

CHARTER FINANCIAL CORP/GA

Form FWP

September 16, 2010

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Issuer Free Writing Prospectus

Dated September 16, 2010

Filed Pursuant to Rule 433

Registration Statement No. 333-167634

Incremental Stock Offering

September 2010

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Charter Financial Corporation has filed a registration statement (including a Prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the Prospectus and other documents Charter Financial Corporation has filed with the SEC for more complete information about Charter Financial Corporation and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov). Alternatively, you may request a copy of the prospectus from Stifel, Nicolaus & Company, Incorporated, or by calling the Stock Information Center at 1-(877) 821-5782.

The shares of common stock being offered by Charter Financial Corporation are not deposits or savings accounts, may lose value and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

#### Forward-Looking Statements

This document contains forward-looking statements, which can be identified by the use of words such as “estimate,” “project,” “believe,” “intend,” “anticipate,” “plan,” “seek,” “expect” and words of similar meaning. These forward-looking statements include, but are not limited to:

- . statements of our goals, intentions and expectations;
- . statements regarding our business plans, prospects, growth and operating strategies;
- . statements regarding the asset quality of our loan and investment portfolios; and
- . estimates of our risks and future costs and benefits.

These forward-looking statements are based on current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- . general economic conditions, either nationally or in our market areas, that are worse than expected;
- . competition among depository and other financial institutions;
- . changes in the interest rate environment that reduce our margins or reduce the fair value of financial instruments;
- . adverse changes in the securities markets;
- .

changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees and capital requirements;

.  
our ability to enter new markets successfully and capitalize on growth opportunities;

.  
our ability to successfully integrate acquired entities;

.  
our incurring higher than expected loan charge-offs with respect to assets acquired in FDIC-assisted acquisitions;

.  
changes in consumer spending, borrowing and savings habits;

.  
changes in accounting policies and practices, as may be adopted by the bank regulatory agencies and the Financial Accounting Standards Board; and

.  
changes in our organization, compensation and benefit plans.

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Offering Terms

.  
Issuer:

.  
Trading Symbol:

.  
Type of Security:

.  
Offering Type:

.  
Offering Size:

.  
Shares Offered:

.  
Offering Price:

.  
Use of Proceeds:

Charter Financial Corporation

OTCBB: CHFN (has filed an application to be listed  
on the NASDAQ Capital Market)

Common Stock

Incremental Stock Offering

Expected to be between \$33.3 - \$62.7 million

4,281,060 (38% Minority, 62% MHC) to

5,961,573 (47% Public, 53% MHC)

\$10.52, subject to reduction as low as \$7.78

Intended to take advantage of unique market position

to expand footprint and deploy capital on both FDIC  
assisted transactions and organic growth  
opportunities

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Transaction Rationale

.  
The Company initially announced its intention to pursue a Second Step conversion on December 15, 2009, but partially in response to shareholder concerns has decided to raise capital through an incremental offering.

.  
Proceeding with an incremental stock offering carries less execution risk and facilitates a higher likelihood of successful transaction completion.

.  
Opportunities are believed to exist today to leverage Charter's capital quickly.

.  
Charter still has an objective of raising additional capital which may be through becoming a fully converted company.

#### Incremental Stock Offering Overview

· Unlike a Second Step, there is no change in structure. Charter Financial Corporation will remain in the mutual holding company structure, but with a higher minority ownership percentage.

· First Charter, MHC currently owns approximately 85% of the shares outstanding while public stockholders own 15%. The MHC's ownership percentage will be reduced by the incremental stock offering, but not below 53.0%.

· No additional shares are issued in an incremental offering. Charter Financial will be selling shares currently owned by the MHC.

· Improves stock liquidity as a result of the offered shares.

· While the offering price range is determined at the commencement of the offering based upon an independent appraisal, the final size of the offering and price per share will be determined at the conclusion of the offering, based on an update to the appraisal and market conditions, among other factors.

· An incremental offering is accretive to the following per share metrics:

· Book Value

· Tangible Book Value

· Earnings per Share

· Any shares not sold in the subscription offering will be offered for sale in a syndicated community offering.





Company Profile

.  
Savings and loan holding company and the parent company of CharterBank

.  
\$1.15 Billion in assets

.  
\$112.5 Million in equity

.  
Headquartered in West Point, GA and operates 16 branch offices and a loan origination office on the I-85 corridor from Newnan, Georgia to Auburn, Alabama.

.  
Reorganized in 2001 from the mutual structure into the mutual holding company structure.

.  
Issued 3,964,481 shares at \$10.00 per share, representing 20% of the outstanding shares, for net proceeds of \$37.2 million.

.  
Company historically (since the 1980's) had a significant investment position in Freddie Mac common stock which permitted it to distribute approximately \$16.00 of

regular and special cash dividends to its public shareholders to date.

.  
The Company bought back approximately 30% of its publicly held common stock.

.  
De-registered from the SEC in 2007 pursuant to a Dutch auction tender offer in

which it repurchased 508,842 shares at \$52.00 per share. Subsequently moved from the Nasdaq to the OTC Bulletin Board.

Company Profile (cont'd)

.  
Well-capitalized federally chartered savings bank

.  
Core Capital Ratio: 9.10%

.  
Total Risk-Based Capital Ratio: 18.64%

.  
Consolidated TCE / Assets: 9.40%

.  
Texas Ratio: 22.4% of non-covered assets

.  
YTD Net income of \$8.8 million

.  
Favorable market dynamics with recent KIA Motors assembly plant in West Point, Georgia and future military base realignment which is expected to add significantly to employment at Fort Benning in Columbus, Georgia.

.  
Management team with extensive banking experience

.  
Management team adept at successfully completing and integrating M&A transactions including healthy and failed bank and thrift institutions

.  
Since June 2009, we have acquired two banks through FDIC assisted transactions – Neighborhood Community Bank and McIntosh Commercial Bank

Offering Objectives

- . Current environment facilitates opportunity for deployment of offering proceeds
- . Ability to enhance organic growth
- . Strategically expand balance sheet and branch network while increasing long-term growth potential of the franchise
- . Attractively priced FDIC-assisted transactions can generate Tangible Book Value accretion through bargain purchase gains (negative goodwill) which has favorable implications for a future Second Step conversion
- . Since Company did not participate in the TARP CPP program, proceeds will be leveraged for growth and not to repay TARP
- . Leverage Management's extensive FDIC-assisted transaction experience which can offer shareholders high risk-adjusted returns.
- . Combination of loss sharing on covered loans along with an asset discount bid significantly reduces the credit risk associated with the transaction
- . Differentiate Charter as not only a survivor in the current economic environment, but as an institution that is well-positioned to opportunistically increase shareholder value.

Bargain Purchase Gain Reconciliation  
Bargain Purchase Gain Reconciliation  
McIntosh Assets in Excess of Liabilities 16,370,764 \$  
Cash Payment from FDIC 36,629,236  
Net Assets Acquired (pre-FV Adjustments) 53,000,000\$  
Fair Value Adjustments:  
Loans (75,396,640)  
OREO Writedown (31,618,504)  
FDIC Indemnification Asset 70,746,613  
Deposits (683,100)  
Core Deposit Intangible 258,811  
Other (703,140)  
Pre-Tax Gain on Acquisition 15,604,040 \$  
Deferred Income Tax Liability (5,998,193)  
Net After-Tax Gain on Acquisition 9,605,847 \$  
(1)  
(1)

Bargain Purchase Gain Reconciliation  
NCB's Assets in Excess of Liabilities 7,485,000 \$  
Cash Payment from FDIC 19,415,000  
Net Assets Acquired (pre-FV Adjustments) 26,900,000\$  
Fair Value Adjustments:  
Loans (65,195,000)  
OREO Writedown (10,240,000)  
FDIC Indemnification Asset 49,991,000  
Deposits (912,000)  
Other (544,000)  
Pre-Tax Gain on Acquisition (1) -\$

(1) Charter's winning bid was comprised of an asset discount of (\$26.9 million) with no deposit premium. Therefore, as shown above, cost basis net assets of \$19.4 million and a cash payment from the FDIC of \$7.5 million were transferred.

(1) Charter's winning bid was comprised of an asset discount of (\$53 million) with no deposit premium. Therefore, as shown above, cost basis net assets of \$16.4 million and a cash payment from the FDIC of \$36.6 million were transferred.

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Attractive Footprint in W. Georgia / E. Alabama  
CHFNB -McIntosh Commercial Bank -Neighborhood  
Community Bank -

..Extended franchise into

Carrollton & Bremen, Georgia

..Expanded retail franchise into

Newnan & Peachtree City, Georgia

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Market Share Opportunity – By County

Lee, AL Chambers, AL

2009 Total 2009 Total 2009 Total 2009 Total 2009 Total  
2009 Total

2009

2009

Number of

Deposits in

Market

Market

Share 2009

2009

Number of

Deposits in

Market

Market

Share 2009

2009

Number of

Deposits in

Market

Market

Share

Rank Institution Branches (\$000) (%) Rank Institution

Branches (\$000) (%) Rank Institution Branches (\$000) (%)

Troup, GA

1 Synovus Financial Corp. 5 284,030 25.32 1 Auburn

National Bancorp. 8 598,395 31.31 1 Farmers&Merchants

Bkshrs Inc. 2 79,522 26.13

2 Charter Financial Corp. 4 261,981 23.35 2 Royal Bank

of Canada 4 266,968 13.97 2 Charter Financial Corp. 2

73,810 24.26

3 Royal Bank of Canada 5 120,713 10.76 3 Regions

Financial Corp. 3 168,910 8.84 3 BB&T Corp. 2 67,040

22.03

4 Community Bankshares Inc. 3 107,189 9.56 4 Banco

Bilbao Vizcaya Argent SA 3 165,341 8.65 4 Frontier

National Corp. 2 63,893 21.00

5 Bank of America Corp. 2 101,404 9.04 5 Wells Fargo &

Co. 4 153,944 8.06 5 Capital City Bank Group Inc. 2

20,022 6.58

6 SunTrust Banks Inc. 1 86,632 7.72 6 BancorpSouth Inc.

3 129,848 6.80 Total For Institutions In Market 10 304,287

7 Capital City Bank Group Inc. 1 66,306 5.91 7 BB&T

Corp. 3 115,047 6.02

8 LaGrange Banking Co. 2 56,151 5.01 8 Charter

Financial Corp. 4 95,397 4.99

9 BB&T Corp. 1 19,049 1.70 9 Keystone Bank 1 76,369  
4.00

10 United Bank Corp. 1 12,025 1.07 10 BancTrust  
Financial Group Inc. 2 51,749 2.71

Total For Institutions In Market 26 1,121,782 Total For  
Institutions In Market 41 1,910,898

Coweta, GA Fayette, GA

Charter has a significant opportunity to gain  
market share given the weakness and capital  
constraints of in-market competitors as well as  
benefit from bank failures where the winning  
bidder is an out-of-market institution

2009 Total 2009 Total Total Total

2009 Deposits in Market 2009 Deposits in Market

2009 Number of Market Share 2009 Number of Market  
Share

Rank Institution Branches (\$000) (%) Rank Institution  
Branches (\$000) (%)

1 Synovus Financial Corp. 6 314,546 19.91 1 Wells Fargo  
& Co. 4 354,610 18.41

2 BB&T Corp. 4 295,345 18.70 2 Georgia Bancshares Inc.  
5 301,161 15.63

3 Charter Financial Corp. 4 204,278 12.93 3 Bank of  
America Corp. 4 294,058 15.26

4 FMCB Holdings Inc. 4 169,815 10.75 4 United  
Community Banks Inc. 4 212,020 11.00

5 Bank of America Corp. 3 135,960 8.61 5 Synovus  
Financial Corp. 3 129,920 6.74

6 United Bank Corp. 2 132,622 8.40 6 SunTrust Banks  
Inc. 4 118,756 6.16

7 Wells Fargo & Co. 3 116,548 7.38 7 BB&T Corp. 2  
108,250 5.62

8 Georgia Bancshares Inc. 3 70,092 4.44 8 Regions  
Financial Corp. 3 104,419 5.42

9 Regions Financial Corp.

10 United Community Banks Inc.

2

3

59,165

47,518

3.75

3.01

9 CCF Holding Co.

16 Charter Financial Corp.

1

2

86,938

23,724

4.51

1.23

Total For Institutions In Market 37 1,579,650 Total For  
Institutions In Market 39 1,926,628

Carroll, GA Haralson, GA Newton, GA  
2009 Total 2009 Total 2009 Total 2009 Total 2009 Total  
2009 Total

2009

2009

Number of

Deposits in

Market

Market

Share 2009

2009

Number of

Deposits in

Market

Market

Share 2009

2009

Number of

Deposits in

Market

Market

Share

Rank Institution

1 Community & Southern Hldgs Inc

2 BB&T Corp.

3 Charter Financial Corp.

4 Synovus Financial Corp.

5 FGBC Bancshares Inc.

6 SunTrust Banks Inc.

7 United Community Banks Inc.

8 Regions Financial Corp.

Branches

5

4

1

6

2

5

2

2

(\$000)

552,454

309,700

273,681

270,324

182,041

129,279



87,001  
74,566  
(%)  
27.22  
15.26  
13.48  
13.32  
8.97  
6.37  
4.29  
3.67  
Rank Institution  
1 Community & Southern Hldgs Inc (GA)  
2 FGBC Bancshares Inc. (GA)  
3 Synovus Financial Corp. (GA)  
4 PCNB Bancshares Inc. (GA)  
5 BB&T Corp. (NC)  
6 Charter Financial Corp.  
Total For Institutions In Market  
Branches  
3  
1  
2  
2  
1  
1  
10  
(\$000)  
162,948  
76,920  
69,967  
61,789  
36,573  
26,346  
434,543  
(%)  
37.50  
17.70  
16.10  
14.22  
8.42  
6.06  
Rank Institution  
1 Synovus Financial Corp.  
2 Newton Federal Bank  
3 BB&T Corp.  
4 FMB Bancshares Inc.  
5 Wells Fargo & Co.  
6 United Bank Corp.  
7 Charter Financial Corp.  
8 Persons Banking Co. (GA)

Branches

3

3

3

1

1

3

1

1

(\$000)

204,038

202,079

195,888

63,275

52,653

44,570

40,162

32,546

(%)

22.53

22.31

21.63

6.99

5.81

4.92

4.43

3.59

9 Wells Fargo & Co.

10 Bank of America Corp.

2

1

61,060

49,522

3.01

2.44

9 United Community Banks Inc. (GA)

10 Community Bankers Trust Corp (VA)

1

1

30,001

20,338

3.31

2.25

Total For Institutions In Market 33 2,029,633 Total For  
Institutions In Market 22 905,781

Source: SNL Financial. Data as of June 30, 2009, pro  
forma for closed and pending transactions which have  
occurred subsequent to June 30.

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Strategic Market Opportunity

32

38

41

37

14

11

10

Source: FDIC. Reflects transactions through 8/20/10

Bank Failures

per State 0 1 2 -5 6 -9 10 +

Survey of the Location of Institutions that have Failed Since 2008

Year to Date Georgia Failures

Date Failed Institution City Assets (\$000)

7/30/2010 Northwest Bank & Trust Acworth \$167,675

7/23/2010 Crescent Bank & Trust Company Jasper  
\$1,011,537

6/25/2010 First National Bank Savannah \$525,520

5/14/2010 Satilla Community Bank Saint Marys \$135,688

3/26/2010 Unity National Bank Cartersville \$295,000

3/26/2010 McIntosh Commercial Bank Carrollton  
\$362,988

3/19/2010 Bank of Hiawasse Hiawasse \$300,000

3/19/2010 Appalachian Community Bank Ellijay  
\$1,010,075

3/19/2010 Century Security Bank Johns Creek \$96,535

1/29/2010 Community Bank & Trust Cornelia \$1,000,000

1/29/2010 First National Bank of Georgia Carrollton  
\$832,580

Denotes number of failures in states with greater than 10.

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Strategic Market Opportunity  
Survey of the Location of Institutions that are Operating  
Under a Cease & Desist Order  
Percentage of  
Institutions in  
a State Operating  
Under a C&D

0 – 5% 6 – 10% 11 – 15% 16 – 20% 21 – 25%

Denotes number of institutions with a C&D in states with  
20 or more

20

28

28

39

54

20

14

Source: SNL Financial.

Note: Georgia Department of Banking's Cease & Desist  
Orders are not public information.

Strategic Market Opportunity  
Survey of the Location of Institutions that are Operating  
Under a Cease & Desist Order  
Percentage of  
Institutions in  
a State Operating  
Under a C&D

0 – 5% 6 – 10% 11 – 15% 16 – 20% 21 – 25%

Denotes number of institutions with a C&D in states with  
20 or more

20

28

28

39

54

20

14

Source: SNL Financial.

Note: Georgia Department of Banking's Cease & Desist  
Orders are not public information.

Size of Opportunity  
Pipeline of Potential FDIC-Assisted Transactions in  
Georgia

Potential Opportunity Asset Size Distribution

\$0 - \$100M \$100 - \$200M \$200M - \$300M \$300M -  
\$400M \$400M+  
Asset Size

Source: SNL Financial as of 3/31/10.

15

32

19

8

6

0

5

10

15

20

25

30

35

# of Institutions with Texas Ratios Over  
75%

Total # GA Institutions with

Texas Ratio > 75% = 80

Total Assets = \$15.4 Billion

Total Branches = 246

16

Georgia FDIC-Assisted Transaction Activity  
Failed Banks in Georgia Since 2009

Deposits Asset  
Assumed (\$000) Assets Assumed(\$000) Discount/  
Date of Failed Deposits Deposit Assets Asset % Covered  
Failure Institution City Buyer (\$000) Prem. % (\$000)  
Discount Assets  
State Bank and Trust Company  
Savannah Bancorp, Inc.  
Bank of the Ozarks, Inc.  
Citizens South Banking Corporation  
SouthCrest Financial Group, Inc.  
Community & Southern Holdings, Inc.  
Heritage Financial Group (MHC)  
State Bank and Trust Company  
Ameris Bancorp  
Stearns Financial Services, Inc.  
State Bank and Trust Company  
None  
United Community Banks, Inc.  
Synovus Financial Corp.  
None  
Regions Financial Corporation

7/30/10 Northwest Bank & Trust Acworth

7/23/10 Crescent Bank & Trust Company Jasper Renasant  
Corporation 900,000 1.00 1,011,537 9.3 15.3%

6/25/10 First National Bank Savannah

5/14/10 Satilla Community Bank Saint Marys Ameris  
Bancorp 134,005 0.19 142,300 11.4 16.1%

3/26/10 Unity National Bank Cartersville

3/26/10 McIntosh Commercial Bank Carrollton Charter  
Financial Corporation (MHC) 343,339 -362,988 14.6  
20.1%

3/19/10 Bank of Hiawasse Hiawasse

3/19/10 Appalachian Community Bank Ellijay Community  
& Southern Holdings, Inc. 917,575 1.00 1,010,075 17.5  
22.1%

3/19/10 Century Security Bank Johns Creek

1/29/10 Community Bank & Trust Cornelia SCBT  
Financial Corporation 1,110,000 -1,000,000 15.8 19.1%



1/29/10 First National Bank of Georgia Carrollton

12/18/09 RockBridge Commercial Bank Atlanta None NA  
NA NA NA NA

12/4/09 Tattall Bank Reidsville

12/4/09 First Security National Bank Norcross State Bank  
and Trust Company 120,502 -118,000 9.1 13.0%

12/4/09 Buckhead Community Bank Atlanta

10/23/09 American United Bank Lawrenceville

8/21/09 Ebank Atlanta

11/6/09 United Security Bank Sparta Ameris Bancorp

150,233 0.17 175,485 18.6 26.5%

9/25/09 Georgian Bank Atlanta First Citizens

Bancorporation, Inc. 2,000,000 NA 2,000,000 17.5 17.5%

8/21/09 First Coweta Bank Newnan United Bank

Corporation 144,000 1.01 155,000 13.5 16.9%

7/24/09 5 Institutions of Security Bank Corporation

Alpharetta

7/17/09 First Piedmont Bank Winder First American

Bancorp 109,000 1.01 111,000 7.8 9.7%

6/26/09 Community Bank of West Georgia Villa Rica

6/26/09 Neighborhood Community Bank Newnan Charter  
Financial Corporation (MHC) 191,300 -209,600 12.8

15.1%

6/19/09 Southern Community Bank Fayetteville

5/1/09 Silverton Bank, N.A. Atlanta None NA NA NA NA  
NA

4/24/09 American Southern Bank Kennesaw

3/27/09 Omni National Bank Atlanta SunTrust Banks, Inc.  
474,700 NA NA NA NA

3/20/09 FirstCity Bank Stockbridge

3/6/09 Freedom Bank of Georgia Commerce First Security  
Bankshares, Inc. 161,000 1.00 167,000 8.2 14.1%

2/6/09 FirstBank Financial Services McDonough

159,366

231,857 0.11

259,000

295,000 1.00

93,967

653,058 1.24

47,000

775,000

26,948 1.02

130,000

2,402,000 NA

NA NA205,440 1.00

55,600 0.00

NA

NA285,000

167,675 11.2

525,520 NA

295,000 10.1

300,000 11.0

96,535 14.5

832,580 11.4

48,500 30.9

874,000 11.5

111,000 17.7

143,000 17.1

2,400,000 13.2

NA NA

364,000 12.2

31,300 NA

NA

NA

17,000 NA

8.9%

NA

14.5%

14.2%

17.2%

15.6%

NA

14.5%

21.4%

22.1%

18.6%

NA

17.5%

NA

NA

NA

AVERAGE 0.4% 13.8% 16.8%

MEDIAN 0.1% 12.8% 16.5%

Source: SNL Financial.

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Relative Balance Sheet Strength  
Public Georgia Banking Peers

Excludes  
covered assets  
Charter Financial  
Corporation  
Public Georgia  
Banking Peer Median  
Total Assets (\$000) 1,146,076 813,837  
Tangible Common Ratio 9.40% 6.86%  
NPLs / Total Loans 2.72% 9.19%  
Reserves/Loans 2.00% 2.46%  
Reserves/NPAs 39.57% 19.80%  
Texas Ratio 22.4% 149%

Public Georgia Banking Peers comprised of public banks and thrifts headquartered in Georgia. Data excludes Sun Trust Banks and Synovus Financial Corp.  
Source: SNL Financial. Financial data as of 6/30/10.  
Texas ratio defined as non-performing assets plus loans 90 days past due as a percentage of tangible equity and loan loss reserves. Excludes nonperforming assets covered by loss sharing agreement with FDIC.

Investment Profile

- Positioned to be opportunistic....
- Credit quality, capital & profitability
  
- Plenty of acquisition candidates
  
- Few qualified in-state competitors
  
- Experience in FDIC acquisitions
  
- Existing infrastructure
  
- Performing loan portfolio and capacity to reduce wholesale funding lessens pressure to make new loans in unsettled environment
  
- Track record of returns to shareholders

Financial Information

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Fiscal 3rd Quarter 2010 Results and Developments

Total Deposits

TCE / Assets

..Margin improved to 3.42% in latest quarter

-62 bps improvement over prior quarter

-Improvement due to increased interest income

on loans and accretion of loan purchase

discounts associated with FDIC transactions

-Strongest margin reported in Company history

Net Income \$1.1 million

EPS \$0.06

Loan Loss Reserves \$9.5 million ..Provision of \$1.3

million brings ALL / Non-

covered loans to 2.00%

..Well capitalized and continued profitability

despite difficult economic environment

Nonperforming Assets 2.64%\* ..Asset quality remains

contained on non-

covered assets

9.40%

\$811.1 million ..McIntosh deposit retention has met

expectations and so far is similar to what was

experienced with Neighborhood Community

Core Deposits \$308.4 million

Retail Deposits \$710.6 million

21

\* For non-covered assets.

Balance Sheet Transformation

Total Assets

\$1,051 \$1,097 \$1,022 \$802 \$936 \$1,146

\$MM

\$1,200

\$1,000

\$800

\$357

\$428

\$553

\$665

\$375

\$406

2005 2006 2007 2008 2009 6/30/2010

Loans Securities & Investments Freddie Mac Other

\$160

\$320

\$600

\$206

\$177

\$277

\$96

\$400

\$376 \$346

\$255 \$294

\$83

\$63

\$295

\$201

\$120

\$200

Note: The above chart displays information based on Charter's fiscal year end, which is September 30.

Source: Company documents.





Other Asset Mix as of June 30, 2010  
REO \$49.3

Cash \$117.4  
Other \$34.3

FHLB Stock  
\$15.2

FDIC Loss Share BOLI \$31.4

Receivable\* \$71.9

Source: Company documents. Dollars in millions.

\*Represents a key component of liquidity as it is expected that a substantial amount of the receivables will turn into cash prior to year's end.

Loan Portfolio  
(\$MM)

\$700  
\$600  
\$500

271  
1022 23

44 46  
129  
236  
\$400

276  
19

4022

222  
16

5221

32 4419 19  
182  
19  
151  
13  
158  
17

\$300  
\$200  
\$100

\$0  
2005 2006 2007 2008 2009 6/30/2010  
1-4 Family

149 144 139 139 126 111  
Commercial Real Estate

Commercial

Consumer

Real Estate Construction

Covered

Note: The above chart displays information based on Charter's fiscal year end, which is September 30.

Total Loans

\$800

24

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Delinquent Loans – Non-Covered

\$0

\$10,000,000

\$20,000,000

\$30,000,000

\$40,000,000

\$50,000,000

30-89 Days Problem Assets

Source: Company documents.

25

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Classified Assets – Non-Covered

CharterBank 12/31/2009 3/31/2010 6/30/2010

Gross Loans Outstanding \$488,651,713 \$476,227,837  
\$474,061,430

Substandard Loans 13,895,366 13,305,205 11,567,650

Doubtful Loans 161,036 182,891 267,383

REO 3,809,677 7,409,175 11,016,762

Total \$17,866,079 \$20,897,272 \$22,851,796

Special Mention Loans 19,525,024 13,455,189 14,860,982

Securities 7,349,445 14,839,157 15,406,975

Source: Company documents.

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Credit Quality  
NPA Trends (Non-covered assets)

\$30,000

\$25,000

\$20,000

\$15,000

\$10,000

\$5,000

\$0

15,510

5,655

2.64%

15,982

5,178

2.18%

2.65%

13,100

4,778

2.46%

2.16%

17,027

2.06%

12,884

11,017

13,096

7,409

3,810

5.00%

4.00%

3.00%

2.00%

1.00%

0.00%

Mar-09 Jun-09 Sep-09 Dec-09 Mar-10 Jun-10

Non-Covered Nonperforming Loans

Other Real Estate Owned

Percentage of Total Non-Covered Assets

Source: Company documents.

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Credit Quality  
NCO's & Loan Loss Reserve Trends (Non-covered loans)

0.36%  
1.19%  
0.71%  
0.30%  
2.70%  
0.14%  
1.81%  
1.98% 2.03%  
2.40%  
2.00%  
1.99%  
0.00%  
0.50%  
1.00%  
1.50%  
2.00%  
2.50%  
3.00%  
Net Charge-offs / Average Loans  
0.00%  
0.40%  
0.80%  
1.20%  
1.60%  
2.00%  
2.40%  
2.80%  
3.20%  
3.60%  
4.00%  
Loan Loss Reserves to Total Loans  
Mar-09 Jun-09 Sep-09 Dec-09 Mar-10 Jun-10  
Net Charge-offs/ Average Loans

Loan Loss Reserves to "Non- Covered" Total Loans

Source: Company documents.

Note: Ratios displayed in the above chart exclude covered assets.



Liabilities Transformation

Total Liabilities

\$MM \$807 \$830 \$797 \$699 \$839 \$1,034  
\$1,200

\$10  
\$1,000

\$14  
\$800  
\$12

\$105 \$120 \$94  
\$600

\$400

\$200

26.1%  
CAGR for  
Retail Dep.  
\$

2005 2006 2007 2008 2009 6/30/2010

\$250

\$452

\$711

\$313

\$465

\$360

\$356

\$331

\$378

\$324

\$321

\$389

Retail Deposits

Wholesale Fundng

Other

Note: The above chart displays information based on Charter's fiscal year end, which is September 30.



Deposit Mix  
Deposits by Type

(\$ Million)

\$800

\$711

\$700

\$600

\$465

\$500

\$356

\$378

\$400

\$321

\$250

\$300

\$200

\$100

\$0

403

53 70

49

76

148

175

110

190

102

118

253

85 80

118 89

175

187

Deposit

Detail

At June 30, 2010

Transaction  
Accounts  
27%  
Time Deposits  
(excluding  
wholesale  
deposits)  
56%  
Savings & Money  
Mkt  
17%  
2005 2006 2007 2008 2009 YTD

Time Deposits (excluding wholesale deposits)  
Savings & Money Mkt  
Transaction Accounts

Average cost of deposits for the  
nine months ended June 30, 2010:  
1.80%

Note: The above chart displays information at Charter's  
fiscal year end, which is September 30.

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FHLB Maturity Schedule

\$102  
\$30  
\$20  
\$5 \$5  
\$25 \$25  
4.61%  
3.65%  
3.80%  
3.99%  
4.33% 4.30%  
5.64%  
\$0  
\$20  
\$40  
\$60  
\$80  
\$100  
\$120  
(In Millions)  
0.00%  
1.00%  
2.00%  
3.00%  
4.00%  
5.00%  
6.00%

-  
..Maturing advances in  
January and March of 2011 will  
result in a benefit of  
approximately \$1.25 million in  
quarterly pre-tax income.

.  
Maturing higher priced FHLB advances will result in  
lower funding costs and a meaningful improvement in  
interest income.

2011 2012 2013 2014 2015 2016 2019  
Borrowings

Weighted Average Rate

Source: Company documents.





Net Interest Margin

.

Boost in net interest margin in the most recent quarter was primarily related to accretion of loan discount booked in the FDIC-assisted acquisitions. However, once the accretion benefit subsides this is expected to be replaced by margin benefit from deployment of cash received from collection on covered non-performing loans and the FDIC receivable which will be utilized to paydown higher rate wholesale funding and invested in earning assets.

Mar-09 Jun-09 Sep-09 Dec-09 Mar - 10 June - 10

Source: Company documents.

2.15% 2.08%  
2.35%  
2.93% 2.91%  
3.42%  
0.00%  
0.50%  
1.00%  
1.50%  
2.00%  
2.50%  
3.00%  
3.50%  
4.00%  
32

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Drivers of Future Earnings Growth

- .
- In addition to general improvement in market conditions, Charter expects to benefit from:
- .
- Collection of FDIC Loss Sharing Agreement Receivable;
- .
- Payoff high rate wholesale funding;
- .
- Reinvestment of proceeds related to workout of problem assets;
- .
- Reduction of operating expenses related to asset workout.

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Offering Information

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Investor Ownership Limits

.  
As part of the incremental offering process, the associated ownership limitations are as follows:

.  
2 investors can each purchase up to 9.9% of the shares issued in the offering; and

.  
Additional purchasers can each buy up to 5.0% of the shares issued in the offering.

.  
For example, if Charter sells 6 million shares in the incremental offering, then 2 investors could each purchase approximately 600,000 shares while other investors could each purchase 300,000 shares.

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Incremental Offering Pro Forma Summary

Current Ownership (000)

Minority Shares 2,814 15.1%

MHC Shares 15,858 84.9%

Total Shares 18,672

Offer Price per Share \$7.78 \$9.15 \$10.52

Minimum (4,281,060 Shares)

Gross Offering Proceeds (\$000) \$33,307 \$39,172 \$45,037

Pro Forma Net Income for 6 months ended March 31,  
2010 (\$000) \$7,848 \$7,871 \$7,894

Pro Forma Tangible Shareholders' Equity at March 31,  
2010 (\$000) \$132,062 \$137,140 \$142,217

Offering Price / Pro Forma EPS 9.1x 10.6x 12.0x

Offering Price / Pro Forma Tangible Book Value 110.0%  
124.7% 138.2%

Fully Converted Price / Tangible Book Value 66.9%  
72.0% 76.3%

Pro Forma Ownership

Pro Forma Shares Owned by Minority 7,095 7,095 7,095

Pro Forma Shares Owned by MHC 11,577 11,577 11,577

Total Shares Outstanding 18,672 18,672 18,672

Minority % Ownership 38.0% 38.0% 38.0%

Maximum (5,961,573 Shares)

Gross Offering Proceeds (\$000) \$46,381 \$54,548 \$62,716

Pro Forma Net Income for 6 months ended March 31,  
2010 (\$000) \$7,946 \$7,986 \$8,026

Pro Forma Tangible Shareholders' Equity at March 31,  
2010 (\$000) \$144,548 \$151,824 \$159,101

Offering Price / Pro Forma EPS 8.8x 10.4x 12.0x

Offering Price / Pro Forma Tangible Book Value 100.5%  
112.6% 123.5%

Fully Converted Price / Tangible Book Value 66.9%  
72.0% 76.3%

Pro Forma Ownership

Pro Forma Shares Owned by Minority 8,776 8,776 8,776

Pro Forma Shares Owned by MHC 9,896 9,896 9,896

Total Shares Outstanding 18,672 18,672 18,672

Minority % Ownership 47.0% 47.0% 47.0%

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Pro Forma Valuation vs. Peer  
Charter Financial Corporation(1)  
Public  
Banking  
Peer  
Median(2)  
Offer Price per Share \$7.78 \$9.15 \$10.52  
Price / Tangible Book Value 66.9% 72.0% 76.3% 123.3%  
Dividend Yield 2.6% 2.2% 1.9% 2.1%

1. Charter's pricing ratios are based on the fully converted price.
  2. Public Banking Peers comprised of public banks and thrifts headquartered in the southeast and southwest region of the USA, with assets between \$1B -\$10B and a npa/assets ratio less than 3.50%.
- Source: SNL Financial. Financial data as of 6/30/10.  
Market data as of 8/30/10.

Investment Merits

Operating History, Capital Levels and Management Team  
with Extensive FDIC-Assisted

Transaction Bidding Experience Bodes Well for Pursuit of  
Future Opportunities

Well Positioned for Profitable Organic Growth in a more  
Rational Competitive Environment

Capital Being Raised is Offensive in Nature Given

Charter's Financial Strength

(Pre-Deal TCE/Assets = 9.4%; Texas Ratio = 22.4%)

Shareholder Oriented Company Since 2001

Numerous Troubled Institutions Within or Adjacent to  
Current Market Area Provides the

Underpinnings for a Period of Successful Consolidation

Weakened Capital Position of Competitors Represents a

Major Growth Catalyst

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Approved Bidder in Markets with Signif

OpportunitApproved Bidder in Markets with Significant

FDIC-AssistedOpportunities