,778	\$ (22,437)	(24)%	7.65%	(202)%
+200	\$ 74,233	\$ (14,182)	(15)%	8.43%	(124)%
+100	\$ 86,822	\$ (6,394)	(7)%	9.15%	(52)%
0	\$ 73,215	—	—	9.67%	—
(100)	\$ 94,210	\$ (2,872)	(3)%	9.74%	(30)%

- (1) Assumes an instantaneous uniform change in interest rates at all maturities.
(2) NPV is the difference between the present value of an institution's assets and liabilities.
(3) Present value of assets represents the discounted present value of incoming cash flows on interest-earning assets.
(4) NPV Ratio represents NPV divided by the present value of assets.

EXHIBIT I-7

**Charter Financial Corporation
Loan Portfolio Composition**

Exhibit I-7
Charter Financial Corporation
Loan Portfolio Composition

	At September 30,									
	2009		2008		2007		2006		2005	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in thousands)									
One- to four-family residential										
real estate (1).....	\$ 126,097	21.7%	\$ 138,205	31.6%	\$ 138,528	33.6%	\$ 143,888	37.7%	\$ 148,466	40.8%
commercial real estate.....	270,062	46.6	222,056	50.8	181,585	44.0	158,003	41.4	150,993	41.5
real estate construction (2).....	43,965	7.6	39,563	9.0	52,040	12.6	43,655	5.0	32,163	5.2
commercial.....	10,466	1.8	15,543	3.6	18,999	4.6	16,921	4.4	13,490	3.7
consumer and other loans (3).....	22,385	3.9	22,154	5.0	21,267	5.2	19,255	11.5	18,787	8.8
covered loans (4).....	<u>106,883</u>	<u>18.4</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total loans.....	579,858	<u>100.00%</u>	437,521	<u>100.00%</u>	412,419	<u>100.0%</u>	381,722	<u>100.0%</u>	363,899	<u>100.0%</u>
Other items:										
Net deferred loan (fees).....	(857)		(804)		(852)		(909)		(931)	
Allowance for loan losses- noncovered loans.....	(9,332)		(8,244)		(6,013)		(6,086)		(6,160)	
Allowance for loan losses- covered loans (5).....	(6,814)		—		—		—		—	
Accretable discount (5).....	(8,794)		—		—		—		—	
Non-accretable discount (5).....	<u>(1,510)</u>		<u>—</u>		<u>—</u>		<u>—</u>		<u>—</u>	
Loans receivable, net.....	<u>\$ 552,550</u>		<u>\$ 428,473</u>		<u>\$ 405,554</u>		<u>\$ 374,727</u>		<u>\$ 356,808</u>	

- (1) Excludes loans held for sale of \$1,123, \$1,292, \$921, \$909 and \$1,234 at September 30, 2009, 2008, 2007, 2006 and 2005, respectively
- (2) Net of undisbursed proceeds on loans-in-process
- (3) Includes home equity loans, lines of credit and second mortgages.
- (4) Consists of loans and commitments acquired in the NCB acquisition that are covered by a loss sharing agreement with the Federal Deposit Insurance Corporation.
- (5) See Note 7 of the Notes to Financial Statements. There is also a \$22.6 million non-accretable discount as of September 30, 2009, that is reflected in the carrying value of the loan portfolio in the table above.

EXHIBIT I-8

**Charter Financial Corporation
Contractual Maturity by Loan Type**

Exhibit I-8
Charter Financial Corporation
Contractual Maturity by Loan Type

	One- to four-family residential real estate (1)		Commercial real estate(2)		Real estate Construction (3)	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate
(Dollars in thousands)						
Due During the Years Ending September 30.						
2010	\$ 746	5.32%	\$ 76,647	5.03%	\$ 45,111	4.27%
2011	180	5.97	39,183	6.44	8,431	4.60
2012	188	5.35	37,726	6.09	3,985	2.96
2013 to 2014.....	2,583	5.92	36,405	6.32	2,228	5.85
2015 to 2019.....	18,326	6.02	23,342	6.50	—	—
2020 to 2024.....	16,405	5.77	36,997	6.63	—	—
2025 and beyond	<u>87,669</u>	5.87	<u>76,226</u>	5.55	<u>—</u>	<u>—</u>
Total	<u>\$ 126,097</u>	5.53%	<u>\$ 326,526</u>	5.65%	<u>\$ 59,755</u>	4.32%

	Commercial (4)		Consumer and other loans (5)		Total	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate
(Dollars in thousands)						
Due During the Years Ending September 30.						
2010	\$ 7,514	4.73%	\$ 2,909	5.98%	\$ 132,927	5.20%
2011	5,917	6.25	1,542	6.06	55,253	6.23
2012	10,611	4.97	3,090	6.12	55,600	5.82
2013 to 2014	3,532	4.44	3,341	5.96	48,089	6.12
2015 to 2019	3,790	4.26	15,230	6.48	60,688	6.14
2020 to 2024	1,038	5.51	8,236	6.44	62,676	5.97
2025 and beyond	<u>730</u>	3.51	<u>—</u>	<u>—</u>	<u>164,625</u>	5.08
Total	<u>\$ 33,132</u>	4.97%	<u>\$ 34,348</u>	6.02%	<u>\$ 579,858</u>	5.60%

- (1) Includes \$0 of covered loans.
(2) Includes \$56,753 of covered loans.
(3) Includes \$15,789 of covered loans. Presented net of undisbursed proceeds on loans-in-progress
(4) Includes \$22,666 of covered loans.
(5) Includes \$11,963 of covered loans.

	Due After September 30, 2010		
	Fixed	Adjustable (in thousands)	Total
One- to four-family residential real estate.....	\$ 34,208	\$ 12,350	\$ 46,558
Commercial real estate	46,447	178,146	224,593
Real estate construction	10,340	4,303	14,643
Commercial	27,737	13,609	41,346
Consumer and other loans.....	<u>5,891</u>	<u>25,224</u>	<u>31,115</u>
Total loans.....	<u>\$ 124,623</u>	<u>\$ 233,632</u>	<u>\$ 358,255</u>

EXHIBIT I-9

**Charter Financial Corporation
Non-Performing Assets**

Exhibit I-9
Charter Financial Corporation
Non-Performing Assets

	At September 30,									
	2009		2008		2007		2006		2005	
	Covered	Non-covered	(Dollars in thousands)							
Non-accrual loans:										
One- to four-family residential real estate	\$ —	\$ 2,532	\$ 2,027	\$ 901	\$ 1,209	\$ 2,128				
Commercial real estate	3,831	3,787	7,548	4,588	1,497	1,715				
Real estate construction	3,098	—	—	1,595	—	—				
Commercial	17,447	5,583	145	48	109	208				
Consumer and other loans	1,007	116	103	62	21	24				
Total non-accrual loans	<u>25,383</u>	<u>13,100</u>	<u>10,771</u>	<u>7,194</u>	<u>2,836</u>	<u>4,075</u>				
Loans delinquent 90 days or greater and still accruing:										
One- to four-family residential real estate	—	181	—	260	—	—				
Commercial real estate	—	—	—	489	340	81				
Real estate construction	—	—	—	—	—	—				
Commercial	—	—	—	—	52	52				
Consumer and other loans	—	32	—	14	—	—				
Total loans delinquent 90 days or greater and still accruing	<u>—</u>	<u>213</u>	<u>—</u>	<u>763</u>	<u>392</u>	<u>133</u>				
Total non-performing loans	<u>25,383</u>	<u>13,313</u>	<u>10,771</u>	<u>7,957</u>	<u>3,228</u>	<u>4,208</u>				
Real estate owned:										
One- to four-family residential real estate	4,804	1,683	788	134	279	273				
Commercial real estate	5,877	3,095	1,892	46	181	847				
Real estate construction	—	—	—	—	—	—				
Commercial	—	—	—	—	—	—				
Consumer and other loans	—	—	—	—	—	—				
Total real estate owned	<u>10,681</u>	<u>4,778</u>	<u>2,680</u>	<u>180</u>	<u>460</u>	<u>1,120</u>				
Less:										
FDIC receivable - non-accretable discount (1)	4,324	—	—	—	—	—				
Non-accretable credit risk discount (1)	1,081	—	—	—	—	—				
Total non-performing assets	<u>\$ 31,979</u>	<u>\$ 18,091</u>	<u>\$ 13,451</u>	<u>\$ 8,137</u>	<u>\$ 3,688</u>	<u>\$ 5,328</u>				
Ratios:										
Non-performing loans as a percentage of total non-covered loans	N/M	2.77%	2.46%	1.93%	0.74%	1.12%				
Non-performing assets as a percentage of total non-covered assets	N/M	2.16%	1.68%	0.80%	0.30%	0.49%				

N/M -- Not meaningful.

(1) See Note 7 to the Notes to Financial Statements for a discussion of the FDIC receivable.

EXHIBIT I-10

**Charter Financial Corporation
Deposit Composition**

Exhibit I-10
Charter Financial Corporation
Deposit Composition

For the Years Ended September 30,

	2009			2008		
	Average Balance	Percent	Weighted Average Rate	Average Balance	Percent	Weighted Average Rate
	(Dollars in thousands)					
Deposit type:						
Savings accounts.....	\$ 12,842	2.7%	0.25%	\$ 11,616	2.6%	0.25%
Certificates of deposit	291,565	61.3	2.46	256,037	57.7	3.60
Money market.....	80,759	17.0	5.55	94,838	21.4	1.06
Demand and NOW	<u>90,445</u>	<u>19.0</u>	<u>0.31</u>	<u>81,110</u>	<u>18.3</u>	<u>0.30</u>
Total deposits.....	<u>\$ 475,806</u>	<u>100.0%</u>	2.55%	<u>\$ 443,601</u>	<u>100.0%</u>	2.37%

For the Year Ended
September 30, 2007

	Average Balance	Percent	Weighted Average Rate
	(Dollars in thousands)		
Deposit type:			
Savings accounts.....	\$ 12,571	3.2%	0.25%
Certificates of deposit	207,068	52.5	4.41
Money market.....	94,810	24.1	1.21
Demand and NOW	<u>79,744</u>	<u>20.2</u>	<u>0.51</u>
Total deposits.....	<u>\$ 394,193</u>	<u>100.0%</u>	2.71%

EXHIBIT I-11

**Charter Financial Corporation
Time Deposit Rate/Maturity**

Exhibit I-11
Charter Financial Corporation
Time Deposit Rate/Maturity

	At September 30,		
	2009	2008	2007
	(In thousands)		
Interest Rate:			
Less than 2.00%.....	\$ 125,167	\$ 4,409	\$ 222
2.00% to 2.99%.....	108,007	32,539	25,716
3.00% to 3.99%.....	85,961	104,867	13,047
4.00% to 4.99%.....	45,922	63,765	11,347
5.00% to 5.99%.....	15,675	45,093	176,927
6.00% to 6.99%.....	—	2	46
Total.....	\$ 380,732	\$ 250,675	\$ 227,305

	At September 30, 2009					
	Period to Maturity					
	Less Than or Equal to One Year	More Than One to Two Years	More Than Two to Three Years	More Than Three Years	Total	Percent of Total
(Dollars in thousands)						
Interest Rate Range:						
2.99% and below.....	\$ 208,409	\$ 17,139	\$ 6,167	\$ 1,459	\$ 233,174	61.24%
3.00% to 3.99%.....	62,450	11,397	7,817	4,297	85,961	22.58
4.00% to 4.99%.....	39,168	4,190	1,558	1,006	45,922	12.06
5.00% to 5.99%.....	8,600	4,814	2,148	113	15,675	4.12
Total.....	\$ 318,627	\$ 37,540	\$ 17,690	\$ 6,875	\$ 380,732	100.0%

As of September 30, 2009, the aggregate amount of outstanding certificates of deposit in amounts greater than or equal to \$100,000 was approximately \$210.4 million. The following table sets forth the maturity of those certificates as of September 30, 2009.

	At September 30, 2009	
	Retail (1)	Wholesale (2)
	(In thousands)	
Three months or less.....	\$ 26,369	\$ 44,884
Over three months through six months.....	33,443	36,031
Over six months through one year.....	26,057	12,391
Over one year to three years.....	21,416	8,758
Over three years.....	1,063	—
Total.....	\$ 108,348	\$ 102,064

- (1) Retail certificates of deposit consist of deposits held directly by customers. The weighted average interest rate for all retail certificates of deposit at September 30, 2009, was 2.81%.
- (2) Wholesale certificates of deposit include brokered deposits and deposits from other financial institutions. The weighted average interest rate for all wholesale certificates of deposit at September 30, 2009, was 1.86%.

EXHIBIT I-12

**Charter Financial Corporation
Borrowings Activity**

**Exhibit I-12
Charter Financial Corporation
Borrowings Activity**

The following table sets forth information concerning balances and interest rates on our Federal Home Loan Bank advances at the dates and for the periods indicated.

	At or For the Years Ended September 30,		
	2009	2008	2007
	(Dollars in thousands)		
Balance at end of year.....	\$ 227,000	\$ 267,000	\$ 272,058
Average balance during year.....	\$ 260,158	\$ 255,740	\$ 304,077
Maximum outstanding at any month end.....	\$ 275,500	\$ 267,000	\$ 312,000
Weighted average interest rate at end of year.....	4.82%	4.65%	4.83%
Average interest rate during year.....	4.80%	4.79%	4.50%

The following table sets forth information concerning balances and interest rates on our securities sold under agreements to repurchase at the dates and for the periods indicated.

	At or For the Years Ended September 30,		
	2009	2008	2007
	(Dollars in thousands)		
Balance at end of year.....	\$ —	\$ —	\$ 10,058
Average balance during year.....	\$ —	\$ 4,713	17,377
Maximum outstanding at any month end.....	\$ —	\$ 9,935	18,598
Weighted average interest rate at end of year.....	—%	—%	5.19%
Average interest rate during year.....	—%	4.67%	5.52%

The following table sets forth information concerning balances and interest rates on our credit line at the Federal Reserve Bank at the dates and for the periods indicated.

	At or For the Years Ended September 30,		
	2009	2008	2007
	(Dollars in thousands)		
Balance at end of year.....	\$ —	\$ —	\$ —
Average balance during year.....	\$ 100,000	\$ —	\$ —
Maximum outstanding at any month end.....	\$ 10,000,000	\$ —	\$ —
Weighted average interest rate at end of year.....	—%	—%	—%
Average interest rate during year.....	0.30%	—%	—%

EXHIBIT II-1
Historical Interest Rates

Exhibit II-1
Historical Interest Rates(1)

<u>Year/Qtr. Ended</u>	<u>Prime Rate</u>	<u>90 Day T-Bill</u>	<u>One Year T-Bill</u>	<u>10 Year T-Bond</u>
2001: Quarter 1	8.00%	4.30%	4.09%	4.93%
Quarter 2	6.75%	3.65%	3.72%	5.42%
Quarter 3	6.00%	2.40%	2.49%	4.60%
Quarter 4	4.75%	1.74%	2.17%	5.07%
2002: Quarter 1	4.75%	1.79%	2.70%	5.42%
Quarter 2	4.75%	1.70%	2.08%	4.86%
Quarter 3	4.75%	1.57%	1.53%	3.63%
Quarter 4	4.25%	1.22%	1.32%	3.83%
2003: Quarter 1	4.25%	1.14%	1.19%	3.83%
Quarter 2	4.00%	0.90%	1.09%	3.54%
Quarter 3	4.00%	0.95%	1.15%	3.96%
Quarter 4	4.00%	0.95%	1.26%	4.27%
2004: Quarter 1	4.00%	0.95%	1.20%	3.86%
Quarter 2	4.00%	1.33%	2.09%	4.62%
Quarter 3	4.75%	1.70%	2.16%	4.12%
Quarter 4	5.25%	2.22%	2.75%	4.24%
2005: Quarter 1	5.75%	2.80%	3.43%	4.51%
Quarter 2	6.00%	3.12%	3.51%	3.98%
Quarter 3	6.75%	3.55%	4.01%	4.34%
Quarter 4	7.25%	4.08%	4.38%	4.39%
2006: Quarter 1	7.75%	4.63%	4.82%	4.86%
Quarter 2	8.25%	5.01%	5.21%	5.15%
Quarter 3	8.25%	4.88%	4.91%	4.64%
Quarter 4	8.25%	5.02%	5.00%	4.71%
2007: Quarter 1	8.25%	5.04%	4.90%	4.65%
Quarter 2	8.25%	4.82%	4.91%	5.03%
Quarter 3	7.75%	3.82%	4.05%	4.59%
Quarter 4	7.25%	3.36%	3.34%	3.91%
2008: Quarter 1	5.25%	1.38%	1.55%	3.45%
Quarter 2	5.00%	1.90%	2.36%	3.99%
Quarter 3	5.00%	0.92%	1.78%	3.85%
Quarter 4	3.25%	0.11%	0.37%	2.25%
2009: Quarter 1	3.25%	0.21%	0.57%	2.71%
Quarter 2	3.25%	0.19%	0.56%	3.53%
Quarter 3	3.25%	0.14%	0.40%	3.31%
As of December 4, 2009	3.25%	0.06%	0.38%	3.48%

(1) End of period data.

Source: SNL Financial, L.C.

EXHIBIT III-1

General Characteristics of Publicly-Traded Institutions

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Exhibit III-1
 Characteristics of Publicly-Traded Thrifts
 December 6, 2003

Ticker	Financial Institutions	Inch.	Market	Operating Total Assets(1)	Aggreg(2)	Offices	Fiscal Com.		Stock Price	Market Value
							Year	Rate		
				(\$Bil.)	(\$Bil.)			(%)	(\$Bil.)	
California Companies										
PROV	Provident Fin. Holdings of CA (1)	NASDAQ	Livermore, CA	M.B.	1,400	13	06-30	06/94	3.30	22
BORT	Bort Building, Inc. of CA (3)	NASDAQ	San Diego, CA	Thrift	1,224	1	06-30	03/05	0.60	70
PRFB	Perrington Banc. Fed. Cr. of CA (3)	NASDAQ	San Diego, CA	Thrift	1,450	16	12-31	11/02	9.20	3
PRFB	Perrington Banc. Fed. Cr. of CA (3)	NASDAQ	Chula Vista, CA	Thrift	1,450	16	12-31	11/02	9.20	3
ERZO	Erizo Bancorp. of CA (1)	NASDAQ	Chula Vista, CA	Thrift	864	9	06-30	07/04	0.80	15
ERZO	Erizo Bancorp. of CA (1)	NASDAQ	Chula Vista, CA	Thrift	864	9	06-30	07/04	0.80	15
BTFC	Broadway Financial Corp. of CA (3)	NASDAQ	Los Angeles, CA	Thrift	520	4	12-31	01/94	5.40	10
Florida Companies										
BSI	BankAtlantic Bancorp. Inc. of FL (3)	NYSE	Fort Lauderdale, FL	M.B.	4,941	102	12-31	11/03	1.20	63
FCF	First Community Bk Corp. of FL (3)	NASDAQ	Pinellas Park, FL	Thrift	561	0	12-31	05/03	2.31	10
Mid-Atlantic Companies										
BCW	Bankom City Bancorp. Inc. of MD (3)	NASDAQ	Baltimore, MD	Thrift	50,002	110	12-31	06/05	13.27	6,945
FCF	First Community Bancorp. of MD (3)	NYSE	Baltimore, MD	Thrift	31,400	20	12-31	11/03	11.20	1,700
MD	Metropolitan Bancorp. of MD (3)	NYSE	Lanham, MD	Thrift	20,452	84	12-31	11/03	11.43	1,240
PRFB	First Niagara Fin. Group of NY (3)	NASDAQ	Lockport, NY	Thrift	14,310	135	12-31	01/03	13.35	2,494
MD	Metropolitan Bancorp. of MD (3)	NASDAQ	Short Hills, NJ	Thrift	8,235	50	06-30	10/05	10.70	1,235
MD	Metropolitan Bancorp. of MD (3)	NASDAQ	Warren, PA	Thrift	7,132	157	06-30	11/94	23.37	1,134
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NYSE	Jersey City, NJ	Thrift	6,659	04	12-31	01/03	10.30	657
MD	Metropolitan Bancorp. of MD (3)	NASDAQ	Philadelphia, PA	Thrift	4,443	73	12-31	07/07	9.44	709
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Labrosse, PA	Thrift	4,177	13	12-31	11/95	10.44	220
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Brooklyn, NY	Thrift	3,900	21	12-31	06/96	11.66	401
TRF	Trustco Bank Corp. of NY (3)	NASDAQ	Clareville, NY	Thrift	3,650	105	12-31	/	6.34	405
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Washington, DC	DIV.	3,543	29	12-31	11/06	27.20	193
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Monticello, NY	Thrift	3,022	35	09-30	02/04	0.31	337
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Fairfield, NY	Thrift	2,165	26	06-30	02/05	10.05	695
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Amosk, NY	Thrift	1,908	10	12-31	11/07	13.04	300
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Shrewsbury, PA	Thrift	1,794	20	05-30	02/07	11.90	315
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Shrewsbury, PA	Thrift	1,794	20	05-30	02/07	11.90	315
OCFC	OneConnect Fin. Corp. of MD (3)	NASDAQ	York River, VA	Thrift	1,093	40	06-30	07/07	7.55	43
MD	Metropolitan Bancorp. of MD (3)	NASDAQ	York River, VA	Thrift	1,075	23	12-31	07/04	10.45	120
MD	Metropolitan Bancorp. of MD (3)	NASDAQ	Harrisville, NJ	Thrift	1,237	19	12-31	07/04	12.53	100
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Baltimore, PA	Thrift	1,227	12	12-31	06/07	6.97	151
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Northboro, PA	Thrift	1,106	19	12-31	10/04	9.09	135
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	East Syracuse, NY	Thrift	1,070	7	12-31	10/07	9.10	61
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Cape May Ct. Hse, NJ	Thrift	1,067	30	12-31	02/00	6.95	91
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Stroudsburg, PA	Thrift	1,042	33	09-30	06/07	12.67	109
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Clifton, NJ	Thrift	1,017	10	03-31	03/04	9.40	253
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Hampsville, MD	Thrift	996	4	12-31	/	2.04	29
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Harleysville, PA	Thrift	820	6	09-30	00/07	13.75	50
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	New York, NY	Thrift	809	10	03-31	10/04	7.50	13
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Ocean City, NJ	Thrift	726	10	12-31	06/04	5.00	16
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Pittsburg, PA	Thrift	726	10	12-31	06/04	5.00	16
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Paoli, PA	Thrift	723	13	12-31	07/04	10.37	40
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Paoli, PA	Thrift	707	13	09-30	05/00	9.40	50
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Baltimore, MD	Thrift	697	3	09-30	06/00	0.71	27
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Onida, NY	Thrift	574	11	12-31	12/00	0.97	70
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Onida, NY	Thrift	572	11	12-31	11/09	7.20	36
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Bridgeton, NJ	Thrift	570	7	12-31	06/05	0.40	33
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Broerhove, NJ	Thrift	528	5	09-30	01/05	3.05	22
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Brooklyn, NY	Thrift	526	6	09-30	00/05	10.54	130
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Medin, PA	Thrift	525	7	09-30	01/95	13.90	23
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Philadelphia, PA	Thrift	525	7	09-30	03/03	9.91	102
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	White Plains, NY	Thrift	510	6	12-31	07/04	6.42	80
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	White Plains, NY	Thrift	506	11	12-31	07/05	15.05	23
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	White Plains, NY	Thrift	506	11	12-31	07/05	15.05	23
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Cathkill, NY	Thrift	492	10	06-30	01/00	13.10	62
PRFB	Provident Fin. Serv. Inc. of NJ (3)	NASDAQ	Broomfield, PA	Thrift	452	9	12-31	01/07	0.30	50

82 PHARMEDIA, INC.
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Characteristic of Publicly-Traded Thrifts
December 8, 1989

Thrift Financial Institution	State	Primary Market	Operating Total Assets (\$ Mil)	Office	Fiscal Year	Coverage Date	Stock Price (\$)	Market Value (\$ Mil)	
WPA WPA Holdings, Inc. of Nevada	MD	MARDAQ Bowie, MD	457		8	12-31	06/08	2.51	20
LABE Laba Bank Corp. of NY	NY	MARDAQ Dunbar, NY	432		8	12-31	04/04	7.45	47
WFC WFC Financial Corp. of PA	PA	MARDAQ Pittsburgh, PA	378		8	06-30	11/03	14.50	30
PAFC Patchford Bancorp. of NY	NY	MARDAQ Oswego, NY	365		8	12-31	11/05	6.00	15
WPC WPC Bancorp. of NY	NY	MARDAQ Millington, NY	360		4	06-30	01/07	8.00	42
WPCO Piedmont Bancorp. of VA	VA	MARDAQ Manassas, VA	354		5	12-31	04/05	3.60	33
WPCW WPC Bancorp. of NY	NY	MARDAQ Wassaic, NY	338		5	12-31	07/05	8.40	58
WPCD WPC Bancorp. of NY	NY	MARDAQ White Plains, NY	341		6	09-30	06/07	7.23	14
WPCF WPC Bancorp. of NY	NY	MARDAQ Washington, DC	347		4	12-31	06/08	1.33	2

Mid-South Companies

WPC Peoples Bancorp. Inc. of ME	ME	NYSE Troy, ME	16,880		164	12-31	04/07	0.46	380
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Cleveland, OH	14,420		26	09-30	04/08	1.35	3,695
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ York, PA	14,420		26	09-30	04/08	2.60	2,115
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Madison, WI	4,458		78	02-31	07/02	2.60	15
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Milwaukee, WI	3,561		70	12-31	10/03	7.22	336
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Warren, OH	3,245		47	06-30	01/03	2.87	49
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Lincoln, NE	3,151		69	12-31	10/02	0.74	13
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Thompson, OH	2,483		39	12-31	07/08	1.46	45
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Independence, OH	2,019		37	12-31	10/05	18.99	89
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Port Huron, MI	1,933		24	12-31	07/01	0.57	4
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Newton, WI	1,908		18	12-31	10/05	2.15	67
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Cromwell, MD	1,615		9	09-30	09/09	26.28	123
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Burr Ridge, IL	1,595		18	12-31	06/05	18.03	315
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ St. Louis, MO	1,486		12	03-30	12/00	7.00	71
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ St. Louis, MO	1,372		21	02-31	12/05	6.47	52
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ St. Louis, MO	1,372		21	02-31	12/05	6.47	52
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ St. Louis, MO	1,078		21	12-31	07/08	4.18	44
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Rochester, MN	1,033		15	12-31	06/04	4.18	17
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Nashville, TN	1,022		19	12-31	02/90	9.75	35
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Bolivar, OH	887		17	06-30	12/92	1.91	15
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Farm Lake, IA	876		16	09-30	09/93	22.30	59
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Mendonville, IL	683		4	12-31	07/06	7.20	50
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ New Claire, WI	587		12	09-30	11/06	3.51	19
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Corydon, IA	457		12	12-31	01/99	16.70	61
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Fort Dodge, IA	433		11	12-31	03/06	15.20	21
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Leavenworth, IA	403		6	06-30	03/06	6.30	49
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Sheeter, OH	400		11	03-31	01/03	5.76	17
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Le Port, IA	388		7	12-31	10/07	4.20	28
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Madison, IA	385		6	12-31	12/06	13.40	28
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Liberty, MO	385		6	12-31	12/06	13.40	28
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Liberty, MO	364		5	12-31	02/96	1.34	16
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Liberty, MO	364		5	12-31	02/96	1.34	16
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Cincinnati, OH	364		7	12-31	01/04	7.39	66
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Cincinnati, OH	355		8	12-31	01/08	7.39	63
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Jacksonville, IL	355		8	12-31	04/95	8.42	16
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Fairview, OH	300		4	12-31	12/98	1.30	6
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Clarksville, IA	246		7	09-30	12/08	10.20	26
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Clarksville, IA	239		9	12-31	04/05	1.35	4
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Bassett, KY	236		4	06-30	03/09	12.47	98
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Chicago, IL	222		4	12-31	08/96	3.21	4
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Mt.ain Grove, MO	220		11	06-30	12/03	8.70	13
WPC Peoples Bancorp. Inc. of ME	ME	MARDAQ Dover, OH	192		4	06-30	04/96	13.70	14

New England Companies

WPC Peoples United Financial of CT	CT	MARDAQ Bridgeport, CT	20,010		102	12-31	04/07	14.23	5,681
WPC Peoples United Financial of CT	CT	NYSE New Haven, CT	8,541		89	12-31	04/04	11.98	1,269
WPC Peoples United Financial of CT	CT	MARDAQ Pittsfield, MA	2,601		42	12-31	06/00	19.02	276
WPC Peoples United Financial of CT	CT	MARDAQ Brookline, MA	2,639		17	12-31	07/02	9.02	588
WPC Peoples United Financial of CT	CT	MARDAQ Danvers, MA	1,893		15	12-31	01/98	13.45	339

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Exhibit III-1
 Characteristics of Publicly-Traded Thrifts
 December 8, 1989

Ticker	Financial Institution	Primary Market	Operating Total Assets (\$ Mil)	Offices	Fiscal Year	Cover. Date	Stock Price (\$)	Market Value (\$ Mil)
New England Companies (continued)								
BCH	Rockville Fin MC of CT (42.9)	MARSH Wm Rockville CT	1,564	20	12-31	05/05	10.48	196
WFD	Westfield Fin. Inc. of MA (3)	MARSH Westfield, MA	1,262	11	12-31	01/07	8.22	352
UMS	United Financial Secrv of MA (3)	MARSH Springfield, MA	1,247	13	12-31	12/07	12.20	210
MBB	Meridian Fin Serv MC MA (43.4)	MARSH Mer Boston, MA	1,202	14	12-31	01/00	8.76	195
LBC	Legacy Bancorp, Inc. of MA (3)	MARSH Pittsfield, MA	954	17	12-31	10/05	9.65	84
MTS	Metropolitan Bancorp, Inc. of MA (3)	MARSH Springfield, MA	914	9	12-31	12/00	11.92	49
MTZ	Metropolitan Bancorp, Inc. of MA (3)	MARSH Springfield, MA	893	20	12-31	05/06	9.25	57
LAK	Laurel Bancorp, Inc. of MA (3)	MARSH Williamst., CT	875	7	12-31	05/04	11.46	52
WBA	Westfield Bancorp, Inc. of MA (3)	MARSH Westfield, MA	867	7	12-31	05/04	11.46	52
WBC	Westfield Bancorp, Inc. of MA (3)	MARSH Westfield, MA	855	15	03-31	12/05	6.59	29
CHS	Chapman Bancorp, Inc. of MA (3)	MARSH Chicopee, MA	566	6	06-30	01/07	10.07	60
AVL	Avon Valley Fin MC of CT (40.5)	MARSH Chicopee, MA	540	6	12-31	07/06	12.25	63
CVL	Central Valley Fin MC of CT (40.5)	MARSH Northwick, CT	542	9	12-31	10/06	7.35	52
CVL	Central Valley Fin MC of CT (40.5)	MARSH Northwick, MA	541	11	03-31	10/06	8.14	14
PEB	Peabody Bancorp, Inc. of MA (3)	MARSH Peabody, MA	477	7	06-30	10/06	3.02	25
WSP	Westport Bancorp, Inc. of MA (3)	MARSH Westport, MA	453	5	12-31	07/06	12.10	48
WFL	Wayflow Bancorp, Inc. of MA (3)	MARSH Middleboro, MA	349	7	06-30	12/07	6.43	13
North-West Companies								
WFL	Washington Federal, Inc. of WA (3)	MARSH Seattle, WA	12,582	136	09-30	11/02	19.57	2,107
WFL	First Fin. Inc. of WA (3)	MARSH Seattle, WA	1,320	15	12-31	10/07	7.06	141
WFL	First Fin. Inc. of WA (3)	MARSH Tacoma, WA	864	18	03-31	10/07	2.87	31
WFL	Palmer Pacific Fin. Inc. of WA (3)	MARSH Tacoma, WA	764	14	12-31	10/03	8.23	1
WFL	Flowerland Bancorp, Inc. of WA (3)	MARSH Bellingham, WA	703	22	09-30	01/98	4.69	33
South-East Companies								
FFCB	First Fin. Holdings Inc. of SC (3)	MARSH Charleston, SC	3,510	53	09-30	11/03	13.39	207
SCB	Superior Bancorp of AL (3)	MARSH Birmingham, AL	3,227	69	12-31	12/98	1.95	33
ACFC	Atl Cit Fed Cy of GA MC (35.1)	MARSH Milledgeville, GA	945	13	12-31	10/06	1.71	23
CSB	Citizens South Bay Corp of SC (3)	MARSH Columbia, SC	921	16	12-31	10/02	3.26	61
YB	Yulee Holding Cy of FL (3)	AMEX New Iberia, LA	794	20	12-31	05/02	3.08	14
FFB	First Fed. Bancorp of AL (3)	MARSH Murrells, AL	759	5	06-30	07/03	5.09	34
FFB	First Fed. Bancorp of AL (3)	MARSH Murrells, AL	654	14	06-30	07/03	5.09	34
FFB	First Fed. Bancorp of AL (3)	MARSH Murrells, AL	541	14	03-31	03/08	4.75	21
FFB	First Fed. Bancorp of AL (3)	MARSH Murrells, AL	533	13	12-31	10/08	12.35	110
FFB	First Fed. Bancorp of AL (3)	MARSH Murrells, AL	476	7	12-31	06/05	7.02	73
FFB	First Fed. Bancorp of AL (3)	MARSH Murrells, AL	353	4	12-31	11/07	10.59	47
LABC	Louisiana Bancorp, Inc. of LA (3)	MARSH Metairie, LA	332	3	12-31	07/07	14.30	75
OFLA	OF Financial Corp. of LA (3)	MARSH Metairie, LA	271	5	12-31	04/97	13.30	17
South-West Companies								
VFFO	Viewpoint Fin MC of TX (41.1)	MARSH Plano, TX	2,330	31	12-31	10/06	13.30	334
OSBK	Osage Bancshares, Inc. of OK (1)	MARSH Pottawatomie, OK	160	2	06-30	01/07	7.79	22
Western Companies (West. Co.)								
WMS	United Western Banc. Inc. of CO (3)	MARSH Denver, CO	2,428	3	12-31	10/96	2.90	79
YWB	Yulee Bancorp, Inc. of FL (3)	MARSH Murrells, AL	1,357	36	12-31	07/09	17.17	210
WOB	Woods Bancorp Inc of ID (3)	MARSH Boise, ID	620	17	09-30	12/07	12.75	213
Other Areas								

NOTES: (1) Operating strategies are: Thrift-Traditional Thrift, M.B.-Mortgage Banker, R.B.-Real Estate Developer, Div.-Diversified, and Int.-Retail Banking.
 (2) Most recent quarter and available (Seasoned, and 9-90 Form)

Source: BNA Financial, LC.
 Date of Last Update: 12/08/89

EXHIBIT III-2

Peer Group Market Area Comparative Analysis

Exhibit III-2
Charter Financial Corporation
Peer Group Market Area Comparative Analysis

Institution	Headquarters County	Estimated Population (000)		Projected Population 2014 (000)	Estimated 2000-2009 % Change	Projected 2009-2014 % Change	Per Capita Income		2009 Deposit Market Share(1)	2009 Unemployment Rate 10/30/2009
		2000	2009				Amount	% State Average		
Citizens South Banking Corp. of NC	Gaston	190	206	215	8.37%	4.27%	\$23,897	91.95%	10.70%	13.4%
Community Financial Corp. of VA	Staunton	24	24	24	-0.82%	1.97%	\$24,722	79.98%	24.78%	7.1%
First Advantage Bancorp of TN	Montgomery	135	162	176	20.27%	8.80%	\$22,999	92.05%	12.17%	9.0%
ESB Financial Corp. of PA	Beaver	181	175	170	-3.71%	-2.80%	\$29,357	109.08%	16.78%	8.5%
First Financial Holdings Inc. of SC	Charleston	310	349	367	12.58%	5.25%	\$28,009	115.02%	15.73%	9.4%
GS Financial Corp. of LA	Jefferson	455	439	433	-3.56%	-1.43%	\$21,961	114.52%	1.55%	11.4%
Home Bancorp Inc. of LA	Lafayette	191	208	217	9.30%	4.27%	\$21,199	110.55%	7.52%	5.6%
Jefferson Bancshares Inc. of TN	Hamblen	58	63	65	7.55%	3.90%	\$21,974	87.95%	21.44%	12.3%
Louisiana Bancorp. Inc. of LA	Jefferson	455	439	433	-3.56%	-1.43%	\$21,961	114.52%	1.55%	11.4%
Teche Hlding Corp. of N Iberia of LA	Saint Mary	54	51	50	-4.08%	-3.05%	\$15,374	80.17%	13.81%	8.5%
		Averages:	205	212	215	4.24%	\$23,145	99.58%	12.60%	9.7%
		Medians:	186	190	196	3.36%	\$22,487	100.56%	12.99%	9.2%
Charter Financial Corporation	Troup County	59	65	68	11.33%	3.76%	\$20,316	75.30%	23.35%	12.6%
	Coweta County	89	127	148	42.21%	16.58%	\$27,762	102.90%	11.49%	10.5%
	Lee County	115	135	146	17.02%	8.50%	\$19,861	93.74%	4.99%	8.8%
	Chambers County	37	35	34	-4.83%	-2.91%	\$17,645	83.28%	24.26%	19.9%
	Gwinnet County	588	829	954	40.83%	15.12%	\$33,983	125.96%	0.21%	9.4%
	Fayette County	91	111	120	21.45%	7.82%	\$41,048	152.14%	1.82%	8.5%

(1) Total institution deposits in headquarters county as percent of total county deposits (banks and thrifts only).

Sources: SNL, US Dept. of Labor.

EXHIBIT IV-1

**Stock Prices:
As of December 4, 2009**

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Exhibit IV-1A
Weekly Thrift Market List - Part One
Prices As Of December 4, 2003

Financial Institution	Market Capitalization		Price Change Data				Dividend Per Share Financials						
	Price/Share	Market Cap (\$ mil)	High	Low	Last	12 Mo. % Chg	12 Mo. Dividend Yield (%)	12 Mo. Dividend Yield (%)	12 Mo. Dividend Yield (%)	12 Mo. Dividend Yield (%)			
All Public Companies (100)	9.29	30,994	12.60	6.46	9.26	-0.50	-7.79	-5.91	-0.53	13.98	12.31	156.13	
NYSE Traded Companies (6)	0.89	109,517	31.66	5.31	7.60	3.67	17.64	25.54	-1.22	1.33	9.55	6.12	180.86
AMEX Traded Companies (1)	31.66	2,097	35.75	22.35	31.60	-0.66	-17.45	24.59	3.47	3.05	21.63	21.63	176.56
NASDAQ Listed OTC Companies (101)	9.12	21,681	23.85	9.16	11.27	-7.51	-5.86	-0.32	-0.44	12.34	12.49	154.80	
California Companies (5)	6.78	3,948	23.9	3.11	5.12	-11.45	-17.82	63.99	-9.85	-4.01	18.40	12.72	117.74
Florida Companies (2)	1.39	41,608	7.49	7.11	10.14	-1.70	-10.66	-11.65	0.81	0.25	13.96	11.46	163.15
MID-Atlantic Companies (31)	7.52	22,035	19.87	4.74	7.56	3.33	6.01	4.96	-1.45	-1.22	13.63	12.33	189.14
Mid-Atlantic Companies (17)	12.38	17,522	34.5	9.77	12.14	3.33	6.01	4.96	0.59	0.65	16.94	12.96	135.99
North-West Companies (5)	6.08	31,310	88.0	8.01	6.69	-2.05	-27.47	-17.47	-2.06	-0.06	9.72	9.32	95.63
South-West Companies (13)	11.36	6,122	63.2	16.00	8.08	11.51	-0.36	-6.48	0.31	0.13	16.13	14.33	149.96
South-West Companies (1)	7.79	2,704	21.7	10.25	6.93	7.79	0.00	-2.63	-0.10	0.33	9.05	8.44	57.55
Western Companies (Total CA) (3)	10.94	10,759	167.4	33.67	7.79	10.53	3.09	11.63	0.30	0.03	12.43	12.43	89.32
Thrift Strategy (102)	9.33	28,684	272.3	12.43	6.46	9.31	-1.08	-6.00	-0.36	-0.22	12.36	12.38	151.33
Marriage Banker Strategy (3)	1.82	35,677	33.2	6.73	1.46	1.91	1.37	-52.43	-7.31	-0.32	7.17	6.99	100.37
Real Estate Strategy (1)	1.91	7,979	15.2	3.20	1.20	1.95	-3.05	-23.34	-1.88	-2.02	6.08	6.08	111.18
Diversified Strategy (5)	21.37	176,089	2,897.1	34.25	15.60	21.32	6.75	21.81	0.77	0.94	22.16	19.87	286.36
Companies Issuing Dividends (74)	10.95	36,039	427.7	14.24	7.59	18.89	8.79	-4.23	3.22	1.24	18.41	13.21	139.96
Companies Without Dividends (16)	4.48	21,795	46.7	8.95	3.79	4.49	-1.74	-23.92	3.07	-2.96	16.14	7.71	125.11
Equity/Assets <60(16)	13.43	57,643	133.8	4.27	9.48	-1.47	-17.87	-3.66	-0.33	-0.19	14.54	12.56	176.65
Equity/Assets >10(16)	16.78	27,282	946.9	13.79	8.91	11.09	3.03	-8.88	0.11	0.13	13.56	11.64	100.05
Market Value Below \$20 Million (28)	6.99	6,632	33.2	0.27	3.33	5.35	-7.32	-25.34	-2.14	-1.77	11.96	11.72	176.59
Market Value Below \$20 Million (102)	9.12	32,492	327.4	12.49	6.34	9.10	-0.82	-9.34	-0.62	-0.23	13.46	12.27	132.47
Assets Over \$1 Billion (80)	9.36	61,940	834.8	13.52	6.44	9.16	1.00	-13.87	-0.66	-0.89	13.68	10.98	166.34
Assets \$100 Million-\$1 Billion (36)	9.51	5,914	44.6	13.90	6.10	9.49	-1.10	-3.39	-0.78	0.01	16.87	12.92	176.22
Assets \$250-\$500 Million (15)	10.11	3,413	30.3	12.54	7.77	10.48	-3.26	-1.71	0.13	0.03	14.95	14.73	149.34
Assets less than \$250 Million (9)	6.49	1,941	12.4	9.90	5.24	7.08	-7.37	-18.47	-0.68	-0.69	13.44	13.34	123.55
Non-Quoted Companies (44)	9.55	39,895	488.8	13.36	6.40	9.43	6.64	-11.94	-0.72	-0.53	13.44	11.46	141.35
Non-Quoted Companies (1)	8.90	17,945	64.3	11.47	6.52	9.01	-2.31	-2.29	-0.24	-0.22	13.29	12.29	102.37
Acquirers of FSLIC Chees (2)	10.55	56,980	1,095.5	12.60	5.16	11.47	-9.33	-17.34	0.33	0.09	16.39	9.06	110.61

(1) Average of high/low or bid/ask price per share.
 (2) Or price offering price if converted or reflected in the past 52 weeks. Percent change figures are actual year-to-date and are not annualized.
 (3) EPS (earnings per share) is based on trailing twelve month data and is not shown on a pro forma basis.
 (4) Dividend yield is based on actual trailing twelve month data and is not shown on a pro forma basis.
 (5) ROC (return on common equity) and ROE (return on equity) are indicated ratios based on trailing twelve month common earnings and average common equity and assets balances.
 (6) Annualized, based on last regular quarterly cash dividend announcement.
 (7) Indicated dividend as a percent of trailing twelve month earnings.
 (8) Excluded from averages due to actual or rumored acquisition activities or unusual operating characteristics.
 (9) For MMC institutions, market value reflects share price multiplied by public (non-MMC) shares.
 * Parentheses following market averages indicate the number of institutions included in the respective averages. All figures have been adjusted for stock splits, stock dividends, and secondary offerings.

Sources: RP Financial, LC and RP Financial, LC calculations. The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

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Exhibit IV-1A (continued)
 Weekly Trailing Market Data - Part One
 Prices As Of December 4, 1991

Financial Institution	Market Capitalization			Price Change Data				Current Per. Share Financials						
	Price/Share	Market Capitalization (\$)	Shares Outstanding	High (\$)	Low (\$)	Last Week (\$)	% Change From Last 52 Wks	Trailing 12 Mo. EPS (\$)	Book Value (\$)	Dividend Yield (%)	Yield to Maturity (%)			
All Public Companies (60)	9.04	27,979	197.9	11.57	6.90	9.79	3.33	-6.83	-4.90	0.11	0.10	7.00	7.07	11.27
Banking Listed (7)	8.04	27,979	197.9	11.57	6.90	9.79	3.33	-6.83	-4.90	0.11	0.10	7.00	7.07	11.27
California (1)	9.16	31,530	91.5	11.33	7.03	9.71	-2.25	36.55	31.84	0.11	0.10	7.00	7.07	11.27
Mid-West (1)	10.29	35,423	217.4	14.72	8.08	10.18	2.15	-10.87	-9.24	0.24	0.24	8.75	8.88	79.74
New England (1)	7.15	15,253	45.0	9.17	6.45	6.68	9.31	-7.10	-9.37	0.09	0.33	7.43	7.11	72.41
South-West (1)	4.37	11,924	13.0	7.00	3.17	4.23	6.60	-35.59	-39.00	-0.05	-0.00	5.47	5.43	57.77
South-West (2)	13.39	24,959	143.9	16.13	10.47	13.00	3.00	-12.02	-14.37	0.00	-0.00	8.09	8.00	94.26
Trust (1)	9.04	27,979	197.9	11.57	6.90	9.79	3.33	-6.83	-4.90	0.11	0.10	7.00	7.07	11.27
Company Leveling (2)	10.16	27,903	110.3	12.90	7.81	9.90	3.02	-1.71	0.84	0.37	0.32	7.96	7.55	69.37
Company Without Dividends (11)	6.21	20,374	181.7	9.32	6.59	6.59	0.00	-19.00	-19.35	-0.30	-0.30	7.60	7.28	76.13
Equity/Assets >12% (16)	9.74	37,366	181.7	11.66	6.70	8.39	3.66	-7.75	-5.41	0.07	0.30	8.08	7.71	89.26
Market Value Below \$50 Million (3)	6.24	3,614	7.3	9.32	5.13	6.40	-3.27	-13.11	-11.85	0.15	0.15	7.60	7.14	46.06
Holding Company Structure (7)	9.02	28,913	112.6	11.97	6.80	8.77	2.25	-7.65	-5.20	0.10	0.10	8.01	7.50	72.96
Assets \$500 Million-\$1 Billion (12)	11.81	44,180	282.6	13.48	7.44	10.11	3.25	-4.81	-3.20	0.10	0.10	8.01	7.50	72.96
Assets \$250-\$500 Million (2)	7.18	5,987	15.2	9.25	5.46	7.18	-1.11	-5.12	-4.64	0.24	0.15	7.02	7.26	91.70
Over \$1 Billion (2)	12.47	7,867	39.1	15.00	9.75	11.64	6.95	-27.24	27.00	0.02	0.02	8.42	7.25	54.46
Non-Dividend (1)	9.31	16,180	72.5	12.43	7.68	9.62	2.55	-6.14	-4.25	0.16	0.21	8.19	8.19	74.31
MHC Institutions (60)	9.04	27,979	197.9	11.57	6.90	9.79	3.33	-6.83	-4.90	0.11	0.10	7.00	7.07	11.27

(1) Average of high/low or bid/ask price per share.
 (2) Or since offering price if converted or first listed in the past 52 weeks. Percent change figures are actual year-to-date and are not annualized.
 (3) EPS (earnings per share) is based on actual trailing twelve month data and is not shown on a pro forma basis.
 (4) Includes intangible (such as goodwill, value of core deposits, etc.).
 (5) ROA (return on assets) and ROE (return on equity) are indicated ratios based on trailing twelve month common earnings and average common equity and assets balances.
 (6) Annualized, based on last regular quarterly cash dividend announcement.
 (7) Indicated dividend as a percent of trailing twelve month earnings.
 (8) Included from average due to actual or revised acquisition date.
 (9) For MHC institutions, market value reflects share price multiplied by public (non-MHC) shares.

* Parentheses following market averages indicate the number of institutions included in the respective averages. All figures have been adjusted for stock splits, stock dividends, and secondary offerings.
 Source: RP Financial, LC. and RP Financial, LC. calculations. The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.
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Exhibit IV-1A (continued)
Weekly Thrift Market Line - Part One
Prices as of December 6, 1993

Symbol	Company Name	Market Capitalization					Price Change Data					Current Per Share Financials					
		Price/Share (\$)	Outst. Capital (Shares)	Market Value (\$ mil)	Capital (\$ mil)	Book Value (\$ mil)	52 Week High (\$)	Low (\$)	Last Week (\$)	% Chg From Last Week	% Chg From 52 Weeks Ago	Trailing 12 Mo EPS (\$)	12 Mo Dividend (\$)	12 Mo Dividend Yield (%)	Book Value/Share (\$)	Dividend Yield (%)	Assets/Share (\$)
FFFC	First Pacific Bancorp of CA	5.80	4,240	24.6			10.00	4.40	5.21	-1.06	-20.95	-33.30	-0.61	-0.43	10.34	10.34	210.56
FFFB	First Pacific Bancorp of CA	2.37	16,973	48.7			6.25	3.10	2.81	-2.16	-32.22	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFD	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFE	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFG	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFH	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFI	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFJ	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFK	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFL	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFM	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFN	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFO	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFP	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFQ	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFR	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFS	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFT	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFU	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFV	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFW	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFX	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFY	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56
FFFZ	First Pacific Bancorp of CA	10.24	4,240	48.7			14.20	6.40	3.54	-12.21	-33.30	-23.82	-0.61	-0.43	10.34	10.34	210.56

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Exhibit IV-1A (continued)
 Weekly Thrift Market Line - Part One
 Prisons As Of December 6, 2009

Financial Institution	Market Capitalization		Price Change Data				Current Per Share Financials						
	Price/Share (\$)	Market Capitalization (\$ mil)	High (\$)	Low (\$)	Last Week (\$)	% Change From Last 52 Weeks (\$)	Trailing 12 Mo. EPS (\$)	Book Value/Share (\$)	Dividend/Share (\$)	Yield (%)			
1000 Silver Valley Bancorp of TN	13.00	1,504	18.00	9.25	13.01	-0.08	15.45	3.53	1.05	0.67	16.04	14.92	256.16
1001 Silver Valley Bancorp of TN	2.87	10,524	4.50	2.10	3.00	0.35	-21.00	27.56	0.12	0.10	9.20	5.83	75.04
1002 Rockville Fin Banc of CT (12.3)	16.48	10,716	16.48	5.17	10.46	8.00	-11.26	-24.98	0.43	0.59	0.18	0.32	83.00
1003 Rockville Fin Banc of CT (12.3)	12.48	8,771	14.52	9.78	11.64	5.03	-9.79	-6.48	0.12	0.13	0.21	0.09	45.94
1004 Rockville Fin Banc of CT (12.3)	8.35	11,789	10.00	7.08	7.78	7.97	-7.59	-3.45	0.42	0.44	0.75	0.75	45.14
1005 Rockville Fin Banc of CT (12.3)	2.54	10,087	3.00	2.00	2.50	3.00	-17.00	-10.00	0.06	0.06	0.27	0.21	74.99
1006 Rockville Fin Banc of CT (12.3)	1.95	11,624	3.12	2.07	2.99	3.00	-40.21	-33.49	-1.42	-1.41	0.20	0.17	96.93
1007 Rockville Fin Banc of CT (12.3)	18.37	2,654	22.99	13.91	18.44	1.56	-38.51	-30.49	-16.24	-14.31	15.34	14.03	277.50
1008 Rockville Fin Banc of CT (12.3)	11.95	309,476	13.09	10.35	10.96	9.03	-4.92	-4.82	1.45	1.33	26.86	25.15	267.21
1009 Rockville Fin Banc of CT (12.3)	8.74	19,034	10.00	7.00	8.00	16.77	2.39	71.76	0.62	0.79	17.64	17.64	110.89
1010 Rockville Fin Banc of CT (12.3)	4.69	7,043	5.00	3.00	4.00	6.00	-33.48	-99.37	-1.93	-1.78	12.55	13.33	173.26
1011 Rockville Fin Banc of CT (12.3)	6.34	76,337	11.01	4.71	5.95	6.55	-30.80	-21.33	-0.10	0.08	10.39	9.20	93.72
1012 Rockville Fin Banc of CT (12.3)	6.30	7,897	8.00	2.70	4.07	-2.03	-10.90	-42.22	0.25	0.24	7.48	7.48	51.97
1013 Rockville Fin Banc of CT (12.3)	12.98	16,183	15.00	7.00	11.00	12.50	-5.00	-18.27	-0.13	-0.10	7.64	7.64	75.49
1014 Rockville Fin Banc of CT (12.3)	2.31	7,858	3.00	2.00	2.50	3.00	-18.27	-18.27	0.14	0.13	13.30	13.30	77.15
1015 Rockville Fin Banc of CT (12.3)	14.50	2,470	18.33	10.47	13.00	0.00	-69.28	-69.02	0.02	-0.18	7.16	7.16	84.09
1016 Rockville Fin Banc of CT (12.3)	27.30	7,875	49.95	16.67	26.67	3.36	-39.68	-43.11	0.00	0.00	0.09	0.04	94.24
1017 Rockville Fin Banc of CT (12.3)	14.50	2,470	18.33	10.47	13.00	0.00	-69.28	-69.02	-0.71	-0.73	4.77	4.77	36.94
1018 Rockville Fin Banc of CT (12.3)	19.57	112,240	21,947	14.50	15.25	-0.92	-8.81	-9.26	1.13	1.13	34.96	29.32	508.82
1019 Rockville Fin Banc of CT (12.3)	2.15	31,250	3.00	1.75	1.96	15.59	-17.31	-35.82	0.36	0.39	15.55	13.20	112.10
1020 Rockville Fin Banc of CT (12.3)	5.76	3,004	8.00	4.62	6.28	-0.28	-14.32	-23.20	0.64	0.64	12.16	12.16	113.26
1021 Rockville Fin Banc of CT (12.3)	8.22	38,689	18.90	7.90	9.05	3.11	-19.41	-20.35	0.14	0.16	0.40	0.40	61.22

1000 Silver Valley Bancorp of TN
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Subbill IV.13
Weekly Thrift Market Line - Part Two
Prices as of December 6, 1989

Financial Institution	Key Financial Ratios				Asset Quality Ratios				Pricing Ratios				Dividend Data (6)					
	Equity/Assets (%)	Reported Earnings/Assets (%)	ROA(12) (%)	ROE(13) (%)	Non-Performing Assets (%)	NPA/Assets (%)	Reserve/Loans (%)	Price/Earning Book (%)	Price/Book (%)	Price/Temp. Book (%)	Core Margin (%)	Div./Share (¢)	Yield (%)	Payout Ratio(7) (%)				
Market Averages - All Public Companies (as of 12/6/89)																		
All Public Companies (108)	18.37	9.51	-0.26	-1.03	1.87	-0.33	-1.12	3.24	61.43	1.76	16.79	67.43	7.57	66.98	16.58	0.26	3.36	36.83
SBS Traded Companies (1)	9.25	6.44	-2.36	1.06	0.82	-1.94	1.12	4.49	68.41	2.10	21.53	77.40	7.79	124.59	21.58	0.37	3.17	68.59
WABO Traded Companies (1)	10.46	9.71	-0.35	-1.23	1.08	-0.28	-1.40	3.13	62.24	1.68	16.45	64.51	7.91	181.09	0.22	1.62	4.59	48.92
California Companies (13)	5.01	5.19	-0.45	-0.68	0.66	-0.44	-10.93	4.53	38.93	2.21	9.14	37.99	2.23	18.59	19.15	0.14	2.29	35.96
Florida Companies (5)	4.78	4.54	-3.29	-17.54	0.00	-3.46	-17.84	9.74	27.00	3.34	33.33	31.91	1.57	34.89	MM	0.06	1.68	78.40
Mid-Atlantic Companies (13)	9.65	8.47	-0.05	0.31	0.66	0.66	1.60	2.29	63.35	1.54	16.22	61.76	8.03	98.37	14.82	0.37	3.39	47.87
Mid-West Companies (13)	8.75	8.04	0.31	-5.39	-0.03	-1.00	-0.01	4.16	64.15	1.95	16.11	53.03	4.73	36.33	19.94	0.22	2.10	42.10
New England Companies (17)	13.60	12.04	0.33	3.09	4.10	0.30	3.43	0.99	100.04	1.13	17.99	94.77	12.01	97.01	19.37	0.29	2.08	41.37
North-East Companies (5)	11.09	9.98	-1.85	-2.02	-6.59	-0.87	-1.55	7.83	37.85	2.35	23.92	54.72	7.34	63.38	20.70	0.13	1.68	27.78
South-East Companies (13)	13.17	12.36	0.20	1.23	7.65	0.12	0.28	3.09	82.06	1.99	16.16	64.93	9.30	71.23	14.71	0.25	1.76	21.00
South-West Companies (1)	15.73	15.12	-0.32	-1.95	-2.31	0.31	1.38	0.23	139.54	0.49	MM	66.00	13.54	96.16	MM	0.34	4.36	0.00
Western Companies (Ishai CA) (3)	16.22	16.22	0.54	3.86	2.71	-0.20	-0.54	1.13	56.36	2.48	26.04	78.83	14.74	79.82	21.73	0.07	0.56	14.97
Thrift Strategy (102)	19.51	9.67	-0.28	-0.77	1.02	-0.23	-1.69	3.44	61.94	1.59	16.78	68.82	7.66	76.99	16.37	0.26	2.44	56.59
Real Estate Strategy (1)	3.76	3.62	-0.82	-11.00	0.00	-0.45	-12.37	9.15	42.02	4.55	35.62	1.82	2.89	MM	MM	0.01	0.38	0.00
Global Strategy (1)	6.15	1.19	-1.46	-25.20	3.98	-0.42	-31.46	3.89	88.96	1.65	17.66	27.46	42.72	27.76	17.74	0.08	0.08	0.00
Companies with 25% dividends (24)	10.93	9.96	0.14	1.48	2.95	-0.08	1.24	2.58	68.84	1.54	15.31	75.05	8.43	108.31	16.14	0.09	2.74	38.08
Companies with 50% dividends (14)	6.08	8.85	-3.54	-7.98	1.12	-1.38	-11.00	4.71	64.53	2.05	39.99	47.28	5.37	48.78	18.14	0.09	0.08	0.00
Equity/Assets < 6% (14)	6.00	3.78	-2.43	-4.76	-2.00	-1.38	-11.00	6.27	31.93	2.46	17.67	44.98	2.62	40.18	33.28	0.33	1.34	43.45
Equity/Assets > 12% (28)	9.55	7.98	0.21	-1.48	3.12	-0.25	-1.04	3.20	56.65	1.78	23.09	63.67	5.28	63.26	33.77	0.28	2.58	38.33
Actively Traded Companies (6)	17.61	15.73	0.17	0.92	0.34	0.16	1.12	1.87	87.15	1.37	35.49	85.74	15.24	103.46	21.32	0.27	2.52	35.68
Market Value Below \$29 Billion (29)	6.99	7.95	0.70	0.61	12.59	-1.10	-10.63	2.24	73.62	1.40	7.13	64.93	7.09	93.03	6.77	0.34	1.99	23.19
Market Value Above \$29 Billion (29)	7.14	6.99	-1.32	-7.32	0.84	-1.10	-10.63	5.35	38.49	2.33	32.72	37.51	2.88	34.38	33.28	0.13	1.78	37.79
Holding Company Structures (182)	10.43	9.55	-0.43	-1.36	1.89	-0.54	-2.68	3.22	62.48	1.72	17.69	67.13	7.60	74.29	16.21	0.26	2.37	37.36
Assets Over \$1 Billion (28)	10.39	9.11	-0.51	-0.24	1.93	-0.54	-2.04	3.51	37.51	1.78	18.71	75.23	8.53	87.87	18.71	0.28	2.49	43.36
Assets \$250-\$500 Million (14)	9.53	8.76	-0.33	-1.49	2.45	-0.16	-0.84	3.25	65.74	1.81	12.85	64.97	6.32	67.87	21.20	0.26	2.33	28.08
Assets \$500-\$999 Million (13)	11.55	11.41	0.01	-0.21	1.97	-0.64	-0.93	2.37	69.22	1.55	18.16	66.95	6.28	48.06	19.44	0.27	2.32	33.68
Assets Less than \$250 Million (19)	11.48	11.28	-0.57	-0.64	0.77	-0.54	-0.91	2.36	69.76	1.52	13.16	96.27	7.91	84.94	21.82	0.14	1.45	48.68
Goodwill Companies (64)	9.46	10.21	0.46	1.53	0.99	-0.13	-0.13	3.71	64.00	1.51	16.37	64.36	6.05	64.06	17.55	0.22	1.93	43.28
Non-Goodwill Companies (44)	13.02	13.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	MM	MM	MM	MM	MM	0.00	0.00	0.00
Acquirers of Public Companies (1)	9.92	9.93	0.13	0.78	-3.37	0.89	-0.42	5.94	10.00	1.49	MM	74.83	9.44	83.58	MM	0.10	0.31	52.34

(1) Average of high/low or bid/ask price per share.
(2) Or since offering price is converted or first listed in the past 52 weeks. Percent change figures are actual year-to-date and are not annualized.
(3) EPS (earnings per share) is based on actual trailing twelve month data and is not shown on a pro forma basis.
(4) Includes intangibles (such as goodwill, value of core deposits, etc.).
(5) ROA (return on assets) and ROE (return on equity) are indicated ratios based on trailing twelve month common earnings and average common equity and assets balances; MOI (return on investment) is current EPS divided by current price.
(6) Annualized, based on last regular quarterly cash dividend announcement.
(7) Indicated dividend as a percent of trailing twelve month earnings.
(8) Included from average due to actual or rumored acquisition activities or unusual operating characteristics.
* Parentheses following market averages indicates the number of institutions included in the respective averages. All figures have been adjusted for stock splits, stock dividends, and secondary offerings.
Source: SWL Financial, L.C. and BP Financial, L.C. calculations. The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.
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Exhibit IV-13 (continued)
 Weekly Thrift Market Like - Part Two
 Prices as of December 4, 2009

Financial Institution	Key Financial Ratios				Asset Quality Ratios				Pricing Ratios				Dividend Ratios					
	Equity/Assets (%)	ROA (%)	ROE (%)	ROE/ROA (%)	Nonperforming Assets (%)	Net Charge Offs (%)	Reserve/Assets (%)	Allowance/Assets (%)	Price/Earning (%)	Price/Book (%)	Price/Temp. Book (%)	Price/Book Multiplier	Div./Earnings (%)	Div./Paid Ratio (%)				
All Public Companies (60)	12.50	11.90	0.14	0.80	1.79	0.26	2.00	2.09	57.15	1.00	20.70	115.29	15.17	123.05	19.33	0.24	2.20	31.07
Banking	12.50	11.90	0.14	0.80	1.79	0.26	2.00	2.09	57.15	1.00	20.70	115.29	15.17	123.05	19.33	0.24	2.20	31.07
Charmco	18.00	19.38	0.55	5.19	4.15	0.58	5.40	3.54	39.72	0.69	24.11	123.12	13.30	120.78	21.04	0.44	5.07	0.00
Charmco Capital (23)	12.64	12.08	0.28	1.33	2.03	0.38	3.01	1.64	63.45	1.04	20.59	120.20	15.01	120.20	10.12	0.18	1.70	15.16
Mid-West Companies (8)	10.62	10.23	0.11	1.00	-0.11	0.43	1.04	1.43	39.65	1.07	19.45	127.32	18.47	126.99	19.37	0.47	3.46	24.19
New England Companies (2)	10.15	10.06	-1.14	-14.38	-0.43	-1.10	-13.60	0.95	48.50	2.65	21.04	94.36	10.35	99.09	15.38	0.10	1.54	26.03
South-West Companies (1)	8.98	8.93	0.09	1.01	0.60	-0.09	-1.01	0.67	69.16	0.74	MM	75.44	8.98	76.58	MM	0.16	2.20	0.00
Thrift Strategy (40)	13.26	13.90	0.14	0.80	1.79	0.26	2.00	2.09	57.15	1.00	20.70	115.29	15.17	123.05	19.33	0.24	2.20	31.07
Companies Issuing Dividends (29)	13.26	12.64	0.36	3.04	2.43	0.45	4.01	1.50	61.96	1.00	20.92	139.69	17.72	139.64	19.11	0.33	3.04	47.91
Companies without Dividends (11)	10.56	10.03	-0.41	-4.96	-0.21	-0.21	-3.14	3.59	45.76	1.31	19.97	98.62	8.69	93.38	22.68	0.24	1.97	22.92
Equity/Assets >12% (26)	9.77	8.90	0.61	-0.01	1.74	0.21	2.00	2.22	51.62	1.05	21.24	104.52	10.15	111.92	19.66	0.24	1.97	22.92
Market Value Below \$20 Million (3)	9.14	7.82	0.44	2.46	1.00	0.29	1.00	1.80	71.96	1.13	18.74	130.39	21.89	121.92	11.23	0.23	1.83	23.27
Holding Company Structures (7)	12.64	11.85	0.13	1.73	0.64	0.29	1.00	2.13	57.34	1.11	20.51	132.24	14.82	120.51	19.75	0.23	2.13	31.07
Assets Over \$1 Billion (15)	13.66	14.32	-0.43	-1.25	3.15	0.80	-0.20	2.83	70.77	1.03	23.45	100.76	11.17	110.82	19.78	0.10	1.99	24.64
Assets \$250 Million-\$1 Billion (12)	13.52	13.13	0.23	2.18	2.11	0.40	0.26	1.70	60.29	1.15	13.09	94.79	10.19	90.73	16.61	0.24	3.01	41.15
Assets \$100-\$250 Million (10)	24.92	19.44	0.97	0.27	0.16	0.07	0.27	1.48	40.45	0.84	MM	169.44	41.59	220.39	MM	0.60	3.21	0.00
Assets \$50-\$100 Million (11)	13.91	11.81	0.04	0.16	1.50	0.23	1.09	1.76	59.91	1.15	14.79	112.09	13.70	127.21	19.29	0.10	2.04	25.00
Non-Governmental Companies (23)	12.02	12.02	0.23	1.56	2.12	0.38	2.12	2.48	55.00	1.01	24.70	110.00	14.66	110.00	20.86	0.20	2.38	36.94
SEC Institutions (10)	12.30	11.90	0.14	0.80	1.79	0.26	2.00	2.09	57.15	1.00	20.70	115.29	15.17	123.05	19.33	0.24	2.20	31.07

(1) Average of high/low or bid/ask price per share.
 (2) Or since offering price if converted or first listed in the past 52 weeks. Percent change figures are actual year-to-date and are not annualized.
 (3) ROE (earnings per share) is based on actual trailing twelve month data and is not shown on a pro forma basis.
 (4) Includes intangibles (such as goodwill, value of core deposits, etc.).
 (5) ROA (return on assets) and ROE (return on equity) are indicated ratios based on trailing twelve month common earnings and average common equity and assets balances; ROE (return on investment) is current ROE divided by current price.
 (6) Annualized, based on last regular quarterly cash dividend announcement.
 (7) Indicated dividend as a percent of trailing twelve month earnings.
 (8) Included from average date to actual or rumored acquisition activities or unusual operating characteristics.
 * Parentheses following market averages indicate the number of institutions included in the respective averages. All figures have been adjusted for stock splits, stock dividends, and secondary offerings.
 Source: EFC Financial, LC and BP Financial, LC. Calculations. The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.
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Exhibit IV-13 (continued)
 Weekly Price, Market Data - Part Two
 Prices as of December 6, 2003

Financial Institution	Key Financial Ratios				Asset Quality Ratios				Pricing Ratios				Dividend Data (\$)			
	Yield/ Assets	ROA(1)	ROE(2)	ROI(3)	Assets	Non-Assets	Loans	Losses	Price/ Earnings	Price/ Assets	Price/ Tang. Assets	Price/ Book	Price/ Book	Div. Yield (%)	Dividend Payout Ratio(7)	
WABCO	9.78	0.32	5.48	4.18	1.33	71.36	0.92		24.37	120.22	12.56	129.66	21.39	0.20	1.91	66.51
WACH	16.08	0.32	1.73	0.96	0.59	1.07	0.75		MM	101.23	10.41	101.06	MM	0.22	2.55	MM
WAL	17.01	0.46	4.70	3.59	0.70	0.91	0.72		20.00	98.40	7.25	98.15	10.69	0.04	0.02	0.90
WAT	0.42	0.08	1.75	1.22	-1.44	-12.52	1.96		MM	34.63	2.87	34.76	MM	0.12	4.33	MM
WAV	5.41	0.24	-11.41	MM	10.97	31.34	1.90		MM	32.51	0.70	33.90	MM	0.00	0.00	MM
WAZ	5.48	0.31	5.54	7.89	0.50	104.76	0.00		12.67	60.39	6.07	73.64	14.32	0.00	4.35	55.37
WBA	16.47	0.40	0.14	0.64	0.42	0.05	-0.35		MM	211.13	16.70	212.26	MM	0.20	2.34	MM
WBC	13.91	0.31	4.74	3.61	0.23	61.10	0.31		27.69	97.34	13.48	97.34	21.73	0.00	0.00	0.00
WBD	7.73	0.42	-10.44	MM	-0.59	-11.22	2.20		MM	5.46	0.42	5.35	MM	0.00	0.00	MM
WBE	10.32	0.49	0.76	11.10	0.80	0.65	2.52		MM	43.50	4.70	50.00	MM	0.12	2.56	MM
WBF	6.71	0.69	1.00	1.11	1.43	71.43	1.65		10.11	100.33	13.29	100.75	17.61	0.25	3.94	71.43
WBG	13.00	0.16	1.70	0.90	3.33	31.66	1.44		MM	80.50	12.20	80.90	MM	0.40	6.35	MM
WBH	9.59	0.35	-1.70	0.90	5.74	37.40	1.91		MM	19.31	1.03	19.19	MM	0.00	0.00	MM
WBI	17.36	0.44	2.90	2.62	0.50	3.31	1.07		10.10	98.50	16.62	97.00	20.84	0.20	2.16	MM
WBJ	7.43	0.43	0.43	0.69	-0.21	-1.00	1.01		MM	40.62	3.22	40.62	MM	0.00	1.00	0.00
WBK	0.30	0.33	1.61	0.68	0.87	32.16	1.74		MM	107.21	4.41	107.00	MM	0.00	3.19	MM
WBL	11.89	-1.23	-10.23	-5.04	2.78	52.60	2.04		17.06	86.47	5.45	93.31	17.20	0.40	3.76	30.00
WBM	8.75	0.35	7.35	7.64	0.44	40.31	1.32		13.04	96.93	0.11	96.33	12.61	0.64	4.61	57.66
WBN	13.07	0.33	2.64	3.04	5.32	26.04	3.02		MM	125.05	17.46	147.36	MM	0.20	1.02	55.56
WBO	9.07	0.87	-1.20	-1.26	-0.31	-1.47	2.10		MM	30.01	3.52	30.01	MM	0.00	0.00	MM
WBP	9.13	0.64	5.57	11.11	1.37	47.67	1.01		9.00	47.37	6.32	56.31	9.04	0.20	3.67	31.25
WBQ	20.30	0.37	1.64	1.70	0.50	116.44	1.66		MM	97.86	19.94	97.86	MM	0.20	2.43	MM

WABCO Listed OTC Company (continued)
 WACH Wachovia Fin. Inc. of NY (42.9)
 WAL Wells Fargo Fin. Corp. of NY (27.8)
 WAM Home Bancorp. Inc. of Mass. (18.2)
 WAT AT&T Fin. Inc. of NY (18.2)
 WAV Wells Bancorp. Inc. of Mass.
 WBA Capital Bancorp. of Ala. (18.1)
 WBC First Fin. Corp. of NY (16.5)
 WBD Territorial Bancorp. Inc. of Ill.
 WBE Tiamona Corp. of Lincoln NE
 WBF Timberland Bancorp. Inc. of Va.
 WBG TrustCo Bank Corp. NY of NY
 WBH United Comm. Bancorp. III (44.8)
 WBI United Community Fin. of Ill.
 WBJ United Financial Bancorp. of Ill.
 WBK United Western Bancorp. Inc. of Colo.
 WBL Viewpoint Fin. Inc. of Ill. (11.1)
 WBM WBS Holdings. Inc. of Home MO
 WBN WBS Holdings. Inc. of Home MO
 WBO WBS Financial Corp. of Pa.
 WBP Washington Bancorp. of Pa. (15.2)
 WBS WBS Holdings. Inc. of Home MO
 WBQ WBS Holdings. Inc. of Home MO
 WBD Westfield Fin. Inc. of Ill.

EXHIBIT IV-2
Historical Stock Price Indices

Exhibit IV-2
Historical Stock Price Indices(1)

<u>Year/Qtr. Ended</u>	<u>DJIA</u>	<u>S&P 500</u>	<u>NASDAQ Composite</u>	<u>SNL Thrift Index</u>	<u>SNL Bank Index</u>
2001: Quarter 1	9878.8	1160.3	1,840.3	885.2	459.24
Quarter 2	10502.4	1224.4	2,160.5	964.5	493.70
Quarter 3	8847.6	1040.9	1,498.8	953.9	436.60
Quarter 4	10021.5	1148.1	1,950.4	918.2	473.67
2002: Quarter 1	10403.9	1147.4	1,845.4	1006.7	498.30
Quarter 2	9243.3	989.8	1,463.2	1121.4	468.91
Quarter 3	7591.9	815.3	1,172.1	984.3	396.80
Quarter 4	8341.6	879.8	1,335.5	1073.2	419.10
2003: Quarter 1	7992.1	848.2	1,341.2	1096.2	401.00
Quarter 2	8985.4	974.5	1,622.8	1266.6	476.07
Quarter 3	9275.1	996.0	1,786.9	1330.9	490.90
Quarter 4	10453.9	1112.0	2,003.4	1482.3	548.60
2004: Quarter 1	10357.7	1126.2	1,994.2	1585.3	562.20
Quarter 2	10435.5	1140.8	2,047.8	1437.8	546.62
Quarter 3	10080.3	1114.6	1,896.8	1495.1	556.00
Quarter 4	10783.0	1211.9	2,175.4	1605.6	595.10
2005: Quarter 1	10503.8	1180.6	1,999.2	1516.6	551.00
Quarter 2	10275.0	1191.3	2,057.0	1577.1	563.27
Quarter 3	10568.7	1228.8	2,151.7	1527.2	546.30
Quarter 4	10717.5	1248.3	2,205.3	1616.4	582.80
2006: Quarter 1	11109.3	1294.8	2,339.8	1661.1	595.50
Quarter 2	11150.2	1270.2	2,172.1	1717.9	601.14
Quarter 3	11679.1	1335.9	2,258.4	1727.1	634.00
Quarter 4	12463.2	1418.3	2,415.3	1829.3	658.60
2007: Quarter 1	12354.4	1420.9	2,421.6	1703.6	634.40
Quarter 2	13408.6	1503.4	2,803.2	1645.9	622.63
Quarter 3	13895.6	1526.8	2,701.5	1523.3	595.80
Quarter 4	13264.8	1468.4	2,652.3	1058.0	492.85
2008: Quarter 1	12262.9	1322.7	2,279.1	1001.5	442.5
Quarter 2	11350.0	1280.0	2,293.0	822.6	332.2
Quarter 3	10850.7	1166.4	2,082.3	760.1	414.8
Quarter 4	8776.4	903.3	1,577.0	653.9	268.3
2009: Quarter 1	7608.9	797.9	1,528.6	542.8	170.1
Quarter 2	8447.0	919.3	1,835.0	538.8	227.6
Quarter 3	9712.3	1057.1	2,122.4	561.4	282.9
As of December 4, 2009	10388.2	1106.0	2,194.4	564.2	267.7

(1) End of period data.

Source: SNL Financial.

EXHIBIT IV-3
Historical Thrift Stock Indices

Index Values

	Index Values				Price Appreciation (%)		
	11/30/09	10/30/09	12/31/08	11/28/08	One Month	YTD	LTM
All Pub. Traded Thrifts	553.8	548.7	653.9	671.2	0.94	-15.30	-17.49
MHC Index	2,794.3	2,844.7	3,383.4	3,401.8	-1.77	-17.41	-17.86
Stock Exchange Indexes							
NYSE-Alt Thrifts	331.5	324.2	261.6	271.9	2.26	26.75	21.92
NYSE Thrifts	94.0	89.9	116.2	119.3	4.54	-19.07	-21.17
OTC Thrifts	1,539.6	1,535.4	1,814.9	1,862.8	0.27	-15.17	-17.35
Geographic Indexes							
Mid-Atlantic Thrifts	2,236.1	2,182.9	2,652.0	2,720.1	2.44	-15.68	-17.79
Midwestern Thrifts	1,985.1	2,107.6	2,567.4	2,542.1	-5.81	-22.68	-21.91
New England Thrifts	1,639.9	1,613.4	1,826.9	1,911.1	1.64	-10.24	-14.19
Southeastern Thrifts	241.0	255.4	392.5	413.9	-5.63	-38.60	-41.77
Southwestern Thrifts	330.1	340.1	499.1	501.8	-2.93	-33.86	-34.22
Western Thrifts	55.2	51.0	47.8	53.1	8.13	15.40	4.02
Asset Size Indexes							
Less than \$250M	847.7	828.1	790.7	804.9	2.37	7.21	5.32
\$250M to \$500M	2,279.4	2,336.6	2,220.5	2,257.2	-2.45	2.65	0.98
\$500M to \$1B	1,102.0	1,095.6	1,195.7	1,245.9	0.58	-7.83	-11.55
\$1B to \$5B	1,352.1	1,376.7	1,703.5	1,744.5	-1.79	-20.63	-22.49
Over \$5B	280.2	274.9	329.3	338.0	1.94	-14.90	-17.10
Pink Indexes							
Pink Thrifts	150.0	164.3	157.4	171.5	-8.70	-4.75	-12.54
Less than \$75M	418.7	443.0	515.7	544.5	-5.48	-18.81	-23.11
Over \$75M	151.0	165.6	157.1	171.4	-8.86	-3.94	-11.94
Comparative Indexes							
Dow Jones Industrials	10,344.8	9,712.7	8,776.4	8,829.0	6.51	17.87	17.17
S&P 500	1,095.6	1,036.2	903.3	896.2	5.74	21.30	22.25

All SNL indexes are market-value weighted; i.e., an institution's effect on an index is proportionate to that institution's market capitalization. All SNL thrift indexes, except for the SNL MHC Index, began at 100 on March 30, 1984. The SNL MHC Index began at 201.082 on Dec. 31, 1992, the level of the SNL Thrift Index on that date. On March 30, 1984, the S&P 500 closed at 159.2 and the Dow Jones Industrials stood at 1,164.9.

Mid-Atlantic: DE, DC, MD, NJ, NY, PA, PR; Midwest: IA, IL, IN, KS, KY, MI, MN, MO, ND, NE, OH, SD, WI;
 New England: CT, MA, ME, NH, RI, VT; Southeast: AL, AR, FL, GA, MS, NC, SC, TN, VA, WV;
 Southwest: CO, LA, NM, OK, TX, UT; West: AZ, AK, CA, HI, ID, MT, NV, OR, WA, WY

EXHIBIT IV-4

Georgia and Alabama Bank and Thrift Acquisitions 2007 - Present

Exhibit IV-4
Georgia and Alabama Bank and Thrift Acquisitions 2007-Present

Announce Date	Complete Date	Buyer Short Name	Target Name	State	Target Financials at Announcement										Deal Terms and Pricing at Announcement									
					Total Assets	EIA	ROAA	ROAE	MPAs/Assets	Return/Assets	NPLs	Value	Share	P/B	P/TB	P/E	P/A	Prem/Colops						
10/07/2009	Pending	Two Ros LLC	FB Bancorporation	AL	164,966	7.31	-1.09	-14.96	3.14	68.46	7	13	203.88	203.8	NM	8.91	9.16							
04/23/2008	06/27/2008	Investor group	Robinson Bancshares, Inc.	GA	37,829	4.08	-3.88	-66.50	8.86	16.7	1.4	1	NA	NA	NA	NA	NA							
03/18/2008	04/29/2008	Plumtree Bancorp Inc.	Republic Bank of Georgia	GA	168,861	8.23	-8.93	-44.83	8.74	84.72	NA	NA	NA	NA	NA	NA	NA							
09/18/2008	12/30/2008	First Bankers Bancorp Inc.	F&M Bancorporation	AL	78,886	11.83	1.41	11.00	8.96	498.93	13.3	418.04	160.84	160.8	NM	18.86	9.51							
06/18/2008	10/31/2008	Citizens Investors LLC	First Citizens Bancshares, Inc.	GA	168,967	9.82	0.78	8.16	3.56	183.86	6	NA	116.39	116.4	NM	10.8	2.71							
06/01/2008	12/31/2008	Hamilton State Bancshares	Jefferson State Bank	GA	88,108	16.82	-0.88	-4.30	0	NA	NA	NA	NA	NA	NA	NA	NA							
04/28/2008	12/04/2008	BancIndependent Inc.	Citizens Bancorp of Lawrence	AL	114,746	13.08	0.73	5.21	0.91	173.88	16.4	22	131.78	131.8	NM	24.39	11.88							
04/04/2008	11/06/2008	Captone Bancshares Inc.	Security Federal Bancorp, Inc.	AL	83,146	18.40	0.74	4.46	1.12	140.76	16.4	22	131.78	131.8	NM	24.39	11.88							
03/04/2008	04/01/2008	First Citizens Bancorp.	Bancshares & Farmers Bank	SC	142,314	13.18	3.27	26.40	0.82	NM	36.8	NA	198.18	198.2	NM	25.82	17.87							
02/08/2007	03/06/2008	Central Bancorp Inc.	Jones County Bank	TX	4,971	8.87	0.14	1.72	0	NA	1.4	NA	334.74	334.7	NM	28.82	24.34							
11/02/2007	03/06/2008	Captone Bancshares Inc.	South Alabama Holding Company, Inc.	AL	82,836	15.88	1.28	8.31	0.86	188.41	16.6	NA	129.86	130.4	NM	18.82	8.09							
09/02/2007	03/23/2008	Royal Bank of Canada	G&T Bancshares, Inc.	GA	1,985,138	11.88	0.78	6.77	2.82	80.76	164.7	10,788	64.78	108.3	NM	7.79	0.87							
08/29/2007	11/30/2007	Shinhan Financial Grp	Alabama National Bancorporation	AL	7,982,837	10.96	1.08	8.88	0.23	689.8	1679.3	86	188.89	382.3	NM	21.14	25.42							
06/29/2007	10/16/2007	BancTrust Financial Group Inc.	North Atlanta National Bank	GA	136,496	7.98	0.86	8.88	0.83	198.78	28	23.44	217.76	217.8	NM	20.76	19.78							
04/04/2007	06/26/2007	State Capital Corporation	Peoples BancTrust Company, Inc.	AL	824,784	9.87	0.96	10.88	NA	NA	183.4	28.5	178.84	184.1	NM	19.47	16.88							
03/18/2007	07/30/2007	Phincke Financial Corp.	Georgia Bancshares, Inc.	MS	94,116	18.88	1.48	8.12	0.11	718	26	NA	138.38	138.4	NM	21.35	8.23							
03/01/2007	07/30/2007	Buckhead Community Bancorp	Georgia Central Bancshares, Inc.	GA	83,833	8.84	0.64	7.88	2.71	83.82	16.4	88	227.44	227.4	NM	19.87	14.91							
02/27/2007	04/23/2007	First Covenant Bank	Allied Bancshares, Inc.	GA	188,831	8.81	NA	NA	NA	NA	83.8	36	277.78	277.8	NM	28.86	48.39							
02/23/2007	07/01/2007	SouthCrest Financial Group Inc	NBANK, National Association	GA	169,287	8.48	-0.88	2.38	6.29	NA	NA	NA	NA	NA	NA	NA	NA							
02/16/2007	06/07/2007	United Community Banks Inc.	Bank of Chickameuga	GA	67,884	20.28	0.78	3.88	0	NA	9.5	NA	178.78	178.8	NM	18.34	18.87							
02/04/2007	06/07/2007	Banco Bilbao Vizcaya Argent SA	Compass Bancshares, Inc.	AL	34,188,766	8.28	1.38	17.88	0.21	839.4	18184	72,687	334.81	482.1	NM	29.72	42.88							
01/22/2007	07/01/2007	WGBH Corp.	Gwinnett Commercial Group, Inc.	GA	624,886	12.13	1.91	16.84	0.86	NM	229.1	NA	317.12	317.2	NM	38.8	37.78							
			First Horizon Corporation	GA	208,883	8.78	1.13	11.87	0.81	NA	48.3	NA	271.82	271.8	NM	23.39	21.87							
					2,087,643	11.88	0.31	2.23	1.67	248.87	648.1		283.34	222.88	NM	28.88	17.84							
					114,746	8.78	0.78	7.88	0.63	183.77	28.8		182.38	188.87	NM	28.87	13.87							

Averages:
Medians:

EXHIBIT IV-5

**Charter Financial Corporation
Director and Senior Management Summary Resumes**

Exhibit IV-5
Charter Financial Corporation
Director and Senior Management Summary Resumes

Robert L. Johnson. Mr. Johnson has been the President and Chief Executive Officer of Charter Financial Corporation since its inception in 2001, Chief Executive Officer of CharterBank since 1996 and President of CharterBank from 1996 to January 2007. On November 27, 2007, Mr. Johnson was elected Chairman of the Board of Directors upon the retirement of Mr. John W. Johnson, Jr. Prior to that time, he served as Financial Analyst, then Senior Vice President and Chief Financial Officer of CharterBank. He began continuous service with CharterBank in 1984. Mr. Johnson has an undergraduate degree from Vanderbilt University and a Master's Degree in Business Administration with a concentration in Finance from the University of Alabama. He is a graduate of the Graduate School of Community Bank Management. He also serves on the LaGrange College Board of Trustees and is Chairman of The Charter Foundation. Mr. Johnson also is affiliated with the West Point Rotary Club. Mr. Johnson is the brother of Curti M. Johnson, Director.

David Z. Cauble, III. Mr. Cauble is self-employed as a food service consultant and investor. He was the Owner and President of Vend-All Company in LaGrange, Georgia, until its sale in 1996. Previously he was Vice President-Sales in his family's Coca-Cola Bottling business. He is a graduate of Washington & Lee University, serves as Chairman of Cobb Foundation, is a member of Young Presidents' Organization, and serves as a Junior Warden of the Episcopal Church in LaGrange.

Jane W. Darden. Ms. Darden is responsible for overall management, including bookkeeping, for family assets which includes investments, timberland and cattle farming. She was formerly employed in the banking field for five years, and has a B.A. in Psychology from Converse College. Ms. Darden serves on Library Committee, Stewardship Committee, Altar Guild and Meals on Wheels for First United Methodist Church of West Point, Georgia.

William B. Hudson. Mr. Hudson is a retired Account Executive for Smith Barney and its predecessors, where he served for 26 years. He was employed in the brokerage business for 42 years. Mr. Hudson graduated from the University of Georgia with a degree in business with postgraduate studies at Auburn University. Mr. Hudson served with the 28th Infantry Division in Germany during the Korean War. He also is past president of the LaGrange Rotary Club and Highland Country Club. Mr. Hudson is a life-long member of the First Baptist Church of LaGrange and active in its affairs.

Curti M. Johnson. Mr. Johnson is a member of both the Georgia and Alabama Bar Association. He is a partner in the law firm of Johnson, Caldwell & McCoy in Lanett, Alabama, where he has practiced law since 1990. Prior to that, Mr. Johnson was an associate attorney with Burr & Forman in Birmingham, Alabama, for four years. Mr. Johnson served as Director for Citizens BancGroup, a bank holding company in Valley, Alabama, from 1988 until it was acquired by CharterBank in 1999. He served as Chairman of Citizens BancGroup from 1996 through 1999. He received his B.A. degree from Vanderbilt University and his law degree from the University of Virginia School of Law. Mr. Johnson is Vice President and founding board member of the Chattahoochee Fuller Center Project, Inc. Mr. Johnson is the brother of Robert L. Johnson, our Chairman of the Board, President and Chief Executive Officer.

Exhibit IV-5 (continued)
Charter Financial Corporation
Director and Senior Management Summary Resumes

Thomas M. Lane. Mr. Lane is Chief Financial Officer of the Lanier Health Services. He was the Senior Vice President and Treasurer of WestPoint Home, Inc. and its predecessors from March 2000 until March 2007. He previously served as its Treasurer from 1997 to 1999. Prior to that time, he served as Controller of Budgets and Analysis for WestPoint Pepperell, one of the predecessors of West Point Home, Inc. He had been continuously employed in various financial and accounting positions with WestPoint Home and its predecessor companies since June 1976. Mr. Lane received his B.S. in Business Administration from Auburn University in 1976.

David L. Strobel. Mr. Strobel has been the Executive Vice President and General Manager of Shannon, Strobel & Weaver Constructors & Engineers, Inc. since 1977. He received his B. S. in Mechanical Engineering from the University of Notre Dame in 1973, and is a Registered Professional Engineer in 18 states. Mr. Strobel served as a member of the Board of Directors of EBA Bancshares and Eagle Bank of Alabama from 1998 until their acquisition by CharterBank in 2003. In February 1999, he assumed the position of chairman of EBA Bancshares. He joined the Board of Directors of CharterBank and Charter Financial Corporation in August 2003. Mr. Strobel's other affiliations include the Auburn City Schools Board of Education and several professional societies.

Executive Officers Who are Not Directors

William C. Gladden. Mr. Gladden, 57, has been the Vice President and Secretary of Charter Financial Corporation since October 2001 and of CharterBank since 1991. He was also a Director of CharterBank from 1988 to 1990. He was the Manager of Telecommunications for West Point Pepperell from 1984 to 1990. Mr. Gladden earned his B.S. in Management from Georgia Tech in 1976. In 2002 he completed his M.S. in technology management also from Georgia Tech. In addition he is a graduate of the National School of Banking of America's Community Bankers. Mr. Gladden is a member of the Board of Directors of Medical Park Management, Inc. and Chairman of the Board for the West Point, Georgia Downtown Development Authority and the West Point 2100 Foundation. Other affiliations include: Junior Achievement, West Point Rotary Club and The American Society of Corporate Secretaries. He also serves on the board of directors for The Charter Foundation.

Curtis R. Kollar. Mr. Kollar, 57, is a Certified Public Accountant (CPA) and Certified Management Accountant (CMA). He has been the Vice President & Treasurer of CharterBank since 1991 and was named Chief Financial Officer of Charter Financial Corporation in October of 2001 and of CharterBank in January of 2001. He has an undergraduate degree from Ohio Wesleyan University and an MS in Accounting from Syracuse University. He is a graduate of the Graduate School of Community Bank Management. Mr. Kollar has 24 years experience in the banking field. Mr. Kollar serves as treasurer of West Point First United Methodist Church and he is President of the Board of Directors of the Chattahoochee Valley Hospital Society, a member of the LaGrange Choral Society and a past President of the West Point Rotary Club.

Exhibit IV-5 (continued)
Charter Financial Corporation
Director and Senior Management Summary Resumes

Ronald M. Warner. Mr. Warner, 47, has been a Senior Vice President of CharterBank since 2004 and the Senior Lending Officer for CharterBank since 2008. Mr. Warner was formerly a Senior Vice President with FLAG Bank in LaGrange, Georgia. Mr. Warner has 20 years of lending and credit experience, the majority with regional banks. He has a bachelor's degree in Business Administration from The College of Charleston. He is active with the American Cancer Society and St. Luke United Methodist Church.

Lee Washam. Mr. Washam, 48, has been President of CharterBank since January of 2007. Prior to this, he served as Executive Vice President for six years. Mr. Washam is the former Executive Vice President of First Flag Bank, LaGrange, Georgia and has over 26 years of banking experience. He received his B.S. in Business Administration from LaGrange College in 1983 and is a 1995 graduate of The Graduate School of Banking at Louisiana State University. Mr. Washam's current affiliations include: LaGrange Lions Club, Leadership Troup, Georgia Community Bankers Association, the Board of Governors of Highland Country Club and Finance Committee for New Community Church.

EXHIBIT IV-6

**Charter Financial Corporation
Pro Forma Regulatory Capital Ratios**

Exhibit IV-6
Charter Financial Corporation
Pro Forma Regulatory Capital Ratios

Pro Forma at September 30, 2009, Based Upon the Sale in the Offering of

	CharterBank Historical at September 30, 2009		8,287,500 Shares		9,750,000 Shares		11,212,500 Shares		12,894,375 Shares (1)	
	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)
Equity capital	\$ 84,479	9.05%	\$ 114,130	11.75%	\$ 119,637	12.23%	\$ 125,144	12.71%	\$ 131,477	13.24%
Tier 1 risk-based capital	\$ 87,576	14.65%	\$ 117,227	19.37%	\$ 122,734	20.23%	\$ 128,241	21.09%	\$ 134,574	22.08%
Tier 1 risk-based requirement	<u>23,904</u>	<u>4.00</u>	<u>24,207</u>	<u>4.00</u>	<u>24,263</u>	<u>4.00</u>	<u>24,319</u>	<u>4.00</u>	<u>24,383</u>	<u>4.00</u>
Excess	<u>\$ 63,672</u>	<u>10.65%</u>	<u>\$ 93,020</u>	<u>15.37%</u>	<u>\$ 98,471</u>	<u>16.23%</u>	<u>\$ 103,922</u>	<u>17.09%</u>	<u>\$ 110,191</u>	<u>18.08</u>
Core (leverage) capital	\$ 87,576	9.30%	\$ 117,227	11.97%	\$ 122,734	12.44%	\$ 128,241	12.91%	\$ 134,574	13.44%
Core (leverage) requirement (3)	<u>37,660</u>	<u>4.00</u>	<u>39,177</u>	<u>4.00</u>	<u>39,456</u>	<u>4.00</u>	<u>39,735</u>	<u>4.00</u>	<u>40,055</u>	<u>4.00</u>
Excess	<u>\$ 49,916</u>	<u>5.30%</u>	<u>\$ 78,050</u>	<u>7.97%</u>	<u>\$ 83,278</u>	<u>8.44%</u>	<u>\$ 88,506</u>	<u>8.91%</u>	<u>\$ 94,519</u>	<u>9.44%</u>
Total risk-based capital (4)	\$ 93,900	15.71%	\$ 123,551	20.42%	\$ 129,058	21.28%	\$ 134,565	22.13%	\$ 140,898	23.11%
Risk-based requirement	<u>59,760</u>	<u>10.00</u>	<u>60,519</u>	<u>10.00</u>	<u>60,658</u>	<u>10.00</u>	<u>60,797</u>	<u>10.00</u>	<u>60,958</u>	<u>10.00</u>
Excess	<u>\$ 34,140</u>	<u>5.71%</u>	<u>\$ 63,032</u>	<u>10.42%</u>	<u>\$ 68,400</u>	<u>11.28%</u>	<u>\$ 73,768</u>	<u>12.13%</u>	<u>\$ 79,940</u>	<u>13.11%</u>
Net Proceeds Infused			\$ 38,721		\$ 45,690		\$ 52,660		\$ 60,675	
MHC capital contribution			(782)		(782)		(782)		(782)	
Less: ESOP			(4,973)		(5,850)		(6,728)		(7,737)	
Less: stock-based incentive plan			(3,315)		(3,900)		(4,485)		(5,158)	
Pro Forma Increase			<u>\$ 29,651</u>		<u>\$ 35,158</u>		<u>\$ 40,665</u>		<u>\$ 46,998</u>	

- (1) As adjusted to give effect to an increase in the number of shares that could occur due to a 15% increase in the offering range to reflect demand for the shares, changes in market or general financial conditions following the commencement of the offering, or regulatory considerations.
- (2) Tangible and core capital levels are shown as a percentage of total adjusted assets. Risk-based capital levels are shown as a percentage of risk-weighted assets.
- (3) The current Office of Thrift Supervision core capital requirement for financial institutions is 3% of total adjusted assets for financial institutions that receive the highest supervisory rating for safety and soundness and a 4% to 5% core capital ratio requirement for all other financial institutions.
- (4) Pro forma amounts and percentages assume net proceeds are invested in assets that carry a 20% risk weighting.

EXHIBIT IV-7

**Charter Financial Corporation
Pro Forma Analysis Sheet**

**EXHIBIT IV-7
PRO FORMA ANALYSIS SHEET
Charter Financial Corporation
Prices as of December 4, 2009**

<u>Valuation Midpoint Pricing Multiples</u>	<u>Symbol</u>	<u>Subject at Midpoint</u>	<u>Peer Group</u>		<u>All Public Thrifts</u>	
			<u>Mean</u>	<u>Median</u>	<u>Mean</u>	<u>Median</u>
Price-earnings multiple =	P/E	43.44 x	15.77x	15.34x	16.79x	13.82x
Price-core earnings multiple =	P/CE	128.85 x	14.28x	12.55x	16.58x	13.54x
Price-book ratio =	P/B	83.76%	71.28	68.92	67.42	68.39
Price-tangible book ratio =	P/TB	65.66%	60.77	60.43	76.50	73.04
Price-assets ratio =	P/A	11.22%	9.89	7.04	7.57	5.70

Valuation Parameters

			<u>Adjusted</u>	
Pre-Conversion Earnings (Y)	\$2,316,000	(12 Mths 9/09)	ESOP Stock (% of Offering + Foundation) (E)	6.00%
Pre-Conversion Core Earnings (YC)	\$573,000	(12 Mths 9/09)	Cost of ESOP Borrowings (S)	0.00%
Pre-Conversion Book Value (B)	\$97,475,000	(2)	ESOP Amortization (T)	30.00 Years
Pre-Conv. Tang. Book Value (B)	\$92,295,000	(2)	RRP (% of Offering + Foundation) (M)	4.00%
Pre-Conversion Assets (A)	\$938,098,000	(2)	RRP Vesting (N)	5.00 Years
Reinvestment Rate (R)	2.92%		Fixed Expenses	\$1,550,000
Tax rate (TAX)	38.60%		Variable Expenses (Blended Commission %)	4.89%
After Tax Reinvest. Rate (R)	1.79%		Percentage Sold (PCT)	85.3618%
Est. Conversion Expenses (1)(X)	8.28% (1)		MHC net assets	(\$782,000)
Insider Purchases	\$300,000		Options as (% of Offering + Foundation) (O1)	10.00%
Price/Share	\$10.00		Estimated Option Value (O2)	31.30%
Foundation Cash Contribution (FC)	\$ -		Option Vesting Period (O3)	5.00 Years
Foundation Stock Contribution (FS)	\$ -		% of Options Taxable (O4)	25.00%
Foundation Tax Benefit (FT)	\$ -			

Calculation of Pro Forma Value After Conversion

1. $V = \frac{P/E * (Y - FC * R)}{1 - P/E * PCT * ((1-X-E-M-FS)*R - (1-TAX)*(E/T) - (1-TAX)*(M/N) - (1-TAX*O4)*(O1*O2/O3))}$	V=	\$114,220,011
2. $V = \frac{P/Core E * (YC)}{1 - P/Core E * PCT * ((1-X-E-M-FS)*R - (1-TAX)*(E/T) - (1-TAX)*(M/N) - (1-TAX*O4)*(O1*O2/O3))}$	V=	\$114,220,012
3. $V = \frac{P/B * (B-FC+FT)}{1 - P/B * PCT * (1-X-E-M)}$	V=	\$114,220,014
4. $V = \frac{P/TB * (B-FC+FT)}{1 - P/TB * PCT * (1-X-E-M)}$	V=	\$114,220,014
5. $V = \frac{P/A * (A-FC+FT)}{1 - P/A * PCT * (1-X-E-M)}$	V=	\$114,220,011

Shares

	2nd Step	2nd Step Exchange	Full Conversion	Plus: Foundation	Total Market Capitalization	Exchange Ratio
<u>Conclusion</u>	<u>Offering Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Ratio</u>
Supermaximum	12,894,375	2,211,221	15,105,596	0	15,105,596	0.8131
Maximum	11,212,500	1,922,801	13,135,301	0	13,135,301	0.7071
Midpoint	9,750,000	1,672,001	11,422,001	0	11,422,001	0.6148
Minimum	8,287,500	1,421,201	9,708,701	0	9,708,701	0.5226

Market Value

	2nd Step	2nd Step Exchange	Full Conversion	Plus: Foundation	Total Market Capitalization
<u>Conclusion</u>	<u>Offering Value</u>	<u>Shares Value</u>	<u>\$ Value</u>	<u>\$ Value</u>	<u>\$ Value</u>
Supermaximum	\$128,943,750	\$22,112,210	\$151,055,960	\$0	\$151,055,960
Maximum	\$112,125,000	\$19,228,010	\$131,353,010	0	\$131,353,010
Midpoint	\$97,500,000	\$16,720,010	\$114,220,006	0	\$114,220,010
Minimum	\$82,875,000	\$14,212,010	\$97,087,010	0	\$97,087,010

(1) Estimated offering expenses at midpoint of the offering.

EXHIBIT IV-8

**Charter Financial Corporation
Pro Forma Effect of Conversion Proceeds**

Exhibit IV-8
PRO FORMA EFFECT OF CONVERSION PROCEEDS
Charter Financial Corporation
At the Minimum of the Range

1. Fully Converted Value and Exchange Ratio	
Fully Converted Value	\$97,087,010
Exchange Ratio	0.52261
2nd Step Offering Proceeds	\$82,875,000
Less: Estimated Offering Expenses	<u>5,433,838</u>
2nd Step Net Conversion Proceeds (Including Foundation)	\$77,441,163

2. Estimated Additional Income from Conversion Proceeds	
Net Conversion Proceeds	\$77,441,163
Less: Cash Contribution to Foundation	0
Less: ESOP Stock Purchases (1)	(4,972,500)
Less: RRP Stock Purchases (2)	<u>(3,315,000)</u>
Net Cash Proceeds	\$69,153,663
Estimated after-tax net incremental rate of return	1.79%
Earnings Increase	\$1,239,842
Less: Consolidated interest cost of ESOP borrowings	0
Less: Amortization of ESOP borrowings(3)	(101,771)
Less: RRP Vesting (3)	(407,082)
Less: Option Plan Vesting (4)	<u>(468,734)</u>
Net Earnings Increase	\$262,256

3. Pro Forma Earnings	<u>Before Conversion</u>	<u>Net Earnings Increase</u>	<u>After Conversion</u>
12 Months ended September 30, 2009 (reported)	\$2,316,000	\$262,256	\$2,578,256
12 Months ended September 30, 2009 (core)	\$573,000	\$262,256	\$835,256

4. Pro Forma Net Worth	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit and Other</u>	<u>After Conversion</u>
September 30, 2009	\$97,475,000	\$69,153,663	\$ -	\$166,628,663
September 30, 2009 (Tangible)	\$92,295,000	\$69,153,663	\$0	\$161,448,663

5. Pro Forma Assets	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit and Other</u>	<u>After Conversion</u>
September 30, 2009	\$936,098,000	\$69,153,663	\$0	\$1,005,251,663

- (1) Includes ESOP purchases of 6% of the second step offering.
(2) Includes RRP purchases of 4% of the second step offering.
(3) ESOP amortized over 30 years, RRP amortized over 5 years, tax effected at: 38.60%
(4) Option valuation based on Black-Scholes model, 5 year vesting, and assuming 25% taxable.

Exhibit IV-8
PRO FORMA EFFECT OF CONVERSION PROCEEDS
Charter Financial Corporation
At the Midpoint of the Range

1. Fully Converted Value and Exchange Ratio	
Fully Converted Value	\$114,220,010
Exchange Ratio	0.61483
2nd Step Offering Proceeds	\$97,500,000
Less: Estimated Offering Expenses	<u>6,119,750</u>
2nd Step Net Conversion Proceeds (Including Foundation)	\$91,380,250

2. Estimated Additional Income from Conversion Proceeds	
Net Conversion Proceeds	\$91,380,250
Less: Cash Contribution to Foundation	0
Less: ESOP Stock Purchases (1)	(5,850,000)
Less: RRP Stock Purchases (2)	<u>(3,900,000)</u>
Net Cash Proceeds	\$81,630,250
Estimated after-tax net incremental rate of return	<u>1.79%</u>
Earnings Increase	\$1,463,532
Less: Consolidated interest cost of ESOP borrowings	0
Less: Amortization of ESOP borrowings(3)	(119,730)
Less: RRP Vesting (3)	(478,920)
Less: Option Plan Vesting (4)	<u>(551,451)</u>
Net Earnings Increase	\$313,431

3. Pro Forma Earnings	<u>Before Conversion</u>	<u>Net Earnings Increase</u>	<u>After Conversion</u>
12 Months ended September 30, 2009 (reported)	\$2,316,000	\$313,431	\$2,629,431
12 Months ended September 30, 2009 (core)	\$573,000	\$313,431	\$886,431

4. Pro Forma Net Worth	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit of Foundation</u>	<u>After Conversion</u>
September 30, 2009	\$97,475,000	\$81,630,250	\$ -	\$179,105,250
September 30, 2009 (Tangible)	\$92,295,000	\$81,630,250	\$ -	\$173,925,250

5. Pro Forma Assets	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit of Foundation</u>	<u>After Conversion</u>
September 30, 2009	\$936,098,000	\$81,630,250	\$ -	\$1,017,728,250

- (1) Includes ESOP purchases of 6% of the second step offering.
(2) Includes RRP purchases of 4% of the second step offering.
(3) ESOP amortized over 30 years, RRP amortized over 5 years, tax effected at: 38.60%
(4) Option valuation based on Black-Scholes model, 5 year vesting, and assuming 25% taxable.

Exhibit IV-8
PRO FORMA EFFECT OF CONVERSION PROCEEDS
Charter Financial Corporation
At the Maximum of the Range

1. Fully Converted Value and Exchange Ratio	
Fully Converted Value	\$131,353,010
Exchange Ratio	0.70706
2nd Step Offering Proceeds	\$112,125,000
Less: Estimated Offering Expenses	<u>6,805,663</u>
2nd Step Net Conversion Proceeds (Including Foundation)	\$105,319,338

2. Estimated Additional Income from Conversion Proceeds	
Net Conversion Proceeds	\$105,319,338
Less: Cash Contribution to Foundation	0
Less: ESOP Stock Purchases (1)	(6,727,500)
Less: RRP Stock Purchases (2)	<u>(4,485,000)</u>
Net Cash Proceeds	\$94,106,838
Estimated after-tax net incremental rate of return	<u>1.79%</u>
Earnings Increase	\$1,687,223
Less: Consolidated interest cost of ESOP borrowings	0
Less: Amortization of ESOP borrowings(3)	(137,690)
Less: RRP Vesting (3)	(550,758)
Less: Option Plan Vesting (4)	<u>(634,169)</u>
Net Earnings Increase	\$364,606

	<u>Before Conversion</u>	<u>Net Earnings Increase</u>	<u>After Conversion</u>
3. Pro Forma Earnings			
12 Months ended September 30, 2009 (reported)	\$2,316,000	\$364,606	\$2,680,606
12 Months ended September 30, 2009 (core)	\$573,000	\$364,606	\$937,606
4. Pro Forma Net Worth	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit of Foundation</u>
September 30, 2009	\$97,475,000	\$94,106,838	\$ -
September 30, 2009 (Tangible)	\$92,295,000	\$94,106,838	\$0
5. Pro Forma Assets	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit of Foundation</u>
September 30, 2009	\$936,098,000	\$94,106,838	\$0
			\$1,030,204,838

- (1) Includes ESOP purchases of 6% of the second step offering.
(2) Includes RRP purchases of 4% of the second step offering.
(3) ESOP amortized over 30 years, RRP amortized over 5 years, tax effected at: 38.60%
(4) Option valuation based on Black-Scholes model, 5 year vesting, and assuming 25% taxable.

Exhibit IV-8
PRO FORMA EFFECT OF CONVERSION PROCEEDS
Charter Financial Corporation
At the Supermaximum Value

1. Fully Converted Value and Exchange Ratio	
Fully Converted Value	\$151,055,960
Exchange Ratio	0.81312
2nd Step Offering Proceeds	\$128,943,750
Less: Estimated Offering Expenses	<u>7,594,462</u>
2nd Step Net Conversion Proceeds (Including Foundation)	\$121,349,288

2. Estimated Additional Income from Conversion Proceeds	
Net Conversion Proceeds	\$121,349,288
Less: Cash Contribution to Foundation	0
Less: ESOP Stock Purchases (1)	(7,736,625)
Less: RRP Stock Purchases (2)	<u>(5,157,750)</u>
Net Cash Proceeds	\$108,454,913
Estimated after-tax net incremental rate of return	1.79%
Earnings Increase	\$1,944,466
Less: Consolidated interest cost of ESOP borrowings	0
Less: Amortization of ESOP borrowings(3)	(158,343)
Less: RRP Vesting (3)	(633,372)
Less: Option Plan Vesting (4)	<u>(729,294)</u>
Net Earnings Increase	\$423,458

3. Pro Forma Earnings	<u>Before Conversion</u>	<u>Net Earnings Increase</u>	<u>After Conversion</u>
12 Months ended September 30, 2009 (reported)	\$2,316,000	\$423,458	\$2,739,458
12 Months ended September 30, 2009 (core)	\$573,000	\$423,458	\$996,458

4. Pro Forma Net Worth	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit of Foundation</u>	<u>After Conversion</u>
September 30, 2009	\$97,475,000	\$108,454,913	\$ -	\$205,929,913
September 30, 2009 (Tangible)	\$92,295,000	\$108,454,913	\$0	\$200,749,913

5. Pro Forma Assets	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit of Foundation</u>	<u>After Conversion</u>
September 30, 2009	\$936,098,000	\$108,454,913	\$0	\$1,044,552,913

- (1) Includes ESOP purchases of 6% of the second step offering.
(2) Includes RRP purchases of 4% of the second step offering.
(3) ESOP amortized over 30 years, RRP amortized over 5 years, tax effected at: 38.60%
(4) Option valuation based on Black-Scholes model, 5 year vesting, and assuming 25% taxable.

EXHIBIT IV-9

Peer Group Core Earnings Analysis

RP FINANCIAL, LC.
 Financial Services Industry Consultants
 1700 North Moore Street, Suite 2210
 Arlington, Virginia 22209
 (703) 520-1700

Core Earnings Analysis
 Comparable Institution Analysis
 For the Twelve Months Ended September 30, 2003

	Net Income to Common (\$000)	Less: Net Shareholders' Losses (Gains) (\$000)	YTD Effect to Common (\$000)	Less: Excl. to Common (\$000)	Estimated Core Income to Common (\$000)	Ratio (\$000)	Estimated Core EPE (\$)
Comparable Stocks							
CBNC Citizens South Bkng Corp of NC	.74	-354	120	0	-308	7.537	-0.84
CFPC Community Fin. Corp. of VA	6,950	724	-246	0	5,436	4.362	1.25
BNFP BNB Financial Corp. of PA	11,012	1,782	-864	0	11,500	12.037	1.00
FAUC First Advantage Bancorp of TN	26,995	-1,129	374	0	27,248	15.374	0.85
FRCA First Fin. Holdings Inc. of SC	26,015	2,749	-1,253	-26,057	324	1,250	0.24
BNCP Bancorp. Inc. of GA	3,859	2,931	-847	0	325	1,250	0.24
BNCP Bancorp. Inc. of LA	2,472	3,931	-847	0	3,543	6.927	0.52
JFBI Jefferson Bancorp. Inc. of TN	2,472	312	-38	0	2,546	6.706	0.30
LABC Louisiana Bancorp. Inc. of LA	2,409	32	-18	0	2,627	5.200	0.51
TRB Truist Holding Co of N Carolina LA(1)	7,372	1,216	-613	0	8,075	2.097	3.05

(1) Financial information is for the quarter ending June 30, 2003.

Source: RP Financial, LC. and RP Financial, LC. calculations. The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

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EXHIBIT V-1

RP[®] Financial, LC.
Firm Qualifications Statement

FIRM QUALIFICATION STATEMENT

RP® Financial ("RP®") provides financial and management consulting, merger advisory and valuation services to the financial services industry nationwide. We offer a broad array of services, high quality and prompt service, hands-on involvement by principals and senior staff, careful structuring of strategic initiatives and sophisticated valuation and other analyses consistent with industry practices and regulatory requirements. Our staff maintains extensive background in financial and management consulting, valuation and investment banking. Our clients include commercial banks, thrifts, credit unions, mortgage companies and other financial services companies.

STRATEGIC PLANNING SERVICES

RP®'s strategic planning services are designed to provide effective feasible plans with quantifiable results. We analyze strategic options to enhance shareholder value, achieve regulatory approval or realize other objectives. Such services involve conducting situation analyses; establishing mission/vision statements, strategic goals and objectives; and identifying strategies to enhance franchise and/or market value, capital management, earnings enhancement, operational matters and organizational issues. Strategic recommendations typically focus on: capital formation and management, asset/liability targets, profitability, return on equity and stock pricing. Our proprietary financial simulation models provide the basis for evaluating the impact of various strategies and assessing their feasibility and compatibility with regulations.

MERGER ADVISORY SERVICES

RP®'s merger advisory services include targeting potential buyers and sellers, assessing acquisition merit, conducting due diligence, negotiating and structuring merger transactions, preparing merger business plans and financial simulations, rendering fairness opinions, preparing mark-to-market analyses and supporting the implementation of post-acquisition strategies. RP® is also expert in de novo charters, shelf charters and negotiating acquisitions of troubled institutions. Through financial simulations, comprehensive data bases, valuation proficiency and regulatory familiarity, RP®'s merger advisory services center on enhancing shareholder returns.

VALUATION SERVICES

RP®'s extensive valuation practice includes bank and thrift mergers, thrift mutual-to-stock conversions, goodwill impairment, insurance company demutualizations, ESOPs, subsidiary companies, purchase accounting and other purposes. We are highly experienced in performing appraisals which conform to regulatory guidelines and appraisal standards. RP® is the nation's leading valuation firm for thrift mutual-to-stock conversions, with appraised values ranging up to \$4 billion.

OTHER CONSULTING SERVICES

RP® offers other consulting services including evaluating the impact of regulatory changes (TARP, etc.), branching and diversification strategies, feasibility studies and special research. We assist banks/thrifts in preparing CRA plans and evaluating wealth management activities on a de novo or merger basis. Our other consulting services are aided by proprietary valuation and financial simulation models.

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